



Annual General Meeting
Roche Holding Ltd
5 March 2013

Address by Severin Schwan
Chief Executive Officer

(Check against delivery.)

Ladies and Gentlemen, fellow Roche Shareholders

I also want to welcome you to this year's Roche Annual General Meeting.

2012 was a very successful year for your company in many different ways. In my talk today I'd like to cover three topics:

- First: our financial results for 2012 and the outlook for 2013.
- Secondly: the growing importance of modern biotechnology for Roche - and why we are well ahead of the competition in this segment (and mean to keep it that way).
- And thirdly: what new biotech insights mean for patients. To illustrate I'll talk about one new medicine in particular.

Now for my first topic. On 30 January we provided a detailed briefing on our full-year performance. Allow me to summarise the key results:

In CHF bn		2011	2012	Growth in %	
				CHF	CER*
Sales		42.5	45.5	+ 7	+ 4
- Pharmaceuticals		32.8	35.2	+ 7	+ 5
- Diagnostics		9.7	10.3	+ 5	+ 4
Core Operating Profit		15.1	17.2	+ 13	+ 11
Core Earnings per Share (CHF)		12.30	13.62	+ 11	+ 10

*CER = at constant exchange rates

We met all our sales and earnings targets for 2012.

- Group sales rose by 3 billion to 45.5 billion Swiss francs as a result of organic growth – which corresponds to a 4% increase in local currencies and a 7% increase in Swiss francs. Both divisions gained further market share in the process.
- Core operating profit increased to over 17 billion Swiss francs due to good sales performance and sustained improvements in productivity.
- Core Earnings per Share - a key metric of underlying business performance - increased 10%, above original expectations.

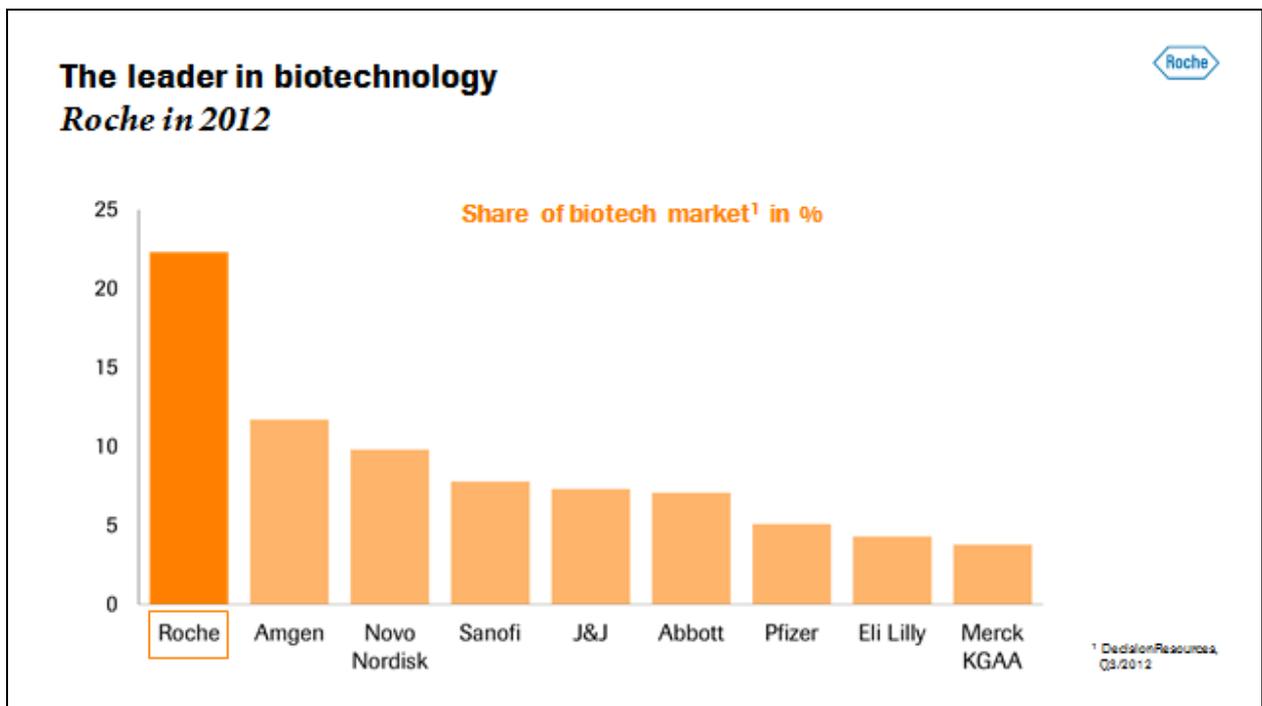
The Group's good business performance enabled it to create roughly 2,000 new jobs worldwide, with over 600 in Switzerland, and around 400 here in Basel alone. On behalf of the Board of Directors, I want to take this opportunity to thank our employees - who number around 82,000 worldwide - for all they have achieved.



In 2013 as well, we are aiming for sales growth at constant exchange rates in line with the results for the previous year. We are also aiming for Core EPS growth ahead of sales growth.

Based on the above, we expect to be able to raise our dividends in 2013 as well.

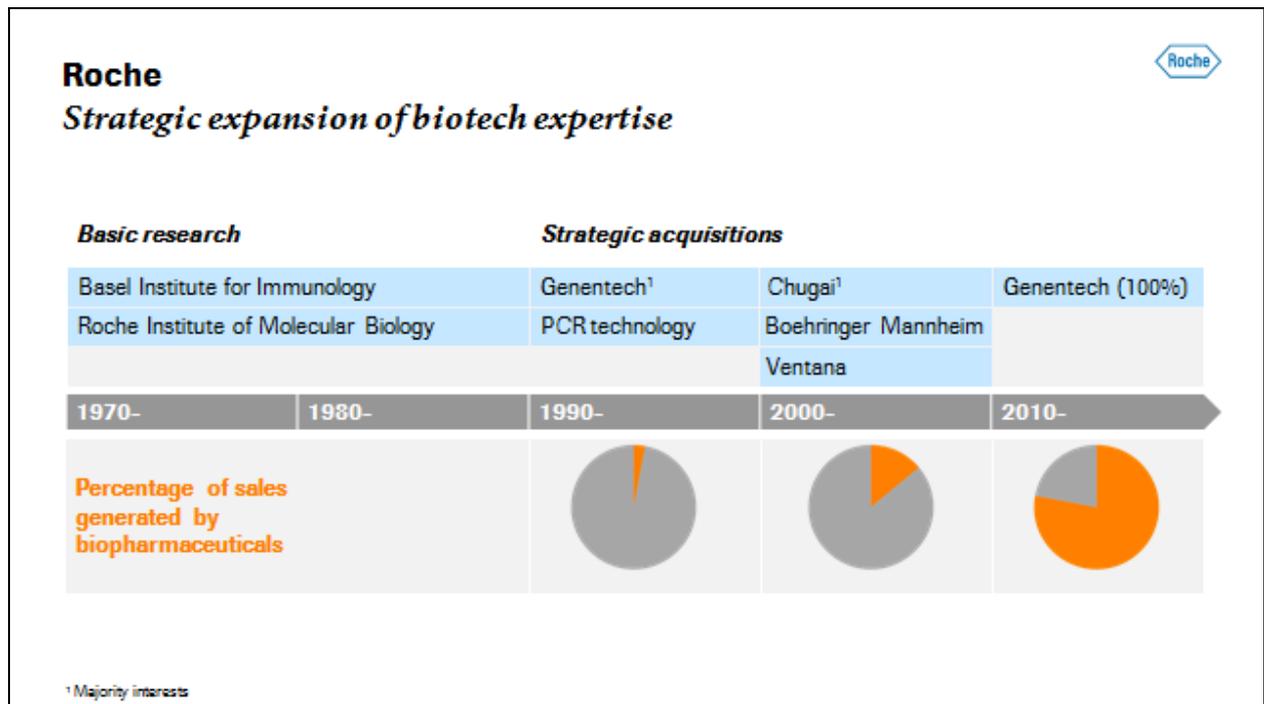
This brings me to my **second topic**: One of Roche's core strengths is our vast biotech know-how. It gives us increasingly sophisticated insights into the underlying (molecular biological) causes of disease, and enables us to better understand what goes wrong in a cell and find targeted solutions. This opens up outstanding opportunities for Roche.



As the world's largest biotech company we today account for some 22% of market share, which makes us the market leader and puts us well ahead of the competition. Amgen, in second position, and Novo Nordisk, in third, account for 12% and 10% of market share respectively.

Our expertise in this area pushes back the frontiers of medical science because it opens up a world of new possibilities for us to treat disease; not only that; there are also commercial benefits given the above-average growth in the market segment for biotech drugs.

It's no accident that Roche occupies a leading role in biotechnology. Our success today is based on decisions taken many years ago. Roche started investing in molecular biology very early on. And now we are reaping the rewards.

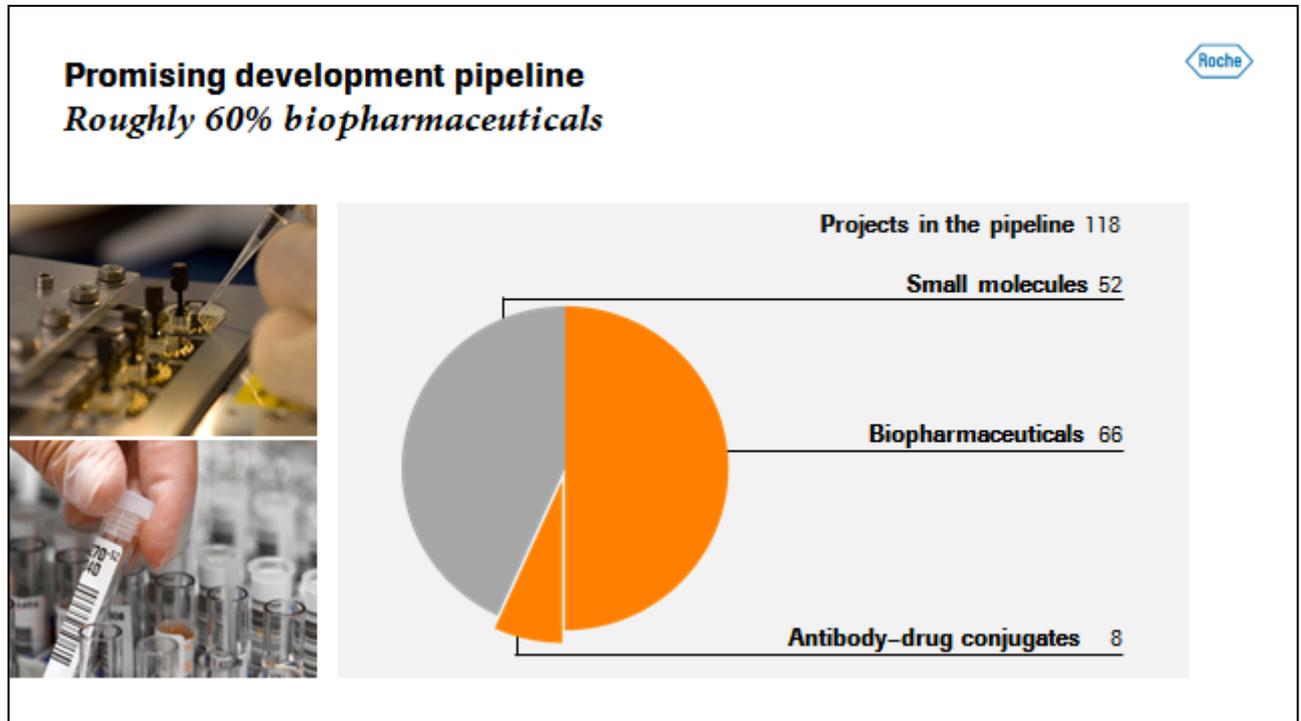


Half a century ago, in the late 1960s Roche established two (Roche-funded) institutes for basic research — the Basel Institute for Immunology and the Roche Institute for Molecular Biology in the United States. César Milstein und Georges Köhler, who worked for a number of years at the Basel Institute, developed a pioneering method of producing unlimited quantities of identical antibodies — a discovery for which they later shared a Nobel prize. These monoclonal antibodies, as they are called, have since revolutionised biological research.

Our leadership in biotech is also partly the result of targeted acquisitions. Obviously, the Genentech merger was the transaction with the biggest impact on our pharmaceuticals business. And in diagnostics we became the market leader when we acquired Boehringer Mannheim.

It wasn't until the late 1990s, with the launch of MabThera/Rituxan and Herceptin, that monoclonal antibodies became an established part of the therapeutic arsenal for cancer. (Both are still leading treatments today.) In other words, it took almost 30 years before Roche began to benefit commercially from its original investments.

Today seven of our 10 top-selling medicines are biopharmaceuticals. Biopharmaceuticals account for three-fourths (76%) of our pharmaceutical sales. Most of the diagnostic tests we supply are also based on biotechnology.

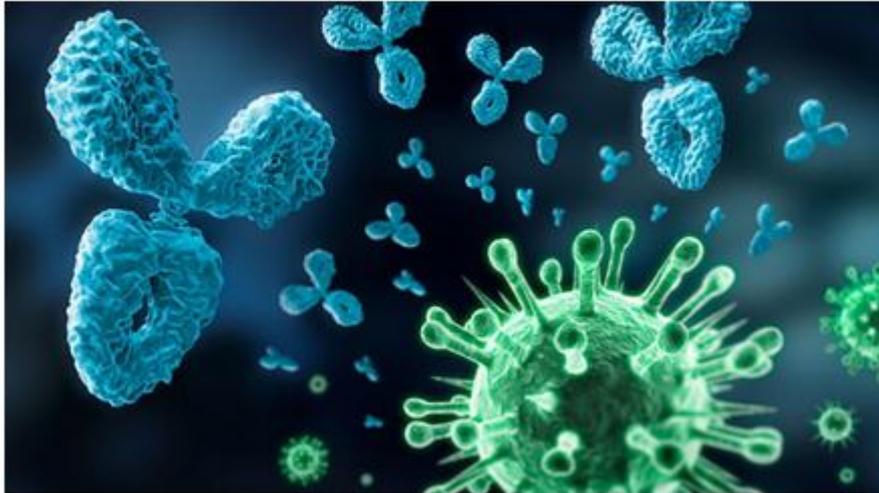


And we intend to strengthen our leadership in this segment further. Over half the compounds in our drug development pipeline (66 of 118 projects) are biopharmaceuticals.

Virtually all of these compounds are antibodies. Eight are antibody-drug conjugates, a new class of targeted cancer medicine that I'll have more to say about in a moment.

But what are antibodies? And what makes them such powerful weapons in the fight against disease?

Antibodies and their role in health and disease



Antibodies are components of the body's immune defences. In a way, they function a bit like interceptor jets. The body produces them in response to invading viruses, bacteria and other foreign proteins — or, to put it a little more technically, in response to antigens.

This slide shows antibodies (blue) that have recognised and are attacking a virus (green).

Because of the way they work, antibodies play an important role in the treatment of cancer.

Researchers have succeeded in using biotechnology to manufacture antibodies that can recognise specific features of cancer cells. Just as natural antibodies home-in on viruses, biotech medicines are able to recognise cancer cells and help destroy them.

Another important thing to know about biotech products is that they're manufactured using living cell cultures. This makes it all but impossible to copy them exactly. Generic versions of biopharmaceuticals – biosimilars, as they're called — therefore have to be shown to be safe and effective in clinical trials. The hurdles to market entry are significantly higher than for generic copies of chemical drugs.

Roche isn't a generics company, however. Our aim is to set new standards of care, which is why we invest some 8 billion Swiss francs in research and development every year.

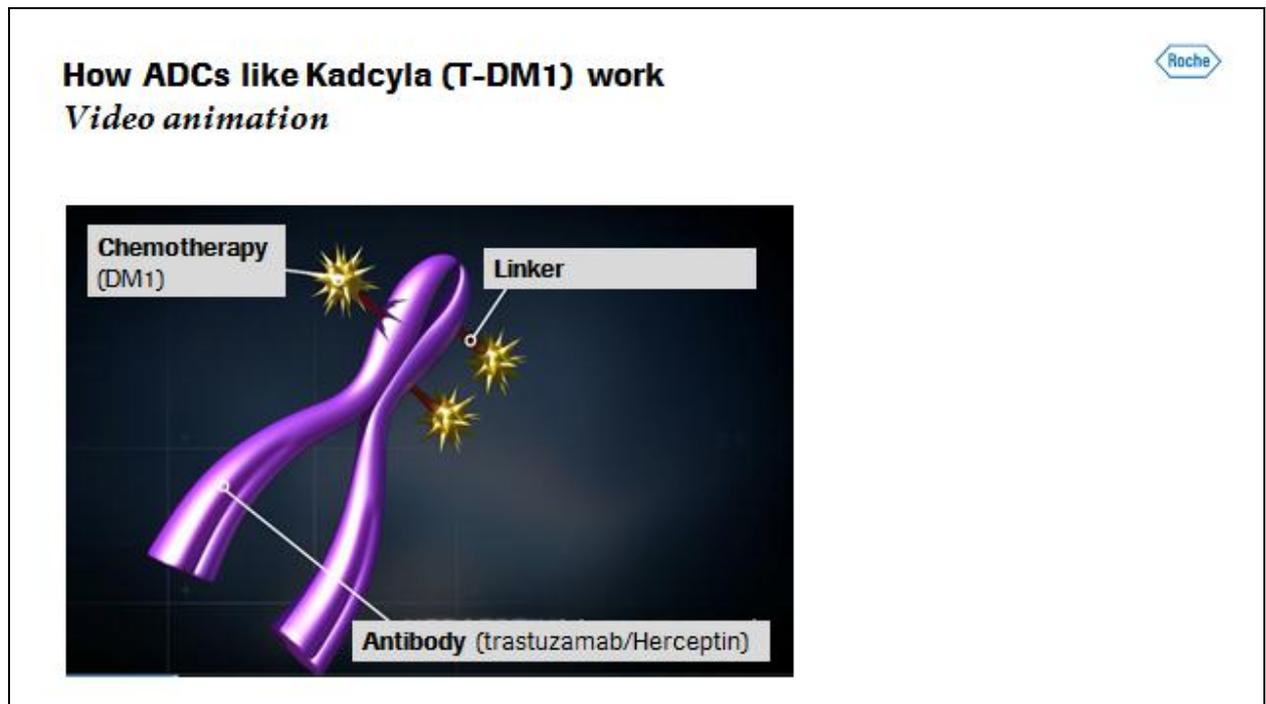
Every year, around 35,000 people in Switzerland alone are diagnosed with cancer. Statistically speaking, one in every three people in this room will one day develop cancer.

Cancer hasn't been conquered yet. But our targeted diagnostics and treatments can and do continually improve patient survival.

Which brings me to my **third topic**: What do advances in biotechnology mean for patients? I'd like to answer that with a topical example.

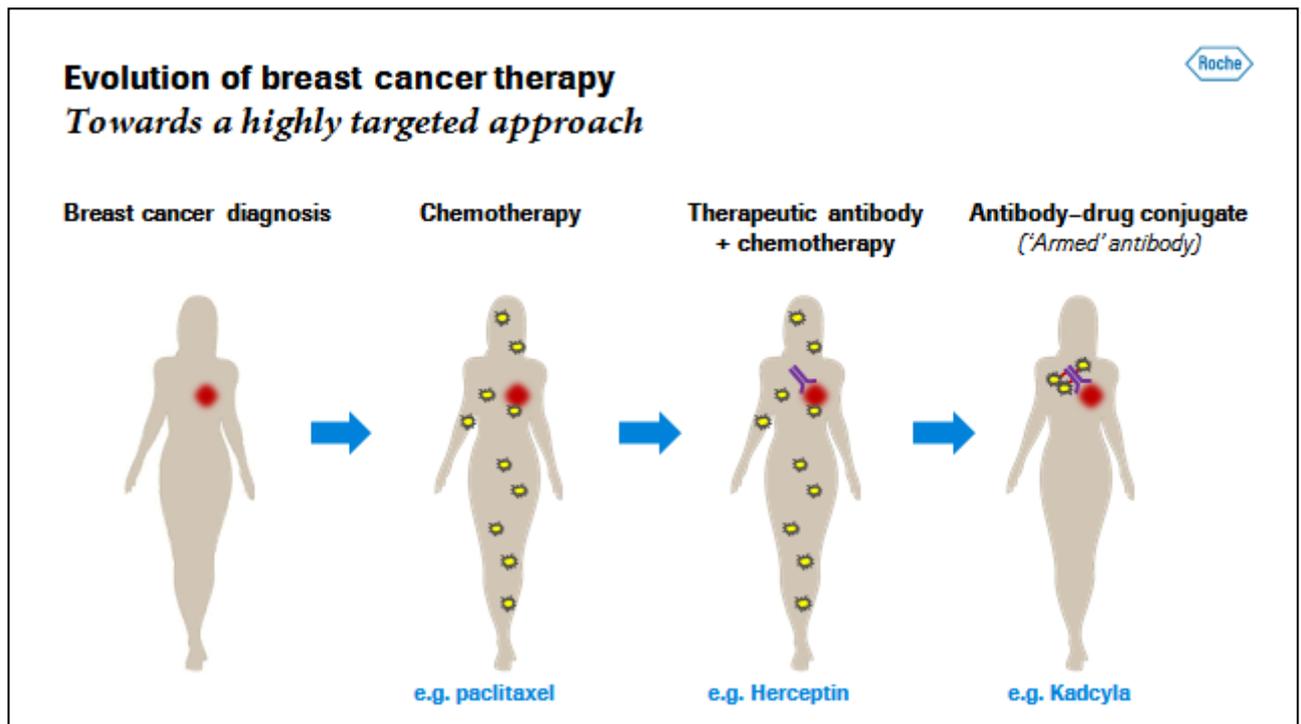
I mentioned earlier that we are working on a new class of medicines called antibody–drug conjugates (also known as 'armed' antibodies). About ten days ago the US Food and Drug Administration approved our new breast cancer treatment Kadcyla, the first antibody–drug conjugate from Roche. We expect Kadcyla to be approved in the European Union, Switzerland and other countries in the second half of this year. This represents an important milestone in the treatment of HER2-positive breast cancer.

Let's watch a short video about the mechanism of action of Kadcyla (or T-DM1).



Kadcyla (or T-DM1) is the first 'armed' antibody to be approved by regulators and marks a completely new approach in the treatment of metastatic HER2-positive breast cancer.

Decades of research have resulted in tremendous advances in the treatment of cancer, particularly breast cancer.



Worldwide, breast cancer is the most common form of cancer in women. Roughly 1.4 million new cases are diagnosed every year, and over 450,000 women die of this disease annually.

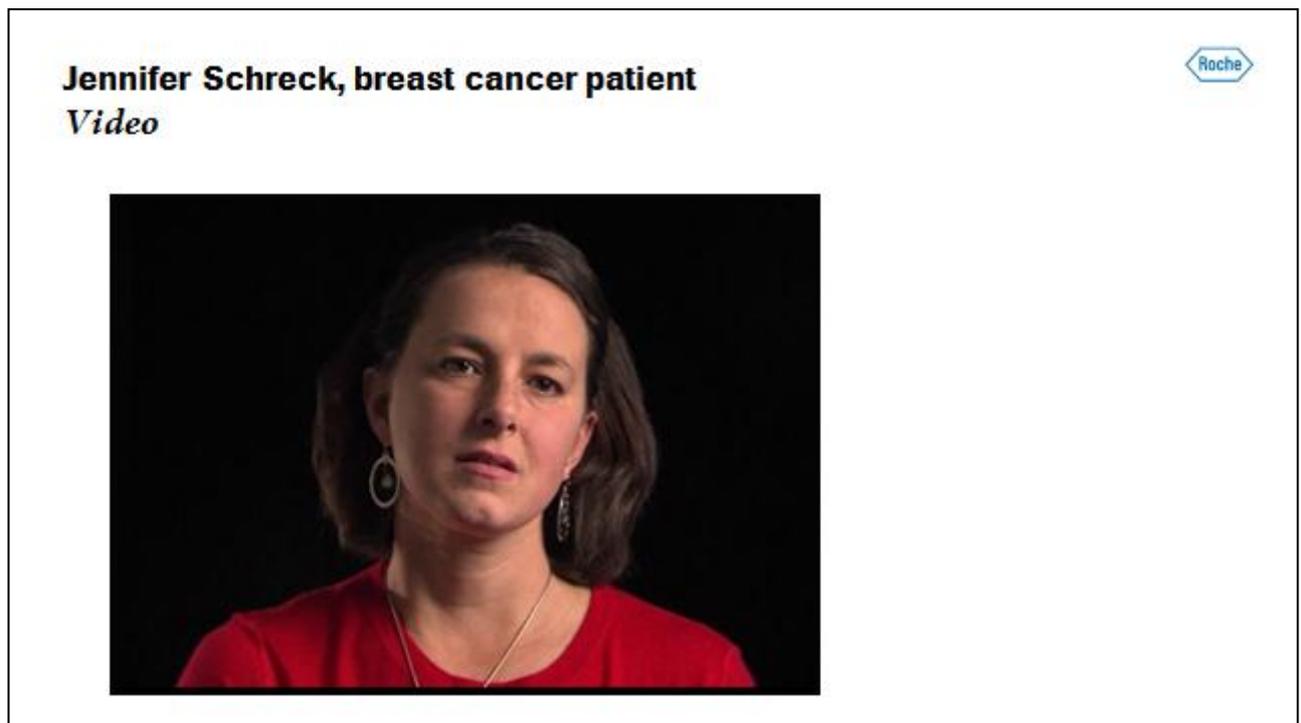
Chemotherapy (as you know) has been the standard cancer treatment for decades. The problem is that it's "nonspecific", attacking healthy cells as well as malignant ones. As a result, patients usually experience major side effects (such as hair loss, nausea or weakened immune defences) and a significantly diminished quality of life.

The launch of the Roche medicine Herceptin in the late 1990s represented a quantum leap in cancer treatment. At the time Herceptin was the first and only therapeutic antibody for the targeted treatment of breast cancer. The fact is, though, that Herceptin is most effective when used in combination with chemotherapy, which again means side effects.

Building on the success of Herceptin, Kadcyła ushers in a new generation of targeted treatments for HER-positive cancers.

Like Herceptin, the antibody in Kadcyla binds to HER2 receptors on the cell surface. As you saw just now in the video, linked to the antibody is a highly cytotoxic drug that is introduced into the cancer cell and destroys it without harming healthy cells. Hence the expression 'armed' antibody.

To give you an idea of what this new medicine can mean for patients and their families, I'd like to show you a short video in which American patient Jennifer Schreck gives a powerful account of her experiences.



Ladies and Gentlemen,

At Roche we strive to make good treatments better. And molecular biology is opening up a whole new world of possibilities for us to do that. We want to transform cancer from a killer into an increasingly manageable chronic disease.

As the world's leading biotech company we are well equipped to develop targeted, effective treatments. And this focus will enable us to compete successfully in an increasingly competitive marketplace. - Thank you.