Rejuvenating the portfolio

Alan Hippe
CFO

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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;
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8. loss of or inability to obtain adequate protection for intellectual property rights;
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Performance update

Rejuvenating the portfolio

Productivity

Outlook
Q1 2018: Sales growth for the sixth consecutive year

All growth rates at Constant Exchange Rates (CER)
2018: New products with annualized sales of >CHF 8bn*
> 80% of growth driven by new products

* Venclexta sales are booked by partner AbbVie.
2017: Strong Core results and significant operating free cash flow

Operating profit

<table>
<thead>
<tr>
<th>CHFbn</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of sales</td>
<td>36.4%</td>
<td>36.4%</td>
<td>35.7%</td>
</tr>
<tr>
<td>+3% at CER</td>
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EPS

<table>
<thead>
<tr>
<th>CHFbn</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>+5% at CER</td>
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</table>

Operating free cash flow

<table>
<thead>
<tr>
<th>CHFbn</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>+26% at CER</td>
<td></td>
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CER=Constant Exchange Rates
Performance update

Rejuvenating the portfolio

Productivity

Outlook
**Rejuvenating the portfolio**

*Through continuously improving standard of care*

### Replace existing businesses

<table>
<thead>
<tr>
<th>Product</th>
<th>Franchise</th>
</tr>
</thead>
<tbody>
<tr>
<td>MabThera</td>
<td>Gazyva, Venclexa, polatuzumab vedotin, Sub Cut</td>
</tr>
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<td>Herceptin</td>
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### Entering new franchises

- **MS:** Ocrevus
- **Hemophilia:** Hemlibra
- **CNS:** SMA, Autism, Huntington’s

### ASCO / WFH 2018 highlights

- **Hemlibra:** HAVEN 3 / 4 with superior profile
- **Tecentriq:** IMpower150: OS benefit
- **IMpower 130:** OS benefit
- **IMpower 131:** PFS benefit
- **Avastin in HCC:** Meaningful responses
- **Venclexa:** MURANO in R/R CLL: New SoC showing high and durable MRD negativity
- **1L AML (1b):** Deep & durable responses
- **Polatuzumab:** R/R DLBCL: Strong efficacy confirmed
- **Ipatasertib:** LOTUS (Ph II) in TNBC: PFS benefit
- **Alecensa:** ALEX 1L ALK+: >34 months PFS benefit

VA2=anti-VEGF/anti-angiopoietin-2 bispecific antibody; MS=multiple sclerosis; SMA=spinal muscular atrophy; HCC=hepatocellular carcinoma; R/R CLL=relapsed/refractory (R/R) chronic lymphocytic leukemia; AML=acute lymphocytic leukemia; DLBCL=diffuse large B-cell lymphoma; TNBC=triple negative breast cancer; ALK=anaplastic lymphoma kinase; MS: multiple sclerosis; SMA: spinal muscular atrophy; HCC: hepatocellular carcinoma; R/R CLL: relapsed/refractory (R/R) chronic lymphocytic leukemia; AML: acute lymphocytic leukemia; DLBCL: diffuse large B-cell lymphoma; TNBC: triple negative breast cancer; ALK: anaplastic lymphoma kinase.
Replace and extend the hematology franchise: Improving standard of care, entering new indications

Incidence rates (330,000 pts\(^1\))

- **Ph III 1L (CLL14)**
- **Ph III R/R (MURANO)**
- **Ph III 1L (Viale-A)**
- **Ph III 1L (Viale-C)**
- **Ph II R/R (GO29365)**
- **Ph III 1L (POLARIX)**

**Ph III R/R (BELLIINI)**

**Polatuzumab vedotin**

**Venclexta** in collaboration with AbbVie; **Gazyva** in collaboration with Biogen; **Polatuzumab vedotin** in collaboration with Seattle Genetics

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\(^1\) Datamonitor; incidence rates includes the 7 major markets (US, Japan, France, Germany, Italy, Spain, UK); CLL=chronic lymphoid leukemia; DLBCL (aNHL)=diffuse large B-cell lymphoma; iNHL=indolent non-hodgkin’s lymphoma; AML=acute myeloid leukemia; MM=multiple myeloma; MDS=myelodysplastic syndrome; ALL=acute lymphoblastic leukemia; Venclexta in collaboration with AbbVie; Gazyva in collaboration with Biogen; Polatuzumab vedotin in collaboration with Seattle Genetics
Replace and extend breast cancer franchise: APHINITY new standard of care in Her2+ BC, potential new opportunities in TNBC

<table>
<thead>
<tr>
<th>HER2-/HR+</th>
<th>TNBC</th>
</tr>
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<tbody>
<tr>
<td>65%</td>
<td>15%</td>
</tr>
<tr>
<td>Her2+</td>
<td>20%</td>
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<table>
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<tr>
<th>Stage</th>
<th>Treatment Options</th>
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<tr>
<td>Neoadjuvant BC</td>
<td>Herceptin + chemo</td>
</tr>
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<td>Neoadjuvant BC</td>
<td>Herceptin &amp; Perjeta + chemo (Neosphere, Tryphaena)</td>
</tr>
<tr>
<td>1L TNBC &amp; HR+ BC</td>
<td>ipatertib + pac (IPATunity130)</td>
</tr>
<tr>
<td>1L TNBC</td>
<td>Tecentriq + nab-pac (IMpassion130)</td>
</tr>
<tr>
<td>1L TNBC</td>
<td>Tecentriq + pac (IMpassion131)</td>
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<tr>
<td>Neoadjuvant TNBC</td>
<td>Tecentriq + nab-pac (IMpassion031)</td>
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<tr>
<td>1L mBC</td>
<td>Herceptin + chemo</td>
</tr>
<tr>
<td>1L mBC</td>
<td>Herceptin + Perjeta + chemo (CLEOPATRA)</td>
</tr>
<tr>
<td>2 L mBC</td>
<td>Xeloda + lapatinib</td>
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<tr>
<td>2 L mBC</td>
<td>Kadcyla (EMILIA)</td>
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<tr>
<td>Adjuvant BC</td>
<td>Herceptin + chemo (NOAH)</td>
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<td>Herceptin &amp; Perjeta + chemo</td>
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<td>Herceptin SC + chemo (HannaH)</td>
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Replace and extend ophthalmology franchise: Address real-world efficacy gaps and reduce the treatment burden

**Roche strategic focus**

- **VA2:** Improved efficacy via novel MOAs
- **Port delivery:** Long-Acting Delivery technologies
- **Biomarkers for personalized healthcare and novel endpoints**

**Why long-acting matters**

"Patients received a mean of 5.0 and 2.2 injections in the 1st and 2nd year, respectively. More frequent visits and injections were associated with greater improvements in visual acuity"  F.G Holz, Br J Ophth, 2015

In US, also only ~5 injections in first year (wet AMD), even fewer in DME (2011-2014 US Marketscan data)
Rejuvenating the portfolio
Through continuously improving standard of care

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Extend current business base: Ocrevus

>7% US market share after three quarters

Source: IMS. Data may be restated as appropriate on a regular basis * NTB – New-to-Brand (includes naïve and switch patients)
Extend current business base: Alecensa

Market leadership in 1L ALK+ within first quarter of launch

- Updated PFS data at ASCO 2018

Note: *US Alecensa Share modified based on TBT (see Feb 2018 1L Launch Dashboard) Source: US Alecensa Key Metrics Tracker (Q4 2017), Feb 2018 1L Launch Dashboard
Extend current business base: Hemlibra
HAVEN 3 and 4 submitted to WFH

HAVEN 3 and 4 presented at WFH (Glasgow, May 20-24)
Hemlibra designated as Part B drug by CMS

BTD=breakthrough designation; WFH=world federation of hemophilia; CMS=centers for medicare & medicaid services
Extend and replace current business base: CIT 1L lung cancer program reading out in H1 2018

IMpower133\(^1\) (Tecentriq+cb+etoposide)  
PFS/OS

IMpower131  
(Tecentriq+cb+pac/nab-pac)  
PFS/OS  
✓ (PFS)

IMpower150  
(Tecentriq+cb/pac+/-Avastin)  
PFS/OS (H1 2018)  
✓ (PFS)  
✓ (OS)

IMpower130  
(Tecentriq+cb+nab-pac)  
PFS/OS  
✓ (PFS)  
✓ (OS)

IMpower132  
(Tecentriq+cp/cb+pem)  
PFS/OS

= Roche with potential first chemo combo

March 26: IMpower150 met co-primary OS endpoint at interim analysis  
March 20: IMpower131 met co-primary PFS endpoint

Source: Datamonitor; incidence rates 7 major markets (US, Japan, France, Germany, Italy, Spain, UK); Note: Outcome studies are event driven, timelines may change;  
\(^1\)IMpower133 in extensive stage SCLC; CIT=cancer immunotherapy; cb=carboplatin; pac=paclitaxel; nab-pac=nab-paclitaxel (Abraxane); cp=cisplatin; pem=pemetrexed
Performance update

Rejuvenating the portfolio

Productivity

Outlook
Roche: Productivity improvement initiatives

Examples from Corporate

**Business Process and ERP Vision**
- **ERP Template**
  - Speed & Flexibility
  - Risk & Compliance
  - Productivity
  - Operations

**Global Shared Services**
- Setup of the SSC Americas in Costa Rica
- Evolution of the SSC APAC in Kuala Lumpur

**Automation & Artificial Intelligence**
- Manual
- Robotics Process Automation
- Machine Learning
- Artificial Intelligence
- End-to-End integrated systems

Rethink how E2E processes should look like and implement new ERP Template (SAP S/4 HANA)

Simplify current setup into a regional service structure across Group, Pharma and Diagnostics

From manual work with transactional data to end-to-end integrated systems with fully integrated automation
Continuing to evolve our operating model
Build an effective organization for the future

- pRED/gRED: Fixed budgets
- Development: Process optimization (speed) and strict prioritization

- Shift from small to large molecule
- Shared Service Centers:
- Other: Productivity initiatives, including procurement

- Resource shift to support key launches
- Commercial productivity program
Performance update

Rejuvenating the portfolio

Productivity

Outlook
Record number of NMEs at pivotal stage

Q1 entrants: Anti-VEGF/Ang2 biMAb, entrectinib, baloxavir marboxil

NME=new molecular entities; For details on the indications and line extensions please consult the pipeline appendix. Cap Endonuclease inhibitor (baloxavir marboxil)
2018 outlook raised
From “stable to low single digit” to “low single digit”

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<tbody>
<tr>
<td><strong>Group sales growth¹</strong></td>
<td>• Low-single digit</td>
</tr>
</tbody>
</table>
| **Core EPS growth¹**  | • Broadly in line with sales, excl. US tax reform benefit  
|                      | • High-single digit, incl. US tax reform benefit       |
| **Dividend outlook**  | • Further increase dividend in Swiss francs           |

¹ Sales growth at Constant Exchange Rates (CER)
Doing now what patients need next