



Roche

Half year results 2012

July 26, 2012

Basel

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- 6 increased government pricing pressures;
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Group

Severin Schwan

Chief Executive Officer



HY 2012: A strong first half

Sales on track for full year guidance

- Group and Pharma: +4%¹, Diagnostics: +5%¹

Pipeline progressed well

- Perjeta successfully launched in US
- T-DM1 pivotal study (EMILIA) at ASCO
- Actemra head-to-head vs. Humira (ADACTA) at EULAR

Continuous productivity improvements

- Core operating profit further increased by 7%¹, Core EPS +8%¹
- Operating free cash flow & margin further increased

Outlook confirmed

- Core EPS growth target 'high single digit'¹
- Attractive dividend policy

¹ at Constant Exchange Rates



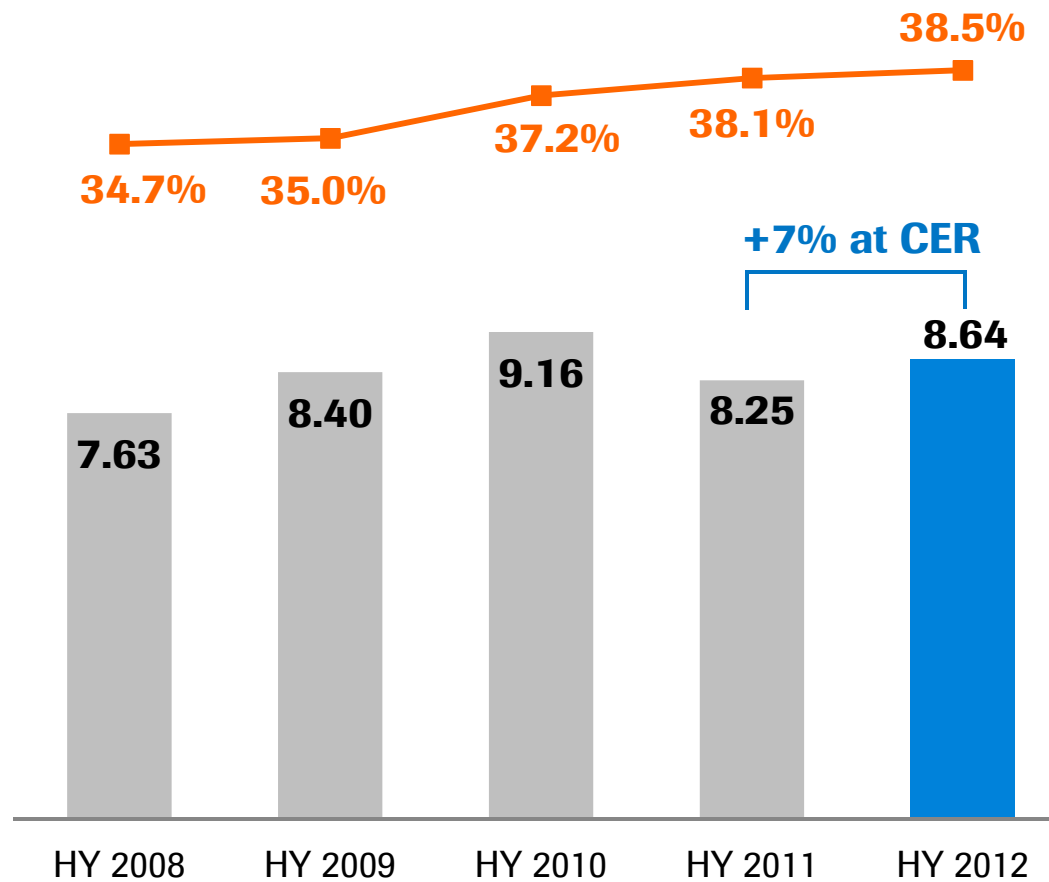
HY 2012: Group sales

Supporting full-year guidance

	2012 CHF m	2011 CHF m	change in %	
			CHF	CER
Pharmaceuticals Division	17,409	16,815	+4	+4
Diagnostics Division	5,014	4,856	+3	+5
Roche Group	22,423	21,671	+3	+4

Increase in operating profit & margin

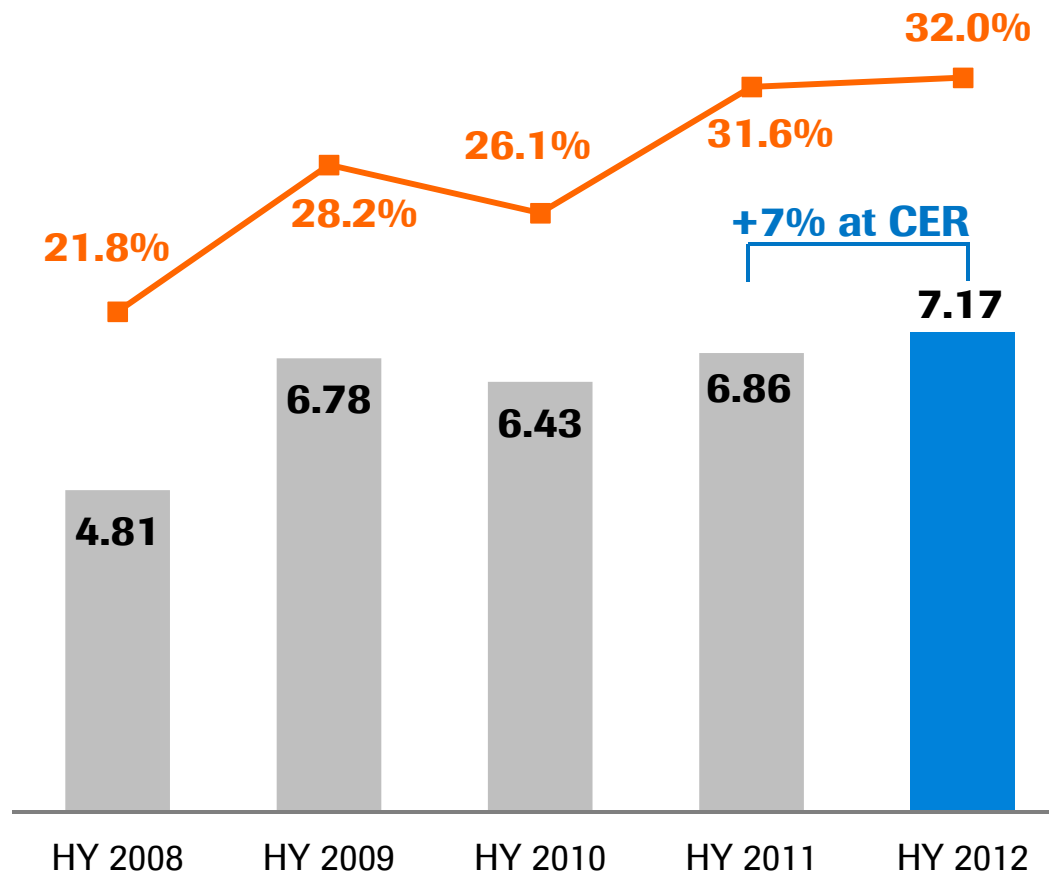
Group core operating profit (CHF bn) and margin



CER=Constant Exchange Rates

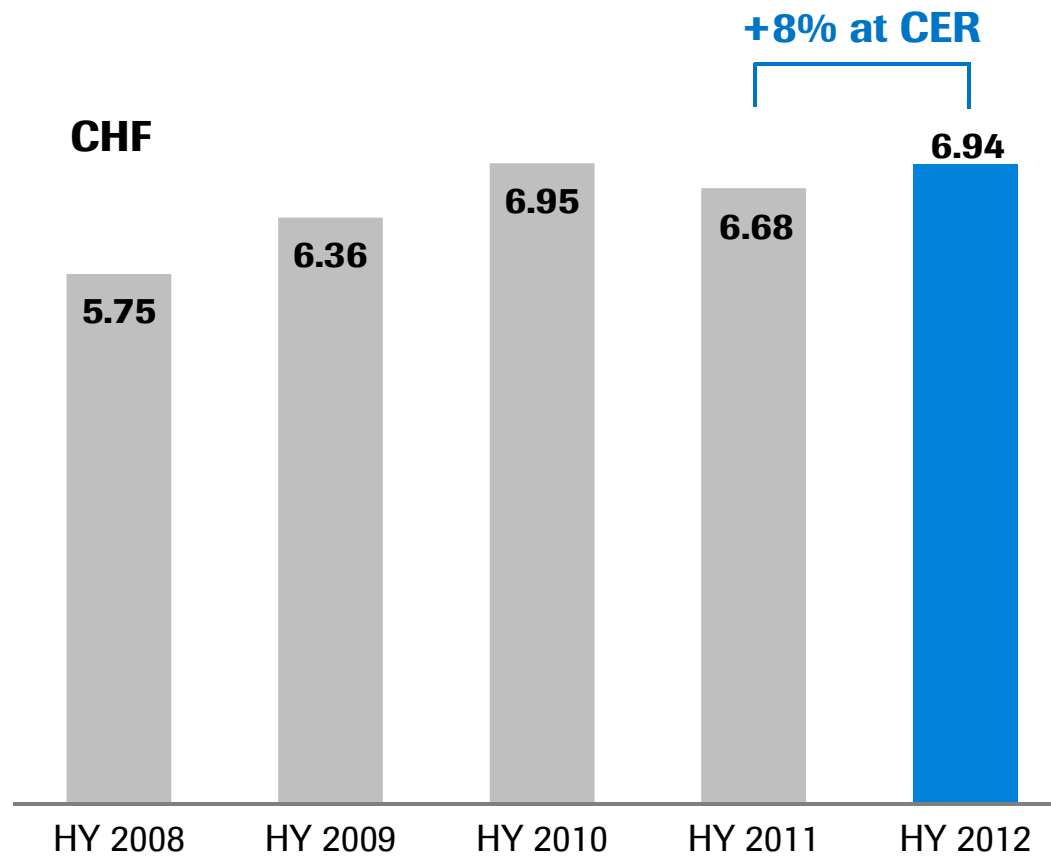
Strong operating free cash flow and margin

Group operating free cash flow (CHF bn) and margin



CER=Constant Exchange Rates

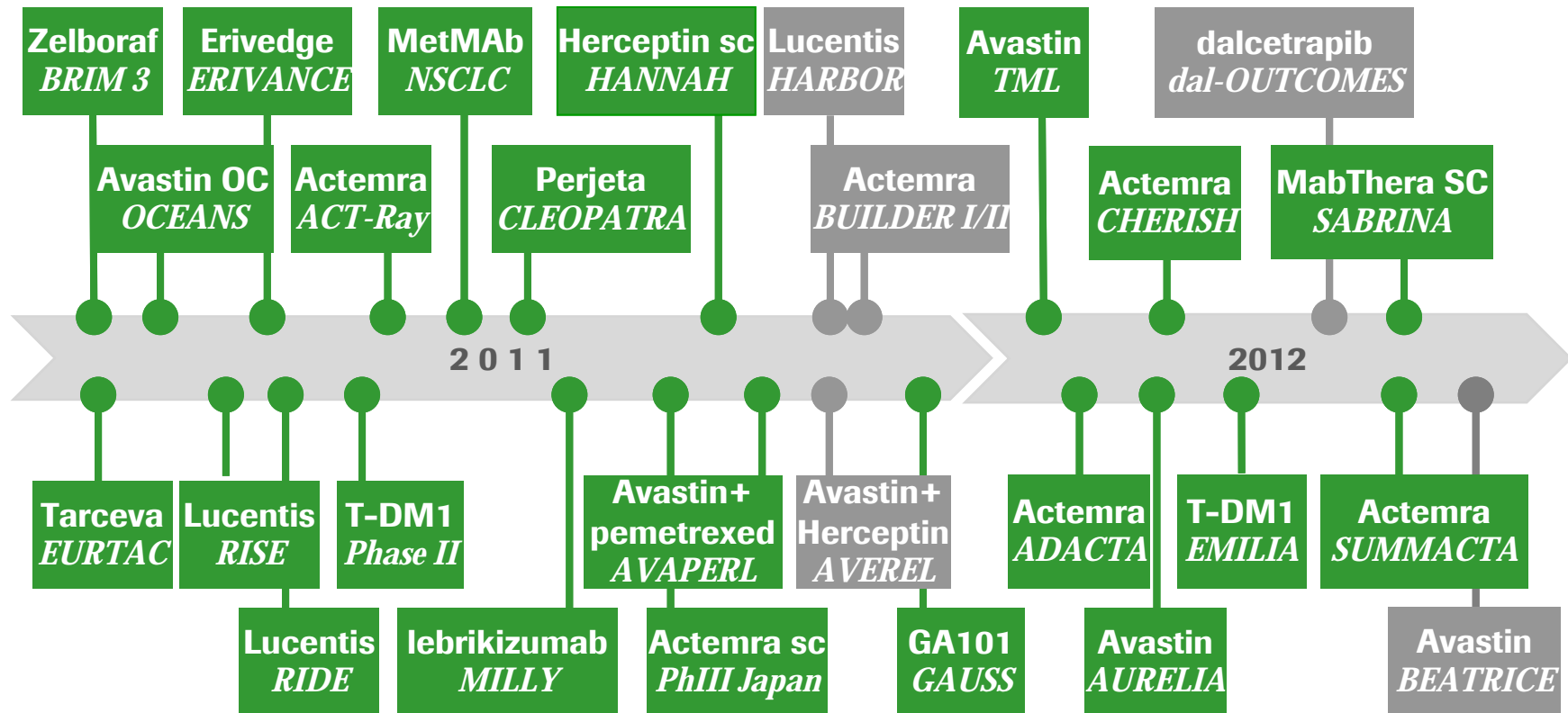
HY 2012: +8% Core EPS growth¹



¹ CER=Constant Exchange Rates

2011/12: Strong progression of pipeline

22 successful late-stage clinical trials



■ Positive trials

Optimizing value streams in 2012

Reallocate R&D resources into expanding pipeline

- Focus portfolio (pRED)
- Close Nutley

Diagnostics business set-up

- Reposition Applied Science
- Address tougher environment in Diabetes Care

Cost structure

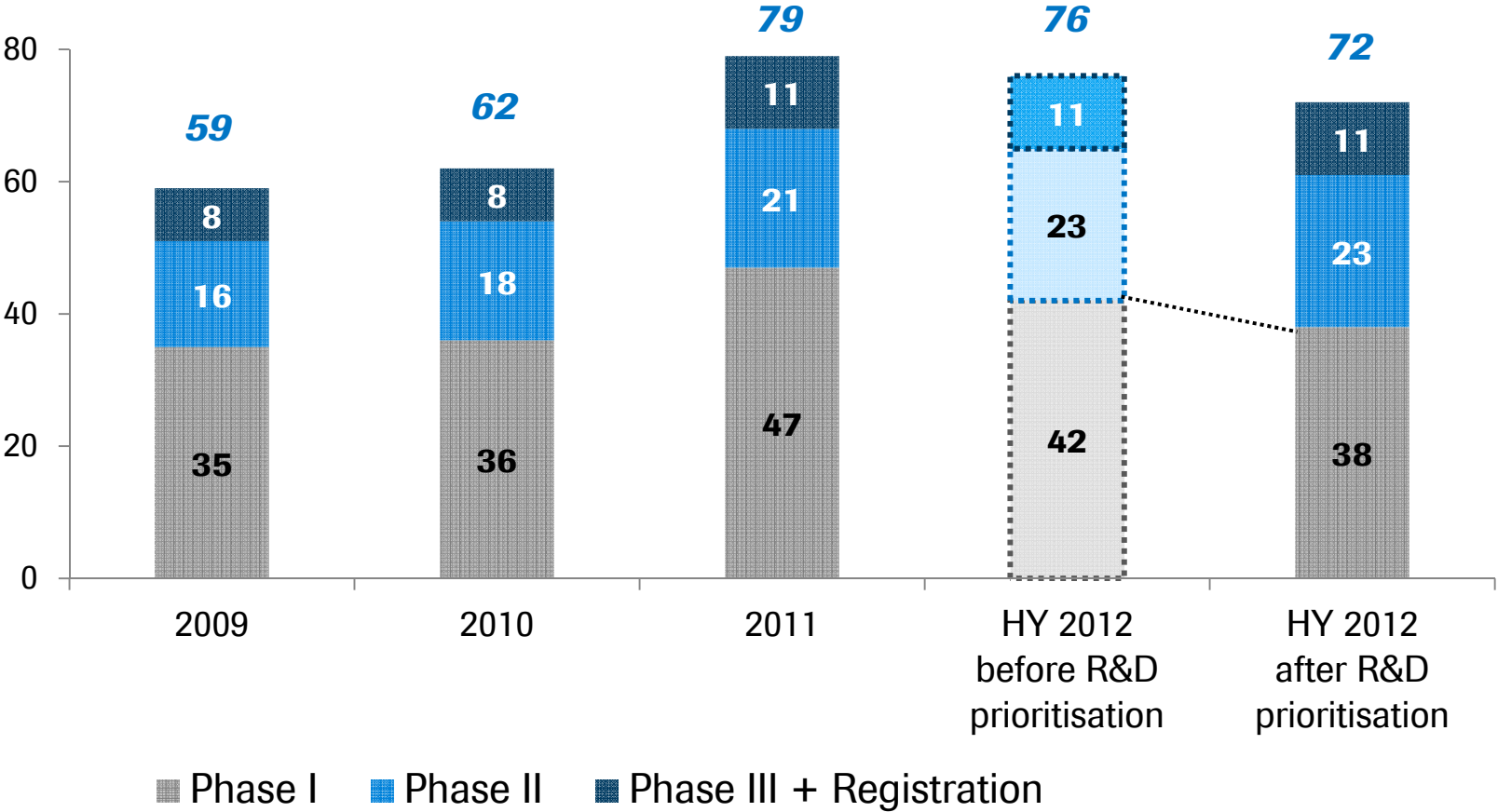
- Finalize remaining part of Operational Excellence
- Optimize IT Infrastructure to cope with business needs

Continuous focus on net working capital

- Reducing receivables in Southern Europe

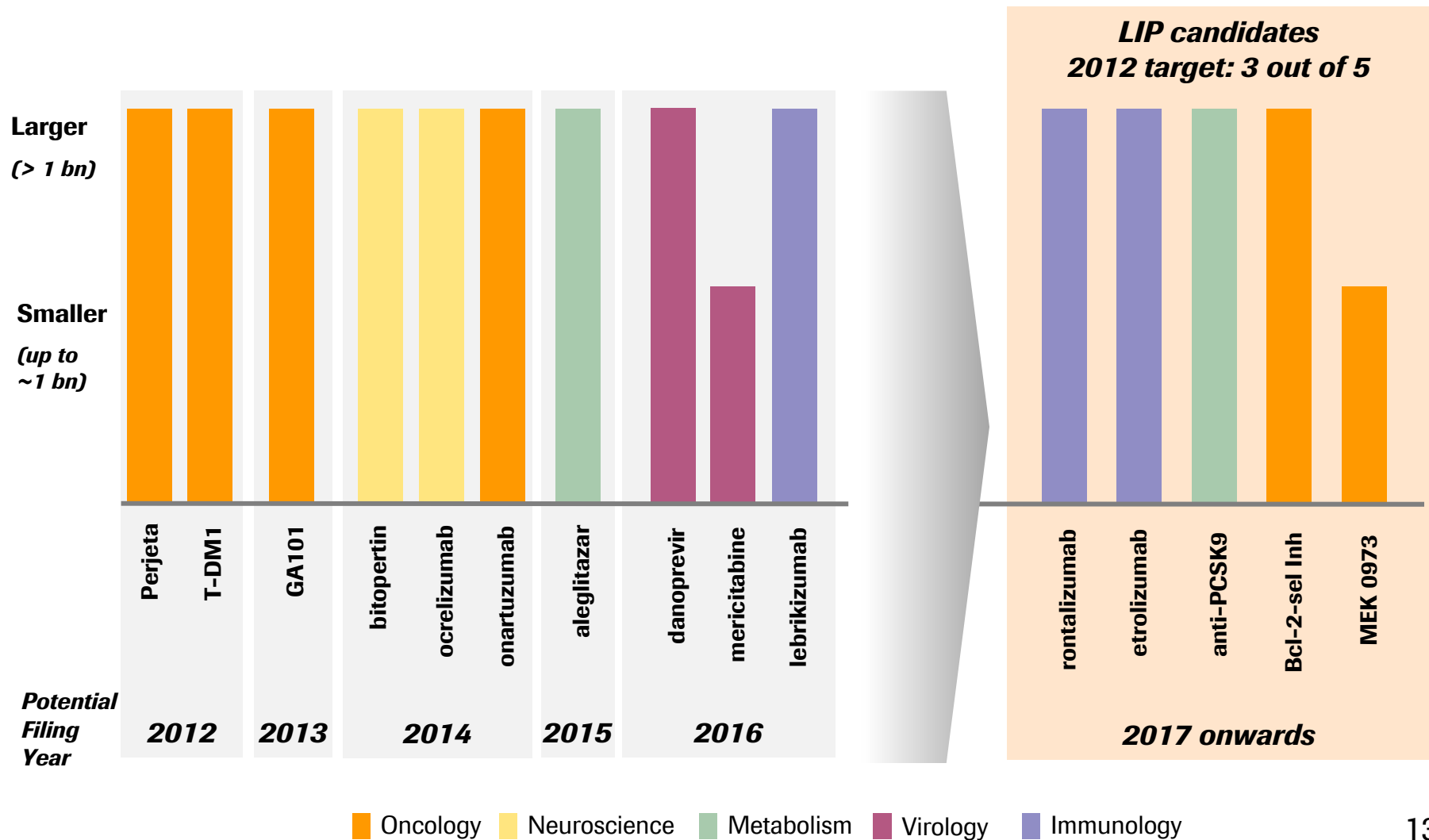
Roche portfolio: Increasing value through focus

New Molecular Entities



Growing late-stage portfolio

Expanding into selected therapeutic franchises



Non risk-adjusted

pRED: Reallocate resources & keep R&D costs stable

Reallocate resources into expanding pipeline

- Last 18 months 22 out of 26 late stage clinical trials positive
- 72 NMEs in clinical development
- Expect number of Phase II/III projects to further increase

Reduce complexity

- Co-locate pRED management
- gRED not affected

Optimize cost structure

- Site infrastructure savings (Nutley)
- Improve leverage of support functions (ex: chemistry & non-clinical safety)

Outlook for 2012 confirmed

Sales growth (CER)	Group & Pharma: low to mid-single digit Diagnostics: above market
Operational Excellence savings	2012+: CHF 2.4 bn*
Core EPS growth target (CER)	High single-digit
Dividend outlook	Continue attractive dividend policy

Pharmaceuticals Division

Pascal Soriot

COO Roche Pharmaceuticals



HY 2012: Pharma sales

US and International major growth contributors

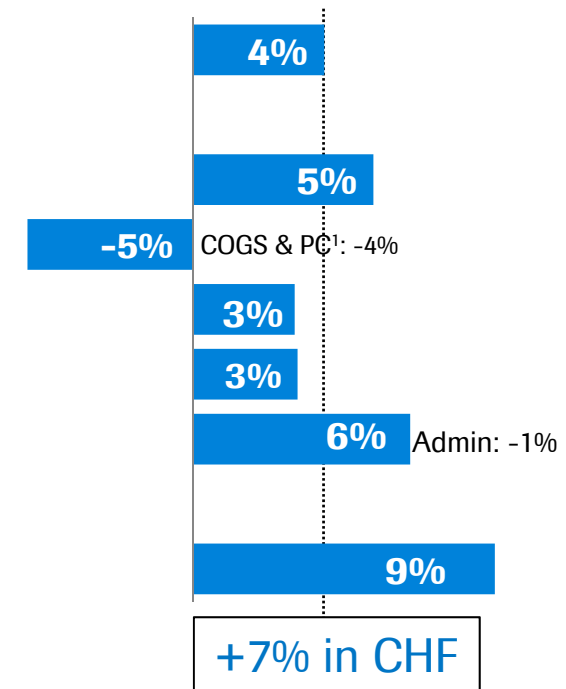
	2012 CHF m	2011 CHF m	change in % CHF	CER
Pharmaceuticals Division	17,409	16,815	+4	+4
United States	6,815	6,285	+8	+6
Western Europe	4,000	4,299	-7	-3
Japan	1,943	1,831	+6	+1
International	4,651	4,400	+6	+8

HY 2012: Pharma Division

Profitability improvement in a challenging environment

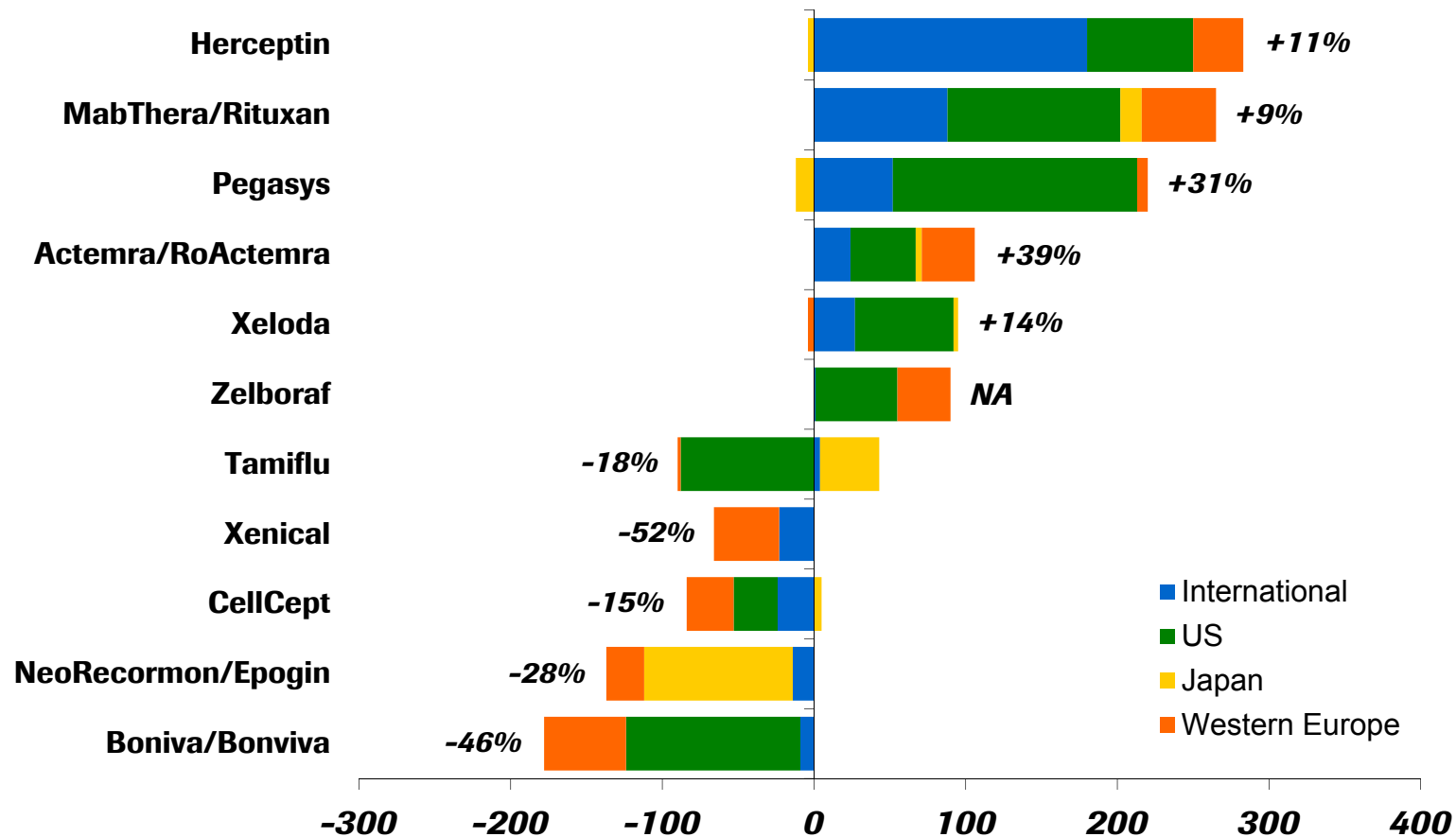
	HY 2012	
	CHF m	% sales
Sales	17,409	100.0
Royalties & other op inc	802	4.6
Cost of sales	-3,486	-20.0
M & D	-2,751	-15.8
R & D	-3,587	-20.6
G & A	-498	-2.9
Core operating profit	7,889	45.3

HY 2012 vs. HY 2011 CER growth



HY 2012: Pharma sales

Oncology, Pegasys and Actemra main growth drivers

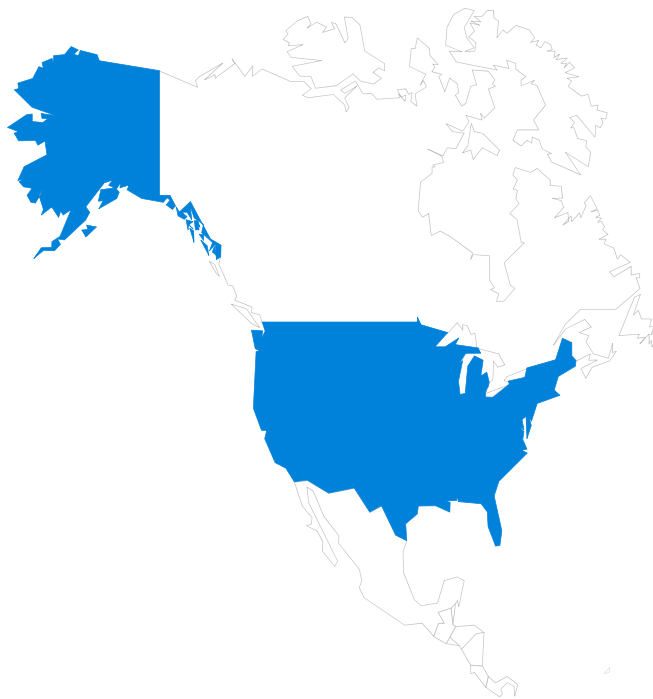


Absolute amounts in CHF m at Constant Exchange Rates (CER) average 2011; all growth rates at CER

HY 2012: US

Continued strong performance

US: +6%¹

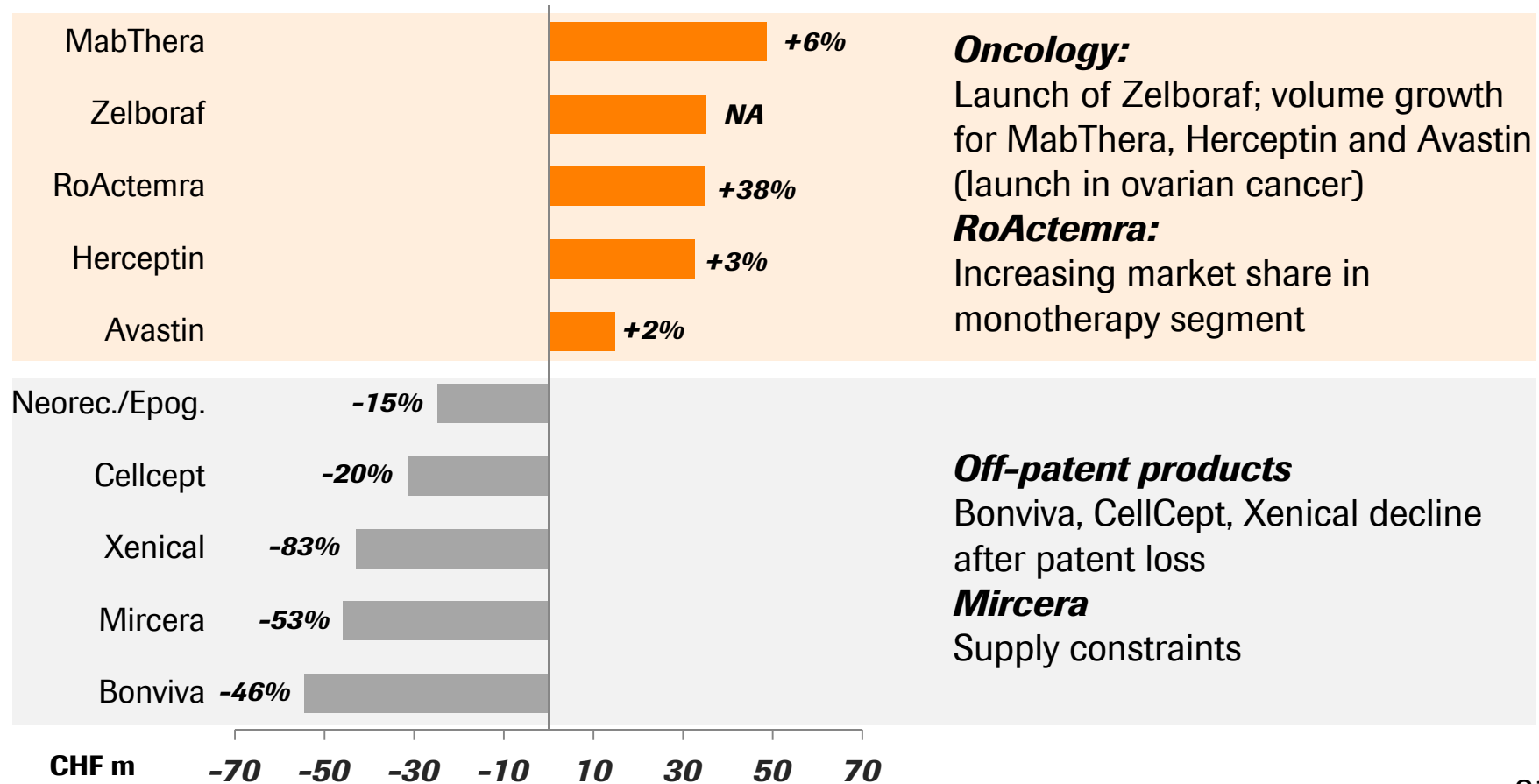


- Pegasys, Rituxan, Herceptin, Xeloda main growth contributors
- Zelboraf, Erivedge and Perjeta: successful launch to continue in 2H 2012
- Sales growth expected to slow in the 2nd half 2012
 - Pegasys: higher 2011 base
 - Lucentis: further decline expected in AMD

¹ CER=Constant Exchange Rates

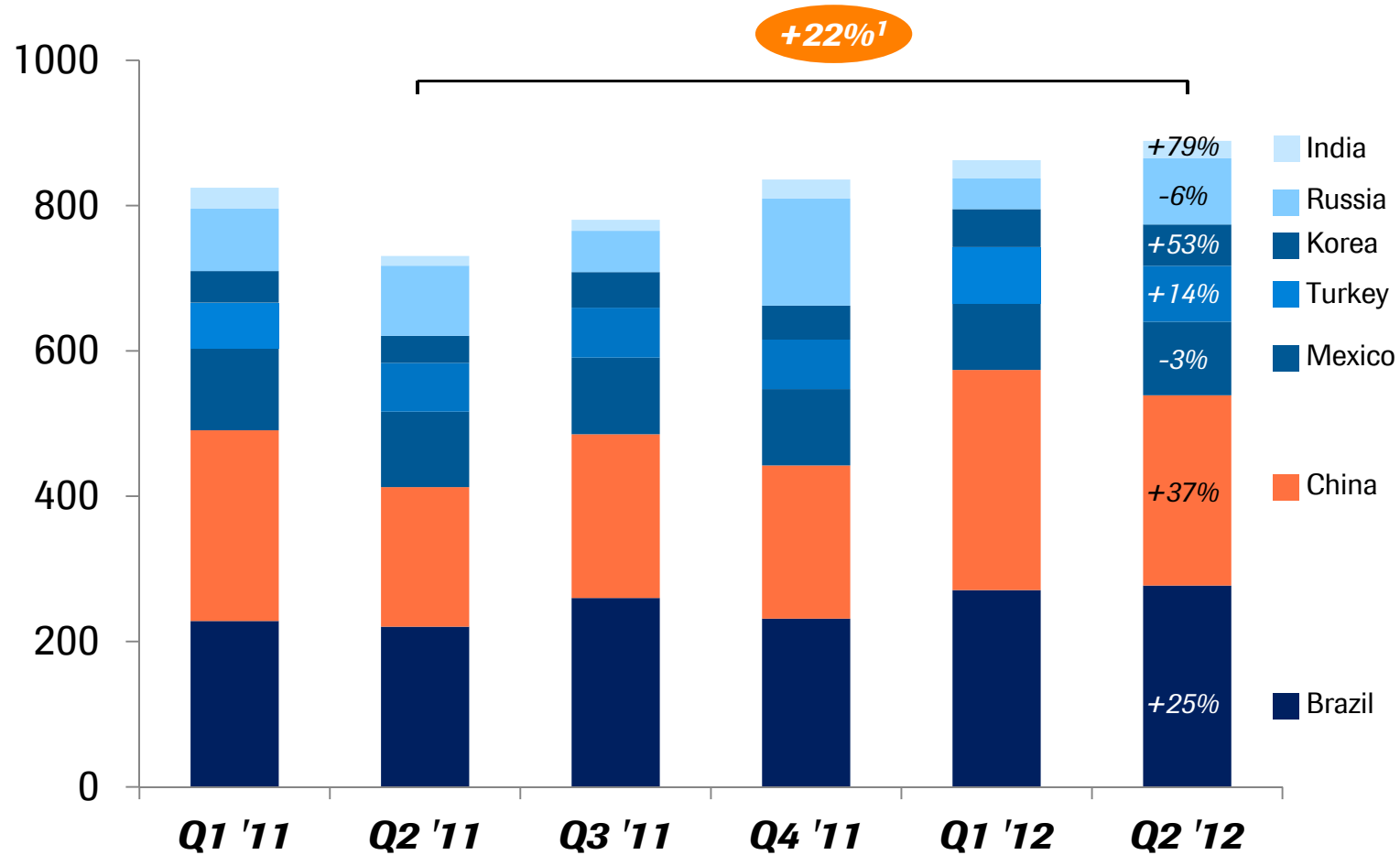
HY 2012: Western Europe

Growth of strategic products offset by generics and supply constraints



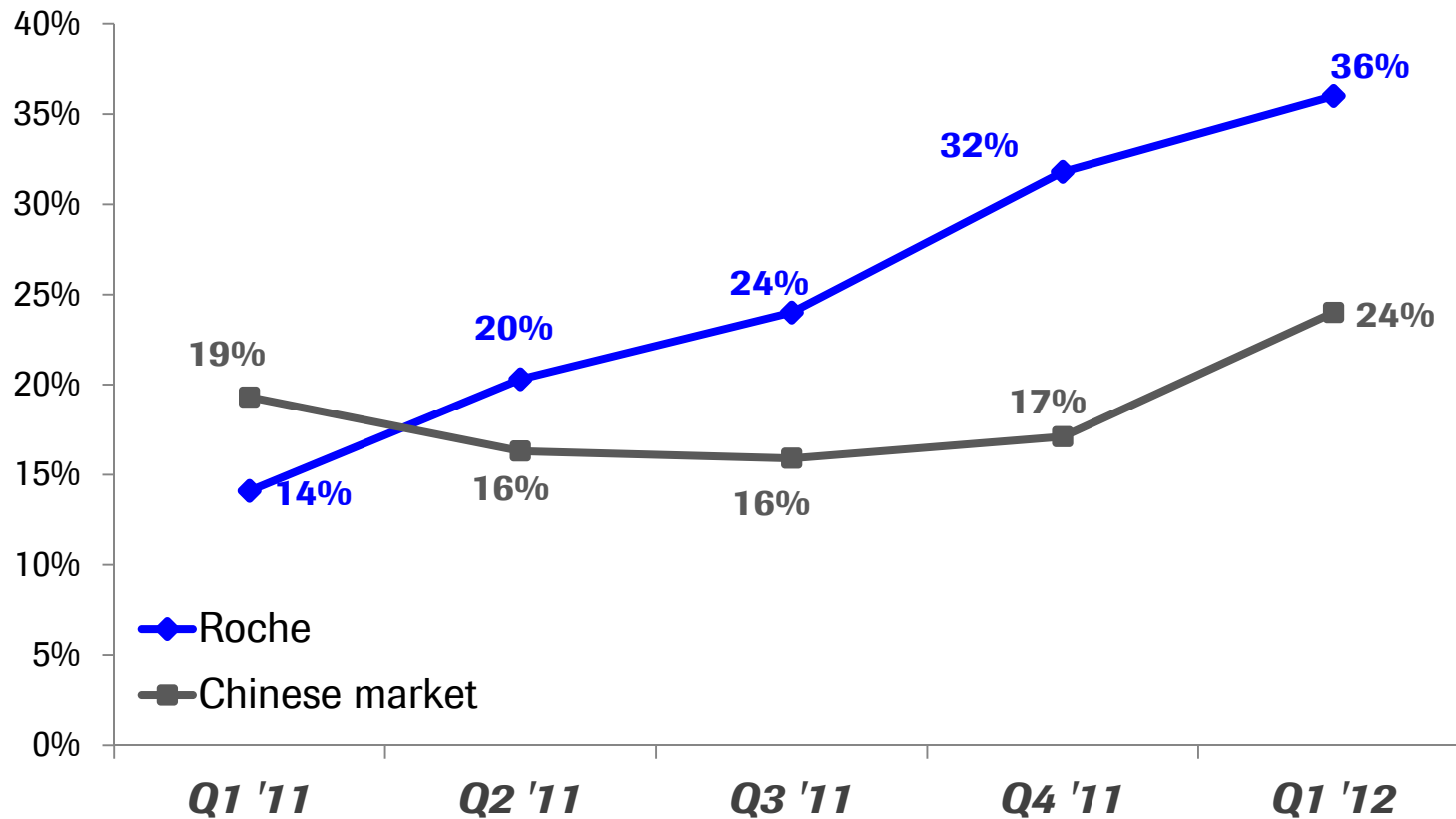
HY 2012: E7 countries

Strong growth driven by China and Brazil



¹ CER=Constant Exchange Rates; absolute values in CHF m at average 2011 exchange rates

China: Roche outgrowing the market



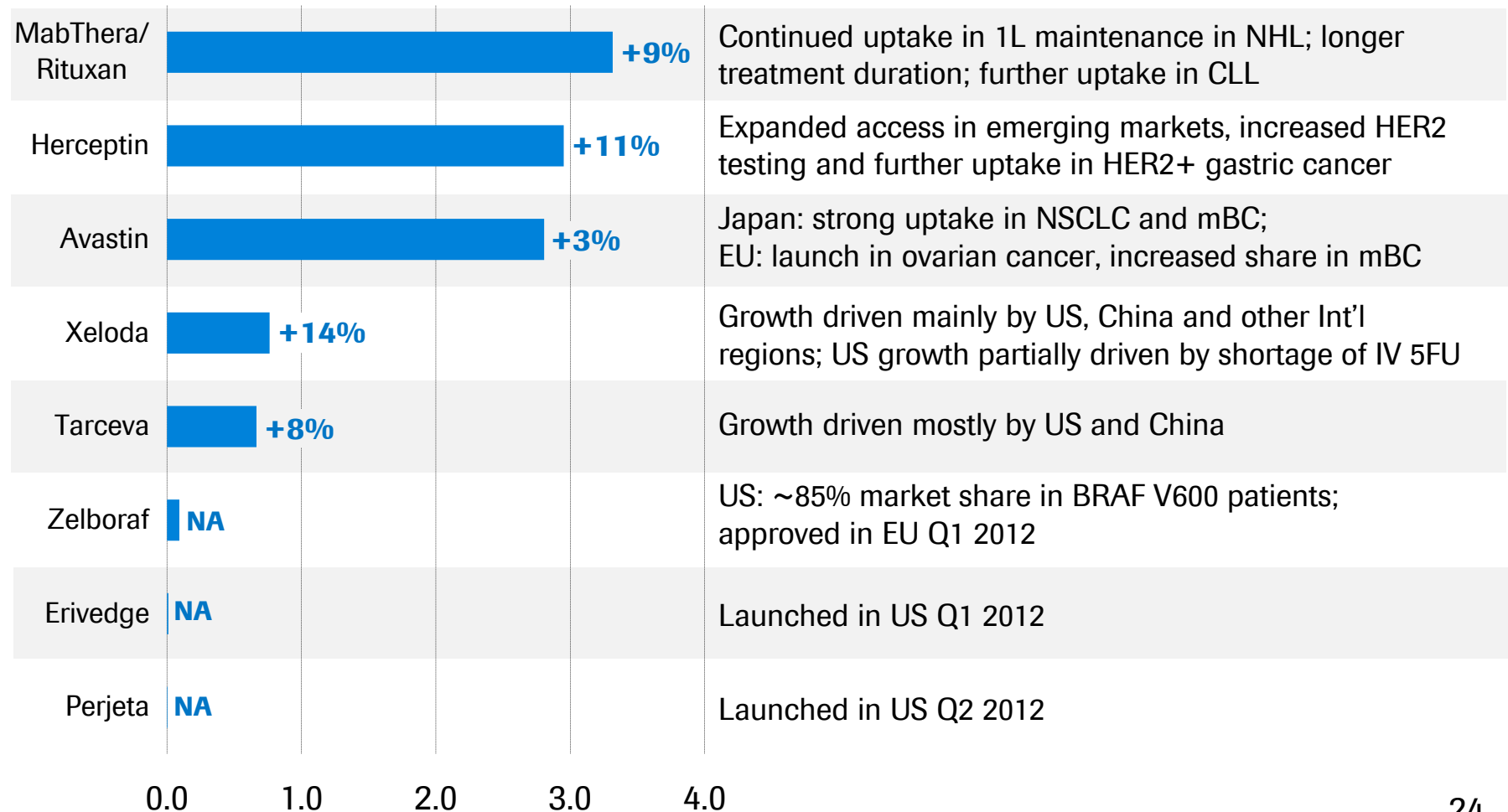
HY 2012: Oncology franchise

Avastin back to growth, new products off to a good start

Major brands

CHF bn

CER growth

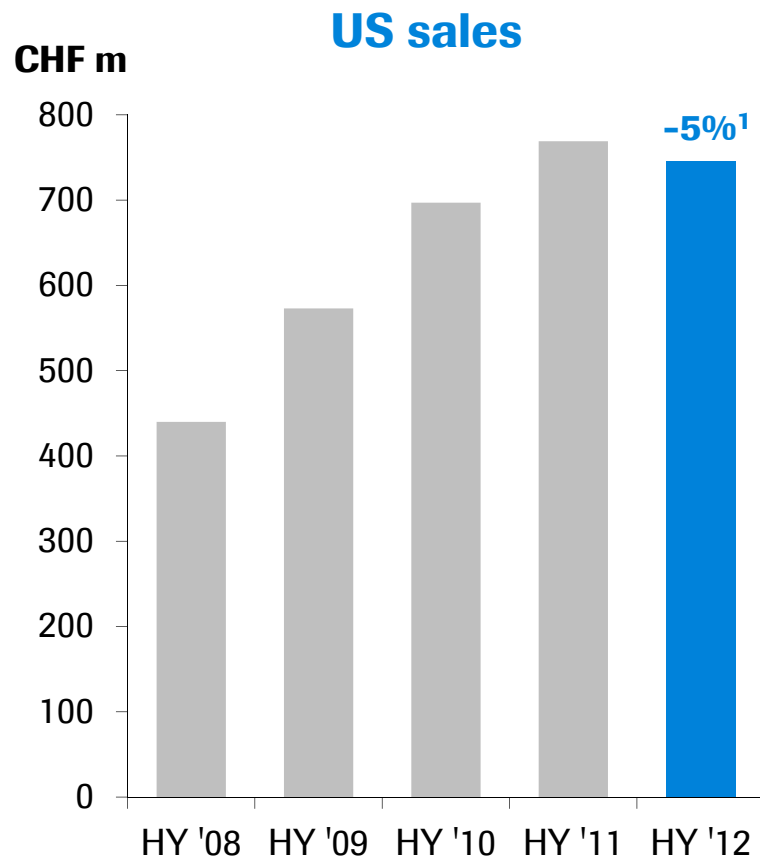


CER = Constant Exchange Rates

Oncology HY 2012 sales: 10.5 bn

Lucentis

Continued competitive pressure in wet AMD



HY 2012 sales: CHF 745 m

AMD:

- Lucentis share declining after launch of Eylea
- 0.5 mg PRN dosing PDUFA date: February 2013

RVO: Lucentis share stable

DME:

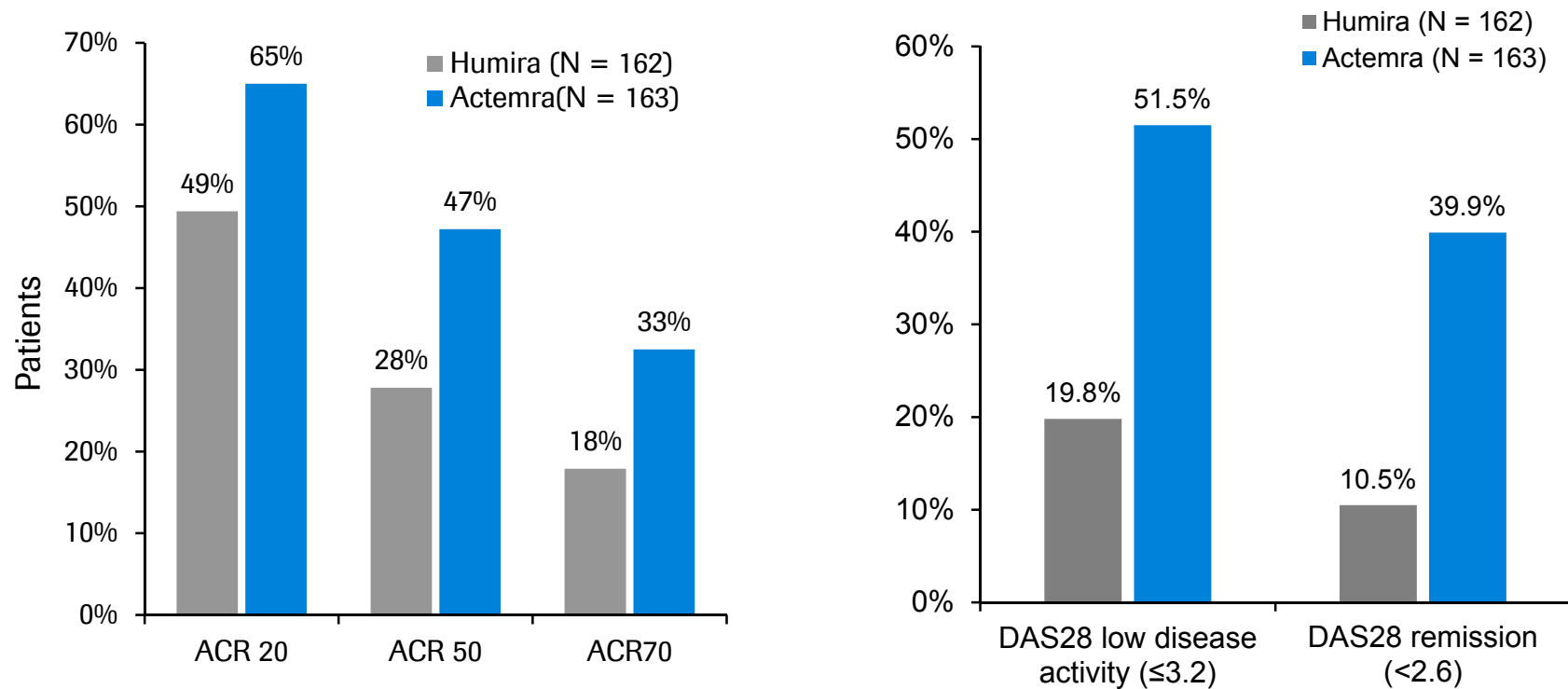
- FDA advisory committee meeting 26 July 2012
- PDUFA date: 10 August 2012

¹ CER=Constant Exchange Rates

AMD=wet age-related macular degeneration; RVO=retinal vein occlusion; DME=diabetic macular edema

Actemra: clinical data driving growth

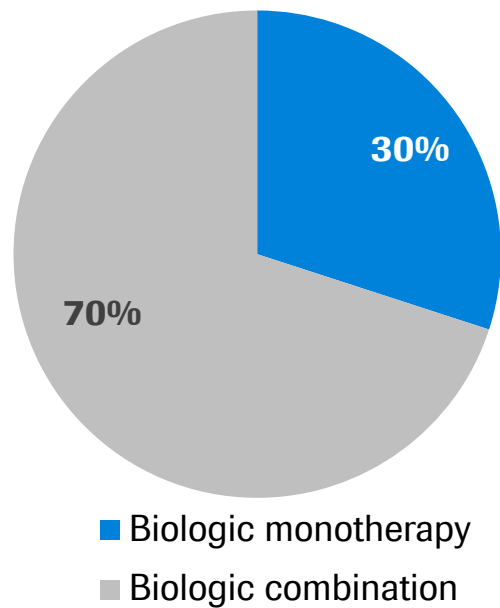
ADACTA study: ACTEMRA vs. Humira week 24



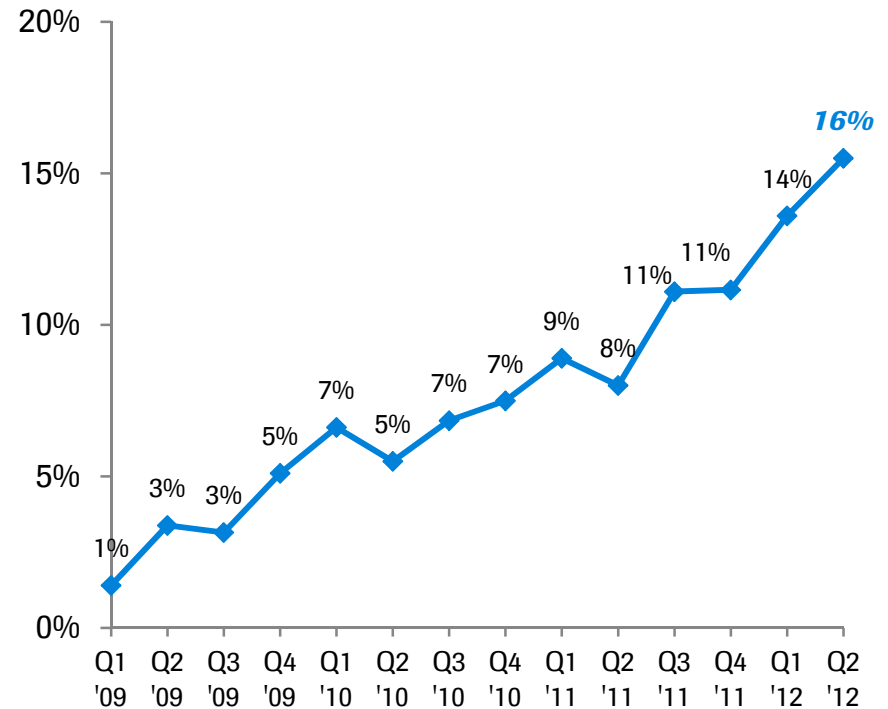
- Positive subcutaneous data (SUMMACTA)
- 1st line biologic filed in US

Monotherapy in rheumatoid arthritis: substantial portion of biologic treatment

Biologic therapy today



***ACTEMRA market share
in monotherapy segment****



* Market share for GE, FR, IT, ESP, UK

Perjeta: Initial market feedback positive

Significant medical benefit in metastatic BC

Market update

- Launch within one business day of approval
- US price reflects high medical benefit
- NCCN guidelines endorsed Perjeta as the preferred first-line treatment in mBC in combination with Herceptin



Clinical update

- Overall survival benefit in HER 2+ 1L mBC to be presented by year end
- MARIANNE study in combination with T-DM1 (1L mBC): filing expected 2014
- APHINITY study in combination with Herceptin (eBC): filing expected 2016

Data to be presented in H2 2012

Actemra

- SUMMACTA/BREVACTA
Subcutaneous formulation

rituximab

- ROSE study in lupus
pHII data

Perjeta

- CLEOPATRA (1L mBC)
OS data

MabThera SC

- SABRINA (front line follicular
NHL) pHIII

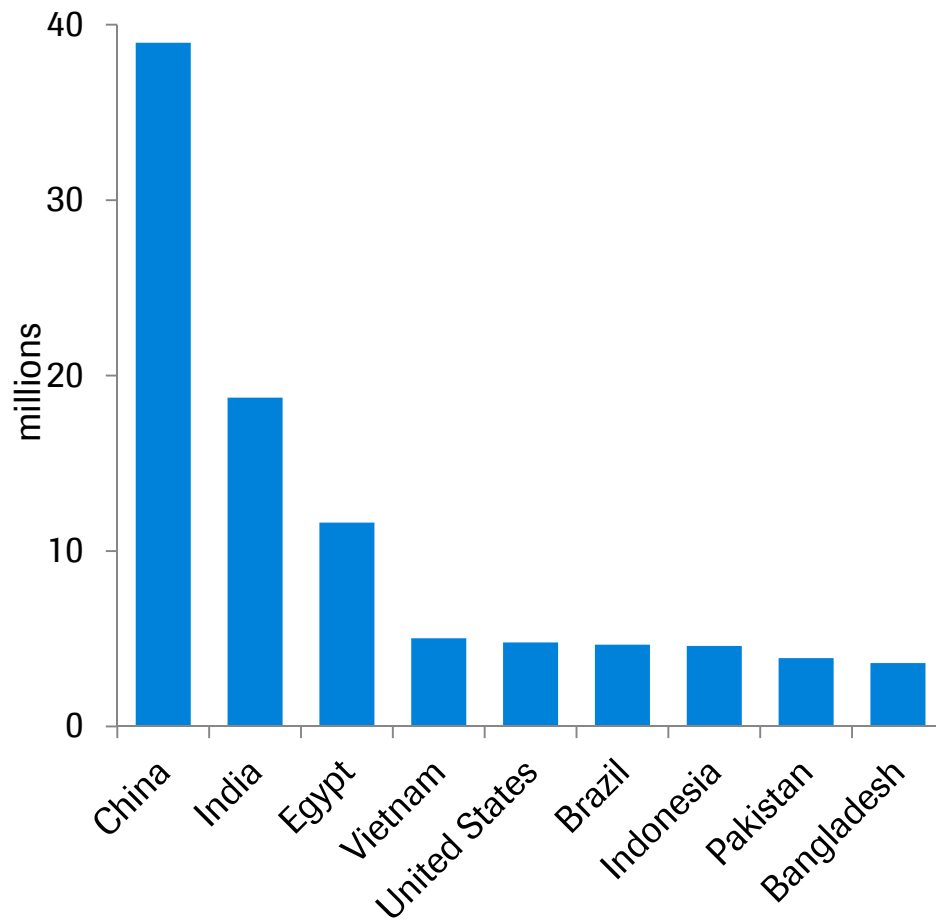
Herceptin

- HERA 2 years vs. 1 year

Hepatitis strategy update

Focusing on emerging markets

HCV infected population



Source: WHO as of May 2006.

Strategy focus

- Develop IFN-based danoprevir triple combination in emerging markets
- IFN-free ANNAPURNA pIII study (setrobuvir, mericitabine and danoprevir) to decide about IFN-free therapy development

Major clinical and regulatory news flow

<i>Timeline</i>	<i>Compound</i>	<i>Indication</i>	<i>Milestone</i>
2012	Avastin	mCRC	Ph III TML ✓
	pertuzumab	1 st line HER2+ mBC	US approval ✓ EU approval
	Erivedge	advanced BCC	US approval ✓ EU approval (2012/13)
	Zelboraf	metastatic melanoma	EU approval ✓
	Lucentis	DME	US approval
	T-DM1	2 nd line HER2+ mBC	Ph III EMILIA ✓
	Herceptin subcutaneous	early HER2+ BC	Ph III HANNAH (data presentation) ✓
	Herceptin	adjuvant HER2+ BC	Ph III HERA 2 years vs. 1 year
	MabThera subcutaneous	front-line follicular NHL	Ph III ✓
	Actemra	RA DMARD IR	Ph III ADACTA H2H vs. Humira ✓
	Actemra subcutaneous	RA, moderate to severe	Ph III SUMMACTA ✓ BREVACTA
		Avastin	newly diagnosed glioblastoma
2013	dalcetrapib	Atherosclerosis CV risk red.	2 nd interim analysis in H1 2012 ✗
	GA101	Front line CLL	Ph III vs. chemotherapy
	bitopertin (GlyT-1)	Schizophrenia	Ph III (several studies)

Oncology and CV outcome studies are event driven, timelines may change

Diagnostics Division
Daniel O'Day
COO Roche Diagnostics



HY 2012: Diagnostics Division sales

Strong growth in Professional, Molecular and Tissue Diagnostics

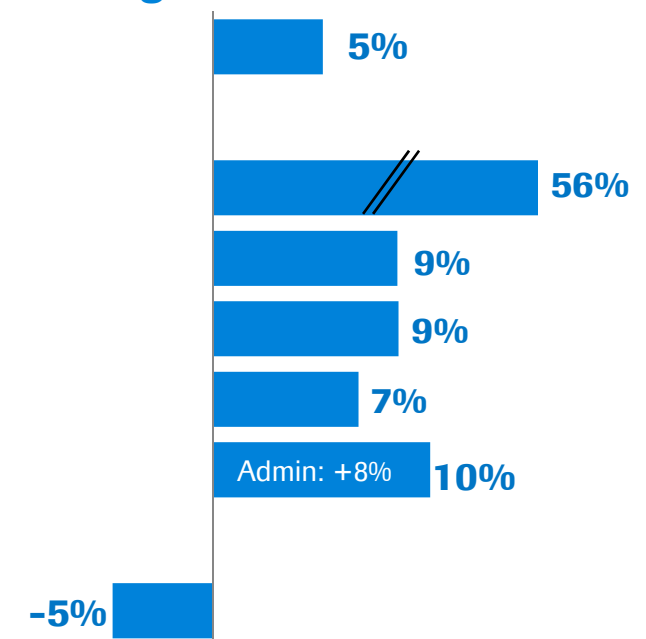
	2012 CHF m	2011 CHF m	change in % CHF	CER
Diagnostics Division	5,014	4,856	+3	+5
Professional Diagnostics ¹	2,515	2,360	+7	+9
Diabetes Care ¹	1,260	1,316	-4	-2
Molecular Diagnostics	571	544	+5	+6
Applied Science	363	377	-4	-3
Tissue Diagnostics	305	259	+18	+17

HY 2012: Diagnostics Division

Costs increase reflects higher instrument placements and bad debt write-offs

	2012 CHF m	% sales
Sales	5,014	100.0
Royalties & other op inc	78	1.6
Cost of sales ¹	-2,180	-43.5
M & D	-1,254	-25.0
R & D	-456	-9.1
G & A	-204	-4.0
Core operating profit	998	19.9*

2012 vs. 2011
CER growth

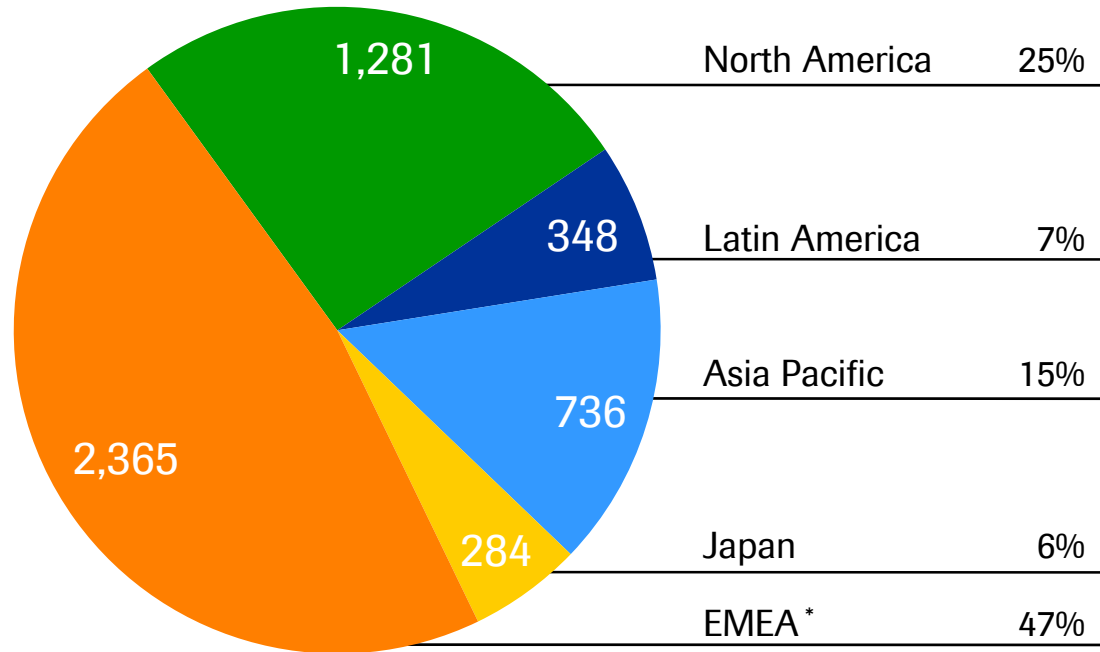


* Bad-debt expenses had negative impact on the operating margin development of 0.8%p
CER = Constant Exchange Rates ¹ Cost of goods sold & period cost

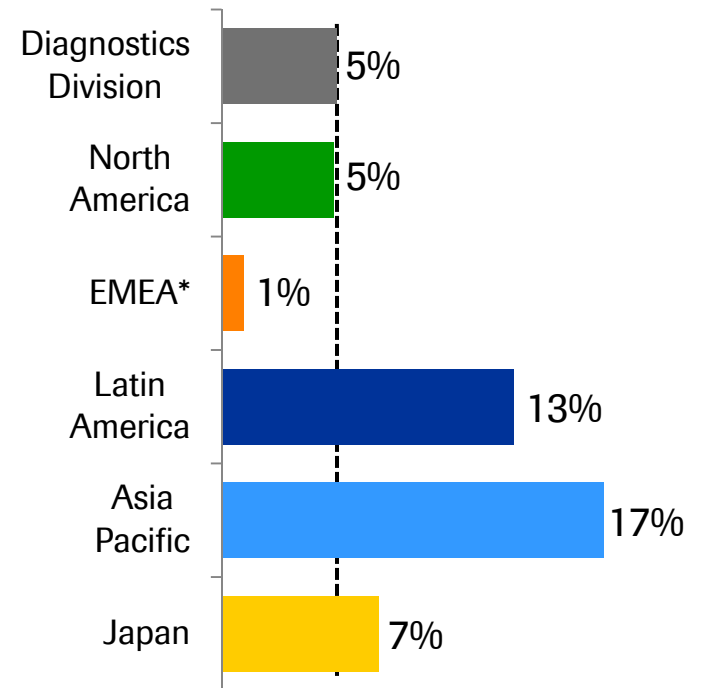
HY 2012: Diagnostics Division sales

Growth driven by Asia Pacific and North America

CHF 5,014 m



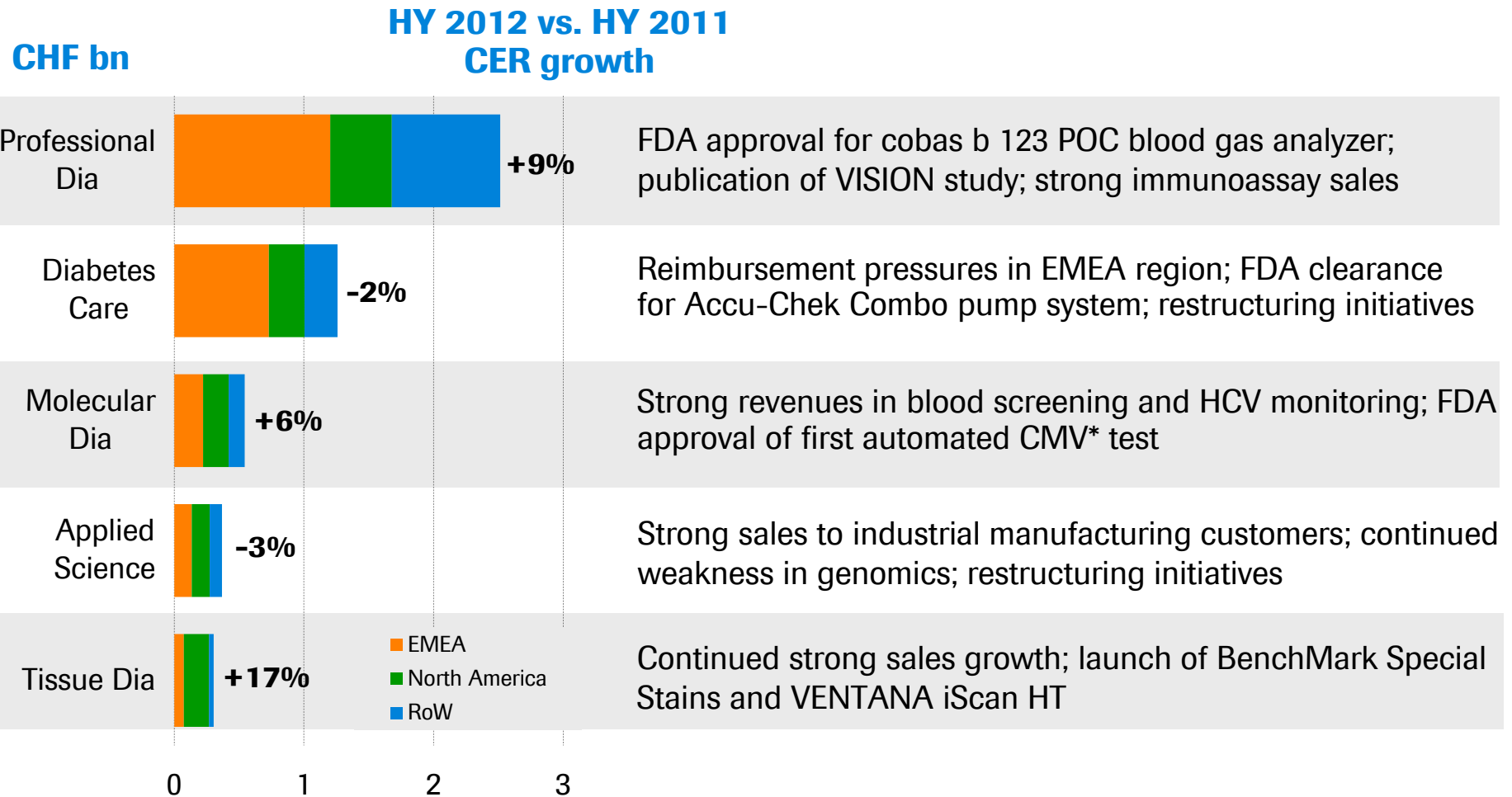
CER sales growth



* Europe, Middle East and Africa

CER=Constant Exchange Rates

HY 2012: Diagnostics Division highlights

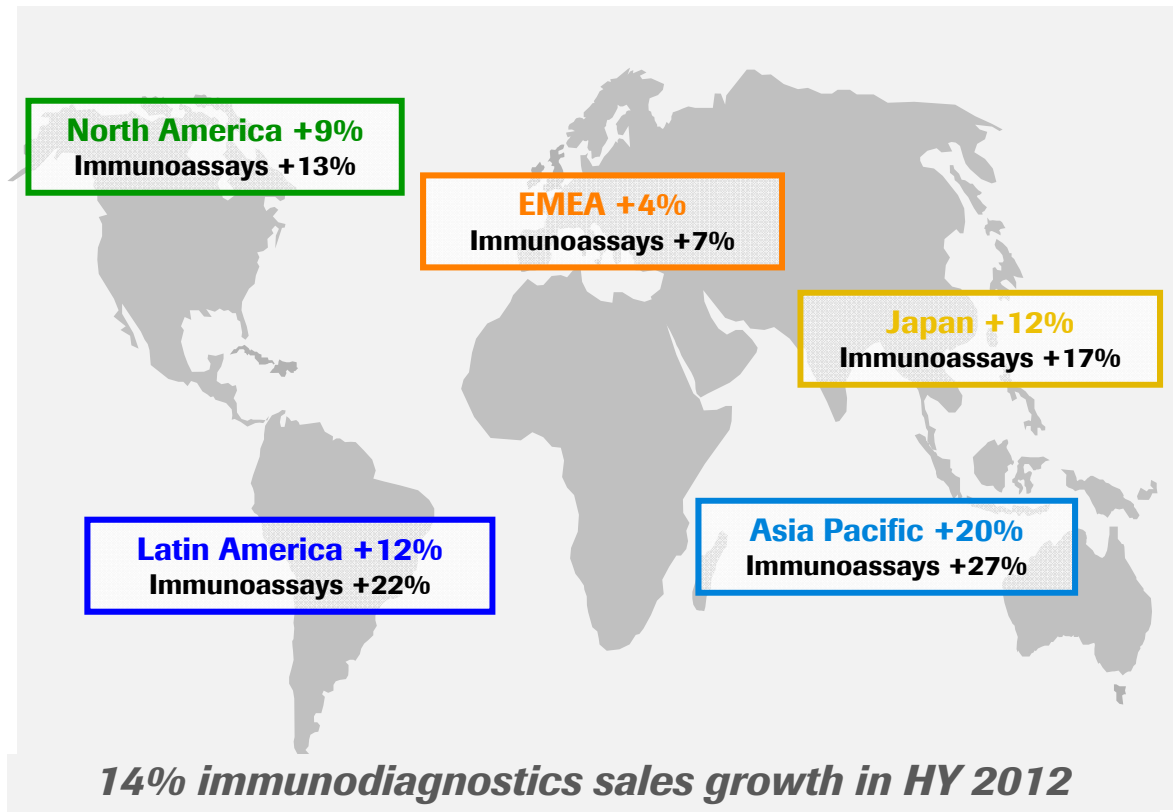


EMEA=Europe, Middle East and Africa

* Cytomegalovirus

HY 2012: Professional Diagnostics

Strong growth driven by immunoassays



2 new immunoassays launched

- HCV II in the EU and HBc IgM in the US

FDA approval for cobas b 123 POC blood gas analyzer

- Fast and reliable results to determine sufficient respiratory support for patients

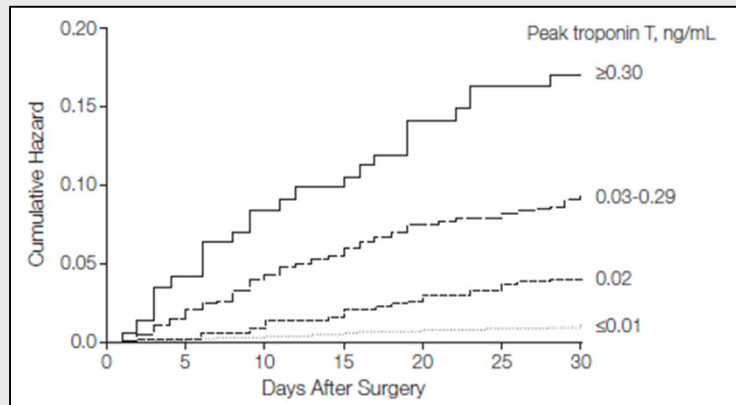
Launch of cobas p 312

- Pre-analytics system that improves automation & workflow for labs

Providing medical value in a new indication

Elecsys® Troponin T test predicts mortality risk after non-cardiac surgery

VISION Study publication in JAMA¹



- Results from the first 15,133 non-cardiac surgery patients
- Peak post-operative troponin levels significantly associated with 30-day mortality
- Results will aid physicians assess individual patient risk and tailor therapy



Roche Elecsys® Troponin T hs Assay

Latest generation high sensitive troponin T test is a new tool to diagnose AMI² earlier

Roche is the global troponin market leader with 30% share³

¹ Devereaux et al., JAMA, June 6, 2012-Vol. 307, No. 21;
³ Independent Industry Report

² Acute Myocardial Infarction;

Accu-Chek Combo System receives FDA clearance

Second US launch from new generation portfolio

Distinct Advantages

Easy glucose testing, bolus advice and insulin administration via remote without touching the pump.

Build on Success

36% sales CAGR ex-US¹

Market Expansion

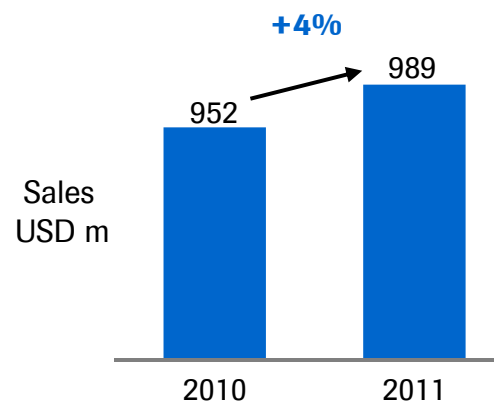
Well positioned in the growing US IDS market



Accu-Chek Combo System

Smart meter works as a remote for the pump

US Insulin Delivery (IDS) Market²



¹ Since launch: 2009-2011;

² 2011 figures from Independent Industry Analysis

Improving automation in Pathology Labs

New instrument launches by Ventana

BenchMark Special Stains



- Performs special stains that enable visualisation of structures and pathogens
- Eliminates manual process with full automation
- Large global market opportunity with over 75% of tests currently run manually¹

VENTANA iScan HT



- Powerful slide scanner with 360 slide capacity, high throughput², and superior reliability
- Transforms digital pathology by providing fast and uninterrupted workflow

1 Internal analysis

2 scanning up to 80 slides per hour

Restructuring of Applied Science & Diabetes Care

Positioning both businesses for future success

Roche Applied Science

Drive innovation, growth & profitability via market leadership in focus areas

- Keep focus in Sequencing, qPCR/NAP and Custom Biotech/Reagents
- Focus Microarray product line on Sequence Capture only
- Streamline Cellular Analysis portfolio
- Align R&D to support early innovation
- Re-organise Marketing

Roche Diabetes Care

Secure long-term profitability by adapting organisation to tougher market environment

- Restructure R&D organization:
 - Streamline blood glucose monitoring portfolio
 - Invest in insulin delivery systems and continuous glucose monitoring
- Optimise M&D investments
- One Global Operations structure

Key launches 2012

	<i>Area</i>	<i>Product</i>	<i>Market</i>	<i>BA*</i>
<i>Instruments / Devices</i>	Labs	cobas t 611 - Coagulation analyzer	EU	RPD
		BenchMark Special Stains - Tissue stainer	WW	✓ RTD
		VENTANA iScan HT - Digital tissue scanner	EU, US	✓ RTD
	Point of Care	cobas b 101 - Multi lipid and glucose analyzer	EU	RPD
		cobas b 123 POC - Blood gas analyzer	US	✓ RPD
	Diabetes Care	Accu-Chek Nano SmartView -Small, no-code bGM ¹ system	US	✓ RDC
		Accu-Chek Combo - Insulin pump & bG meter combined	US	✓ RDC
		Accu-Chek Mobile - Next generation strip free bGM system	EU	✓ RDC
		SOLO Micropump - Insulin pump and bG meter combined	EU	RDC
	<i>Tests/ Assays</i>	Oncology	HE4 - Ovarian cancer	US
ER - Breast cancer			US	RTD
CINtec p16 Histology- Cervical cancer			WW	✓ RTD
GS GType Sequencing Primer Sets- Leukemia			WW	✓ RAS
Infectious Diseases		CMV - Cytomegalovirus infections	US	✓ RMD
		CT/NG - Chlamydia and gonorrhoea infections	US	✓ RMD
Metabolism		Vitamin D - Vitamin D2 & D3	US	RPD

Achieve sales growth above the market

* Business Areas. RPD: Roche Professional Diagnostics; RDC: Roche Diabetes Care; RMD: Roche Molecular Diagnostics; RAS: Roche Applied Science; RTD: Roche Tissue Diagnostics; ¹ blood glucose monitoring

Group
Alan Hippe
Chief Financial Officer



HY 2012



Highlights

Optimizing value streams

Cash flow

HY 2012: Highlights

Core EPS +8%¹

- Underlying business driving profit growth

Strong operating free cash flow

- 7% growth at CER (+5% in CHF)
- Receivables collection in Southern Europe improving

Productivity improvement initiatives

- Actions implemented and on track

¹ Constant Exchange Rates

HY 2012: Group performance

Core EPS growth +8%¹

CHF m

	HY 2012	HY 2011	% Change	
			CHF	CER
Sales	22,423	21,671	+3	+4
Core operating profit <i>as % of sales</i>	8,641 38.5	8,251 38.1	+5	+7
Core net financial income <i>Core tax rate in %</i>	-819 22.8	-792 22.0	+3 <i>+0.8p</i>	+2
Core net income <i>as % of sales</i>	6,035 26.9	5,821 26.9	+4	+6
Attributable to Roche shareholders	5,922	5,697	+4	+7
Core EPS (CHF)	6.94	6.68	+4	+8
Operating free cash flow <i>% of sales</i>	7,170 32.0	6,856 31.6	+5 <i>+0.4p</i>	+7
Free cash flow	-1,309	-967	-35	-14

¹ CER=Constant Exchange Rates

HY 2012: Group operating performance

HY 2012 vs. HY 2011 CER growth

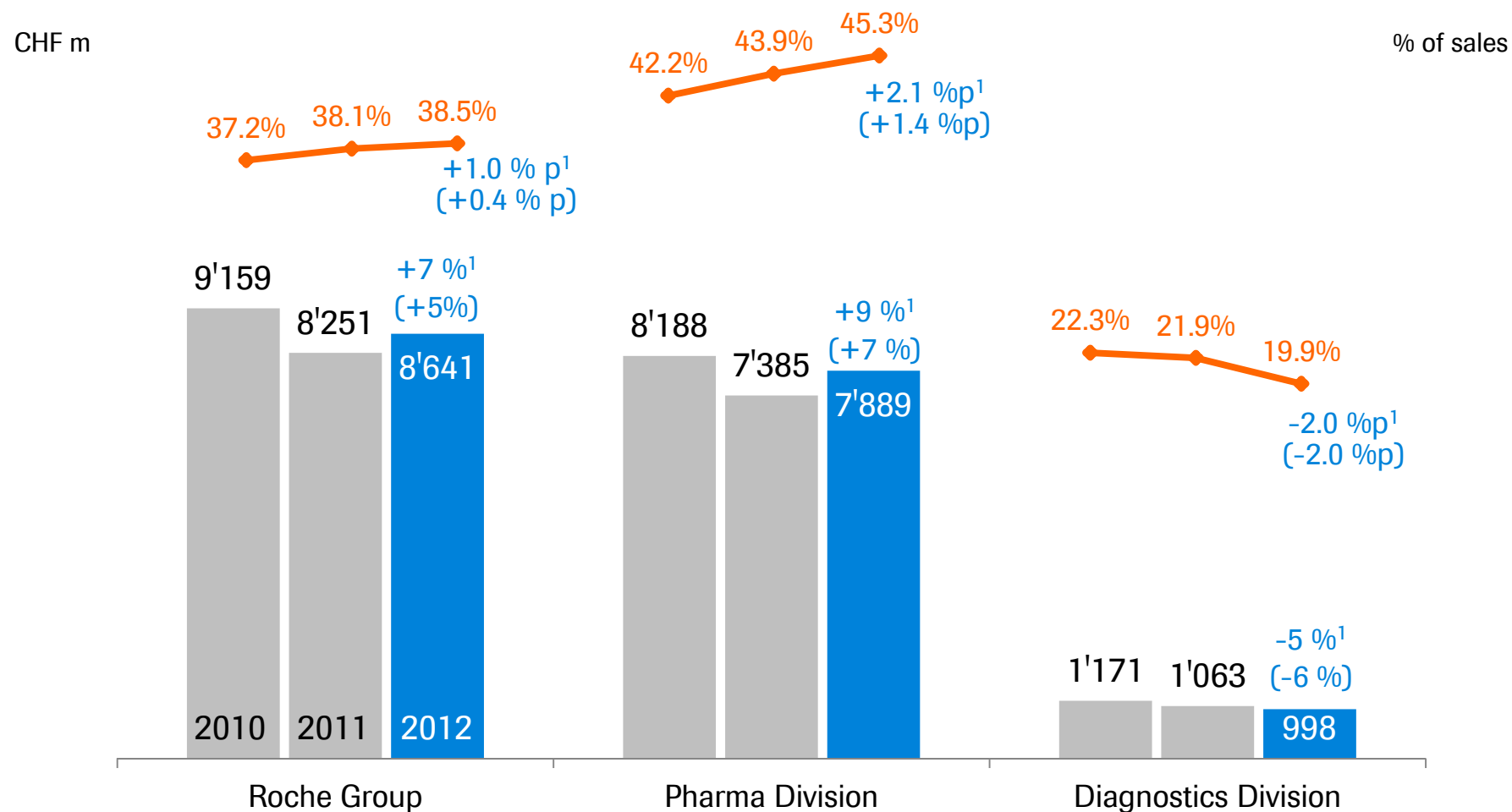
Major drivers

Sales	4%	Growth of Diagnostics Division, Herceptin, MabThera/Rituxan, Pegasys and Actemra
Royalties & other op. inc	8%	Higher royalty and product disposal income
Cost of sales	0% COGS & PC ¹ : +2%	Lower royalty (Boniva, Tamiflu, CellCept), manufacturing costs
M & D	5%	Investments mostly in China
R & D	3%	Stable R&D investments
G & A	Admin: +4% 11%	IT cost phasing
Core operating profit	7%	

+5% in CHF

HY 2012: Group core operating profit and margin

Increase driven by Pharma Division



¹ Constant Exchange Rates

HY 2012

Highlights

Optimizing value streams

Cash flow

Optimizing value streams in 2012

Reallocate R&D resources into expanding pipeline

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Diagnostics business set-up

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Cost structure

- Finalize remaining part of Operational Excellence
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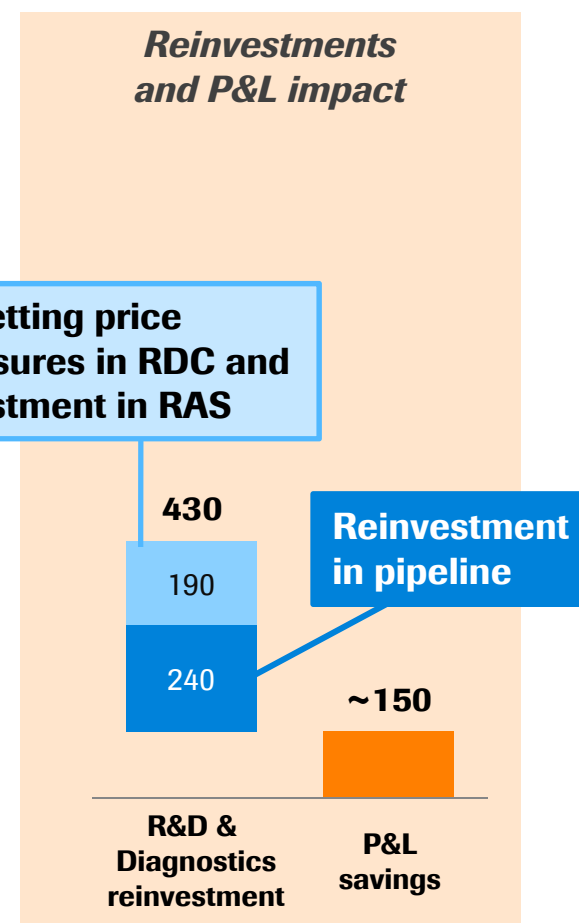
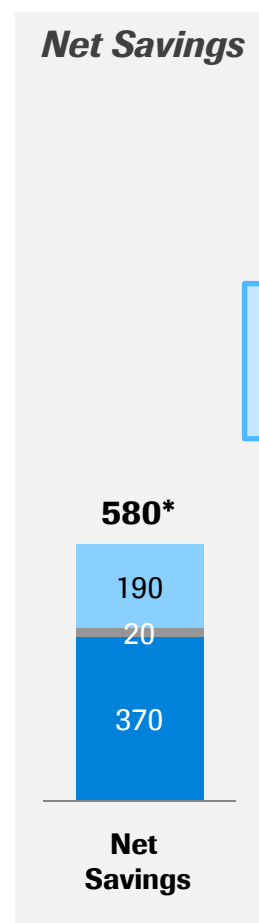
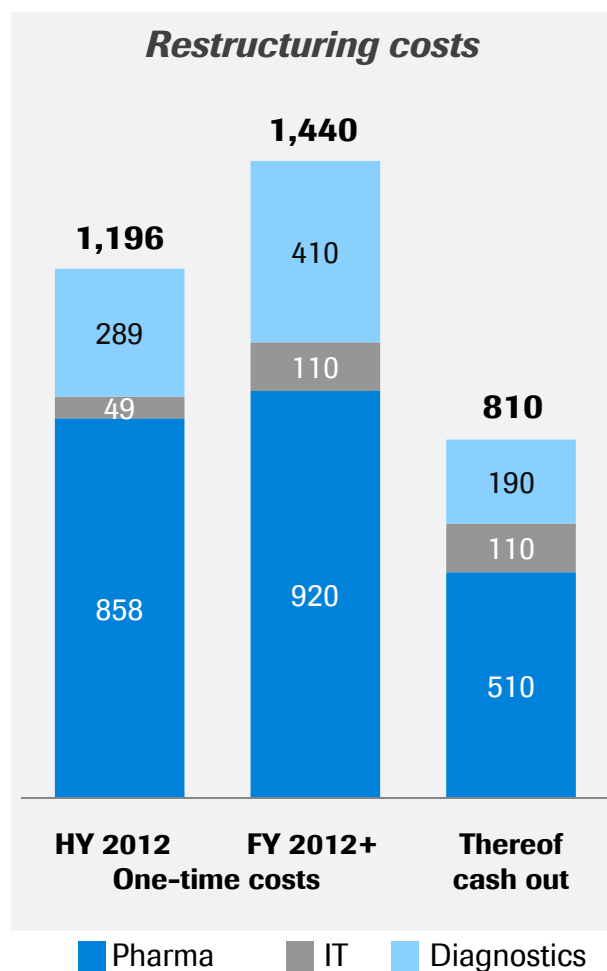
Continuous focus on net working capital

- Reducing receivables in Southern Europe

Optimizing value streams in 2012

Restructuring costs & savings

CHF m¹

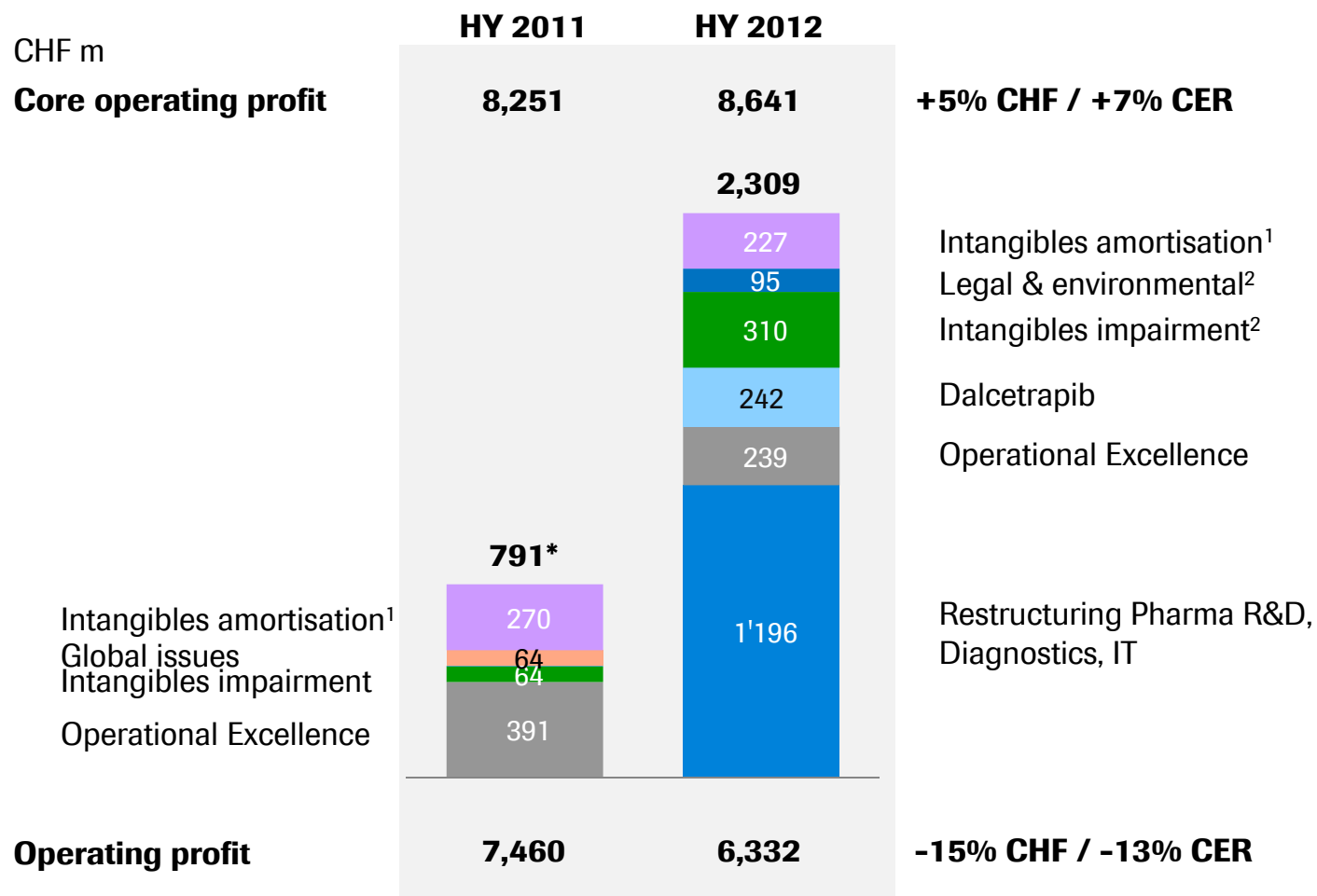


¹ at avg HY 2012 fx

* 2013 CHF 500 m, 2014+ CHF +80 m

From Core to IFRS operating profit

Non-core items



¹ includes Alliances & Business Combinations
CER = Constant Exchange Rates

² excluding items covered in Restructuring / Dalcetrapib
* includes CHF 2 m Legal & environmental



HY 2012

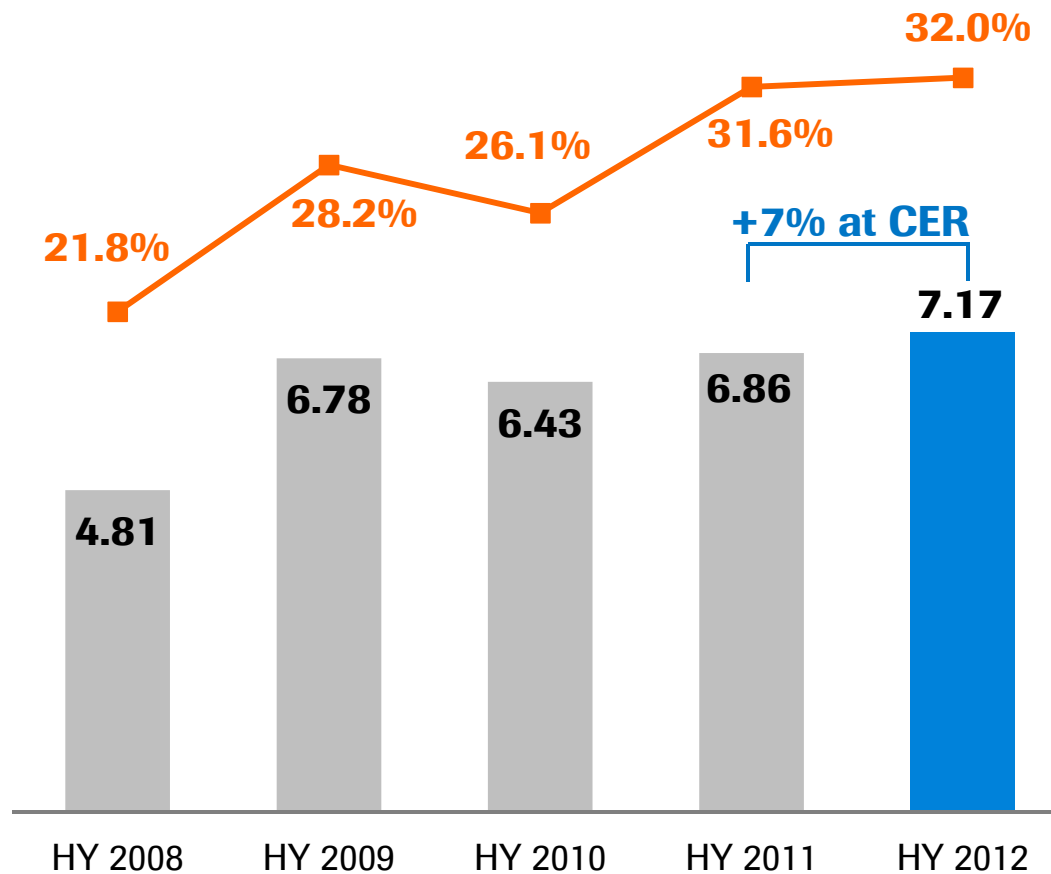
Highlights

Optimizing value streams

Cash flow

Strong operating free cash flow and margin

Group operating free cash flow (CHF bn) and margin



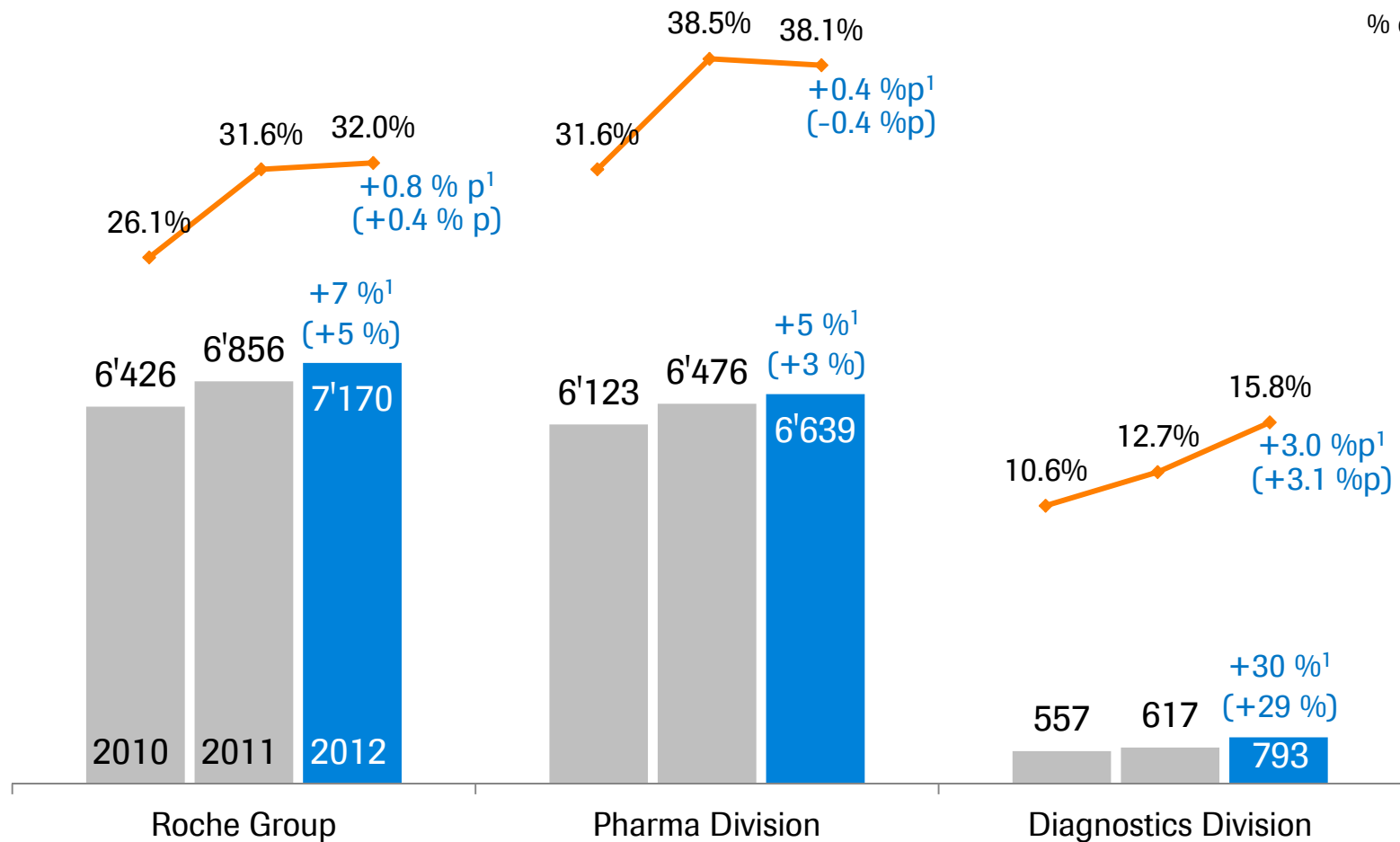
CER=Constant Exchange Rates

HY 2012: Operating free cash flow and margin

7% increase at CER

CHF m

% of sales

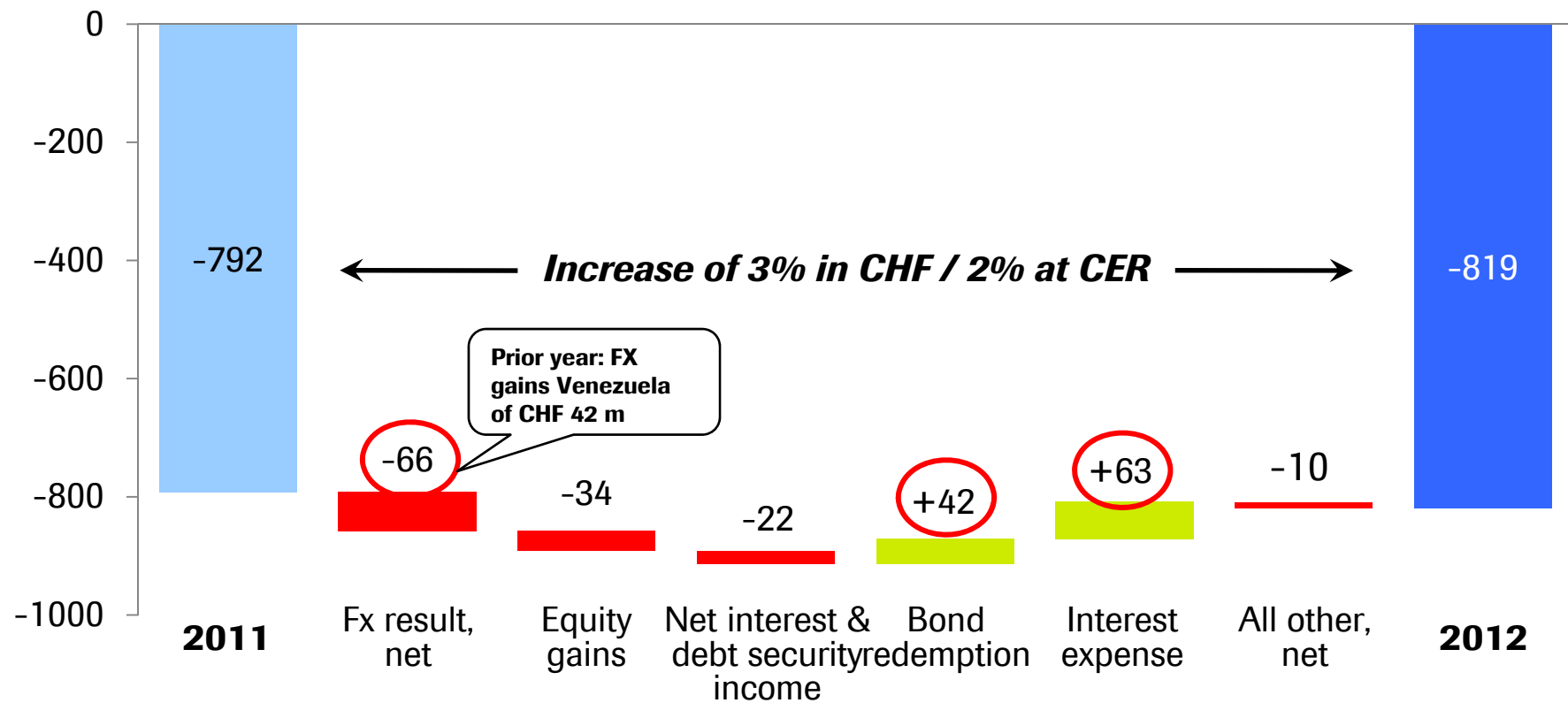


¹ at constant exchange rates (CER)

HY 2012: Core net financial result

Negative fx result offset by significantly lower interest expenses

CHF m

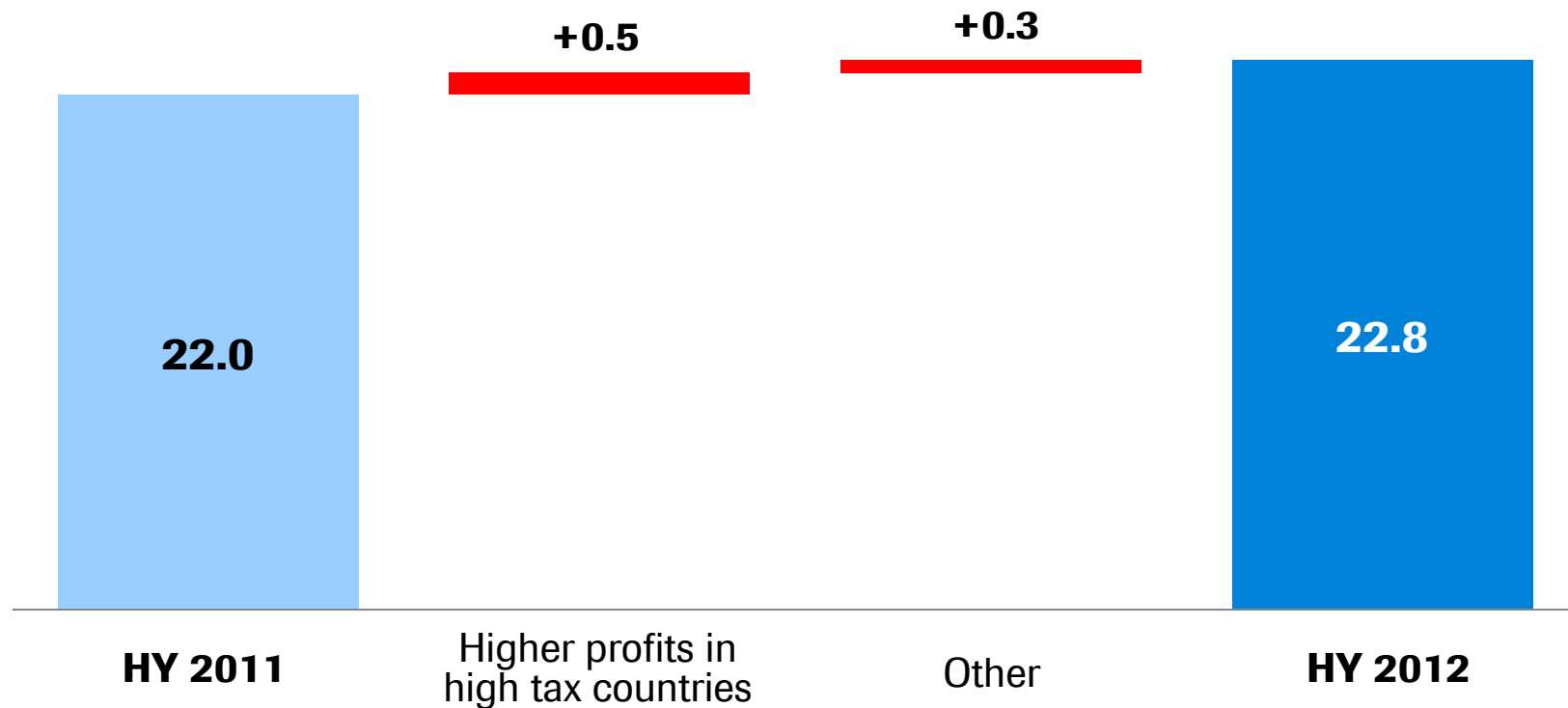


CER=Constant Exchange Rates

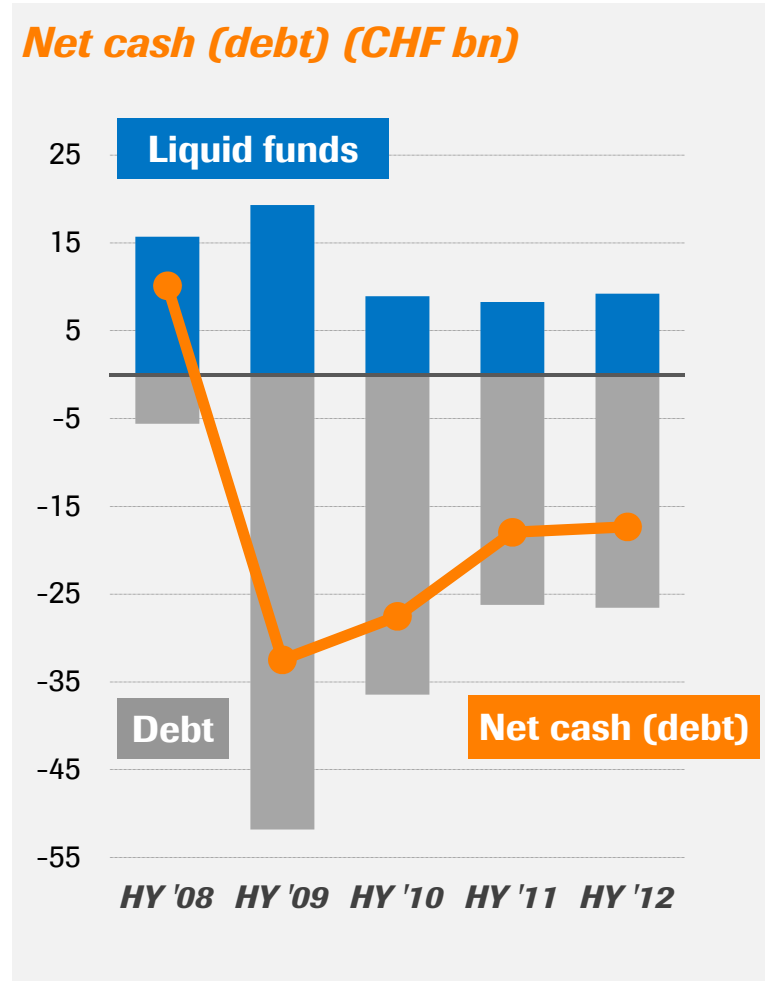
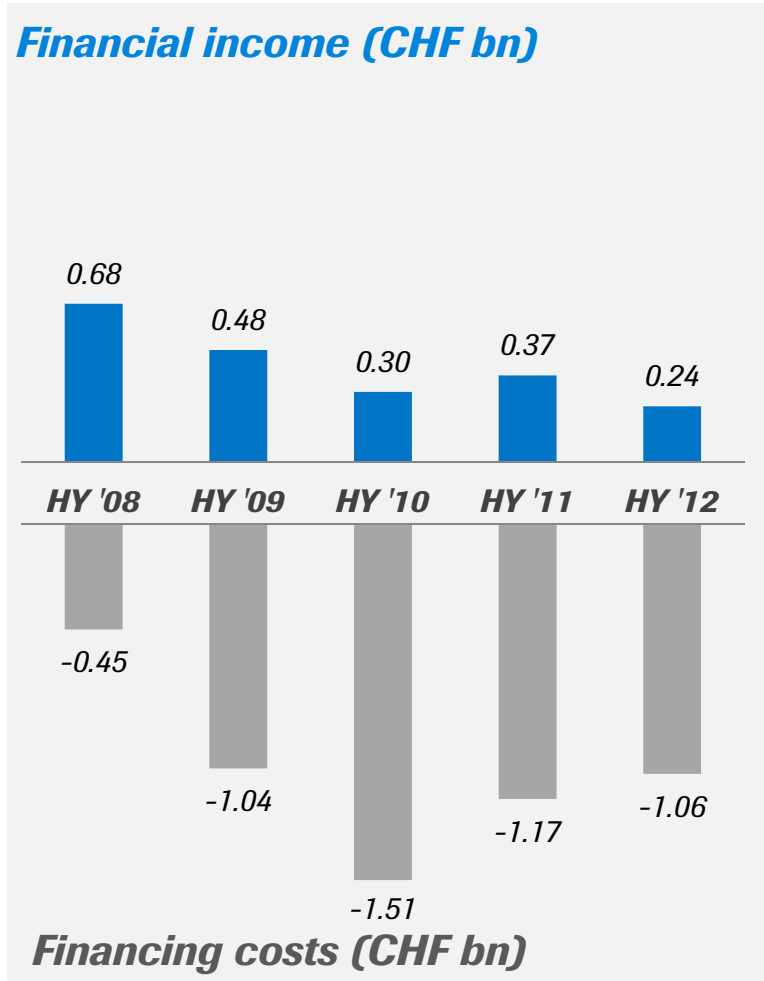
HY 2012: Group Core Tax Rate

Higher profits in high tax countries

in %

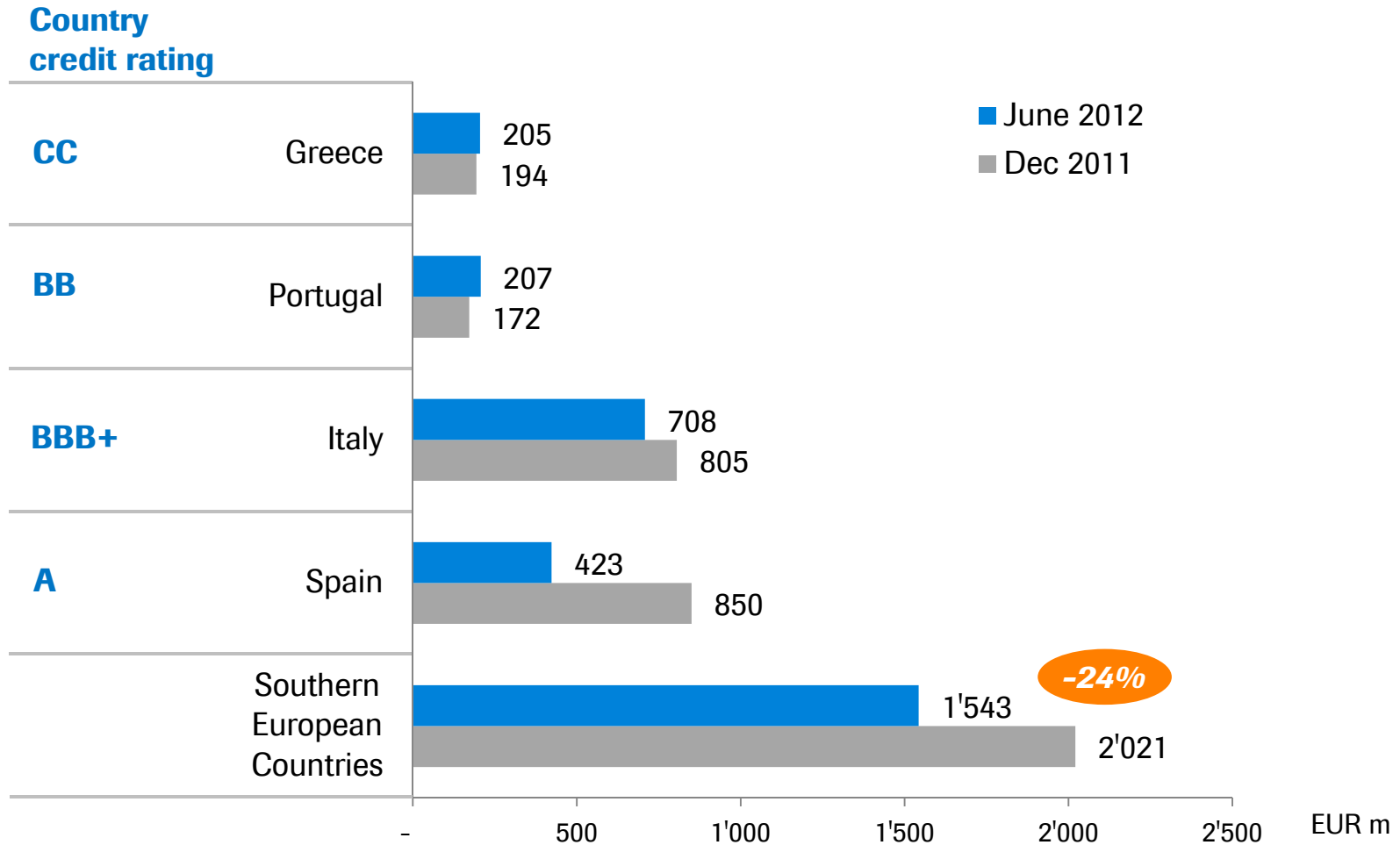


Core net financial result



Accounts receivables in Southern Europe

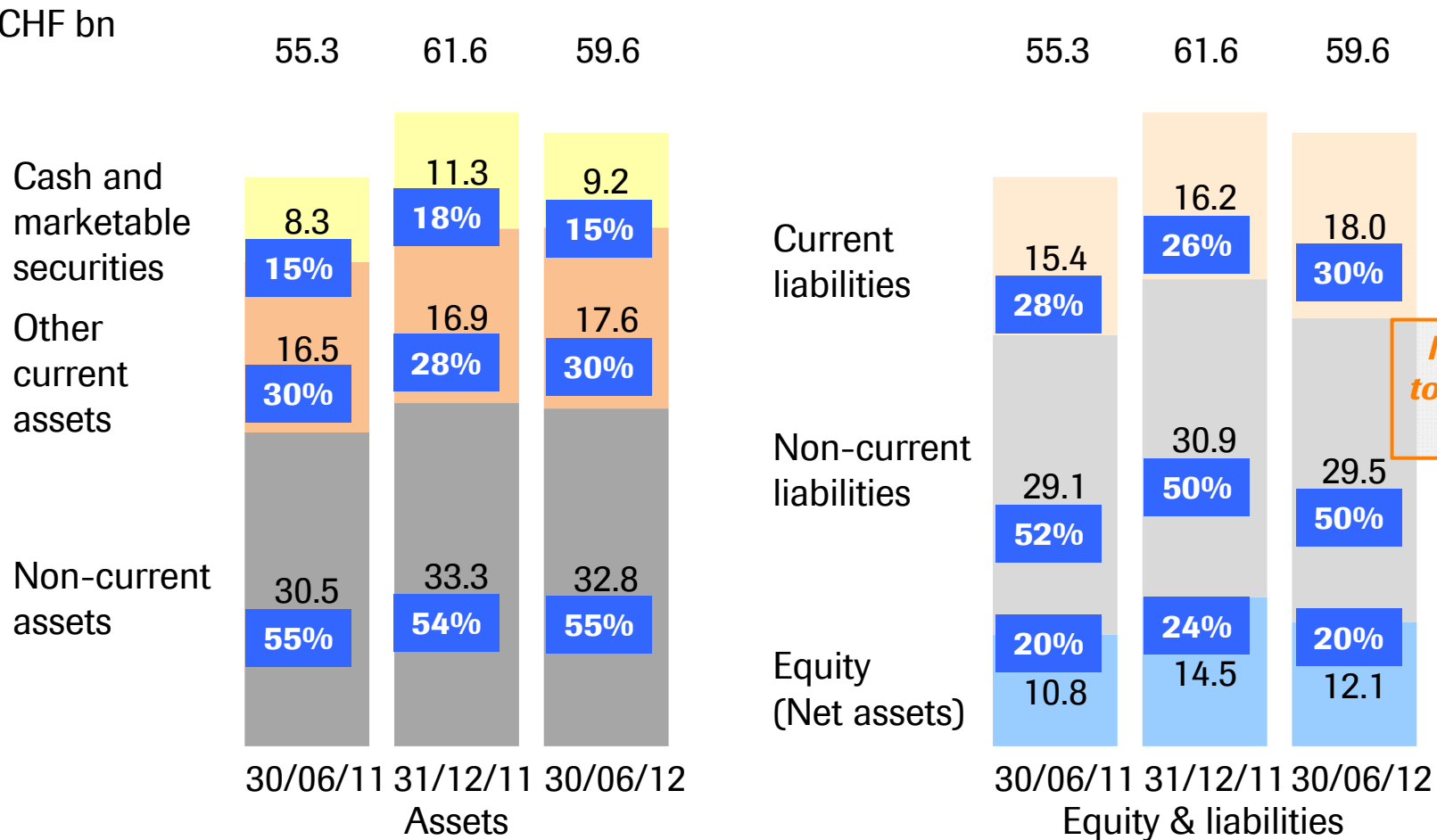
Reduction of 24% vs. Dec 2011 due to Spain & Italy



30 June 2012: Balance sheet

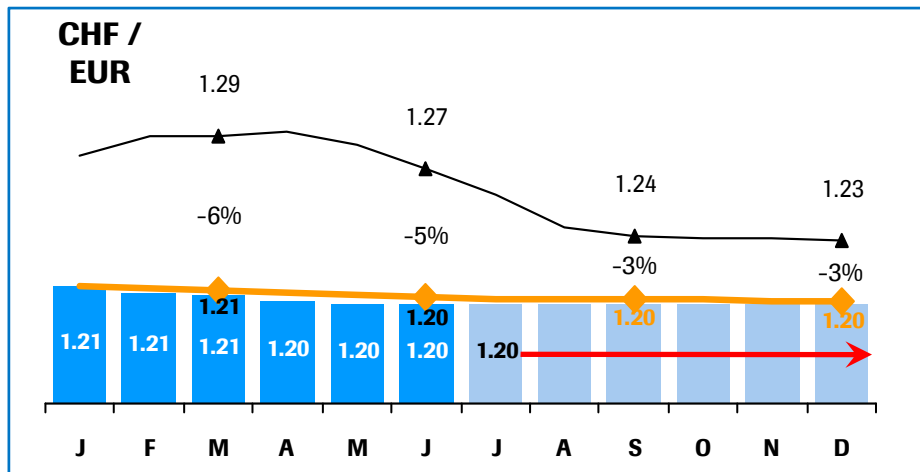
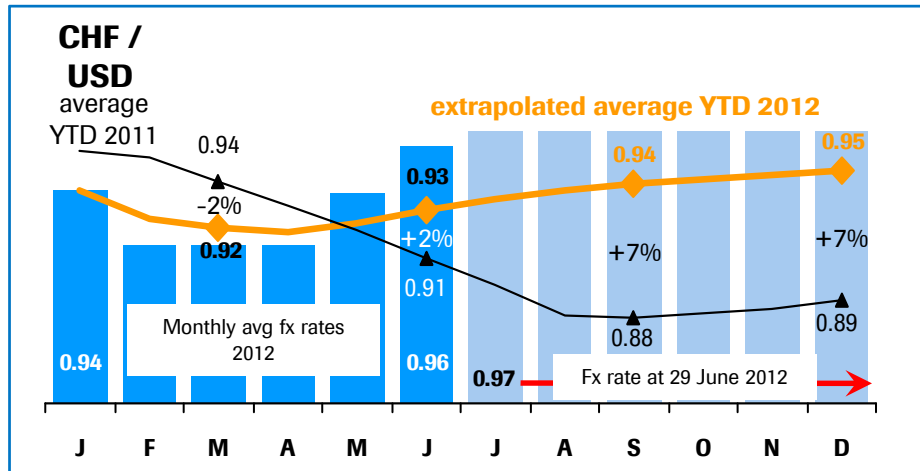
Equity ratio at 20% in spite of significant restructuring provisions

CHF bn



Currency impact on Swiss Franc results 2012

Negative in H1, positive in H2



Assuming the 29 June 2012 exchange rates remain stable until end of 2012, 2012 impact is expected to be (%p):

	Q1	HY	Sep YTD	FY
Sales	-3	-1	+3	+3
Core operating profit		-2		+3
Core EPS		-4		+1

Increasing shareholder value

P&L: increasing profitability

- Core operating profit margin further increased (38.1% to 38.5% at HY 2012)

Delivering on pipeline

- Perjeta successfully launched in US
- T-DM1 pivotal study (EMILIA) presented at ASCO
- Actemra head-to-head vs. Humira (ADACTA) presented at EULAR

Increasing cash generation

- Operating Free Cash Flow increased by 7% (CER) to CHF 7.2 bn

Outlook for 2012 confirmed

Sales growth (CER)	Group & Pharma: low to mid-single digit Diagnostics: above market
Operational Excellence savings	2012+: CHF 2.4 bn*
Core EPS growth target (CER)	High single-digit
Dividend outlook	Continue attractive dividend policy

Barring unforeseen events; CER=Constant Exchange Rates; * vs. 2011: CHF 1.8 bn



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