Media Release

Basel, 1 February 2018

Roche reports good results in 2017

- Group sales increase 5%[1] at constant exchange rates and in Swiss francs
- Pharmaceuticals Division sales up 5%, driven mainly by Ocrevus, Tecentriq, Perjeta and Alecensa
- Diagnostics Division sales grow 5%, primarily due to immunodiagnostics sales
- Approvals for new medicines Ocrevus and Hemlibra (US) and line extensions of existing products, including Perjeta for adjuvant treatment of a specific type of early breast cancer and full approval of Perjeta for neoadjuvant use. European Commission approves Ocrevus for two forms of multiple sclerosis in January 2018
- Tecentriq in combination with Avastin shows positive study results in lung cancer and kidney cancer
- Core earnings per share grow at 5%
- On IFRS basis net income decreases 9% mostly due to impairments of goodwill and intangible assets
- Board proposes dividend to increase to CHF 8.30
- Outlook for 2018: Sales are expected to grow in the stable to low-single digit range (at constant exchange rates). Core earnings per share are targeted to grow high-single digit (at constant exchange rates). Excluding the US tax reform impact core earnings per share are targeted to grow broadly in line with sales. Roche expects to further increase its dividend in Swiss francs.

Key figures	**CHF millions**		**% change**	
January - December 2017	**2017**	**2016**	**At CER[1]**	**In CHF**
Group sales	53,299	50,576	+5	+5
Pharmaceuticals Division	41,220	39,103	+5	+5
Diagnostics Division	12,079	11,473	+5	+5
Core operating profit	19,012	18,420	+3	+3
Core EPS - diluted (CHF)	15.34	14.53	+5	+6
IFRS net income	8,825	9,733	-9	-9

[1] Unless otherwise stated, all growth rates in this document are at constant exchange rates (CER: average 2016).

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Commenting on the Group's results, Roche CEO Severin Schwan said: "In 2017, we made significant progress with good growth in both divisions driven by newly launched medicines and tests. I am particularly pleased with the successful launch of Ocrevus and Hemlibra and important approvals for additional indications for Perjeta, Tecentriq and Alecensa. These medicines bring substantial benefit to patients with serious diseases such as multiple sclerosis, cancer and haemophilia. Based on our strong product portfolio we are well positioned for the future."

Group results

In 2017, Group sales rose 5% to CHF 53.3 billion. Core operating profit grew 3% and Core EPS increased 5%, reflecting the good underlying business performance. On an IFRS basis net income decreased 9% at CER. The IFRS result includes charges for the impairment of goodwill and intangible assets and the amortisation of intangible assets.

Sales in the Pharmaceuticals Division increased 5% to CHF 41.2 billion. Recently launched medicines Ocrevus, Tecentriq and Alecensa contributed CHF 1.4 billion of new sales. This represents 65% of the division's growth. Perjeta also continued its strong sales increase. This growth was partially offset by lower sales of Tarceva, and Avastin. In the US, sales increased 10%, led by Ocrevus, Tecentriq, Xolair, and MabThera/Rituxan. In Europe, sales declined 2%, mainly due to lower MabThera/Rituxan sales driven by competition from biosimilars. In the International region, sales grew 4%, led by the Latin America and Asia–Pacific subregions. In Japan, sales increased 3%, with the main growth driver being Alecensa.

Diagnostics Division sales increased 5% to CHF 12.1 billion. Centralised and Point of Care Solutions (+7%) was the main contributor, led by the growth of its immunodiagnostics business (+13%). In regional terms, growth was driven by Asia–Pacific (+15%), with continued strong growth in China (+21%). Sales increased 2% in EMEA[2], 10% in Latin America, and were stable in North America.

Important approvals in Pharmaceuticals

In 2017, the US FDA approved two new medicines, namely Ocrevus for the treatment of relapsing and primary progressive forms of multiple sclerosis and Hemlibra for people with haemophlia A with factor VIII inhibitors.

[2] EMEA = Europe, Middle East and Africa

Health authorities also approved a number of line extensions for existing products including the US approvals of Perjeta for adjuvant (after surgery) treatment of HER2-positive early breast cancer at high risk of recurrence, in combination with Herceptin and chemotherapy as well as full approval of Perjeta for neoadjuvant use.

Additional line extensions granted by the FDA in the fourth quarter were Alecensa for first-line treatment in ALK-positive non-small cell lung cancer (NSCLC), Zelboraf in Erdheim-Chester disease, Gazyva for untreated advanced follicular lymphoma and Avastin for Glioblastoma in adult patients whose cancer has progressed after prior treatment.

In the EU, approval was granted for Alecensa as a monotherapy for the first-line treatment of adult patients with anaplastic lymphoma kinase (ALK)-positive, advanced NSCLC. In January 2018, EMA approved Ocrevus for the treatment of both the relapsing and the primary progressive forms of multiple sclerosis and Hemlibra was granted a positive opinion by the CHMP.

Positive clinical trial results for Roche medicines
In 2017, results of several key clinical studies were announced, including studies from key areas:
Roche announced that the phase III IMpower150 study met its co-primary endpoint of PFS. The study demonstrated that the combination of Tecentriq and Avastin plus chemotherapy (paclitaxel and carboplatin) provided a statistically significant reduction in risk of disease worsening or death compared to Avastin plus chemotherapy in the first-line treatment of people with advanced non-squamous non-small cell lung cancer.

The phase III IMmotion151 study met its co-primary endpoint of investigator-assessed PFS and demonstrated that the combination of Tecentriq and Avastin provided a statistically significant reduction in the risk of disease worsening or death (PFS) in people whose disease expressed the PD-L1 (programmed death-ligand 1: Expression ≥1%) protein compared with sunitinib for the first-line treatment of people who have advanced or metastatic renal cell carcinoma.

Roche announced positive results from the phase III Haven 3 study evaluating Hemlibra in adults and adolescents (aged 12 years or older) with haemophilia A without factor VIII inhibitors. The study met its primary endpoint, showing a statistically significant and clinically meaningful reduction in the number of treated bleeds over time in people receiving Hemlibra prophylaxis every week compared to those receiving no prophylaxis.

The study also met key secondary endpoints, including a statistically significant reduction in the number of treated bleeds over time with Hemlibra prophylaxis dosed every two weeks compared to no prophylaxis.

Positive interim results were announced from the phase III Haven 4 study evaluating Hemlibra prophylaxis dosed once every four weeks in adults and adolescents (aged 12 years or older) with haemophilia A with and without inhibitors to factor VIII. At this interim analysis after a median of 17 weeks of treatment, Hemlibra prophylaxis showed a clinically meaningful control of bleeding.

The randomised phase II GO29365 study met its primary endpoint. The study compared polatuzumab vedotin in combination with bendamustine plus MabThera/Rituxan (BR) against BR alone in people with relapsed or refractory diffuse large B-cell lymphoma. The study demonstrated that the addition of polatuzumab vedotin to BR increased complete response (CR) rates from 15% to 40% at the end of treatment.

First results from the pivotal phase III Murano study evaluating Venclexta/Venclyxto plus MabThera/Rituxan compared to bendamustine plus MabThera/Rituxan (BR) for the treatment of people with relapsed or refractory chronic lymphocytic leukaemia (CLL) were reported. The results showed that treatment with Venclexta/Venclyxto plus MabThera/Rituxan significantly reduced the risk of disease progression or death (progression-free survival; PFS, as assessed by investigator) by 83% compared with BR. Venclexta/Venclyxto is being developed by AbbVie and Roche and is jointly commercialised by AbbVie and Genentech, a member of the Roche Group, in the US and commercialised by AbbVie outside of the US.

Roche Diagnostics: key partnerships and new instruments

In December 2017, Roche entered into a strategic, long-term partnership with GE Healthcare to jointly develop and co-market digital clinical decision support solutions. The partnership will initially focus on products that accelerate and improve personalised treatment decisions for patients with cancer and those in critical care. With GE Healthcare, Roche aims to develop an industry-first digital platform that allows for the seamless integration and analysis of patient records, real-world data, medical best practice and the latest research outcomes. The November acquisition of Viewics, Inc., US, allows Roche to expand its leading position in the Integrated Core Laboratory with business analytics capabilities, enabling laboratories to make faster data-driven informed decisions on their operations and processes.

In the fourth quarter, new instruments were launched that allow for further increasing connectivity and automation in laboratories. These include the cobas t 711 and cobas t 511, fully automated systems for qualitative and quantitative *in vitro* coagulation determinations, using a wide variety of coagulation tests. The results of these tests aid in the diagnosis of coagulation abnormalities and in monitoring anticoagulant therapy. Roche also launched the cobas Plasma Separation Card, an innovative technology with easy sample collection while utilising the gold standard plasma sample type. With a small amount of blood collected on specially designed cards, blood collection and sample transportation is simplified in resource limited settings. This is the first and only plasma collection card remaining stable under extreme heat and humidity while providing results that correlate to the plasma viral load standard of care and meeting the WHO decision requirements.

These new solutions support efforts to expand the core laboratory, consolidate and integrate a wider range of platforms covering other diagnostics disciplines such as molecular diagnostics, lab coagulation, haematology and point-of-care testing.

Outlook for 2018

Sales are expected to grow in the stable to low-single digit range (at constant exchange rates). Core earnings per share are targeted to grow high-single digit (at constant exchange rates). Excluding the US tax reform impact core earnings per share are targeted to grow broadly in line with sales. Roche expects to further increase its dividend in Swiss francs.

Dividend proposal

The Board of Directors proposes a dividend increase to CHF 8.30 per share and non-voting equity security. Subject to approval by the Annual General Meeting of shareholders on 13 March 2018, this will be Roche's 31st consecutive annual dividend increase.

Pharmaceuticals Division

Sales	CHF millions		As % of sales		% change	
January - December 2017	2017	2016	2017	2016	At CER	In CHF
Pharmaceuticals Division	41,220	39,103	100.0	100.0	+5	+5
United States	20,496	18,594	49.7	47.6	+10	+10
Europe	9,051	9,159	22.0	23.4	-2	-1
Japan	3,713	3,711	9.0	9.5	+3	0
International*	7,960	7,639	19.3	19.5	+4	+4

*Asia–Pacific, EEMEA (Eastern Europe, Middle East and Africa), Latin America, Canada, Others

Key pharmaceutical products in 2017

Herceptin, Perjeta and **Kadcyla** (combined +7%). For HER2-positive breast cancer and HER2-positive metastatic gastric cancer (Herceptin only). **Herceptin** sales were up 3%, led by growth in the US and Brazil. **Perjeta** (+19%) sales grew in all regions following increased demand in the neoadjuvant and metastatic settings. Sales of **Kadcyla** increased 10%.

MabThera/Rituxan (+1%). For forms of blood cancer, rheumatoid arthritis and certain types of vasculitis. Sales continued to rise, driven by immunology; increases were recorded in the US, and in the International region. Sales in Europe (-11%) were affected by the market entry of biosimilars.

Avastin (-2%). For advanced colorectal, breast, lung, kidney, cervical and ovarian cancer, and relapsed glioblastoma (a type of brain tumour). In the US, sales declined 2%, largely due to competition from immunotherapy medicines in lung cancer. Sales continued to grow in the International region (+5%). Sales in Europe (-5%) were affected by the removal of reimbursement for breast cancer in France.

Actemra/RoActemra (+14%). For rheumatoid arthritis, forms of juvenile idiopathic arthritis and giant cell arteritis as well as CAR-T cell induced severe or life-threatening Cytokine Release Syndrome (US only). Sales growth was reported in all regions, especially in the US and Europe, supported by steady growth in demand for the subcutaneous formulation.

Xolair (+16%, US only). For chronic idiopathic urticaria and allergic asthma. Growth was driven by increasing demand in both indications.

Activase/TNKase (+10%) For acute ischaemic stroke and acute myocardial infarction. Sales increase was driven by an increase in penetration and eligibility at the treatment centres.

Gazyva/Gazyvaro (+41%). For chronic lymphocytic leukaemia (CLL), rituximab-refractory follicular lymphoma and previously untreated advanced follicular lymphoma. Sales expanded in all regions where this product has been launched.

Recently launched medicines

Ocrevus (CHF 869 million), now approved in more than 50 countries, experienced continued strong demand in both the relapsing and the primary progressive form of MS. More than 30,000 people have been treated by the end of 2017 globally. Tecentriq (CHF 487 million) is approved in 55 countries. Alecensa (CHF 362 million), approved in 50 countries, showed very good uptake in the US and continued strong sales growth in Japan. In November, Hemlibra (CHF 3 million) was launched in the US and had promising uptake.

Top-selling pharmaceuticals	Total		United States		Europe		Japan		International*	
	CHFm	%	CHFm	%	CHFm	%	CHFm	%	CHFm	%
MabThera/Rituxan	7,388	1	4,133	6	1,690	-11	293	4	1,272	4
Herceptin	7,014	3	2,697	8	2,123	2	295	-2	1,899	-1
Avastin	6,688	-2	2,894	-2	1,776	-5	817	1	1,201	5
Perjeta	2,196	19	1,013	12	767	21	120	15	296	42
Actemra/RoActemra	1,926	14	756	17	631	12	304	10	235	12
Xolair	1,742	16	1,742	16	-	-	-	-	-	-
Lucentis	1,414	1	1,414	1	-	-	-	-	-	-
Activase/TNKase	1,219	10	1,168	10	-	-	-	-	51	8
Kadcyla	914	10	343	9	347	4	70	-3	154	43
Esbriet	869	13	640	13	190	5	-	-	39	95

* Asia–Pacific, EEMEA (Eastern Europe, Middle East and Africa), Latin America, Canada, Others

Diagnostics Division

Sales January - December 2017	CHF millions		As % of sales		% change	
	2017	2016	2017	2016	At CER	In CHF
Diagnostics Division	12,079	11,473	100.0	100.0	+5	+5
Business Areas						
Centralised and Point of Care Solutions	7,179	6,698	59.4	58.3	+7	+7
Diabetes Care	1,965	2,016	16.3	17.6	-4	-3
Molecular Diagnostics	1,920	1,845	15.9	16.1	+4	+4
Tissue Diagnostics	1,015	914	8.4	8.0	+11	+11
Regions						
Europe, Middle East, Africa	4,773	4,637	39.5	40.4	+2	+3
North America	3,011	3,007	24.9	26.2	+0	0
Asia–Pacific	2,939	2,559	24.4	22.3	+15	+15
Latin America	884	792	7.3	6.9	+10	+12
Japan	472	478	3.9	4.2	+2	-1

Centralised and Point of Care Solutions (+7%) was the largest contributor to the division's sales growth. Integrated Serum Work Area solutions, comprising the immunodiagnostics (+13%) and clinical chemistry (+3%) segments, were the main growth drivers. In 2017, the serology screening portfolio for cobas e 801 was completed and enables laboratories to cover the full spectrum of serology testing on fully automated instrumentation. A total of 900 cobas e 801 modules has been placed in the market since its introduction.

Sales in **Molecular Diagnostics** increased 4%. Sales in the human papillomavirus (HPV) screening and blood screening businesses grew 15% and 1% respectively. In virology sales were stable, with strong growth in HIV testing compensating for declining sales of HCV tests, the latter reflects a base effect of strong HCV test sales in 2016.

Tissue Diagnostics sales increased 11%, driven by the advanced staining and primary staining portfolios, which grew 11% and 12% respectively. The companion diagnostics business grew 13%.

Diabetes Care sales decreased 4%, affected by challenging market conditions, particularly in North America.

About Roche

Roche is a global pioneer in pharmaceuticals and diagnostics focused on advancing science to improve people's lives. The combined strengths of pharmaceuticals and diagnostics under one roof have made Roche the leader in personalised healthcare – a strategy that aims to fit the right treatment to each patient in the best way possible.

Roche is the world's largest biotech company, with truly differentiated medicines in oncology, immunology, infectious diseases, ophthalmology and diseases of the central nervous system. Roche is also the world leader in in vitro diagnostics and tissue-based cancer diagnostics, and a frontrunner in diabetes management. Founded in 1896, Roche continues to search for better ways to prevent, diagnose and treat diseases and make a sustainable contribution to society. The company also aims to improve patient access to medical innovations by working with all relevant stakeholders. Thirty medicines developed by Roche are included in the World Health Organization Model Lists of Essential Medicines, among them life-saving antibiotics, antimalarials and cancer medicines. Roche has been recognised as the Group Leader in sustainability within the Pharmaceuticals, Biotechnology & Life Sciences Industry nine years in a row by the Dow Jones Sustainability Indices (DJSI).

The Roche Group, headquartered in Basel, Switzerland, is active in over 100 countries and in 2017 employed about 94,000 people worldwide. In 2017, Roche invested CHF 10.4 billion in R&D and posted sales of CHF 53.3 billion. Genentech, in the United States, is a wholly owned member of the Roche Group. Roche is the majority shareholder in Chugai Pharmaceutical, Japan. For more information, please visit www.roche.com.

Additional information

- Media Release: http://www.roche.com/media/store/releases/med-cor-2018-02-01.htm
- Full set of tables: http://www.roche.com/180201_MR_FY_tables.pdf
- Annual Media Conference on the internet: http://www.roche.com/media/store/events/bmk2018.htm
- Annual Report: https://www.roche.com/investors/annualreport17.htm
- Dow Jones Sustainability Indices : https://www.roche.com/media/store/releases/med-cor-2017-09-07.htm

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