Improving the standard of care

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CFO Roche

London, November 2015
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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
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Performance update

Growth from existing and new products

Productivity and efficiency

Outlook
Q3 2015: Sales growth for fifth consecutive year

All growth rates at constant exchange rates (CER)
**HY 2015: Strong underlying Group core operating profit & margin**

<table>
<thead>
<tr>
<th>HY</th>
<th>CHFbn</th>
<th>% of sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>8'3</td>
<td>38'1%</td>
</tr>
<tr>
<td>2012</td>
<td>8'6</td>
<td>38'5%</td>
</tr>
<tr>
<td>2013</td>
<td>9'5</td>
<td>40'7%</td>
</tr>
<tr>
<td>2014</td>
<td>9'4</td>
<td>41'0%</td>
</tr>
<tr>
<td>2015</td>
<td>9'2</td>
<td>39'2% (+0.4%p excl. filgrastim*)</td>
</tr>
</tbody>
</table>

CER=Constant Exchange Rates
* Excluding sale of filgrastim rights in 2014 at CER
HY 2015: Strong underlying Group core operating profit & margin

CER=Constant Exchange Rates

* Excluding sale of filgrastim rights in 2014 at CER
2014: Dividend and payout ratio further increased

Payout ratio calculated as dividend per share divided by core earnings per share (diluted); Note: For 1995, a special dividend was paid out to mark F. Hoffmann-La Roche’s 100th anniversary in 1996
Performance update

Growth from existing and new products

Productivity and efficiency

Outlook
Roche strategy: Focused on medically differentiated therapies

Regulators: Optimised benefit / risk ratio

Payors: Optimised benefit / cost ratio
HER2 franchise: Significant growth opportunities in current indications

- Increased patient share
- Longer treatment duration
- Emerging markets

**Patient shares**

- **Herceptin Adjuvant**
  - US: 96%
  - EU5: 93%
  - EM: 25%

- **Perjeta Neoadjuvant**
  - US: 84%
  - EU5: <5%
  - EM: <5%

- **1L Perjeta mBC**
  - US: 63%
  - EU5: 51%
  - EM: <5%

- **2L Kadcyla**
  - US: 58%
  - EU5: 58%
  - EM: <5%

Sources: Market research tracking studies; Latest quarter Q315 in EU5 and US
Anti-CD20: Multiple approaches across the franchise

1L CLL Typical

1L CLL Fit

CLL 17p-del

R/R CLL

iNHL

1L aNHL

R/R aNHL

Gazyva (GREEN) - Extend chemo backbone

Venetoclax – Extend efficacy

Rapidly and sustainably convert market to SC

Gazyva (GALLIUM) (improve > SoC)

GAZYVA (GOYA) in aNHL (improve > SoC)

Broad development program for venetoclax as add on and in new tumour types

SoC = standard of care; SC = subcutaneous; CLL = chronic lymphocytic leukemia; iNHL = indolent non-hodgkin’s lymphoma; aNHL = aggressive NHL
**Franchise strategies for long term growth**

*New indications and longer duration*

<table>
<thead>
<tr>
<th>Growth opportunity</th>
<th>Indication</th>
<th>Global peak sales potential</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HER2</strong></td>
<td>Perjeta adjuvant (APHINITY)</td>
<td>⬤⬤⬤</td>
</tr>
<tr>
<td>Potential and new indications</td>
<td>Herceptin SC*</td>
<td>⬤⬤⬤</td>
</tr>
<tr>
<td><strong>CD20</strong></td>
<td>Gazyva aNHL (GOYA)</td>
<td>⬤⬤⬤</td>
</tr>
<tr>
<td>Potential and new indications</td>
<td>Gazyva iNHL (GALLIUM)</td>
<td>⬤⬤⬤</td>
</tr>
<tr>
<td></td>
<td>MabThera SC*</td>
<td>⬤⬤⬤</td>
</tr>
<tr>
<td></td>
<td>Venetoclax</td>
<td>⬤⬤⬤</td>
</tr>
</tbody>
</table>

- ⬤ Small: up to CHF 0.5 bn
- ⬤⬤ medium= CHF 0.5 to CHF 1bn
- ⬤⬤⬤ large > CHF1bn

*Sales replacing current IV products; SC=subcutaneous; iNHL=indolent non-hodgkin’s lymphoma; aNHL=aggressive NHL*
Multiple major pivotal trials reading out near term  
Significant filing and launch activities ahead

<table>
<thead>
<tr>
<th>Year</th>
<th>Molecule</th>
<th>Indication</th>
<th>Market opportunity</th>
<th>Incremental infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>Alectinib</td>
<td>ALK+ NSCLC</td>
<td></td>
<td>Low to medium</td>
</tr>
<tr>
<td></td>
<td>Cotellic/Zelboraf</td>
<td>Melanoma</td>
<td></td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Venetoclax</td>
<td>Hematology (CLL 17p del)*</td>
<td></td>
<td>Low</td>
</tr>
<tr>
<td>2016</td>
<td>Ocrelizumab</td>
<td>Multiple Scelerosis</td>
<td></td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td>Atezolizumab</td>
<td>NSCLC, bladder (2/3L)</td>
<td></td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td>Lebrikizumab</td>
<td>Asthma, AD, IPF, COPD</td>
<td></td>
<td>Large</td>
</tr>
<tr>
<td></td>
<td>APHINITY</td>
<td>Adj HER2+ breast cancer</td>
<td></td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>GOYA</td>
<td>NHL (aggressive)</td>
<td></td>
<td>Low</td>
</tr>
<tr>
<td>2017</td>
<td>ACE 910</td>
<td>Hemophilia A</td>
<td></td>
<td>Low to medium</td>
</tr>
<tr>
<td></td>
<td>Lampalizumab</td>
<td>Geographic atrophy</td>
<td></td>
<td>Low to medium</td>
</tr>
<tr>
<td></td>
<td>GALLIUM</td>
<td>NHL (indolent)</td>
<td></td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Atezolizumab+chemo</td>
<td>NSCLC (1L)</td>
<td></td>
<td>Low</td>
</tr>
<tr>
<td>2018</td>
<td>Taselisib (PI3Ki)</td>
<td>HER2-/HR+ breast cancer</td>
<td></td>
<td>Low to medium</td>
</tr>
<tr>
<td></td>
<td>Idasanutlin (MDM2)</td>
<td>Acute myeloid leukemia</td>
<td></td>
<td>Low to medium</td>
</tr>
</tbody>
</table>

Oncology  Neuroscience  Ophthalmology  Immunology

Small: up to CHF 0.5 bn  Medium= CHF 0.5 to CHF 1bn  Large > CHF1bn

NSCLC=non-small cell lung cancer; CLL=chronic lymphocytic leukemia; AD=atopic dermatitis; IPF=idiopathic pulmonary fibrosis; COPD=chronic obstructive pulmonary disease; NHL=non-hodgkin's lymphoma; * first indication
Performance update

Growth from existing and new products

Productivity and efficiency

Outlook
We are also driving operational efficiencies

*Select examples Technical Operations*

<table>
<thead>
<tr>
<th>Network efficiencies</th>
<th>Complexity reduction</th>
<th>Continuous process improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve capacity planning across the network &amp; align to future needs</td>
<td>Remove &gt;40% of all presentations by streamlining the EP(^1) portfolio (&lt;0.1% sales impact(^2))</td>
<td>Implement lean principles, e.g. to decrease end-to-end cycle time by up to 50(^3)%</td>
</tr>
</tbody>
</table>

*Optimize utilization & increase reliability*

*Focus resources on key value driver*

*Do the same with less*

Source: 1. Established Products  2. In 2016  3. For processes in scope
Resources shifted to new & strategic products…
…while overall spend only increases slightly
Achievements: Productivity

Doubled number of projects at same costs

Late stage development costs & number of projects

Excludes Chugai, pRED and gRED, Medical Affairs and PTD
Source: Roche internal development data
Performance update

Growth from existing and new products

Productivity and efficiency

Outlook
2015 outlook: Guidance upgraded

<table>
<thead>
<tr>
<th>Category</th>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group sales growth¹</td>
<td>Mid-single digit</td>
</tr>
<tr>
<td>Core EPS growth¹</td>
<td>Ahead of sales growth²</td>
</tr>
<tr>
<td>Dividend outlook</td>
<td>Further increase dividend in Swiss francs</td>
</tr>
</tbody>
</table>

¹ At constant exchange rates (CER)
² Excluding sale of filgrastim rights in 2014
Positive outlook

Strong pipeline mitigates biosimilar impact

NME launches
Venetoclax, Alectinib, Cotellic, Ocrelizumab, Atezolizumab, Lebrikizumab, ACE910, Lampalizumab

Biosimilars
MabThera, Herceptin, Avastin

Conceptual

Pipeline

Marketed products

Sales

**Newsflow in H2 2015**

**Vienna, 25-29 Sep**
- **atezolizumab (+chemo)**
  - NSCLC: POPLAR, BIRCH, P1b chemo combo update
  - Bladder: P2 (2L cohort)
- **alectinib**
  - ALK+ NSCLC: P2 update
- **CEA-IL2v FP; IDOi**
  - solid tumors: P1 updates

**Barcelona, 7-10 Oct**
- **ocrelizumab**
  - RMS: P3 OPERA I/II
  - PPMS: P3 ORATORIO

**San Francisco, 18-21 Nov**
- **atezolizumab + Zelboraf**
  - mM: P1
- **Cotellic + Zelboraf**
  - BRAF+mM: coBRIM OS data

**San Antonio, 19-22 Nov**
- **atezolizumab**
  - GBM: P1

**Orlando, 5-8 Dec**
- **venetoclax**
  - R/R CLL 17p del: P2
- **venetoclax combinations**
  - AML: P1 + chemo
  - NHL: P1 + Rituxan+benda
  - CLL: P1 + Gazyva
- **Gazyva + chemo**
  - NHL: P3 GADOLIN update
  - CLL: P3 GREEN update

**San Antonio, 8-12 Dec**
- **Atezolizumab + chemo**
  - TNBC: P1b abraxane combo

Presentations planned
Doing now what patients need next