

## Roche: focused on long-term value creation

*Karl Mahler, Head Investor Relations  
SRI Roadshow, 23 November 2007*



## Forward-looking statements

This presentation contains certain forward-looking statements. These forward-looking statements may be identified by words such as 'believes', 'expects', 'anticipates', 'projects', 'intends', 'should', 'seeks', 'estimates', 'future' or similar expressions or by discussion of, among other things, strategy, goals, plans or intentions. Various factors may cause actual results to differ materially in the future from those reflected in forward-looking statements contained in this presentation, among others:

- 1 pricing and product initiatives of competitors;
- 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
- 11 adverse publicity and news coverage.

Any statements regarding earnings per share growth is not a profit forecast and should not be interpreted to mean that Roche's earnings or earnings per share for this year or any subsequent period will necessarily match or exceed the historical published earnings or earnings per share of Roche.

Please see [www.roche.com](http://www.roche.com) for full information on Roche products mentioned.

---

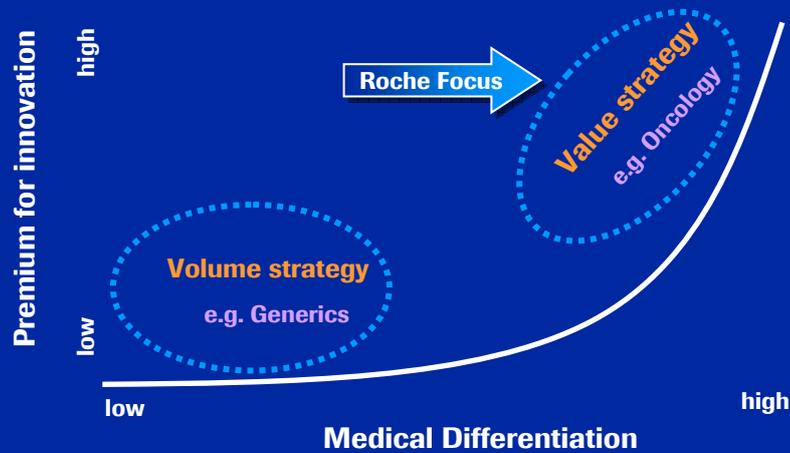
## About Roche

---

### Roche and Sustainability

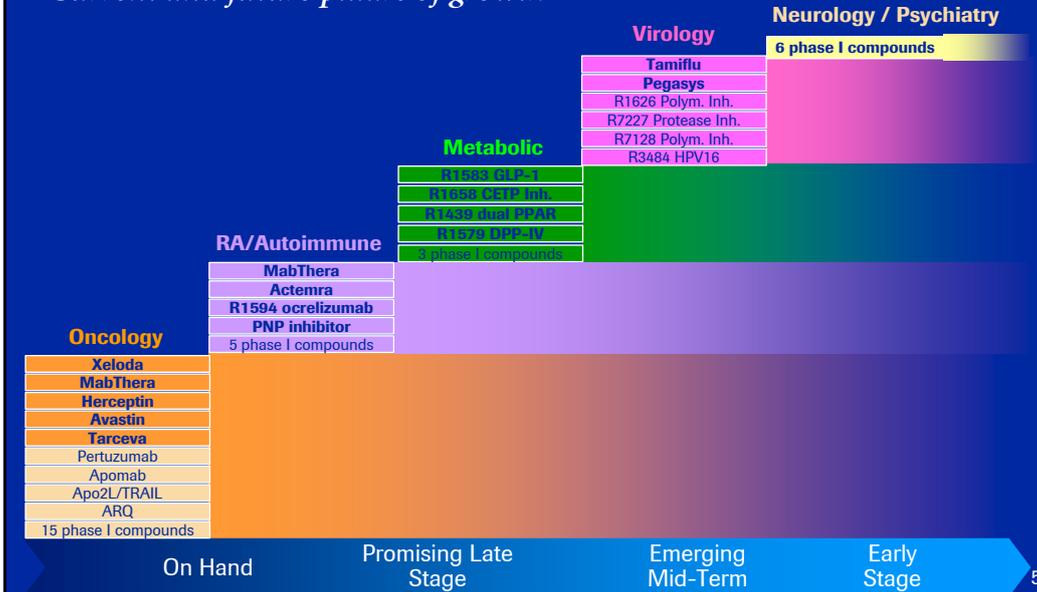
### Increasing Access to Healthcare

## Our focus: Developing medically differentiated products in areas of high medical need



## Roche's key therapeutic areas

Current and future pillars of growth



## Our Strategy

A clear business model for continued long-term success



### Strategic focus on medical value

Focus on **medically differentiated products and services** that offer real added value for patients and healthcare payers

### Combination of pharmaceuticals and diagnostics

Drive **personalised healthcare** - development & commercialisation of targeted drugs & companion diagnostic tests

### Unique innovation network model

Utilise an **innovation network** of partnerships to strengthen and/or complement our areas of focus

## About Roche

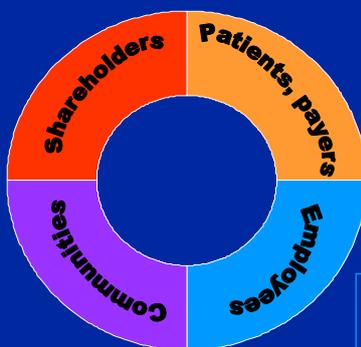
## Roche and Sustainability

## Increasing Access to Healthcare

## In Roche, “sustainability” is not a separate topic but part of doing business

*Increasing company value for ALL stakeholders*

Superior returns on investment



Value-added products and services

Active partner in humanitarian and social projects; “licence to operate”

Inspiring, successful environment; career development opportunities

## Roche management of “Sustainability”

### *Network approach across whole organisation*

- In 2002 Roche established Corporate Sustainability Committee (CSC) to manage Sustainability as an integral part of our daily business
- Sustainability driven through a network of people representing all aspects of the company, allowing involvement and engagement on many levels



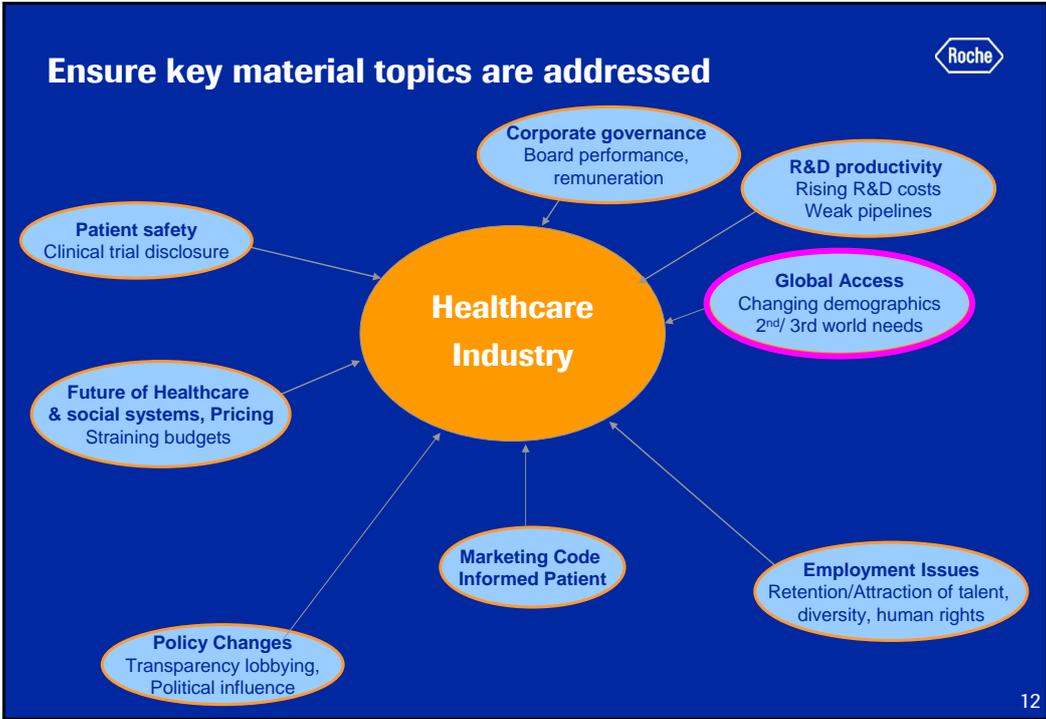
9

## CSC Charter and mandate

### *Manage and coordinate topics surrounding sustainability*

- Focus on **improving transparency, disclosure** and communication
- Ensure **policies, standards, systems** and **people in place** to identify and meet international standards & agreements and societal issues
- **Flag issues and opportunities** related to sustainability to the business areas and management
- Monitor strategy and **coordinate implementation**
- Enable **Social, Ethical** and **Environmental** responsibility to be **integrated into daily business** activities based on Corporate Principles

10



**About Roche**

**Roche and Sustainability**

---

**Increasing Access to Healthcare**

---

---

## **Access to Healthcare and Medicines Roche Sustainability in Action**

*Christopher Murray*  
*Director, Head of Pharma International*



## Access to Healthcare and Medicines and the role of the Pharmaceutical Industry



### How we see our role:

- Application of research and innovation to find new medicines to address unmet medical disease and patient needs
- To develop these medicines globally and register them around the world
- To play our role as partner in the complex provision of healthcare with multiple players

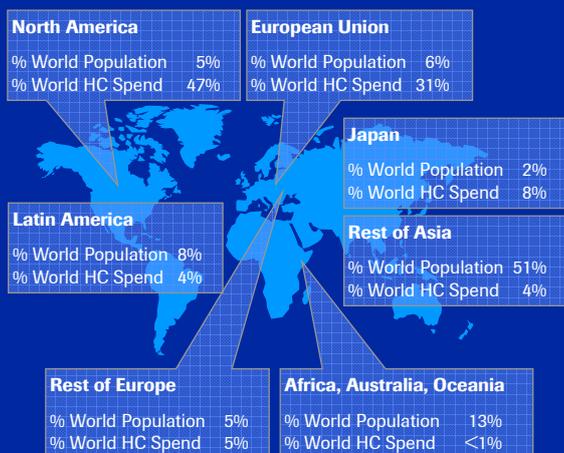
### We do not see our role:

- In determining Public Health priorities of nations
- In national infrastructure

15

## North America, EU and Japan 13 % population

Over 80 % of healthcare spending



### Developed countries

- Diseases in areas of CNS, respiratory, cancer, cardiovascular, infectious agents
- Healthcare spend b/n 7-14 % of GDP
- Access through health insurance

### Least developed countries

- Diseases in areas of HIV/ AIDS, TB, malaria, other infectious agents
- Healthcare spend < 1 % of GDP
- Lack of infrastructure, education, basic healthcare

Source: WHO – Priority Medicines for Europe & World Nov 2004; World Bank

16

## Enabling global access

### *Playing an active role*

- **Extensive phase I-IV clinical trial programme**
  - Providing free medicines and testing
  - 92 phase I-III clinical trials running (2006)
  - 375 clinical trials published on independent web site
  - 166,070 patients participating in clinical trials (2006)
  - Over 7,000 hospitals and clinics worldwide compensated
  
- **Patient Assistance programmes (USA)**
  - Free medicines if inadequate or no health insurance
  - Over 75,500 patients enrolled in 2006

## “Developing countries” encompasses poorest to relatively wealthy



### **Least Developed Countries (LDCs)**

- Profound poverty and weakness of economic, institutional and human resources
- e.g. Afghanistan, Bangladesh, Nepal



### **World Bank tiers by economic status – gross national income (GNI) per capita**

- Low income < \$905 e.g. India, Pakistan
- Lower middle income \$906 - \$3,595 e.g. China, Thailand
- Upper middle income < \$3,596 - \$11,115 e.g. Brazil, Russia
- High income \$11,116 + e.g. CH, UK, US

## Africa

### *Access to Healthcare Challenges*



- Varying political will
- Exodus of healthcare professionals to the North
- Low level of functioning healthcare systems
  - Beyond the 3 specific diseases (HIV, TB, Malaria) funded by international community
- Varying healthcare spending per head (US\$)
  - Niger \$30, South Africa \$669
  - (Switzerland \$3,776, USA \$5,711)
- Drug registration timelines
  - no regional mutual recognition
  - no “fast track” for life saving medicines

## **Why is there a gap in terms of what industry is doing to develop medicines to treat “neglected diseases” of low income countries?**

- For diseases that occur predominantly in low income countries, revenue from drug sales is insufficient to attract R&D
- More focused R&D activity and the increasing complexity of science does not allow for so much “peripheral” activity which might contribute to these solutions
- What chance of success? How long does one continue when no solution in sight? In any area of research
- International focus on medicine rather than of root causes

## Using our core competencies



*Sharing experience and know-how to develop sustainable solutions*



- **Clear, transparent, straight-forward pricing & patent policies**

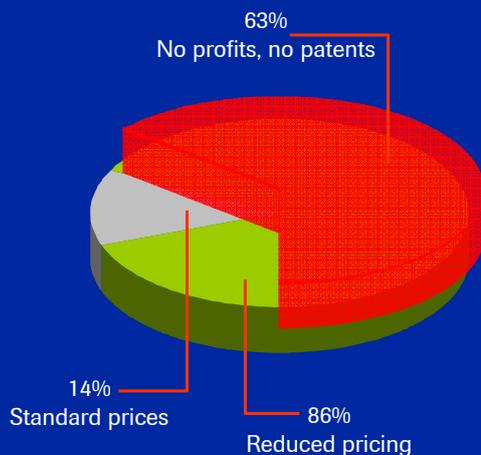
- No patents for any Roche medicines in LDCs; no patents on new antiretroviral drugs in sSA
- No enforcement of current patents in LDCs
- No profit prices for our antiretrovirals for LDCs and sSA
- Significantly reduced prices for low/ lower-middle income countries



- Facilitate **prevention through education and sharing of experience** rather than donations
- **Working in partnership** with committed governments and established NGOs to increase access to HIV healthcare

21

## Applying Roche HIV/AIDS Policies



- **Reduced pricing** applies to 86% of all people living with HIV/AIDS worldwide\*
- Both **patents and profit removed** for 63 countries encompassing 63 % of all people living with HIV/AIDS\*
- Standard prices apply to 14 % of global patient population\*

\* From UNAIDS date, published June 2006

22

## AIDS Technology Transfer Initiative



*Giving Africa and Least Developed Countries the know-how*

- Enable local manufacturers to produce saquinavir, listed as a second-line option in WHO treatment guidelines
- Strengthen African capability and long term security of supply
- Complex project involving many functions in Roche



23

## Roche Secondment Policy



*Enabling employees to contribute their skills to LCDs*



- Innovative, developmental opportunity for employees to spend 3–18 months making a sustainable contribution to help prevent or manage healthcare issues in low and lower middle income developing countries
- Roche continues to provide employee's salary
- First secondments commenced in Ethiopia and Niger
- Benefits Country, Employee and Employer

24

## Supporting development of local healthcare professionals

*Education: a sustained impact*



CARE 4 : 4th HIV / AIDS Management Exchange Workshop, Johannesburg 27th - 29th March 2006

## Supporting development of local healthcare systems

*Train them so they can help themselves*



### CARE with PharmAccess Foundation

- Delivered HIV care training to over 500 healthcare professionals from 15 African countries
- CARE learnings have enabled a more rapid scale-up of treatment now large-scale funding available



### Cambodian Treatment Access Programme with Ministry of Health & University New South Wales

- New clinic constructed
- Over 1,700 patients
- Training healthcare professionals a key component

## Roche activities based on African identified needs

*Asking African healthcare workers what is needed vs. preconceived views of the “west”*

CARE 4, Johannesburg, March '06



"It's time that the international community listened to us as African health workers to understand the real challenges on the ground."

Dr Elly Katabira  
Makerere University, Kampala

### Interactive session:

- *In your opinion, what does Africa most need in order to address HIV/AIDS?*
- *What do you think is the most appropriate and sustainable role of R&D-based pharmaceutical companies to make a long-term difference for people living with HIV/AIDS in Africa?*
- *What do you expect to be saying to your family about the HIV/AIDS situation in Africa in 5 years' time?*

27

## Supporting AIDS Orphans in Malawi and worldwide

*Roche engaged on individual & company level*



- Employee-driven fundraising initiative each World AIDS Day
- Roche doubles funds raised
- Partnership with NGO to manage 7 centres serving 3,000 orphans
- UNICEF partnership to improve the schools
- Since 2003, over 34,000 Roche employees, across 95 sites, raised almost CHF 4 m for children impacted by AIDS
- *"We are no more orphans, as we have you caring for us"*  
- Ruth Misomali, secondary school student, Malawi

28

## Phelophepa: The world's first healthcare train

*Bringing better health to rural South Africa*



- Provides primary care: general, dental, eye, psychiatric, cancer screening and diabetes prevention (No HIV/AIDS treatment)
- Unique Roche sponsored healthcare project
- Reached over 1 million people

29

## In Africa and LDCs, HIV/ AIDS is not 'business as usual' for Roche



Price of medicines will always be an issue when half the planet live on \$2 per day or less

Each day we strive to achieve a sustainable balance between innovation and access, compassion and commerce



30