Committed to innovation, productivity and growth

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Roche Group

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Performance update

Strategy and optimizing resources

Launching differentiated medicines

Outlook
Q3 2016: Sales growth for fifth consecutive year

All growth rates at Constant Exchange Rates (CER)
HY 2016: Strong core operating profit & margin

- HY 2012: 38.5%
- HY 2013: 40.7%
- HY 2014: 41.0%
- HY 2015: 39.2%
- HY 2016: 39.4%

+5% at CER

CHFbn

HY 2012: 8.6
HY 2013: 9.5
HY 2014: 9.4
HY 2015: 9.2
HY 2016: 9.9

CER=Constant Exchange Rates
Continued leadership in innovation
Launches at historical high

5 NME launches in a year
Performance update

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Outlook
Roche strategy: Focused on medically differentiated therapies

Regulators:
Optimised benefit / risk ratio

Payors:
Optimised benefit / cost ratio
Comprehensive productivity program in place

<table>
<thead>
<tr>
<th></th>
<th>Strict prioritisation</th>
<th>Process innovation</th>
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<tbody>
<tr>
<td><strong>COGS</strong></td>
<td>Small molecule restructuring</td>
<td>Process improvement</td>
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<td><strong>M&amp;D</strong></td>
<td>M&amp;D portfolio prioritisation</td>
<td>Commercial restructuring</td>
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<td><strong>R&amp;D</strong></td>
<td>R&amp;D portfolio prioritisation</td>
<td>Functional productivity programs</td>
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2012 - 2016: Continuous reduction of interest expenses

- **2012**: Interest exp.: CHF 1.43bn, Effective interest rate: 5.4%
- **2013**: Interest exp.: CHF 1.08bn, Effective interest rate: 5.1%
- **2014**: Interest exp.: CHF 0.95bn, Effective interest rate: 4.4%
- **2015**: Interest exp.: CHF 0.89bn, Effective interest rate: 3.7%
- **2016**: Interest exp.: CHF 0.38bn, Effective interest rate: 3.0%
Performance update

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Outlook
2016 onwards: Significant launch activities

**NMES**
- **Venclexta**
  - R/R CLL with 17p del
- **Cotellic + Zelboraf**
  - BRAFmut melanoma
- **Alecensa**
  - 2L ALK+ NSCLC
- **Tecentriq**
  - 2L+ bladder cancer
- **Tecentriq**
  - 2/3L lung cancer
- **Gazyva**
  - R/R iNHL (GADOLIN)

**Line extensions**
- **OCREVUS**
  - RMS/PPMS
- **Emicizumab (ACE910)**
  - Hemophilia A
- **Lampalizumab**
  - Geographic atrophy

**2016**
- **Gazyva**
  - R/R iNHL (GADOLIN)

**2017**
- **Perjeta + Herceptin**
  - eBC HER2+ (APHINITY)
- **Tecentriq + Avastin + chemo**
  - 1L NSCLC

**2018**
- **Tecentriq + Avastin**
  - 1L RCC
- **Gazyva**
  - 1L iNHL (GALLIUM)
- **Alecensa**
  - 1L ALK+ NSCLC
- **Actemra**
  - Giant cell arteritis (GiACTA)

Outcome studies are event-driven: timelines may change. Standard approval timelines of 1 year assumed.
Tecentriq in 2L+ non-small cell lung cancer
Survival benefit regardless of PD-L1 status

HR, 0.73\textsuperscript{a}
(95% CI, 0.62, 0.87)
\(P = 0.0003\)

Minimum follow up = 19 months

ITT patient population

Median 9.6 mo
(95% CI, 8.6, 11.2)

Median 13.8 mo
(95% CI, 11.8, 15.7)

Barlesi et al, ESMO 2016; \textsuperscript{a}Stratified HR; HR=hazard ratio; ITT=intention-to-treat
Cancer immunotherapy: 10 NMEs with near-term monotherapy and combination read-outs*

<table>
<thead>
<tr>
<th>NME** / Combinations</th>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td>aCEA/CD3 TCB</td>
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<tr>
<td>aCEA/CD3 TCB + Tecentriq</td>
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<tr>
<td>aOX40</td>
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<tr>
<td>aOX40 + Tecentriq</td>
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<td>emactuzumab + Tecentriq</td>
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<td>aCD40 + Tecentriq</td>
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<td>aCEA-IL2v FP + Tecentriq</td>
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<td>vanucizumab + Tecentriq</td>
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<td>aFAP-IL2v FP</td>
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<td>IDOi + Tecentriq</td>
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<td>aCD20/CD3 TCB 1</td>
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<td>TIGIT + Tecentriq</td>
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** NMEs: aCD40; aOX40; aFAP-IL2v FP; aCEA-IL2v FP; vanucizumab (aAng2/VEGF); aCEA/CD3 TCB; aCD20/CD3 TCB 1; emactuzumab (aCSF-1R); IDOi (NewLink); aTIGIT

NME=new molecular entity; * Outcome studies are event driven, timelines may change
OCREVUS: First drug active in both RMS & PPMS
Strong share of voice at ECTRIMS

- New endpoint analysis focusing on disease progression as treatment goal
- Regulatory review by FDA/EMA for both RMS and PPMS on-going; PDUFA date: Dec 28th

RMS = relapsing forms of multiple sclerosis (MS) which includes patients with RRMS and SPMS with superimposed relapses; RRMS = relapsing-remitting MS; SPMS = secondary progressive MS; PPMS = primary progressive MS; Giovannoni G. et al, presented at ECTRIMS 2016; Montalban X. et al, presented at ECTRIMS 2016
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Positive outlook

Strong pipeline enabling continuous growth

NME launches
Tecentriq, Venetoclax, Alectinib, Cotellc, Ocrelizumab, ACE910, Lampalizumab

Biosimilars
MabThera, Herceptin, Avastin

Sales
Conceptual
Pipeline
Marketed products

## 2016 outlook

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<th><strong>Group sales growth</strong>&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Low to mid-single digit</th>
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<tr>
<td><strong>Core EPS growth</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Ahead of sales growth</td>
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<td><strong>Dividend outlook</strong></td>
<td>Further increase dividend in Swiss francs</td>
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<sup>1</sup> At Constant Exchange Rates (CER)
Doing now what patients need next