



Roche
Annual results 2006 – Roadshow Zurich
Franz B. Humer, Chief Executive Officer
February 12, 2007

A photograph of a 3x12 microplate containing 36 wells. The wells contain various colored liquids, including shades of green, blue, and red, arranged in a pattern.



This 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:

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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;
- 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.

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Roche in 2006: Fulfilling our commitments

Growing top and bottom line

2006 guidance

		Market growth	FY 2006	
• Above-market sales growth in local currencies	Pharma	~6 %	21 %	✓
	Diagnostics	4-5 %	5 %	✓
• Double-digit local sales growth	Pharma		21 %	✓
	Group		17 %	✓
• Target for Core EPS growth to be above sales growth (CHF)	Core EPS growth		26 %	✓
	Sales growth		18 %	

Pharma market growth: IMS YTD Oct 06; Diagnostics market growth estimate

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2006: Industry-leading growth



CHF bn	2005	2006	% change in		USD growth
			CHF	local	
Pharmaceuticals	27.3	33.3	22	21	21
Diagnostics	8.2	8.7	6	5	5
Roche Group	35.5	42.0	18	17	18

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2006: Strong sales drive bottom line growth



CHF +6.5 billion organic sales, net income up 34 %

CHF bn	2005	2006	Change		
			CHF bn	%	loc %
Sales	35.5	42.0	6.5	+18	+17
Operating profit¹	9.2	11.7	2.5	+28	+27
<i>as % of sales</i>	<i>25.9</i>	<i>27.9</i>			
Net income	6.9	9.2	2.3	+34	
<i>as % of sales</i>	<i>19.3</i>	<i>21.8</i>			
Core EPS	7.84	9.86		+26	

¹ before exceptional items

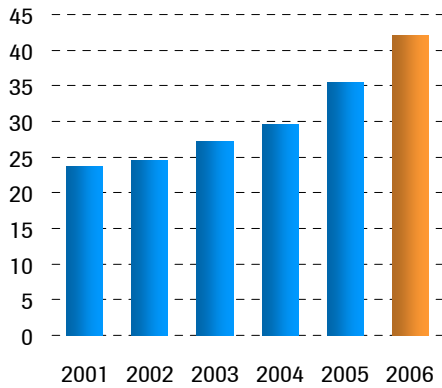
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Focus on differentiated products paying off

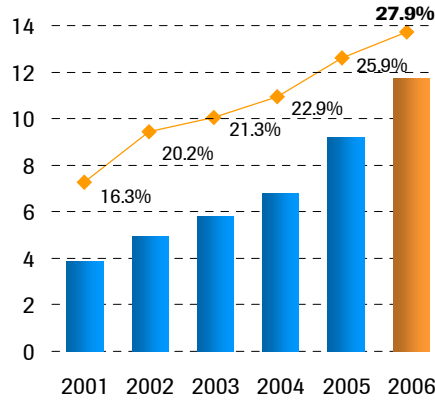
Sales doubling, operating profits tripling



Group sales¹ (CHF bn)



Group operating profit² (CHF bn)



¹ Pharmaceuticals and Diagnostics

² before exceptional items

Major initiatives over the past 5 years

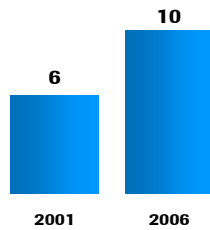
Strengthened business base and focused activities



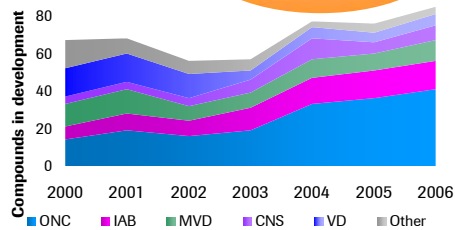
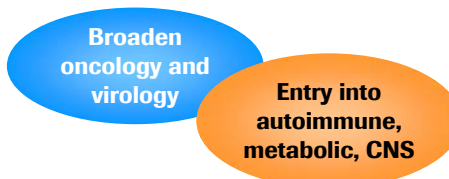
Focus on medically differentiated products

	2001	2006
Top 10 as % of pharma sales	56 %	67 %
Key products % of pharma sales	27 %	59 %

Group products/
franchises
> CHF 1 bn



Building new therapeutic franchises and focus R&D efforts



ONC: Oncology; IAB: Inflammation / Autoimmune / Bone; MVD: Metabolic and Vascular Diseases; CNS: Central Nervous System; VD: Viral Diseases



Ensuring appropriate structure for future growth

Reorganising from a strong position

- Roche continuously outgrowing the market - sales doubled in 4 years
- Roche has built an industry-leading pipeline and became the leader in Biotech
- Company organization and focus needs to reflect the ongoing and expected changes with respect to
 - Internal challenges (complexity, etc.)
 - External environment (peer structure, reimbursement, etc.)

Proactively addressing what we believe will be gaps in the future will enhance our long-term business performance.

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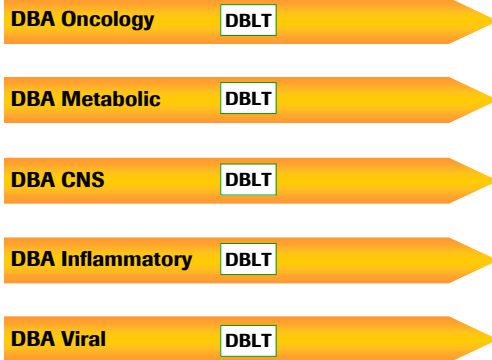


New pharma model: Disease Biology Areas (DBAs)

Alignment and focus

Disease Biology Areas (DBAs)

Idea \longleftrightarrow Market



- Initial focus on five DBAs
- Decisions made by Disease Biology Leadership Teams (DBLTs) against measurable metrics
- **Up to Proof of Concept:** DBLTs manage compound progression within respective DBA
- **After Proof of Concept:** DBLTs responsible for conducting scientific/ medical reviews and providing options to Pharma Leadership Team

- Clear focus
- More independent and flexible disease areas
- Faster and simpler decision processes

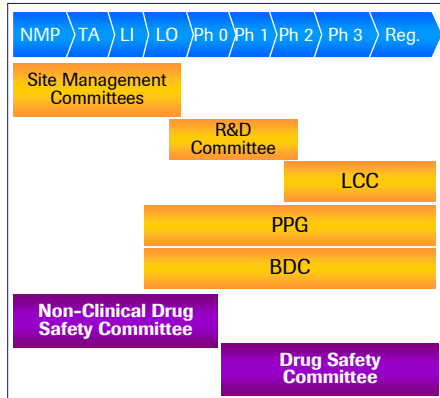
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Streamlined decision making throughout drug lifecycle

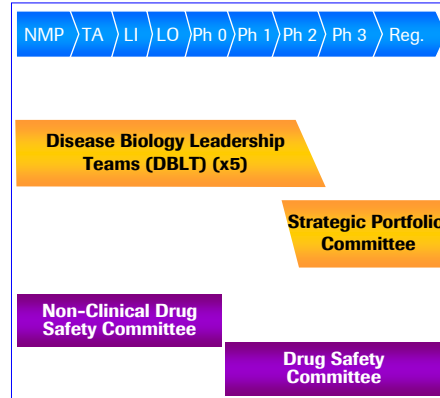
Simpler, more transparent oversight



Today's model



New model



Decision Making Committees

Decision Making Committees & Peer Reviews

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Sustained productivity

File 15 new Pharma products/ indications in the near term



2007-2008

Roche Pharma

- To launch >18 new indications/ in new markets (including 2 NMEs)
- To run more than 38 phase III projects
 - comprising >45 major phase III clinical trials
- To make more than 10 go/ no-go decisions to enter phase III

Roche Diagnostics

- Leverage full Diabetes Care product portfolio now available in the US
- Expand IT solutions

Our key priorities

- Personalized Healthcare
- Maximize existing oncology assets
- Build on current success in virology and anemia
- Establish new franchises
 - autoimmune
 - metabolic
 - CNS

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Our growth objectives for 2007



Sales

- Double-digit sales growth¹ for Roche Group and Pharmaceuticals Division
- Above-market sales growth in both divisions

Core EPS target

- Core earnings per share growth in line with sales growth

¹ in local currencies

barring unforeseen events

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We Innovate Healthcare