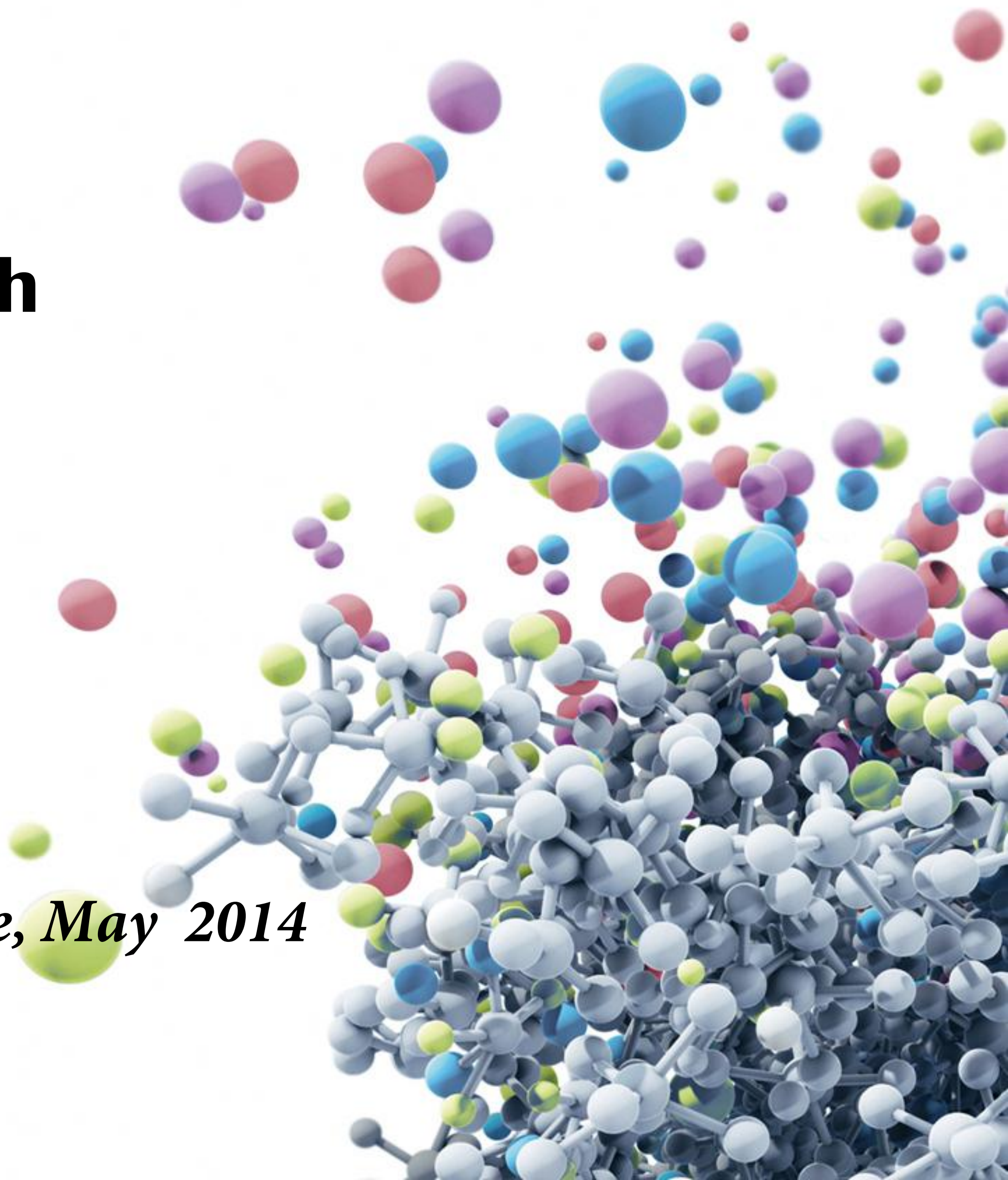
Innovation and growth



Alan Hippe, CFO
Roche Group

Bernstein Strategic Conference, May 2014

Performance update

Industry in context

Building pillars of growth

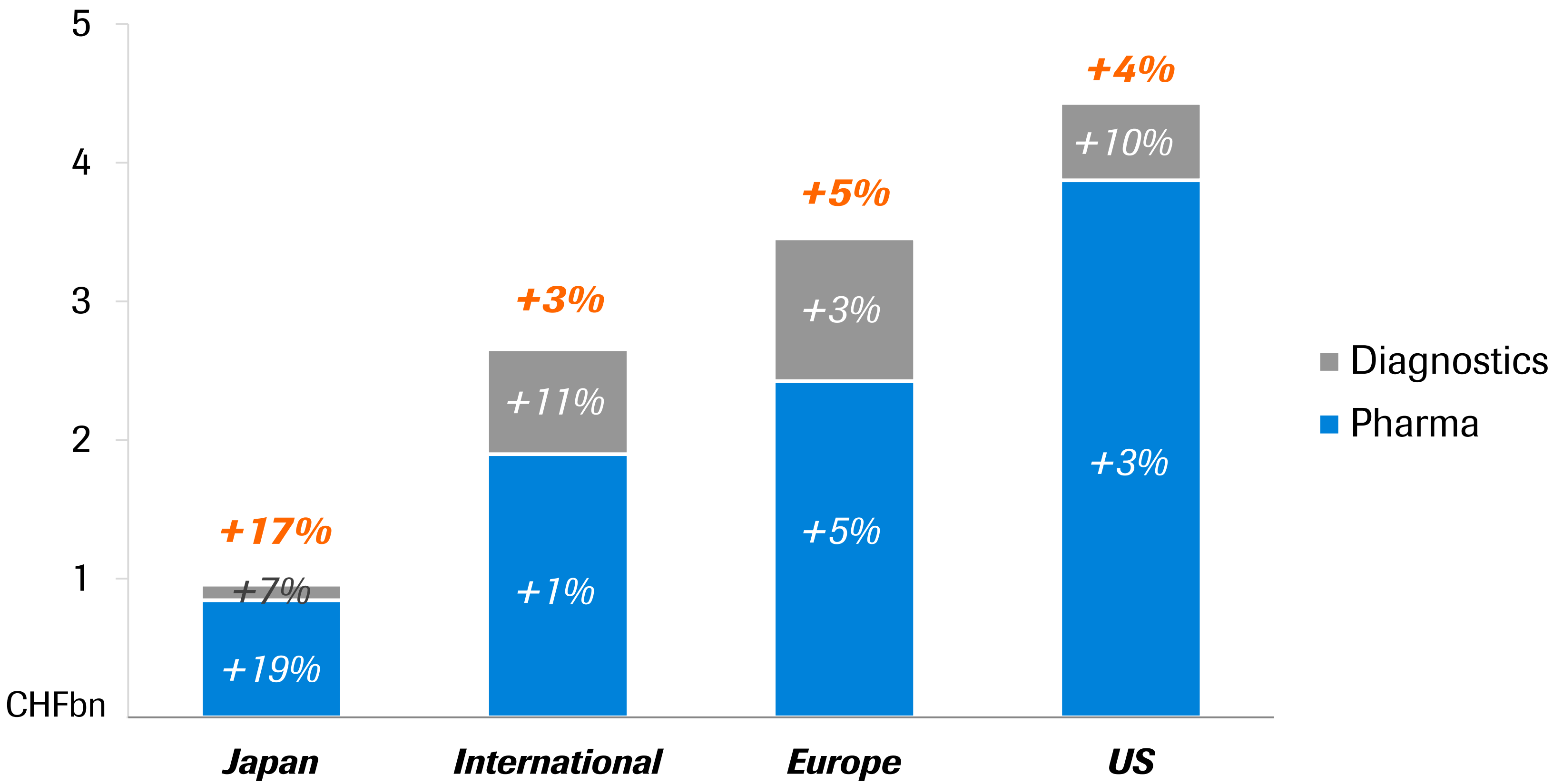
Summary

Q1 2014: Strong sales growth

	2014 CHFbn	2013 CHFbn	Change in % CHF	Change in % CER
Pharmaceuticals Division	**9.0**	9.2	**-1**	**4**
Diagnostics Division	**2.5**	2.4	**2**	**7**
Roche Group	**11.5**	11.6	**-1**	**5**

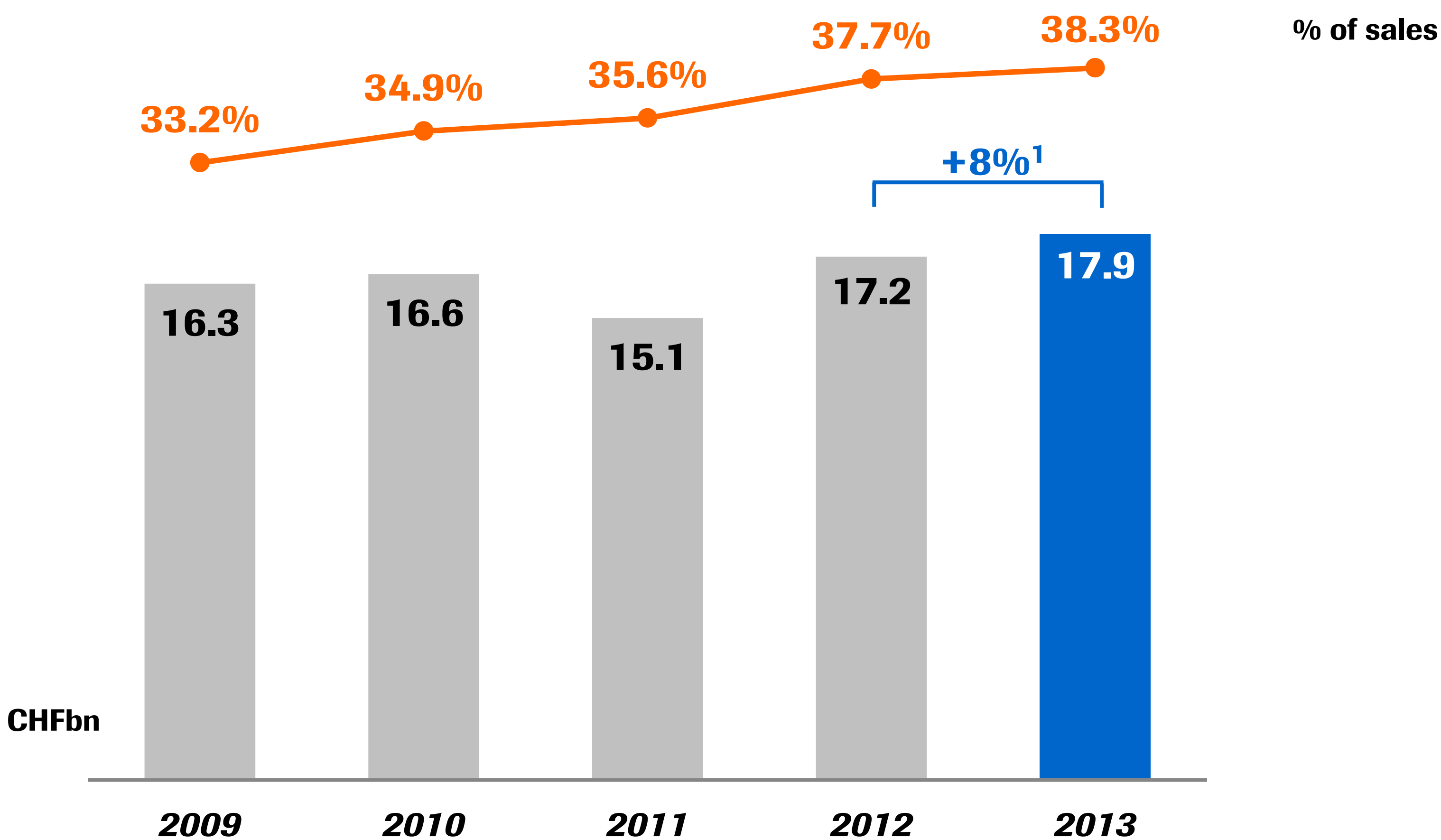
CER=Constant Exchange Rates

Q1 2014: Both Divisions growing in all regions



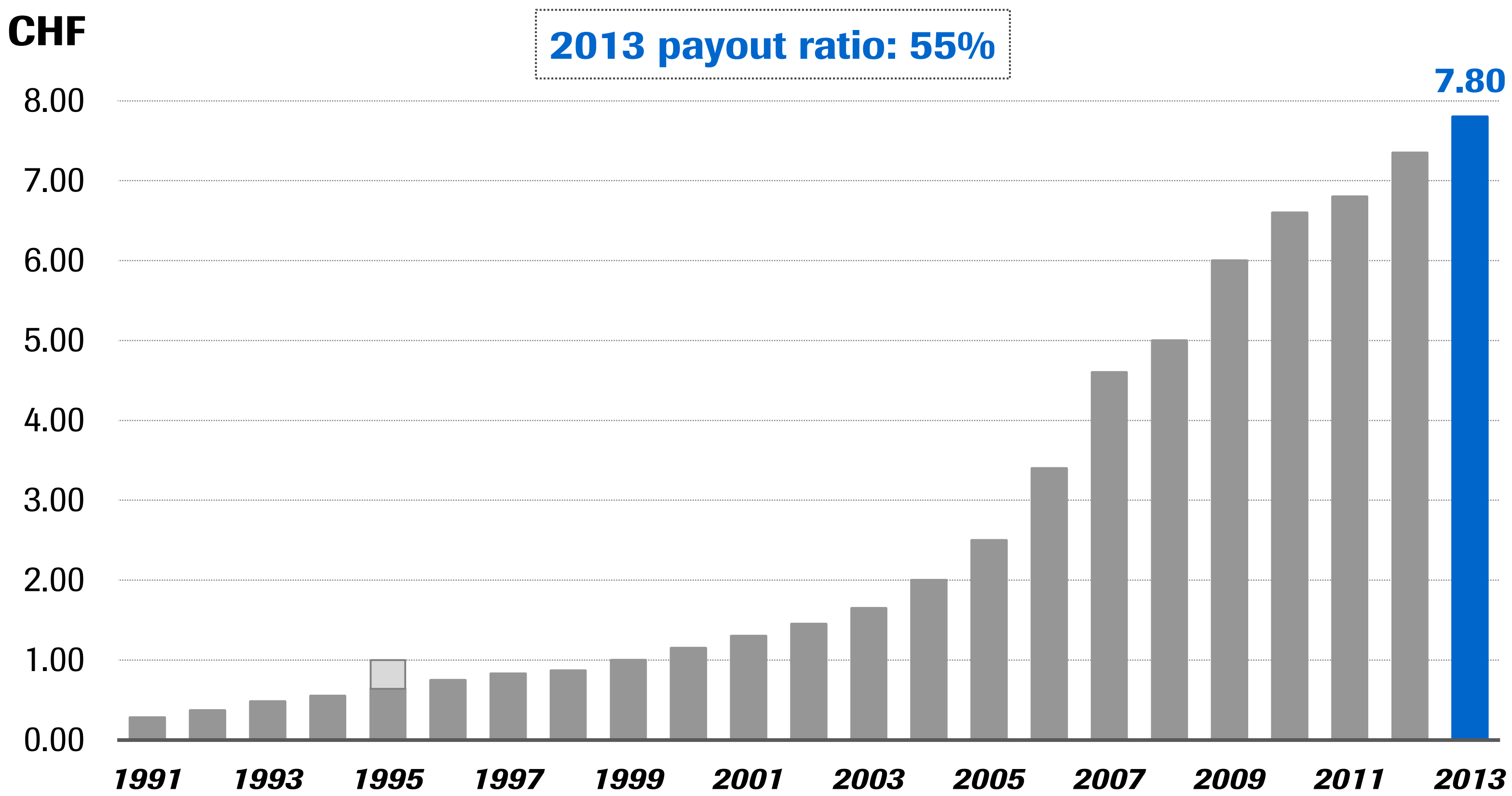
All growth rates at constant exchange rates

Group operating profit and margin



[1] At constant exchange rates

2013: Dividend further increased



Pay-out ratio calculated as dividend per share divided by core earnings per share (diluted); 2013 as proposed by the Board of Directors

2014 Outlook

Group sales growth[1]	Low- to mid-single digit
Core EPS growth[1]	Ahead of sales growth
Dividend outlook	Further increase dividend

[1]At constant exchange rates

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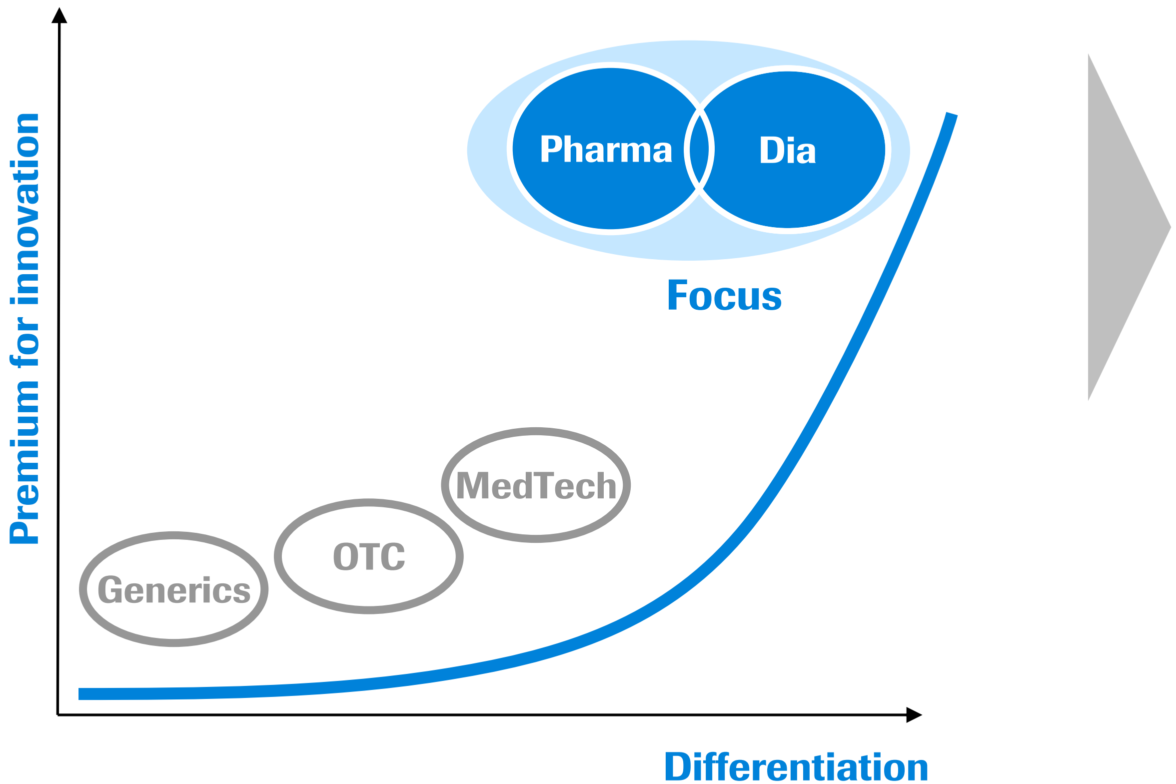
Roche strategy: Focused on medically differentiated therapies



Regulators:
Optimised benefit / risk ratio

Payors:
Optimised benefit / cost ratio

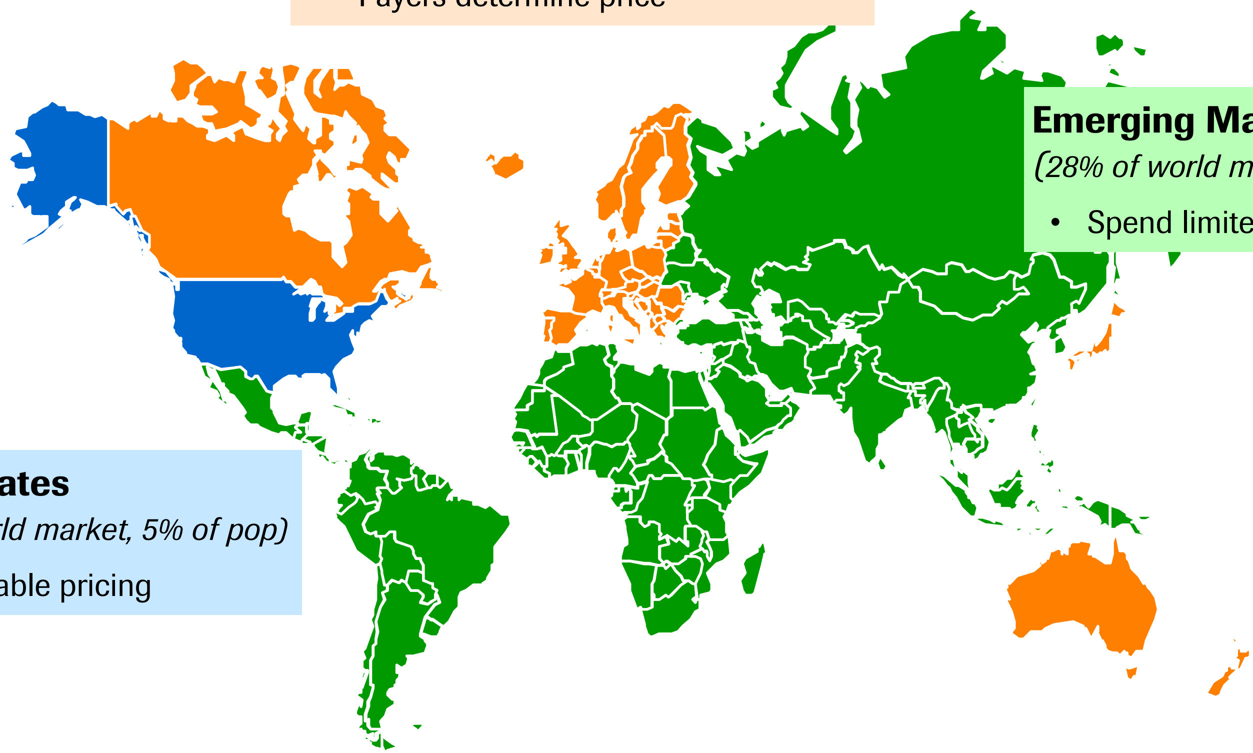
Access and pricing

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

Access and pricing
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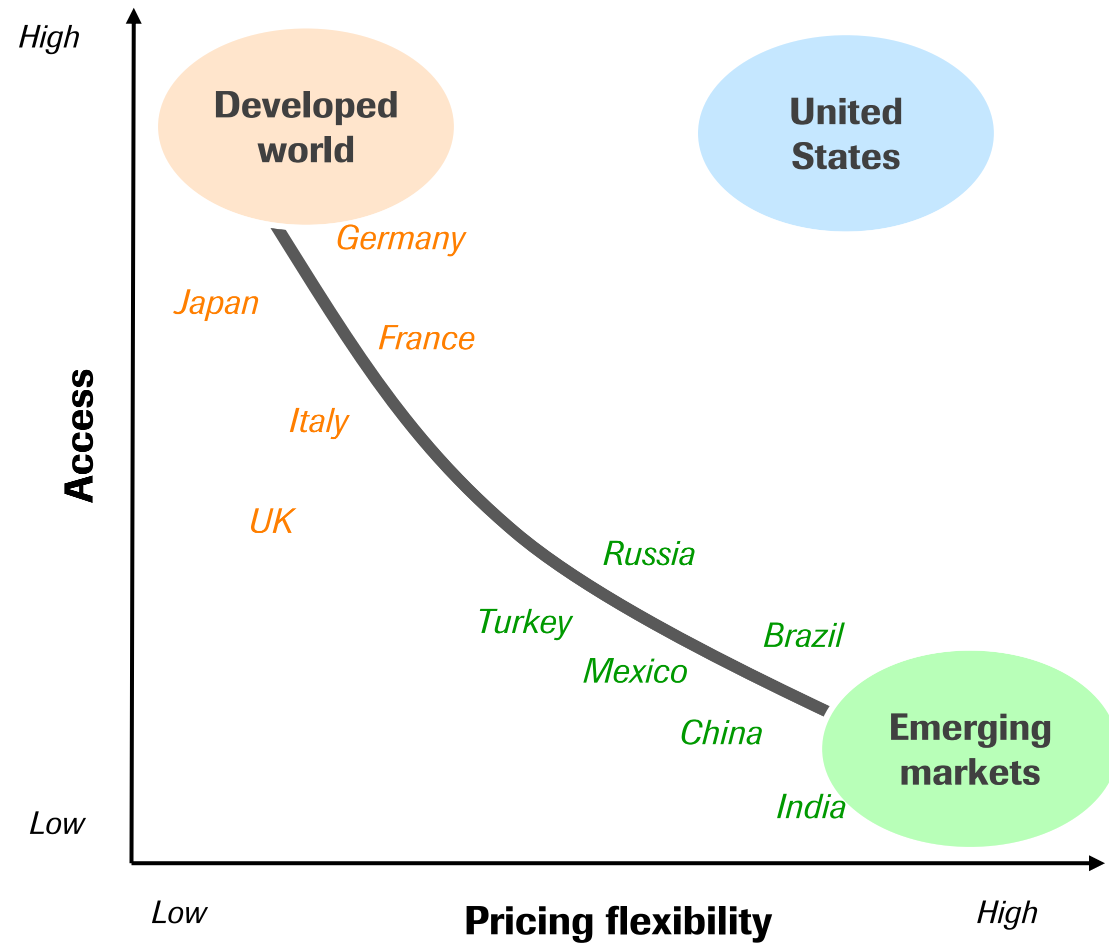

Need for tailored systems

Today → **Future**

Pack based pricing	**Value based pricing**

Undifferentiated
$$ by vial

Episode-of-care based

Combinations

Indication based

Need for patient based information

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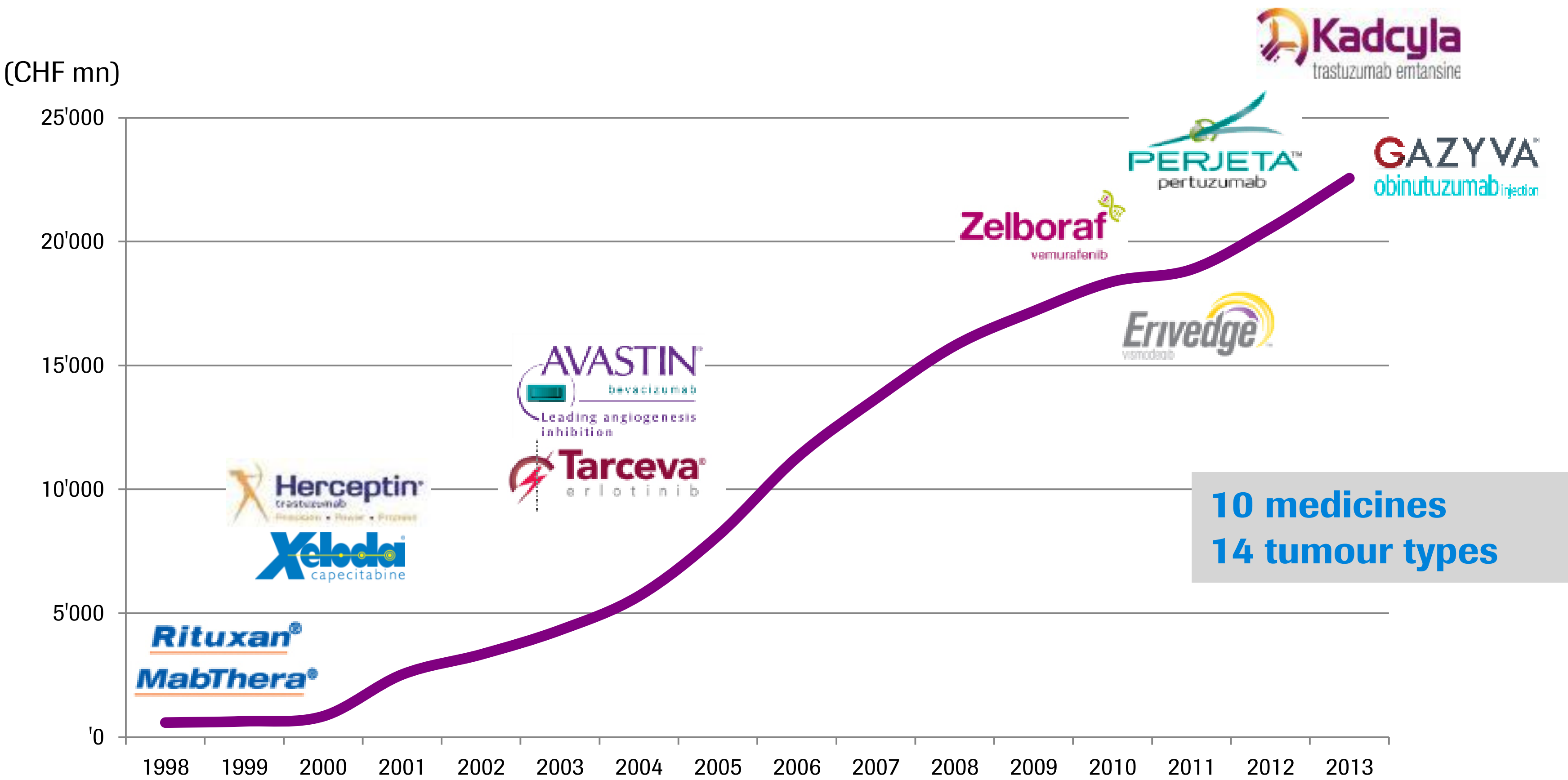
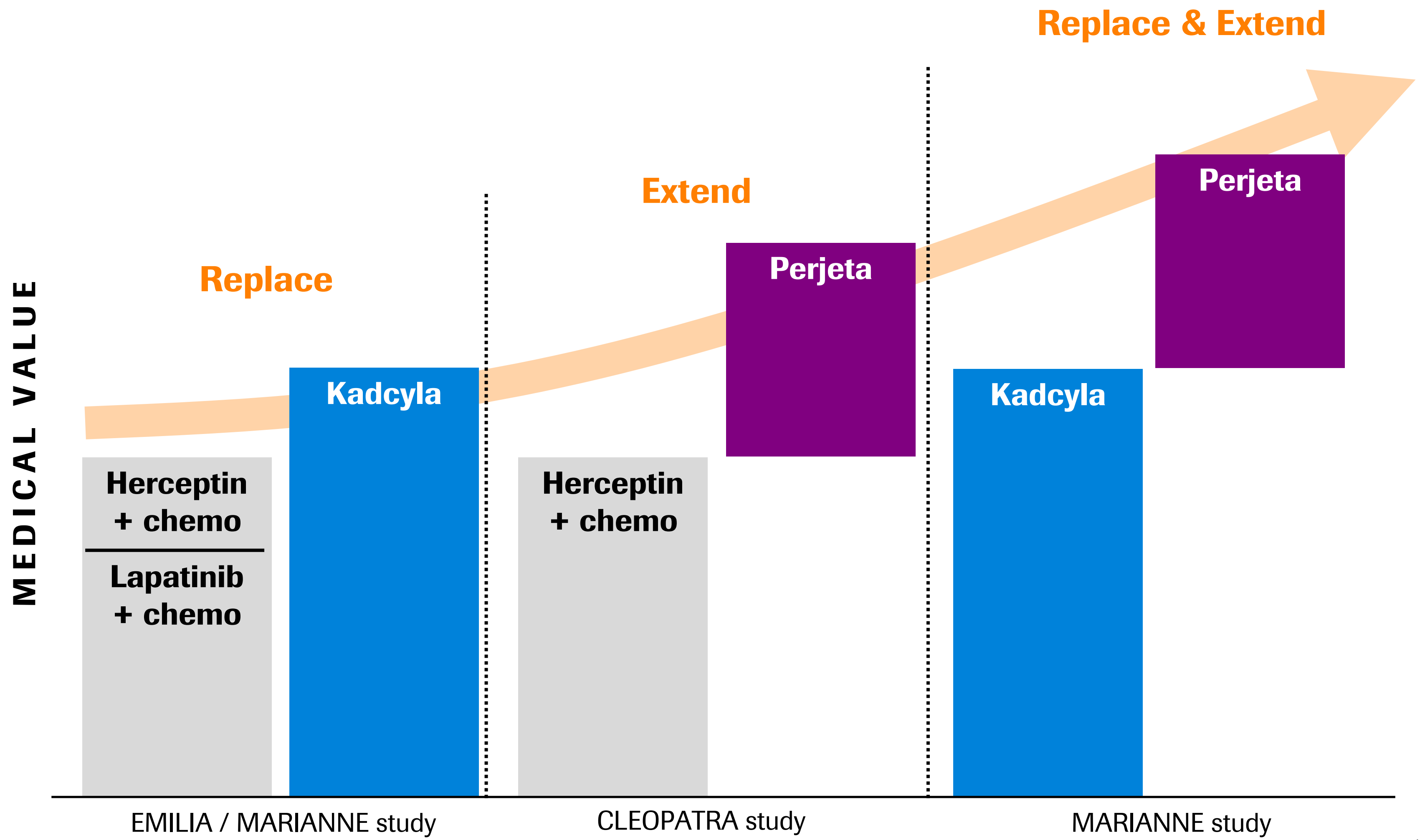
Roche oncology: continued sales growth
A portfolio of differentiated medicines



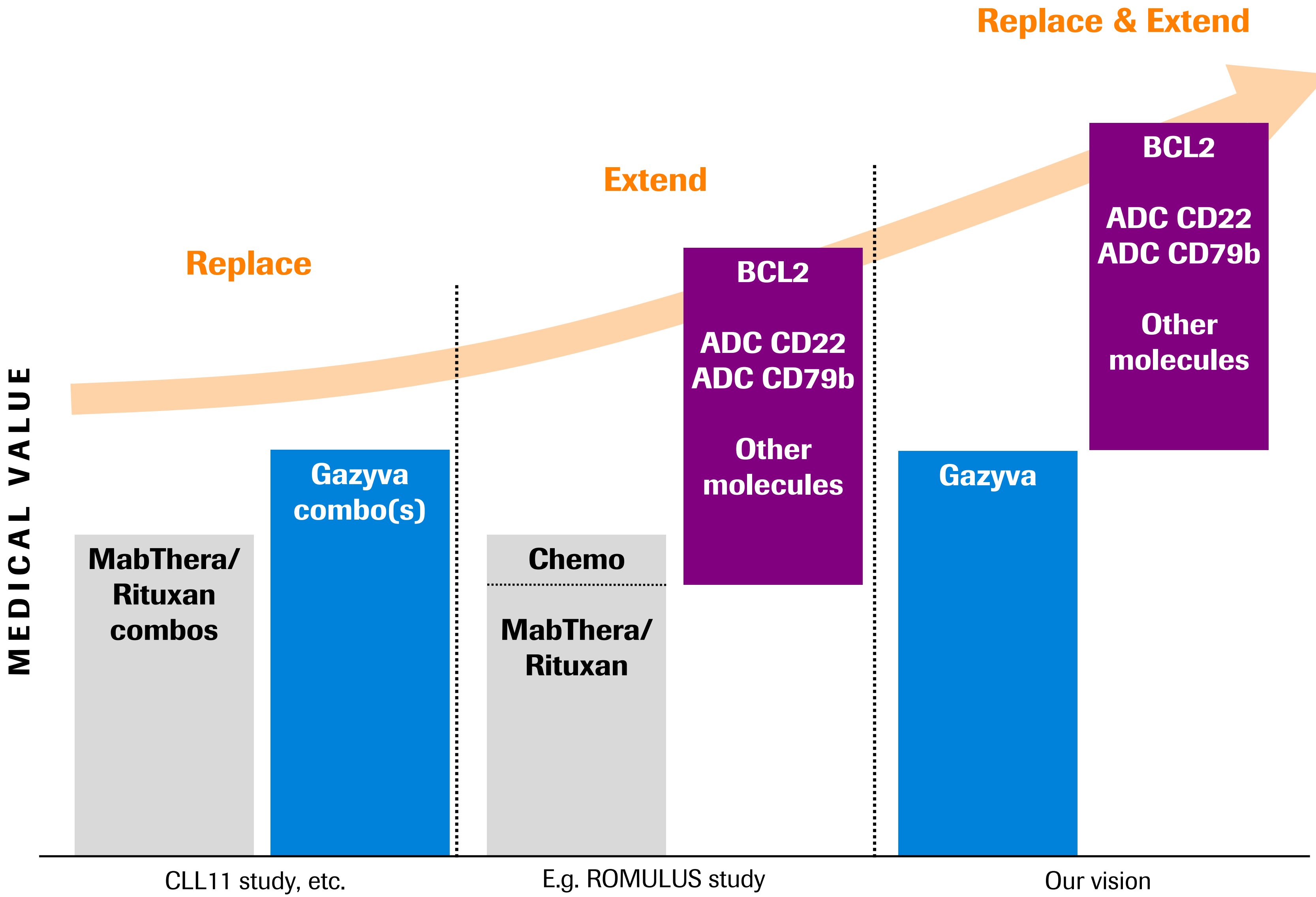
Sales at 2013 exchange rates

Building pillars of growth: Her2 franchise



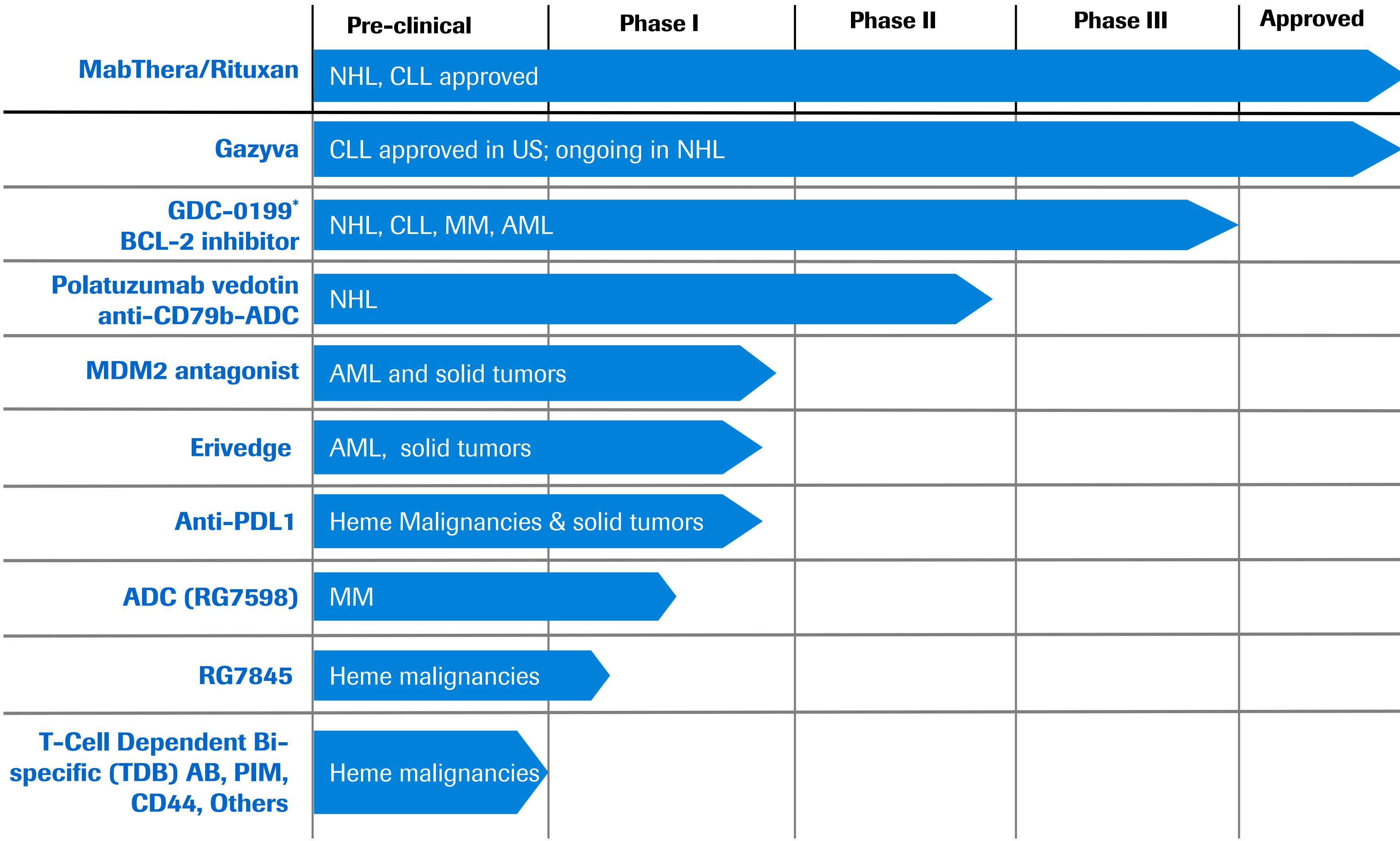
Illustrative

Building pillars of growth: Hematology franchise



Illustrative

Roche hematology: Entering new treatment areas and extending benefit in existing ones



ADC=Antibody-Drug Conjugate; AML=Acute Myeloid Leukemia; CLL=Chronic Lymphocytic Leukemia; NHL=Non-Hodgkin's Lymphoma;
*Co-development molecule with AbbVie

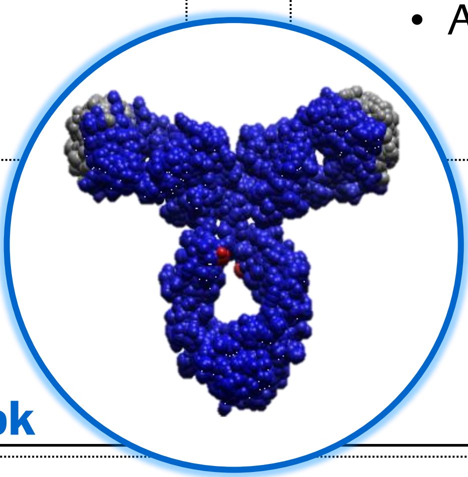
Buidling pillars of growth: Immuno-oncology

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)

Ongoing combination studies

- Anti-PDL1+Avastin (±chemo) (solid tumours)
- Anti-PDL1+Tarceva (NSCLC)
- Anti-PDL1+Zelboraf (melanoma)
- Anti-PDL1+cobimetinib (solid tumours)



2014 outlook

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

Performance update

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Agenda

Realizing the promise of cancer immunotherapy: translating science into medical benefit

Ira Mellman, Vice President, Cancer Immunology, Genentech

Hy Levitsky, Head, Cancer Immunotherapy Experimental Medicine, pRED

ASCO 2014 Roche highlights: setting new standards of care

Sandra Horning, Chief Medical Officer and Head Global Product Development

Oncology strategy and outlook

Daniel O'Day, Chief Operating Officer Roche Pharmaceuticals

Q&A

ASCO 2014: Highlights

Immuno-oncology

- Anti-PDL1 data in new tumour type
- Immuno-oncology program update

Hematology

- Bcl2 inh*, Ph I in CLL (combo w/ Rituxan) and DLBCL
- Anti-79b ADC, PhII ROMULUS

Avastin

- H2H Avastin vs. cetuximab in mCRC (CALGB 80405 study)
- Avastin +/- Tarceva (Japanese trial)

Zelboraf+cobimetinib (MEK inh)

- PhIb BRIM7 data

Analyst meeting: Sunday, June 1 2014

* In collaboration with AbbVie

1H 2014: Upcoming clinical newsflow

ASCO *Chicago* *May 30-June 3*	ENDO *Chicago* *June 21-24*	AAIC *Copenhagen* *July 12-17*
Multiple oncology assets	*Oral octreotide Ph III, Acromegaly*	*Crenezumab Ph II, Alzheimer's Disease*

Oncology Immunology Neuroscience

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