Innovation and growth

Daniel O`Day
COO Roche Pharma

Boston, March 2014
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6. increased government pricing pressures;
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9. litigation;
10. loss of key executives or other employees; and
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Performance update

Innovation: Industry in context

Building pillars of innovation and growth

Summary
2013: Targets fully achieved

<table>
<thead>
<tr>
<th>Targets for 2013</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group sales</strong></td>
<td></td>
</tr>
<tr>
<td>In line with sales growth recorded in 2012(^1)</td>
<td>+6% ✓</td>
</tr>
<tr>
<td><strong>Core EPS</strong></td>
<td></td>
</tr>
<tr>
<td>Ahead of sales growth(^1)</td>
<td>+10% ✓</td>
</tr>
<tr>
<td><strong>Dividend</strong></td>
<td></td>
</tr>
<tr>
<td>Further increase dividend</td>
<td>CHF 7.80 +6% ✓</td>
</tr>
</tbody>
</table>

\(^1\)At 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

All values at constant exchange rates
Group operating profit and margin

33.2% 34.9% 35.6% 37.7% 38.3%

+8%¹

CHFbn

2009 2010 2011 2012 2013

% of sales

¹ At constant exchange rates
Strong operating free cash flow

% of sales

CHFbn

2009 2010 2011 2012 2013

15.7 14.2 13.8 16.1 16.4

31.9% 30.0% 32.4% 35.5% 35.0%

+5%¹

¹ At constant exchange rates
2013: Dividend further increased

2013 payout ratio: 55%

Pay-out ratio calculated as dividend per share divided by core earnings per share (diluted); 2013 as proposed by the Board of Directors
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Summary
An increasingly challenging environment

**Regulators**

*Medical benefit-risk ratio*

- Efficacy (clinical endpoints)
- Safety (‘zero’ tolerance)

**Payers**

*Economic benefit-cost ratio*

- Constrained funding capacity
- Demanding real outcome evidence

**Investors**

*Economic risk-return ratio*

- Declining returns
- Declining growth
Roche: Focused on innovation and access

Enabling access

- **Regulators**
  Optimised benefit / risk ratio

- **Payors**
  Optimised benefit / cost ratio
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
Roche approach stratified in three clusters

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

- **United States** (35% of world market, 5% of population)
  - Stable pricing

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

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Summary
A leading pipeline
15 NMEs in late-stage development

Number of NMEs

2008 2009 2010 2011 2012 2013

15

Perjeta
ocrelizumab
Gazyva
MetMAb
Kadcyla
Erivedge
Zelboraf
ocrelizumab
aleglitazar
dalcetrapib
lebrikizumab

12

HCV
ocrelizumab MS
bitopertin
dalcetrapib
taspoglutide
ocrelizumab
Perjeta

12

HCV
ocrelizumab MS
bitopertin
dalcetrapib
taspoglutide
ocrelizumab
Perjeta

10

bitopertin
aleglitazar
dalcetrapib
taspoglutide
ocrelizumab
Perjeta

9

ocrelizumab MS
bitopertin
dalcetrapib
taspoglutide
ocrelizumab
Perjeta

4

taspoglutide
dalcetrapib
ocrelizumab
Perjeta

15

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

1 Phase III decision pending
2013: 15 new compounds in late stage development

Oncology

- anti-CD79b ADC\(^1\)
- pictilisib (PI3K)\(^1\)
- beta-sparing PI3K\(^1\) (mutant selective)
- alectinib (ALKi)\(^1\)  
  - 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
Anti-PDL1 overview

**Differentiation**

- Potential for better safety
- Potential for personalized approach
- Potential for longer response

**Development**

- NSCLC
  - Monotherapy
  - Tarceva combo
- Melanoma
  - Monotherapy
  - Zelboraf combo
- RCC
- Other solid tumours
- Combo w Avastin
  - Solid tumours
- Multiple combos starts 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; (&lt;span class=&quot;n&quot;&gt;n = 53&lt;/span&gt;)</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>
</tr>
</thead>
<tbody>
<tr>
<td>Nonsquamous</td>
<td>IHC 0</td>
</tr>
<tr>
<td>Squamous</td>
<td>IHC 3</td>
</tr>
<tr>
<td>Nonsquamous</td>
<td>IHC 0</td>
</tr>
<tr>
<td>Nonsquamous</td>
<td>IHC 1</td>
</tr>
<tr>
<td>Nonsquamous</td>
<td>IHC 0</td>
</tr>
<tr>
<td>Squamous</td>
<td>IHC 2</td>
</tr>
<tr>
<td>Nonsquamous</td>
<td>IHC 3</td>
</tr>
<tr>
<td>Squamous</td>
<td>IHC 3</td>
</tr>
<tr>
<td>Nonsquamous</td>
<td>IHC 3</td>
</tr>
<tr>
<td>Nonsquamous</td>
<td>IHC 0</td>
</tr>
<tr>
<td>Nonsquamous</td>
<td>IHC 3</td>
</tr>
<tr>
<td>Nonsquamous</td>
<td>IHC 1</td>
</tr>
</tbody>
</table>

* 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 program overview

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
Immuno-oncology: Collaboration deals in 2013

Major focus areas

Cancer vaccines
- INO-5150 (DNA vaccine)
- IMA942 (peptide vaccine)

INO-5150 licenced from Inovio; IMA942 licenced from immatics; Anti-CD40 acquired from VLST; ImmTACs in collaboration with Immunocore; APC=Antigen Presenting Cell
# Immunology and Ophthalmology

New late-stage compounds in a well-established franchise

## Growing existing franchise (CHF 6.3bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>MabThera/Rituxan RA</th>
<th>Actemra/RoActemra RA</th>
<th>CellCept Transplant</th>
<th>Pulmozyme Cystic fibrosis</th>
<th>Xolair Asthma</th>
<th>Lucentis Macular degeneration</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1,191</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3,027</td>
</tr>
<tr>
<td>2013</td>
<td>1,037</td>
<td>874</td>
<td>790</td>
<td>572</td>
<td>1,689</td>
<td></td>
<td></td>
<td>4,249</td>
</tr>
</tbody>
</table>

+12% increase

## 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
Entering new therapeutic areas
Lampalizumab in Geographic Atrophy (GA)
Lampalizumab for Geographic Atrophy

High efficacy in subpopulation with exploratory biomarker

Ph III trial to begin 2014

Change in GA Area (mm²)

Sham

Lampalizumab

44% rate reduction in disease progression

Ph III trial to begin 2014

months
Performance update

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Summary
Summary: Focus on innovation and growth

1. Building on strong 2013 performance
2. Innovation and access keys for success in market environment
3. Well positioned with leading product pipeline
Doing now what patients need next