

## Outgrowing the market

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## 2005: Record sales and record profits



*Strong organic growth and improved quality of earnings*

- Sales and profit at record level
  - Group added CHF 6 bn organic sales growth
  - Net income at virtually the same level as the year before, despite income of CHF 2.3 bn from divested OTC business in 2004
- Strong cash flow from operating activities before income taxes (CHF 12 bn)
- Outstanding clinical and regulatory news flow
- Fostered high level of promising late stage pipeline and entered new field of Autoimmune diseases
- Rating obtained by S&P and Moody's (AA+, Aa1)

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## Strong Group results 2005



*Record sales drive profit and margin increase*

CHF bn	2004	2005	% change	
			CHF	local
<b>Sales</b>	29.5	<b>35.5</b>	<b>+20</b>	<b>+19</b>
<b>EBITDA</b>	9.0	<b>11.4</b>	<b>+26</b>	<b>+25</b>
<i>% of sales</i>	30.6	<b>32.1</b>	<b>+1.5 p</b>	
<b>Operating profit before exceptional items</b>	6.8	<b>9.0</b>	<b>+33</b>	<b>+33</b>
<i>% of sales</i>	22.9	<b>25.4</b>	<b>+2.5 p</b>	
<b>Net financial income</b>	-0.2	<b>0.3</b>	-	
<b>Profit from continuing businesses before exceptional items</b>	4.9	<b>7.0</b>	<b>+43</b>	
<i>% of sales</i>	16.5	<b>19.6</b>	<b>+3.1 p</b>	
<b>Net income</b>	7.1	<b>6.7</b>	<b>-5</b>	
<i>% of sales</i>	23.9	<b>19.0</b>	<b>-4.9 p</b>	
<b>Core EPS diluted (CHF)</b>	5.72	<b>7.68</b>	<b>+34</b>	
<b>EPS diluted (CHF)</b>	7.77	<b>6.71</b>	<b>-14</b>	

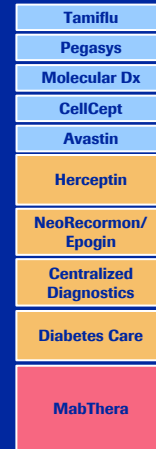
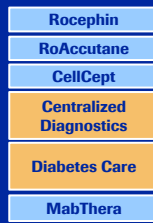
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## Focus on differentiated medicines pays off

*A young and growing portfolio ...*



- CHF 1 billion or more
- CHF 2 billion or more
- CHF 4 billion or more



	2001	2005
Value drivers	6	10
Sales (CHF bn)	10	22

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## Focus on differentiated medicines pays off

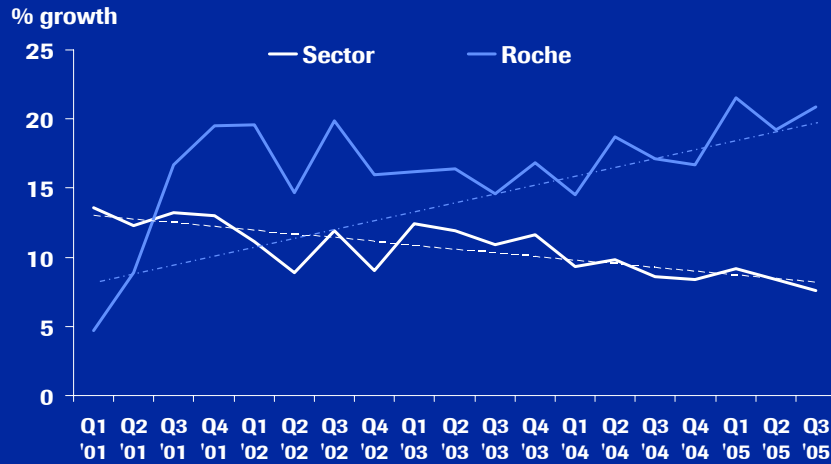
*... and more than doubling operating profit*



<sup>1</sup> before exceptional items, from 2004 including charges for all equity compensation plans

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## Roche: Leading growth rate in the specialty sector based on differentiated medicines

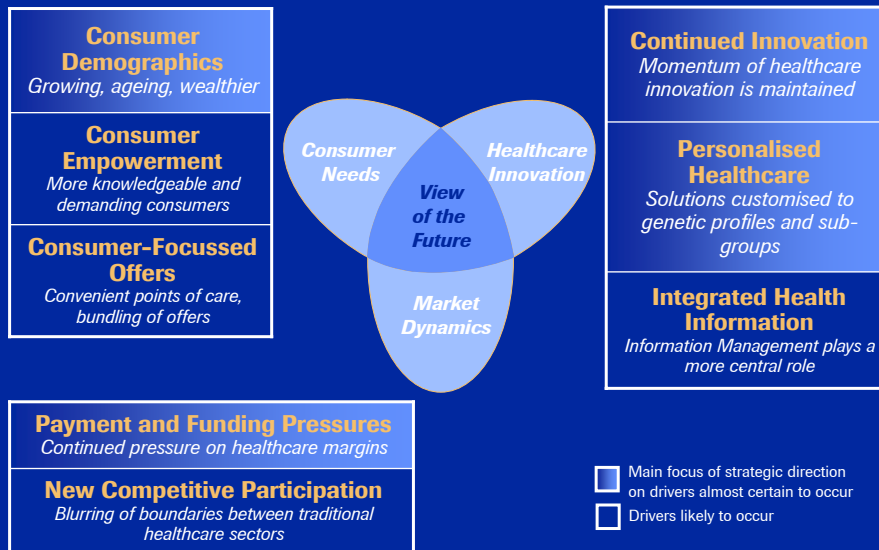


Source: IMS

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## Drivers of the Future

Four key areas influencing our strategy



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## A first take of our do's and don'ts *Innovation is 'key'*



### Our do's

- Develop medically differentiated products in areas with high medical need
- Keep the development risk low for late stage development phase
- Invest in emerging technologies and portfolio adding opportunities

### Our don'ts

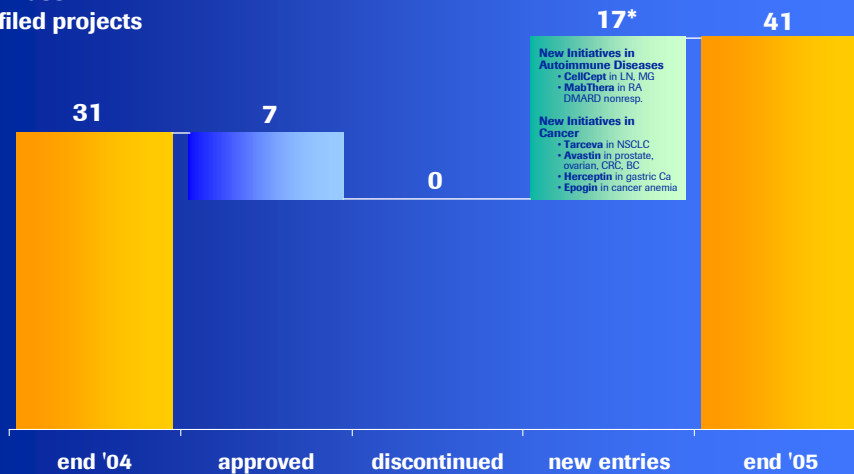
- Develop undifferentiated products in high need areas or develop differentiated products in low need areas
- Fundamentally change the Roche innovation network
- Engage in value destroying mega-mergers

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## An industry leading late stage pipeline *Again strengthened*



Phase III/  
filed projects



Full list of approved and newly entered projects can be found in appendix

\* Including three projects previously combined and now listed as seven single indications

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## Making a difference for patients - and boding well for future growth



Product	Indication (clinical trial)	Benefit
<b>Avastin</b>	NSCLC 1st line (E4599)	23% reduction in risk of death
	mBC 1st line (E2100)	50% reduction in risk of cancer progression
	mCRC 2nd-line (E3200)	24% reduction in risk of death
<b>Herceptin</b>	BC adjuvant (NSABP B-31/N9831)	52% reduction in risk of disease recurrence
	BC adjuvant (HERA)	46% reduction in risk of disease recurrence
	BC adjuvant (BCIRG 006)	51% reduction in risk of disease recurrence
<b>MabThera</b>	iNHL relapsed maintenance (GSLG)	>17 months prolongation of PFS
	iNHL relapsed maintenance (ECOG 20891)	50% reduction in risk of death
<b>Tarceva</b>	Pancreatic cancer 1st line (PA3)	19% reduction in risk of death
<b>Xeloda</b>	Pancreatic cancer 1st line (CR UK)	20% reduction in risk of death
<b>Actemra</b>	Rheumatoid arthritis (Japan)	ACR20, 50 and 70 of 89%, 70% and 47%
<b>MabThera</b>	Rheumatoid arthritis (REFLEX)	ACR20, 50 and 70 of 51%, 27% and 12%
<b>NT-proBNP</b>	Diagnosis, prognosis and monitoring of heart failure	Early detection, risk stratification, and rapid treatment decisions
<b>SeptiFast</b>	Detection and identification of 25 bacteria and fungi causing bloodstream infections	Rapid and reliable detection in less than 6 hours

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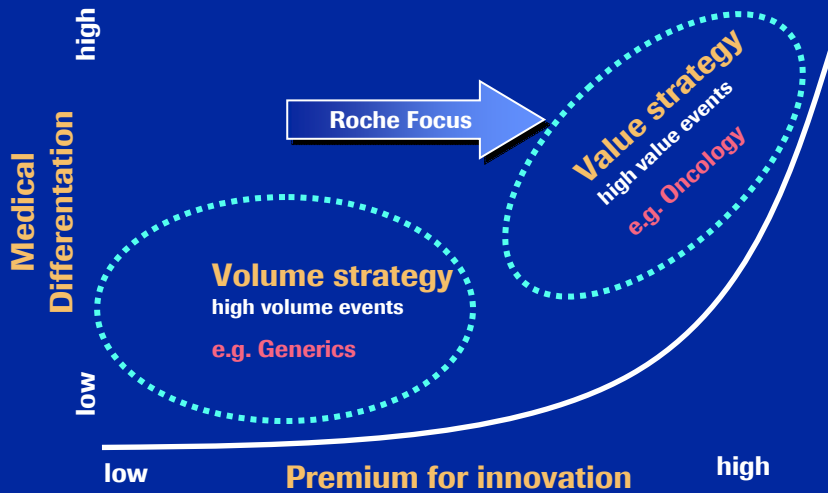
## Our short term priorities



- Secure growth from assets on hand over the next years
- Deliver on our strong late stage pipeline with 41 phase III projects in Pharma
- Continue to drive productivity across the organization

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# Premium for innovation' must be earned by 'medical differentiation'



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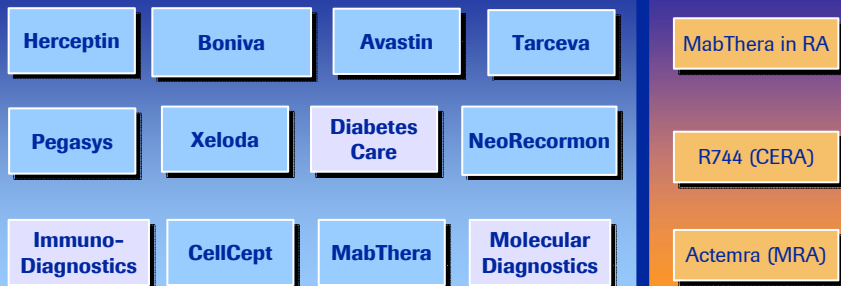
# Roche has a unique profile for investors



## Roche: unique geographic risk diversification



## Roche: unique "pillars of value" risk diversification



Future pillars

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