Rejuvenating the portfolio

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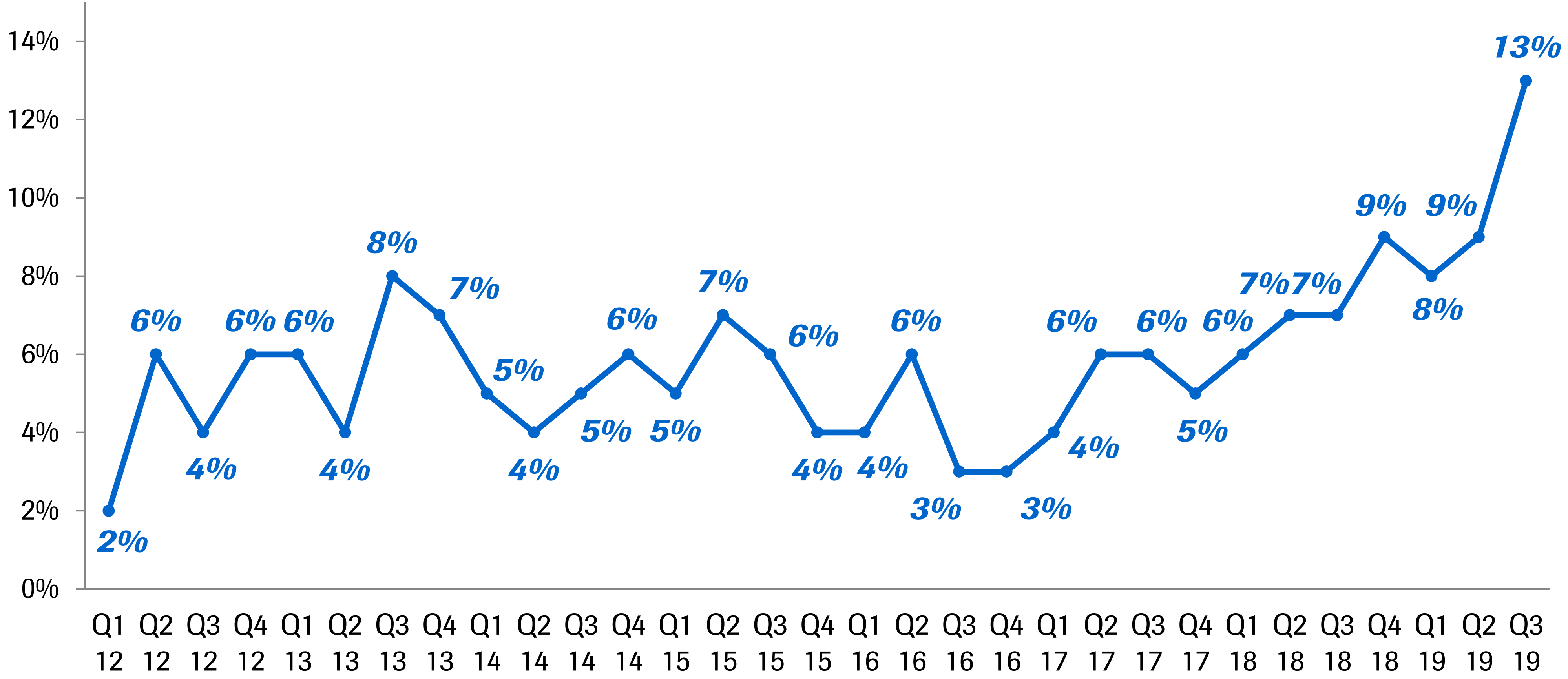
Performance update

Rejuvenating the portfolio

Outlook

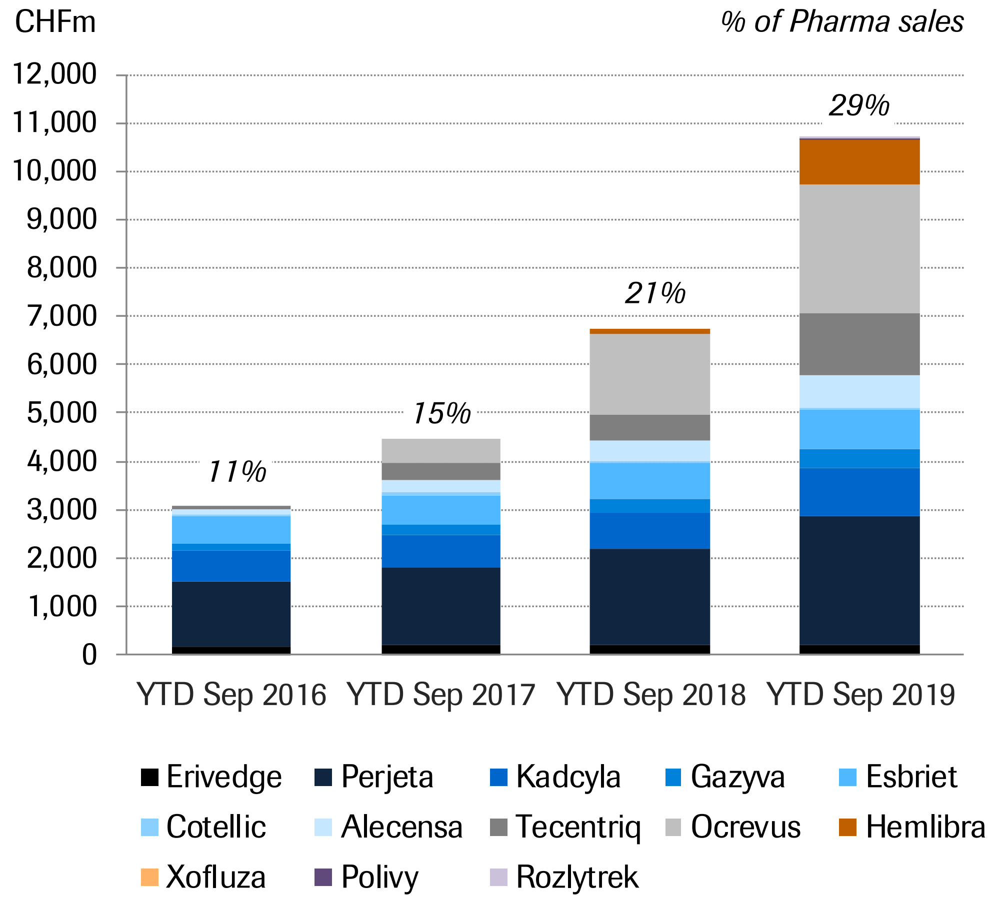
Q3 2019: Group sales growth for the eighth consecutive year

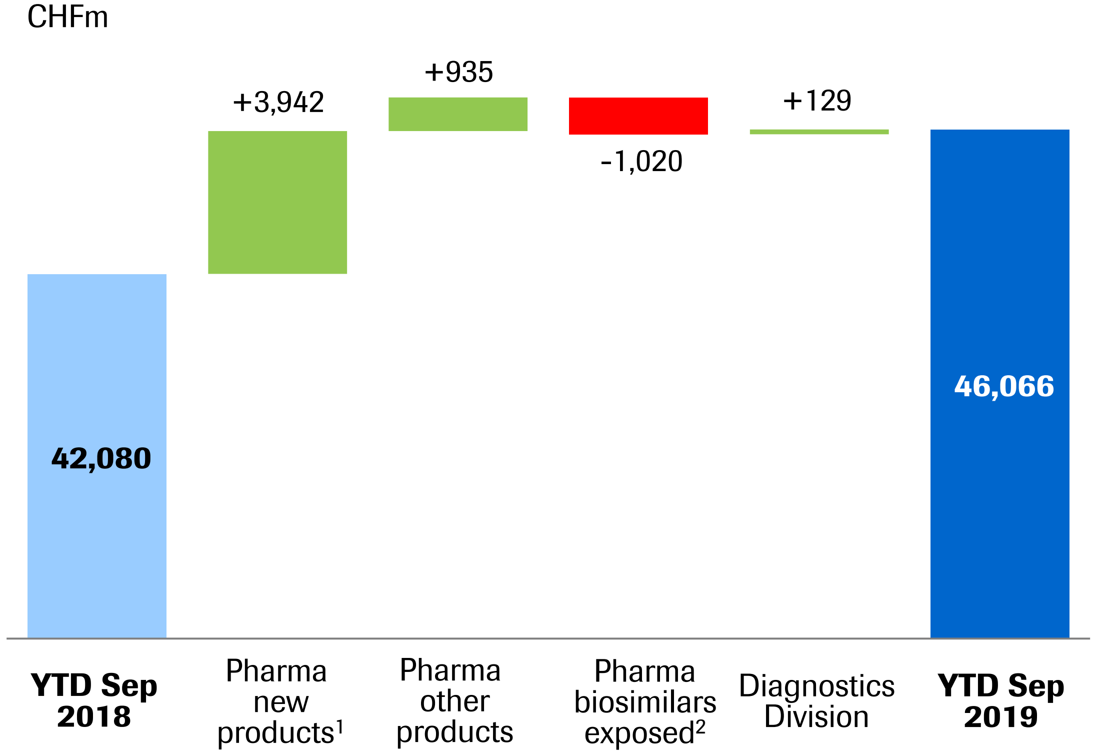


All growth rates at Constant Exchange Rates (CER)

Innovation driving portfolio rejuvenation

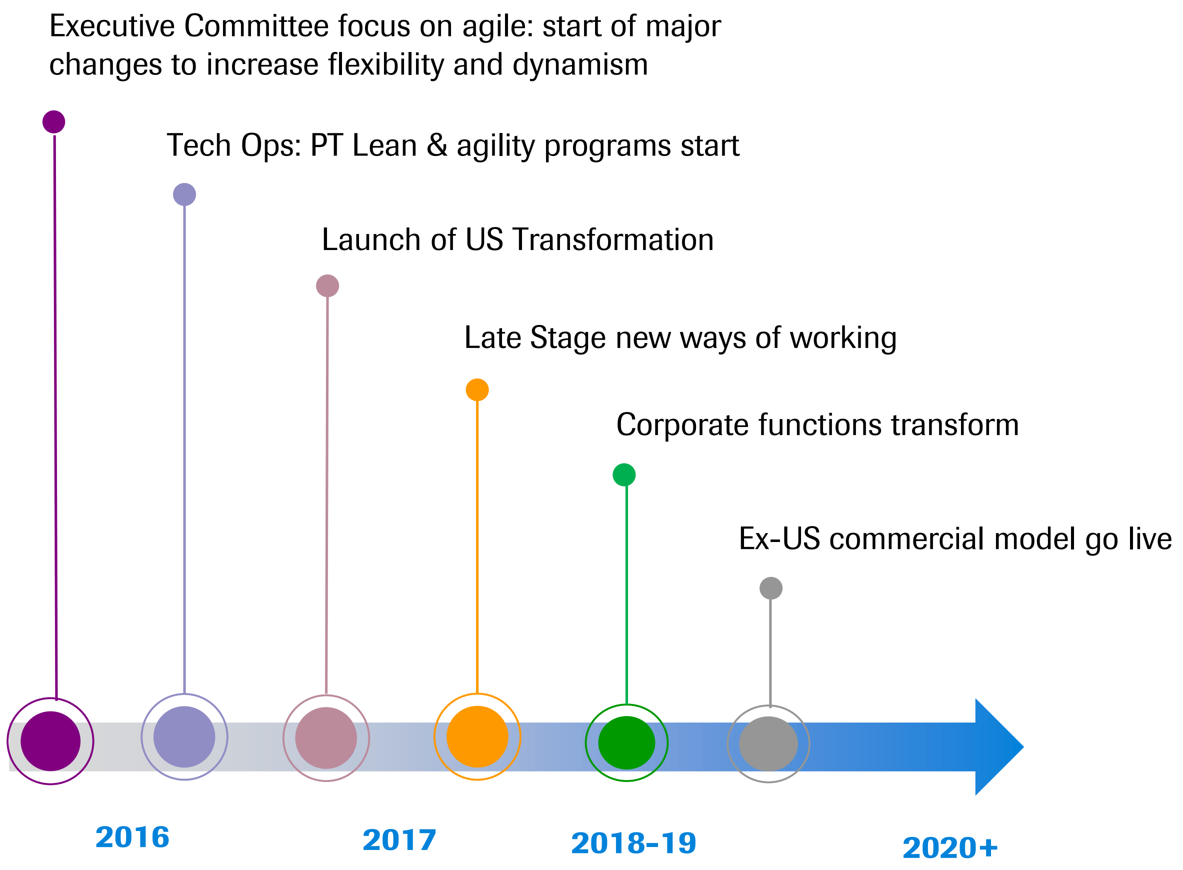
Increasing share of sales coming from recent launches





All absolute values are presented in CHFm reported; [1] Erivedge, Perjeta, Kadcyla, Gazyva, Esbriet, Cotellic, Alecensa, Tecentriq, Ocrevus, Hemlibra, Xofluza, Polivy, and Rozlytrek; [2] MabThera and Herceptin in Europe and Japan

Our cultural transformation: Simplify processes and empower our people to enhance productivity in service of patients



Some of our guiding principles:

- From silos, functional and top down focus to small empowered teams with accountability for results
- From internal / org chart orientation to patient and external focus
- From leadership as command & control to setting a vision, architecting the system, coaching and catalysing change

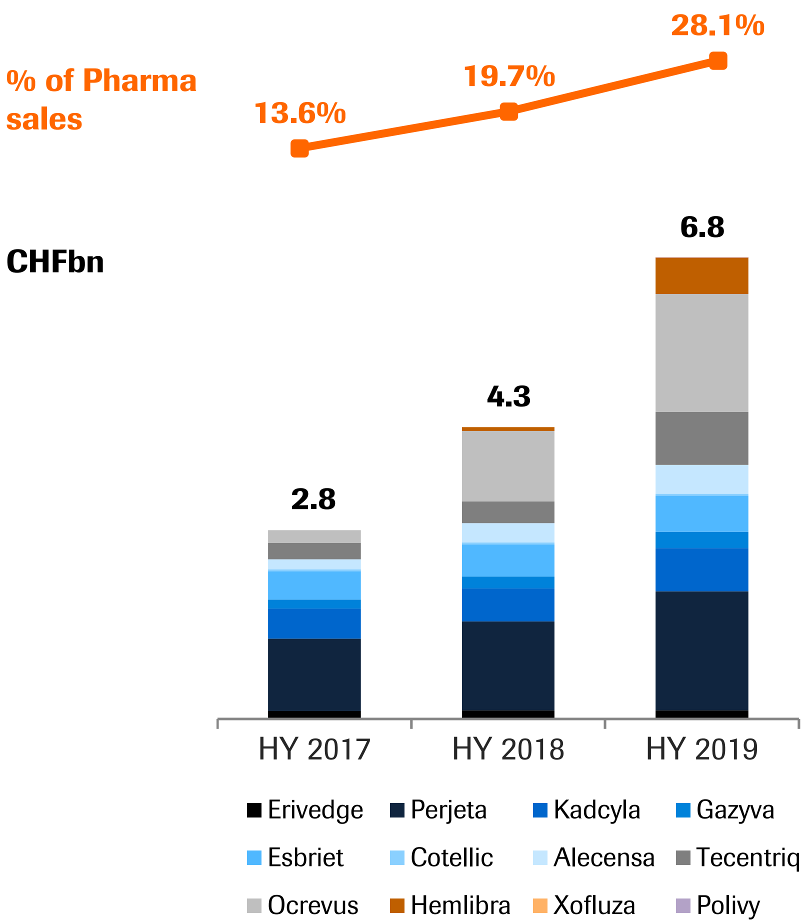
Adjusting to the new environment
Making a greater impact - increasing financial flexibility

Pharma Development (HY19 vs. HY16)	Pharma Technical (HY19 vs. HY16)	Pharma US (HY19 vs. HY16)
NMEs at pivotal stage +50%	**Volume growth +38%**	**Sales growth +40%**
PD spend +12% and headcount +4%	**Direct spend -3% and headcount -18%**	**OPEX +6% and headcount -6%**

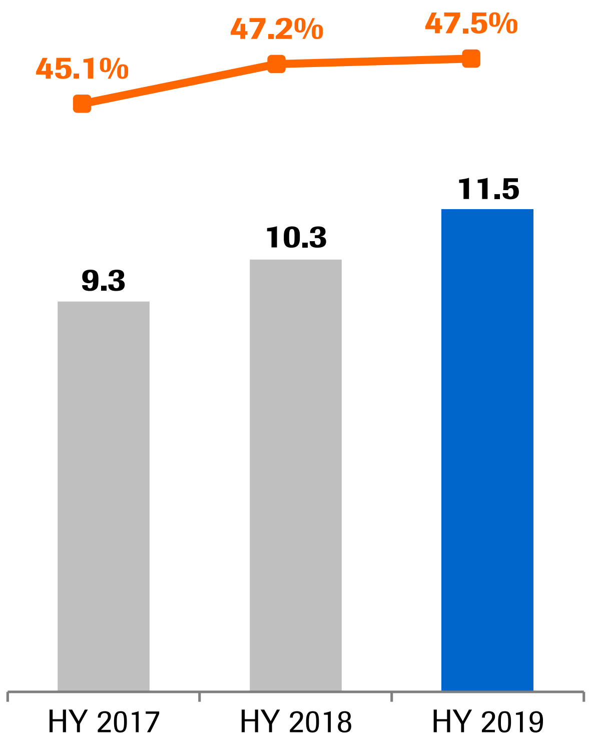
NME=new molecular entities

Successfully managing the transition

New products contribution



Core operating profit Pharma

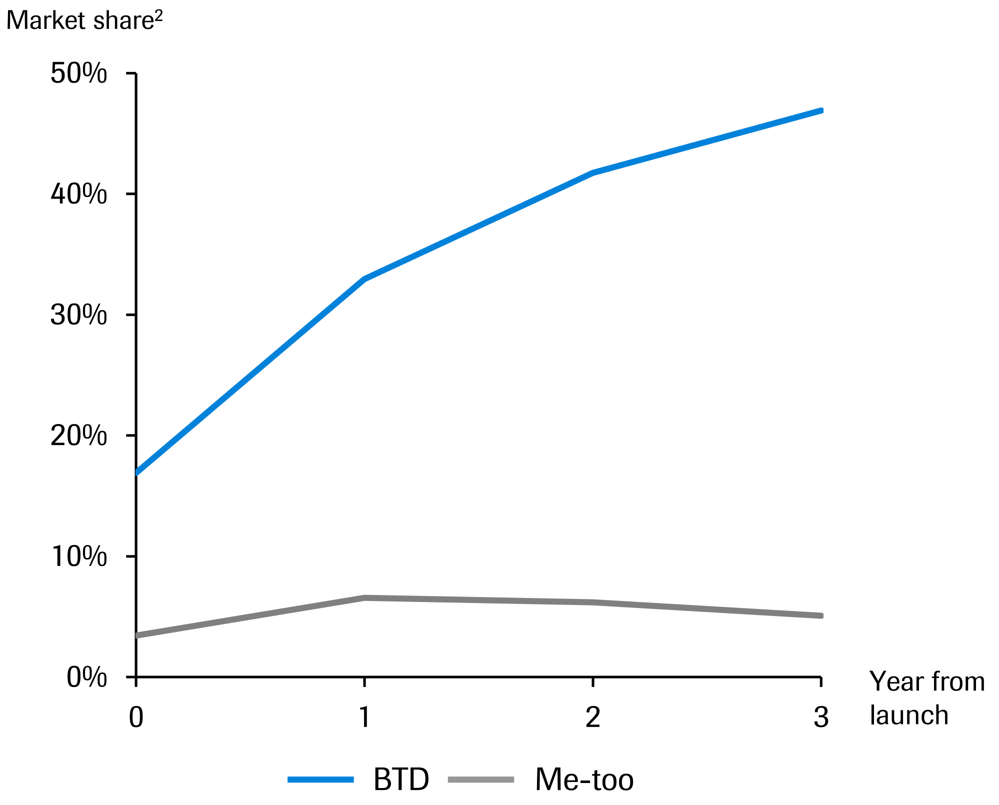


28 Breakthrough Therapy Designations
Reflecting the quality of our research

Breakthrough Therapy Designations (BTD)

Year	Molecule	Indication
2019	**Cotellic**	*Histiocytic neoplasms*
	Gazyva	*Lupus nephritis*
	Venclexta + Gazyva	*1L unfit CLL*
	Kadcyla	*Adjuvant HER2+ BC*
2018	**satralizumab**	*NMOSD*
	Xolair	*Food allergies*
	Tecentriq + Avastin	*HCC*
	Hemlibra	*Hemophilia A non-inhibitors*
	Rozlytrek	*NTRK+ solid tumors*
	balovaptan	*Autism spectrum disorders*
2017	**Polivy + BR**	*R/R DLBCL*
	Venclexta + LDAC	*1L unfit AML*
	Zelboraf	*BRAF-mutated ECD*
	Rituxan	*Pemphigus vulgaris*
2016	**Actemra**	*Giant cell arteritis*
	Alecensa	*1L ALK+ NSCLC*
	Ocrevus	*PPMS*
	Venclexta + HMA	*1L unfit AML*
	Venclexta + Rituxan	*R/R CLL*
2015	**Actemra**	*Systemic sclerosis*
	Tecentriq	*NSCLC*
	Venclexta	*R/R CLL 17p del*
	Hemlibra	*Hemophilia A inhibitors*
2014	**Esbriet**	*IPF*
	Lucentis	*Diabetic retinopathy*
	Tecentriq	*Bladder*
2013	**Alecensa**	*2L ALK+ NSCLC*
	Gazyva	*1L CLL*

Product launch up-take in oncology[1]



[1] Selected oncology products launched over 2013-2016; [2] Market shares represent sales of target product relative to sales competing products in similar indications;
Data source: Evaluate Pharma, Decision Resources, Prismaccess

Performance update

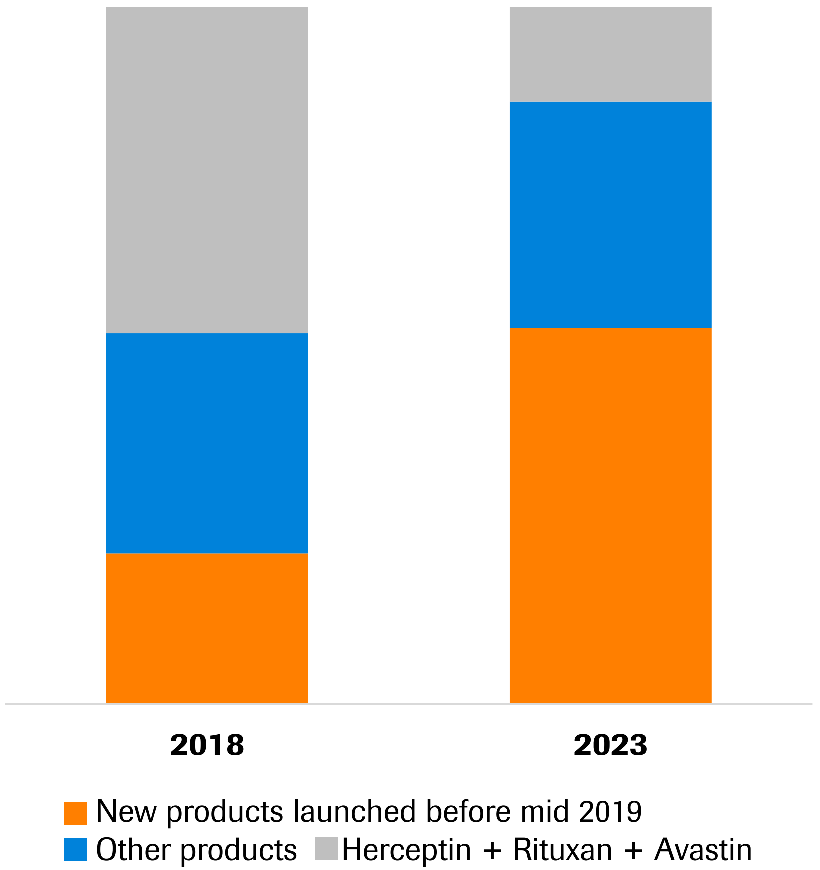
Rejuvenating the portfolio

Outlook

Roche transitioning: Replace and extend the business

Replace/extend existing businesses		Entering new franchises
MabThera/Rituxan	Gazyva, Venclexta, Polivy, mosunetuzumab, CD20 x CD3, idasanutlin	**MS:** Ocrevus
Herceptin	Perjeta, Kadcyla, Herceptin + Perjeta FDC-SC	**Hemophilia A:** Hemlibra
Avastin	Tecentriq, Alecensa, Rozlytrek, ipatasertib	
Lucentis	faricimab Port delivery system (PDS)	**CNS:** NMOSD, SMA, Huntington's, Autism, Alzheimer's
Tamiflu	Xofluza	

Sales mix (100%)
(Conceptual)



FDC=fixed dose combination; NMOSD=neuromyelitis optica spectrum disorder; SMA=spinal muscular atrophy

Diversifying the late stage pipeline & setting new Standards of Care

Product	Status
risdiplam in SMA	Phase II/III types 1/2/3
HTT-ASO in Huntington's	Phase II/III
satralizumab in NMOSD	Phase III (broad label); filed in US/EU
Gazyva in lupus nephritis	initiating Ph III
etrolizumab in UC and Crohn's	Phase III (induction and maintenance)
PDS in nAMD	Phase III
faricimab in DME/nAMD	Phase III

Neuroscience
Immunology
Ophthalmology
Oncology

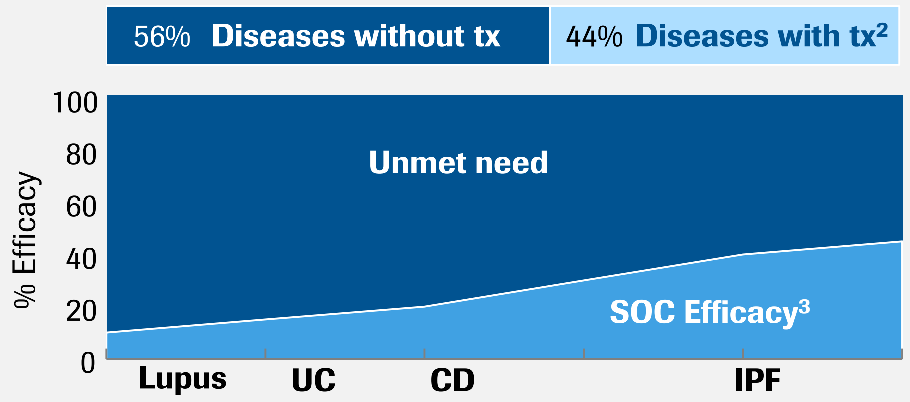
Product	Status
Tecentriq in 1L HCC	Phase III
Tecentriq in neoadj TNBC	Phase III
Tecentriq in 1L mUC	Phase III
Tecentriq in adj bladder cancer	Phase III
Tecentriq in 1L melanoma	Phase III (Dx+)
Tecentriq in FL ovarian cancer	Phase III
idasanutlin in R/R AML	Phase III
Herceptin + Perjeta FDC-SC	Phase III
ipatasertib 1/2L TNBC	Phase III (Dx+)
ipatasertib 1L+ HR+ BC	Phase III (Dx+)
ipatasertib in 1L mCRPC	Phase III (all comers and Dx+)
Polivy in 1L DLBCL	Phase III
Tecentriq in (neo)adj NSCLC	Phase III

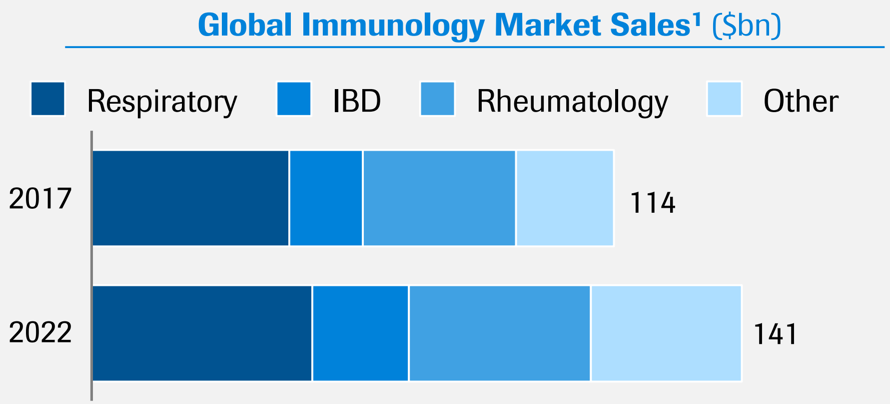
SMA=spinal muscular atrophy; NMOSD=neuromyelitis optica spectrum disorder; UC=ulcerative colitis; PDS=port delivery system; nAMD=neovascular age-related macular degeneration; DME=diabetic macular edema; HCC=hepatocellular carcinoma; TNBC=triple-negative breast cancer; mUC=metastatic urothelial carcinoma; FL=front line; R/R AML=relapsed/refractory acute myeloid leukemia; FDC=fixed dose combination; HR=hormone receptor; mCRPC=metastatic castration resistant prostate cancer; DLBCL=diffuse large B-cell lymphoma; NSCLC=non-small cell lung cancer

Oncology: We focus on leadership across established core areas, while still investing in differentiated growth opportunities

Lead in Hematology	Lead in Breast Cancer	Growth in Lung	Establish presence (with Tecentriq and combos)
NHL: Rituxan, Gazyva, Venclexta, Polivy, mosunetuzumab, CD20xCD3 **CLL**: Venclexta, Gazyva **AML**: Venclexta, idasanutlin **MM**: Venclexta **Hemophilia A**: Hemlibra	**HER2+ BC**: Herceptin, Perjeta, Kadcyla, H+P FDC SC **TNBC**: Tecentriq, ipatasertib **HR+ BC**: ipatasertib, PI3Kα inhibitor (RG6114); SERD (RG6171)	**ALK+/ROS1+/NTRK+**: Alectinib, Rozlytrek **SCLC**: Tecentriq **NSCLC**: Tecentriq, Avastin	**mUC**: Expand in 1L; Move into adjuvant **HCC**: Potential new SOC **CRPC**: Potential new SOC **OC**: Potential new SOC **RCC and CRC**: Explore opportunities
High medical need in later lines, aNHL and AML	**> 80% patients in adjuvant**	**>70% still metastatic**	

Immunology and Ophthalmology
Addressing high medical need





Retina Portfolio: faricimab, PDS

- Develop industry leading portfolio
- Build ex US infrastructure
- Gene-based therapies (4D)

IBD: etrolizumab

- Establish etrolizumab as SOC in UC and Crohn's

Lupus: Gazyva

- First in class

[1] Decision Resources, Evaluate Pharma 2017; [2] Disease modifying treatment, based on UpToDate; [3] Lupus – Benlysta SRI-4; UC & CD – TNF Sustained Remission; Asthma – Dupixent exacerbations; IPF – Esbriet FVC; RA – TNF ACR50, McKinsey analysis based on data from Evaluate

Pushing towards new frontiers in Neuroscience

Creating new opportunities across modalities

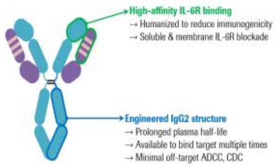
Neuroimmunology disorders	Neuromuscular disorders	Neurodegenerative disorders	Neurodevelopmental disorders

Ocrevus

First B-cell targeted therapy in MS

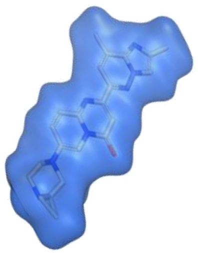
Satralizumab

BTD in NMOSD



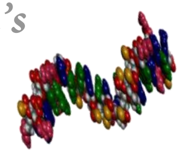
Risdiplam

First oral therapy for spinal muscular atrophy



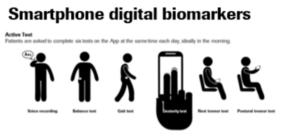
HTT-ASO

First disease modifying therapy for Huntington's disease



Parkinson's

First disease modifying agent



Balovaptan

First treatment for core social and communication deficits

Roche

Performance update

Rejuvenating the portfolio

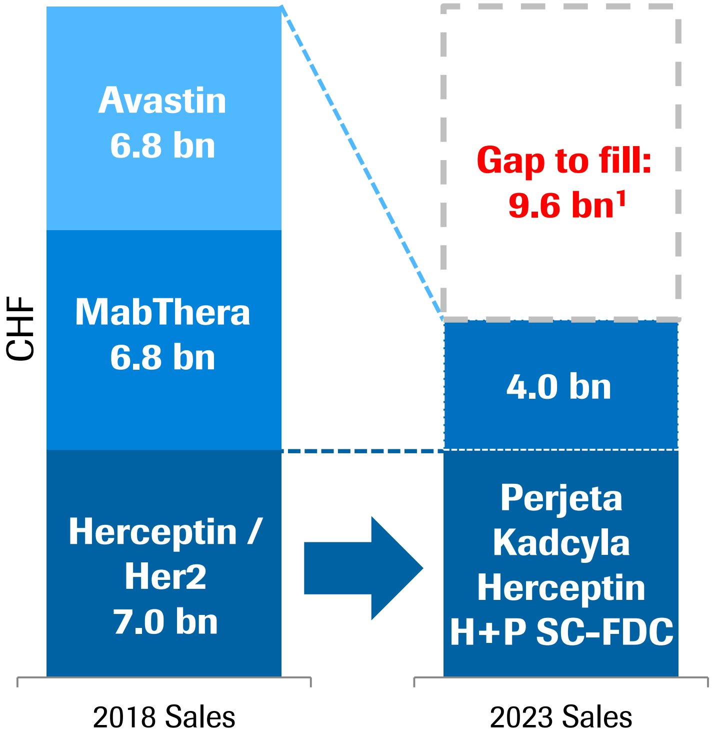
Outlook

New product growth with strong momentum

Considerable optionality

Biosimilar gap (18-23)

Sensitivity analysis: *Assuming conservative planning assumptions of 60-70% erosion from biosimilars*



Consensus sales growth (18-23)

Post-HY 2019 consensus survey

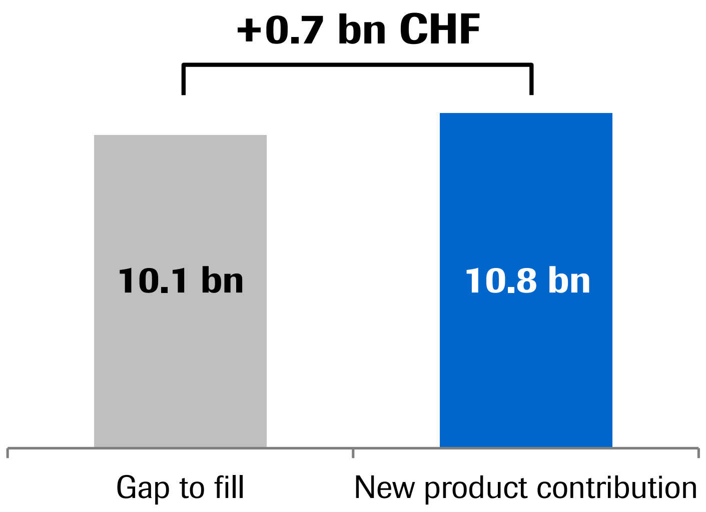
Ocrevus	3.8 bn
Tecentriq	3.5 bn
Hemlibra	3.5 bn
Gazyva	0.8 bn
Alecensa	0.9 bn
Xofluza	0.5 bn
Polivy	0.9 bn
Rozlytrek	0.4 bn
In-market & mature[2]	(0.9) bn
Pipeline value[3]	2.9 bn
Total	**16.3 bn**

Up-side potential to consensus above are:
Oncology (Venclexta, mosunetuzumab/ CD20xCD3, PI3Kα, SERD), **Autism** (balovaptan), **Alzheimer's** (gantenerumab), **Ophthalmology** (port delivery system), **Immunology** (Gazyva in lupus), **Infectious diseases** (chronic hepatitis B)

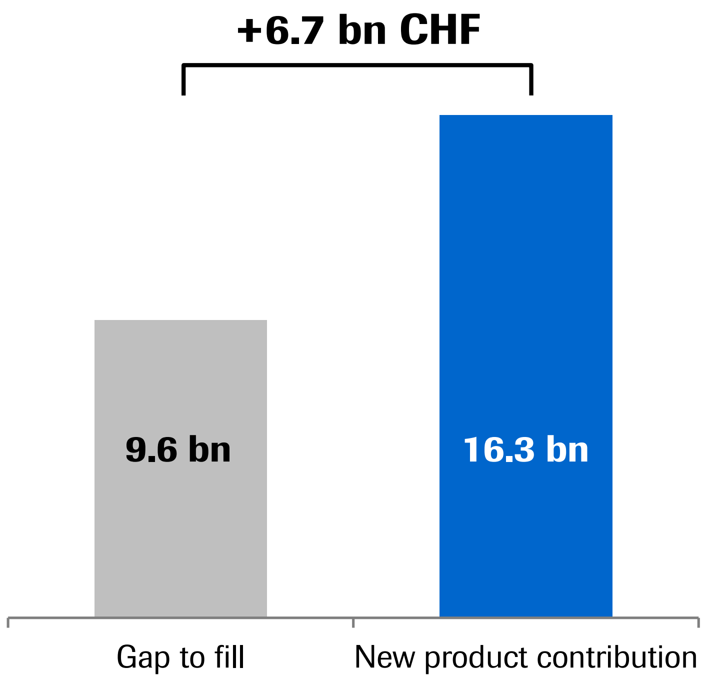
[1] Gap value including the total HER2 franchise change from 2017 to 2023, assuming Lucentis will be replaced by faricimab; [2] Esbriet, Tarceva, Xolair, Pulmozyme, Rocephin, CellCept, Mircera, NeoRecormon/Epogin, Activase/TNKase, Xeloda, Valcyte/Cymevene, Actemra/RoActemra, Tamiflu, Madopar, Pegasys; [3] satralizumab, etrolizumab, idasanutlin, ipatasertib, risdiplam, HTT-ASO

What has changed since our Pharma day a year ago?
Further increased confidence in delivering growth

2017-2022 consensus view[1]



2018-2023 consensus view[2]



Strong new product contribution & ongoing launches driving growth

[1] Roche Post-HY 2018 consensus survey; [2] Roche Post-HY 2019 consensus survey

Strong commercial potential throughout late stage portfolio

Roche

***10* blockbusters**

2018

Ocrevus	Esbriet
MabThera	Actemra
Herceptin	Lucentis
Avastin	Xolair
Perjeta	Activase

***14* blockbusters**

2020 consensus

Hemlibra	
Tecentriq	
Alecensa	
Kadcyla	
Ocrevus	Esbriet
MabThera	Actemra
Herceptin	Lucentis
Avastin	Xolair
Perjeta	Activase

***+17* late-stage assets with large sales potential**

Polivy	✓
Rozlytrek	✓
Venclexta*	✓
Xofluza	✓
risdiplam	filing 2019
satralizumab	filed

- balovaptan
- HTT-ASO
- gantenerumab
- idasanutlin
- PI3Kα (RG6114)
- ipatasertib
- bi-specifics
- Gazyva
- etrolizumab
- PDS w/ ranibizumab
- faricimab

Neuroscience | Immunology | Ophthalmology | Oncology | Infectious Disease | ✓ launched

* Venclexta sales are booked by partner AbbVie

2019 outlook further raised

Sales growth to "high-single digit" from "mid- to high single digit"

Group sales growth[1]	• High-single digit (from mid- to high single digit)
Core EPS growth[1]	• Broadly in line with sales
Dividend outlook	• Further increase dividend in Swiss francs

[1] At Constant Exchange Rates (CER)

Doing now what patients need next