Innovation and growth

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Roche Investor Relations

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Performance update

Innovation matters: Industry in context

Building pillars of innovation and growth

Summary
Roche strategy: Focused on medically differentiated therapies

Regulators: Optimised benefit / risk ratio

Payors: Optimised benefit / cost ratio
2013: Targets fully achieved

<table>
<thead>
<tr>
<th>Targets for 2013</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group sales: In line with sales growth recorded in 2012¹</td>
<td>+6%</td>
</tr>
<tr>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Core EPS: Ahead of sales growth¹</td>
<td>+10%</td>
</tr>
<tr>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Dividend: Further increase dividend</td>
<td>CHF 7.80</td>
</tr>
<tr>
<td></td>
<td>+6%</td>
</tr>
<tr>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

¹At constant exchange rates
Excluding one-off Past Service Income impact of CHF 236m on core net income and excluding 340B reserve release impact of CHF 182m on sales and CHF 94m on core net income
2013 dividend as proposed by the Board of Directors
Group: Strong sales growth sustained

Excluding 340B sales reserves release

All values at constant exchange rates
Group operating profit and margin

% of sales

33.2% 34.9% 35.6% 37.7% 38.3%

+8%1

CHFbn

2009 2010 2011 2012 2013

16.3 16.6 15.1 17.2 17.9

1 At constant exchange rates
Strong operating free cash flow

<table>
<thead>
<tr>
<th>Year</th>
<th>CHFbn</th>
<th>% of sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>15.7</td>
<td>31.9%</td>
</tr>
<tr>
<td>2010</td>
<td>14.2</td>
<td>30.0%</td>
</tr>
<tr>
<td>2011</td>
<td>13.8</td>
<td>32.4%</td>
</tr>
<tr>
<td>2012</td>
<td>16.1</td>
<td>35.5%</td>
</tr>
<tr>
<td>2013</td>
<td>16.4</td>
<td>35.0%</td>
</tr>
</tbody>
</table>

1 At constant exchange rates
2013: Dividend further increased

Pay-out ratio calculated as dividend per share divided by core earnings per share (diluted); 2013 as proposed by the Board of Directors
Performance update

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Summary
Pharma market drivers and constraints

Balance of these factors will determine future growth

- Major advances in science and medicine
- Growth and aging of world population
- Increasing wealth and access in Emerging Markets

- Patent expirations
- Global economic slowdown
  - Slower expansion of budgets in emerging markets
  - Increased pricing hurdles in developed world
Innovation: Importance of breakthrough efficacy

Major oncology drug launches

Source: Evaluate Pharma, Decision Resources, Roche internal analysis
Note: *Market shares represent either % sales of target product relative to sales competing products in similar indications or patient shares
Access and pricing: Challenges and opportunities

Behavior stratified into 3 geographic clusters

**Developed world ex-US**
(37% of world market, 10% of population)
- Payers determine price

**Emerging Markets**
(28% of world market, 85% of population)
- Spend limited by GDP per capita

**United States**
(35% of world market, 5% of population)
- Free, stable pricing
Roche: R&D well balanced from a risk & disease point of view

Industry average probability of success – Phase I to Registration

Source: Bernstein Equity Research, Tufts University and Roche analysis
A leading pipeline
15 NMEs in late-stage development

Number of NMEs

2008 2009 2010 2011 2012 2013

10
- bitopertin
- aleglitazar
- taspoglutide
- dalcetrapib
- ocrelizumab
- Perjeta

15
- dalcetrapib
- aleglitazar
- bitopertin
- ocrelizumab MS
- MetMAb
- Gazyva
- Kadcyla
- Erivedge
- Zelboraf
- Kadcyla
- MetMAb
- anti-PDL1
- anti-CD79b
- Bcl-2i
- cobimetinib

9
- lebrikizumab
- o. octreotide
- etrolizumab
- lampalizumab
- beta s. PI3K
- pictilisib
- alectinib
- anti CD79b
- alectinib
- Bcl-2i
- anti-PDL1
- cobimetinib
- MetMAb

4
- taspoglutide
- dalcetrapib
- ocrelizumab
- Perjeta

1 Phase III decision pending

Oncology
Neuroscience
Ophthalmology
Immunology
CardioMetabolism
2013: 15 new compounds in late stage development

**Oncology**
- anti-CD79b ADC
- pictilisib (PI3K)
- beta-sparing PI3K (mutant selective)
- alectinib (ALKi) NSCLC
- Bcl-2i (GDC 0199) hem. cancers
- anti-PDL1 solid tumours
- cobimetinib (MEKi) melanoma
- onartuzumab (MetMAb) NSCLC

**Immunology / Ophthalmology**
- lampalizumab geographic atrophy
- etrolizumab UC and CD
- oral octreotide acromegaly
- lebrikizumab asthma

**Neuroscience**
- gantenerumab Alzheimer’s
- ocrelizumab MS
- bitopertin Subopt. c. schizophrenia

1 Phase III decision pending
Performance update

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Summary
Oncology
2013 sales: Oncology franchise up 10%

**CER growth**

<table>
<thead>
<tr>
<th>Drug</th>
<th>Percentage</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>MabThera/Rituxan</td>
<td>+6%</td>
<td>Increased usage across a variety of indications in Europe and growing use in DLBCL patients in China</td>
</tr>
<tr>
<td>HER2</td>
<td>+14%</td>
<td>Herceptin volume growth driven by Asia and LatAm. Strong uptake of Perjeta and Kadcyla</td>
</tr>
<tr>
<td>Avastin</td>
<td>+13%</td>
<td>Increased use in mCRC due to treatment through multiple lines label, continued uptake in ovarian cancer (EU)</td>
</tr>
<tr>
<td>Xeloda</td>
<td>+2%</td>
<td>Loss of exclusivity in EU (Dec 2013) and US (Feb 2014)</td>
</tr>
<tr>
<td>Tarceva</td>
<td>+4%</td>
<td>Good uptake in 1st line EGFR mut+ NSCLC</td>
</tr>
<tr>
<td>Zelboraf</td>
<td>+52%</td>
<td>Fully penetrated in US, strong growth in Europe</td>
</tr>
</tbody>
</table>

*CER=Constant Exchange Rates*  

Oncology 2013 sales: CHF 22.5bn
HER2 franchise: Innovative therapies define new standard of care

- Sales growth driven by metastatic BC
- Continued increase in 1L HER2+ mBC
- US approval of neo-adjuvant HER2+ BC
- Encouraging rollout in Europe

- Strong US uptake in HER2+ mBC 2nd line and beyond
- Continued increase in patient share
- Launched in some European countries

HER2 franchise: +14% growth\(^1\) in 2013

\(^1\) At constant exchange rates
Haematology franchise
Establishing a new standard of care

Gazyva vs. MabThera/Rituxan in CLL
(combo with chlorambucil)

Progression-free survival

Time (months)

US approval Nov 2013
Included in NCCN guidelines

Bcl-2 inhibitor (ABT/GDC-199)

• Ph II in CLL patients with 17p deletion:
  expect data 2014/15

• TLS mitigation program on track: final
  measures to be decided mid-2014

• Ph III in combination with Gazyva in
  front-line CLL expected to start Q4 2014

• Gazyva: Several combination studies with new promising agents in preparation
  (Investigator sponsored studies and studies sponsored by other companies)

Bcl-2 inhibitor ABT/GDC-199 in collaboration with AbbVie
More pipeline: Immunotherapy/anti-PDL1

**NSCLC & RCC**
- Ph II FIR: expect data 2014/15
- Ph II POPLAR: expect data 2015
- Ph II BIRCH: expect data 2015
- Ph III OAK: expect data 2016
- Ph II in 1L RCC (±Avastin vs. sunitinib)

**Ongoing combination studies**
- Anti-PDL1+Avastin (±chemo) (solid tumours)
- Anti-PDL1+Tarceva (NSCLC)
- Anti-PDL1+Zelboraf (melanoma)
- Anti-PDL1+cobimetinib (solid tumours)

**2014 outlook**
- 1H: data in new tumour type
- Additional combinations, including immune doublets, starting throughout 2014
### Anti-PDL1 phase Ia in NSCLC: Best response by PD-L1 IHC Status

<table>
<thead>
<tr>
<th>Diagnostic Population&lt;sup&gt;a&lt;/sup&gt; (n = 53)</th>
<th>ORR&lt;sup&gt;b&lt;/sup&gt; % (n/n)</th>
<th>PD Rate % (n/n)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IHC 3</td>
<td>83% (5/6)</td>
<td>17% (1/6)</td>
</tr>
<tr>
<td>IHC 2 and 3</td>
<td>46% (6/13)</td>
<td>23% (3/13)</td>
</tr>
<tr>
<td>IHC 1/2/3</td>
<td>31% (8/26)</td>
<td>38% (10/26)</td>
</tr>
<tr>
<td>All Patients&lt;sup&gt;c&lt;/sup&gt;</td>
<td>23% (12/53)</td>
<td>40% (21/53)</td>
</tr>
</tbody>
</table>

<sup>a</sup> IHC 3: ≥ 10% tumor immune cells positive for PD-L1 (IC+); IHC 2 and 3: ≥ 5% tumor immune cells positive for PD-L1 (IC+); IHC 1/2/3: ≥ 1% tumor immune cells positive for PD-L1 (IC+); IHC 0/1/2/3: all patients with evaluable PD-L1 tumor IC status.

<sup>b</sup> ORR includes investigator-assessed unconfirmed and confirmed PR.

<sup>c</sup> All patients includes patients with IHC 0/1/2/3 and 7 patients have an unknown diagnostic status.

Patients first dosed at 1-20 mg/kg by Oct 1, 2012; data cutoff Apr 30, 2013.

Soria et al, ECCO 2013
Duration of treatment in responders

Sustained response in majority of responders

Duration of Treatment and Response

<table>
<thead>
<tr>
<th>Histology</th>
<th>IHC</th>
<th>Duration of Treatment and Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonsquamous</td>
<td>IHC 0</td>
<td>On study, on treatment</td>
</tr>
<tr>
<td>Squamous</td>
<td>IHC 3</td>
<td>On study, on treatment</td>
</tr>
<tr>
<td>Nonsquamous</td>
<td>IHC 0</td>
<td>On study, on treatment</td>
</tr>
<tr>
<td>Nonsquamous</td>
<td>IHC 1</td>
<td>On study, on treatment</td>
</tr>
<tr>
<td>Nonsquamous</td>
<td>IHC 0</td>
<td>On study, on treatment</td>
</tr>
<tr>
<td>Squamous</td>
<td>IHC 2</td>
<td>On study, on treatment</td>
</tr>
<tr>
<td>Nonsquamous</td>
<td>IHC 3</td>
<td>On study, on treatment</td>
</tr>
<tr>
<td>Squamous</td>
<td>IHC 3</td>
<td>On study, on treatment</td>
</tr>
<tr>
<td>Nonsquamous</td>
<td>IHC 3</td>
<td>On study, on treatment</td>
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<td>On study, on treatment</td>
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<tr>
<td>Nonsquamous</td>
<td>IHC 3</td>
<td>On study, on treatment</td>
</tr>
<tr>
<td>Nonsquamous</td>
<td>IHC 1</td>
<td>On study, on treatment</td>
</tr>
</tbody>
</table>

On study, post treatment
- Treatment discontinued
- Ongoing response
- First response
- First PD

Patient experiencing ongoing benefit per investigator.
Patients first dosed at 1-20 mg/kg by Oct 1, 2012; data cutoff Apr 30, 2013.

*Soria et al, ECCO 2013*
Anti-PDL1 Development: NSCLC

**FIR Study: Phase II Dx-positive advanced mNSCLC**

- PDL1 positive NSCLC
- Anti-PDL1 1200 mg IV Q3 weeks

**Primary end-point:**
- Overall Response Rate

**POPLAR Study: Phase II 2/3L mNSCLC**

- Metastatic NSCLC (2/3L)
- Docetaxel 75 mg/m² IV Q3 wk
- Anti-PDL1 1200 mg IV Q3 wk

**Primary end-point:**
- Overall Survival

**OAK Study: Phase III 2/3L mNSCLC**

- Metastatic NSCLC (2/3L)
- Docetaxel 75 mg/m² IV Q3 wk
- Anti-PDL1 1200 mg IV Q3 wk

**Expect FPI:**
- Q1 2014
**Primary end-point:**
- Overall Survival
Immunology & ophthalmology
Immunology and Ophthalmology

New late-stage compounds in a well-established franchise

Growing existing franchise (CHF 6.3bn)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>+12%</th>
</tr>
</thead>
<tbody>
<tr>
<td>MabThera/ RItuxan RA</td>
<td>1,191</td>
<td>1,037</td>
<td>874</td>
</tr>
<tr>
<td>CellCept Transplant</td>
<td>790</td>
<td>790</td>
<td>572</td>
</tr>
<tr>
<td>Pulmozyme Cystic fibrosis</td>
<td>1,689</td>
<td>1,689</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
<td>+12%</td>
</tr>
</tbody>
</table>

Developing pipeline

- **lampalizumab**
  - geographic atrophy

- **etrolizumab**
  - ulcerative colitis and Crohn’s disease

- **lebrikizumab**
  - asthma

- **oral octreotide**
  - acromegaly

- **quilizumab (M1 prime)**
  - asthma

Phase III

Phase II
Pipeline example: Entering new Therapeutic Areas
Lampalizumab in Geographic Atrophy (GA)
High efficacy in subpopulation with exploratory biomarker

- GA progression rate decreased by 44% at 18 months.
- In the subset of patients with better vision (20/50 to 20/100), progression was reduced by 54%.
- All comers: 20.4% reduction rate at 18 months.

Safety

- No unexpected or unmanageable SAEs.
- Intraocular inflammation AE rates and intraocular pressure elevation AE rates were consistent with Lucentis rates in wAMD.
Performance up-date

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Summary
Summary: Focus on innovation and growth

1. Strategic focus on innovation and driving Personalised Healthcare

2. Strong growth in Emerging Markets facilitated by tailored access models

3. Leading product pipeline providing value for the future
Doing now what patients need next