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

<table>
<thead>
<tr>
<th>Division</th>
<th>2014 CHFbn</th>
<th>2013 CHFbn</th>
<th>Change in % CHF</th>
<th>Change in % CER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceuticals Division</td>
<td>9.0</td>
<td>9.2</td>
<td>-1</td>
<td>4</td>
</tr>
<tr>
<td>Diagnostics Division</td>
<td>2.5</td>
<td>2.4</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Roche Group</td>
<td>11.5</td>
<td>11.6</td>
<td>-1</td>
<td>5</td>
</tr>
</tbody>
</table>

CER = Constant Exchange Rates
Q1 2014: Both Divisions growing in all regions

All growth rates at constant exchange rates
Group operating profit and margin

At constant exchange rates

<table>
<thead>
<tr>
<th>Year</th>
<th>CHFbn</th>
<th>% of sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>16.3</td>
<td>33.2%</td>
</tr>
<tr>
<td>2010</td>
<td>16.6</td>
<td>34.9%</td>
</tr>
<tr>
<td>2011</td>
<td>15.1</td>
<td>35.6%</td>
</tr>
<tr>
<td>2012</td>
<td>17.2</td>
<td>37.7%</td>
</tr>
<tr>
<td>2013</td>
<td>17.9</td>
<td>38.3%</td>
</tr>
</tbody>
</table>

+8%¹

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

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group sales growth</strong></td>
<td>Low- to mid-single digit</td>
</tr>
<tr>
<td><strong>Core EPS growth</strong></td>
<td>Ahead of sales growth</td>
</tr>
<tr>
<td><strong>Dividend outlook</strong></td>
<td>Further increase dividend</td>
</tr>
</tbody>
</table>

1. At constant exchange rates
Performance update

Industry in context

Building pillars of growth

Summary
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

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

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

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

Dynamics stratified into 3 geographic clusters

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

**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
Need for tailored systems

Pack based pricing

- Undifferentiated
  - $$ by vial

Value based pricing

- Episode-of-care based
- Combinations
- Indication based

Need for patient based information
Performance update

Industry in context

Building pillars of growth

Summary
Roche oncology: continued sales growth
A portfolio of differentiated medicines

Sales at 2013 exchange rates
Building pillars of growth: Her2 franchise

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

- **EMILIA / MARIANNE study**
- **CLEOPATRA study**
- **MARIANNE study**

**Replace**

**Extend**

**Replace & Extend**
Building pillars of growth: Hematology franchise

Replace & Extend

Replace

Extended

MEDICAL VALUE

MabThera/Rituxan combos

Gazyva combo(s)

Chemo

MabThera/Rituxan

BCL2

ADC CD22

ADC CD79b

Other molecules

Gazyva

CLL11 study, etc.

E.g. ROMULUS study

Our vision

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

<table>
<thead>
<tr>
<th>MabThera/Rituxan</th>
<th>Pre-clinical</th>
<th>Phase I</th>
<th>Phase II</th>
<th>Phase III</th>
<th>Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>NHL, CLL approved</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Gazyva           | CLL approved in US; ongoing in NHL |  |  |  |          |

| GDC-0199’ BCL-2 inhibitor | NHL, CLL, MM, AML |  |  |  |          |

| Polatuzumab vedotin anti-CD79b-ADC | NHL |  |  |  |          |

| MDM2 antagonist | AML and solid tumors |  |  |  |          |

| Erivedge | AML, solid tumors |  |  |  |          |

| Anti-PDL1 | Heme Malignancies & solid tumors |  |  |  |          |

| ADC (RG7598) | MM |  |  |  |          |

| RG7845 | Heme malignancies |  |  |  |          |

| T-Cell Dependent Bi-specific (TDB) AB, PIM, CD44, Others | Heme malignancies |  |  |  |          |

---

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

Industry in context

Building pillars of growth

Summary
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
  - Multiple oncology assets

- **ENDO Chicago**
  - June 21-24
  - Oral octreotide Ph III, Acromegaly

- **AAIC Copenhagen**
  - July 12-17
  - 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