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# **Committed to innovation and growth**

*Karl Mahler – Head Investor Relations*

*Roland Diggelmann – COO Roche Diagnostics*

*Paris, March 26<sup>th</sup> 2013*

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## **2012 Results**

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### **Diagnostics**

- **IVD Market & Roche Strategy**
- **Sales Performance**
- **Companion Diagnostics**

### **Outlook**

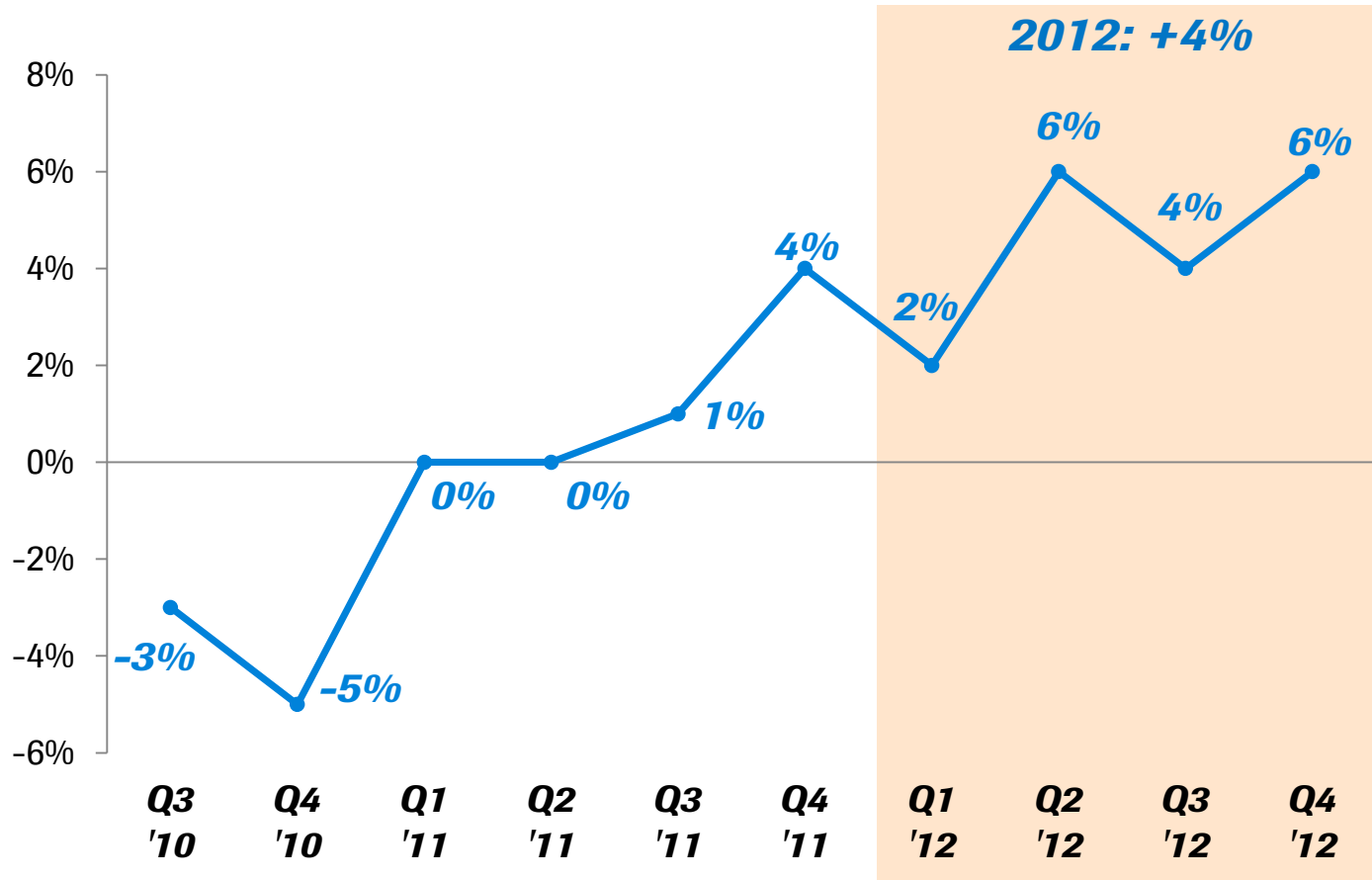
# 2012: Financial targets fully achieved

<i>Targets for 2012</i>		<i>FY 2012</i>	
Pharma	Low to mid single-digit <sup>1</sup>	<b>+5%</b>	✓
Diagnostics	Above market <sup>1</sup>	<b>+4%</b>	✓
Group	Low to mid single-digit <sup>1</sup>	<b>+4%</b>	✓
Core EPS	High single-digit <sup>1</sup>	<b>+10%</b>	✓
Dividend	Continue attractive dividend policy	<b>CHF 7.35</b> <b>+8%</b>	✓

<sup>1</sup>At CER=Constant Exchange Rates

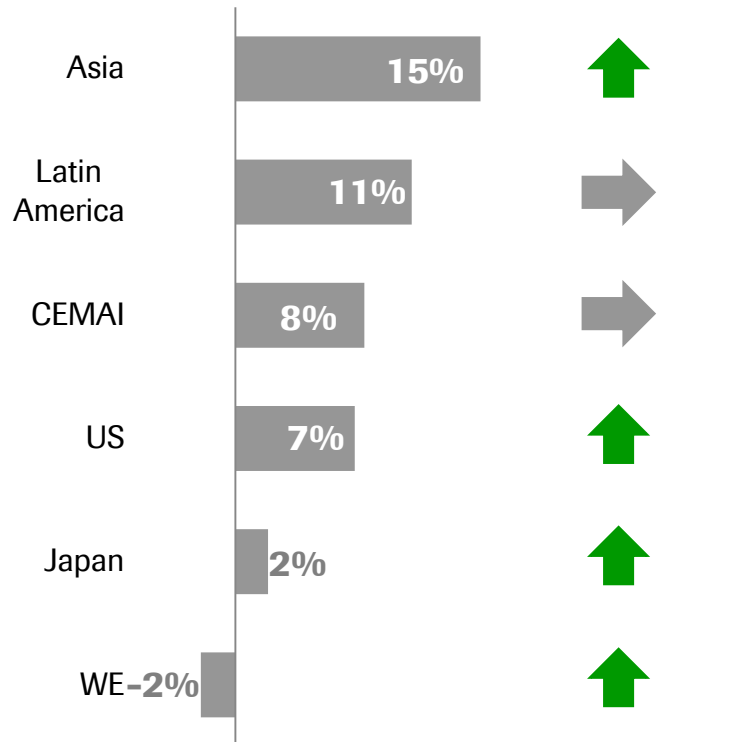
2012 dividend as proposed by the Board of Directors

# 2012: Sales growth accelerating<sup>1</sup>

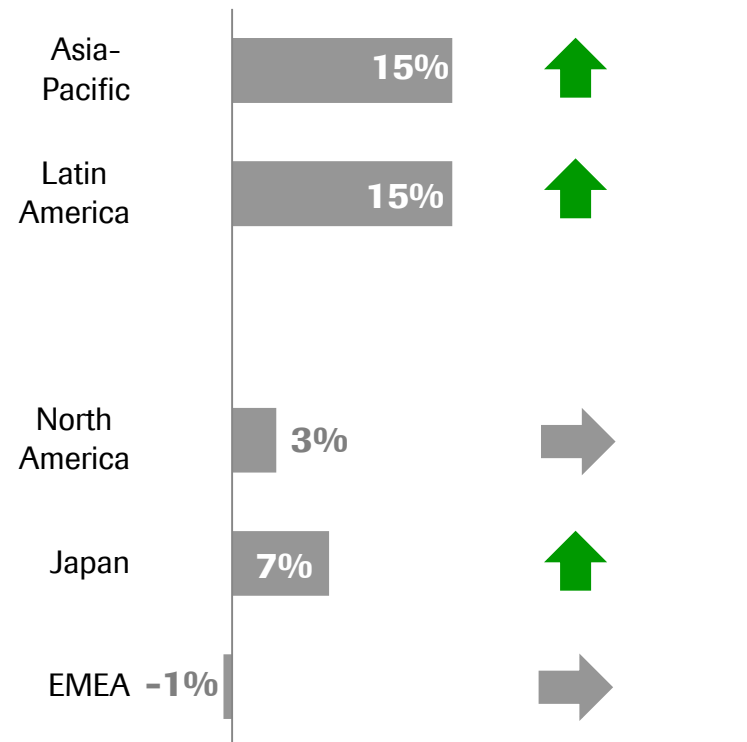


# 2012: US and Emerging markets driving growth

## *Pharma* *Growth vs. market*

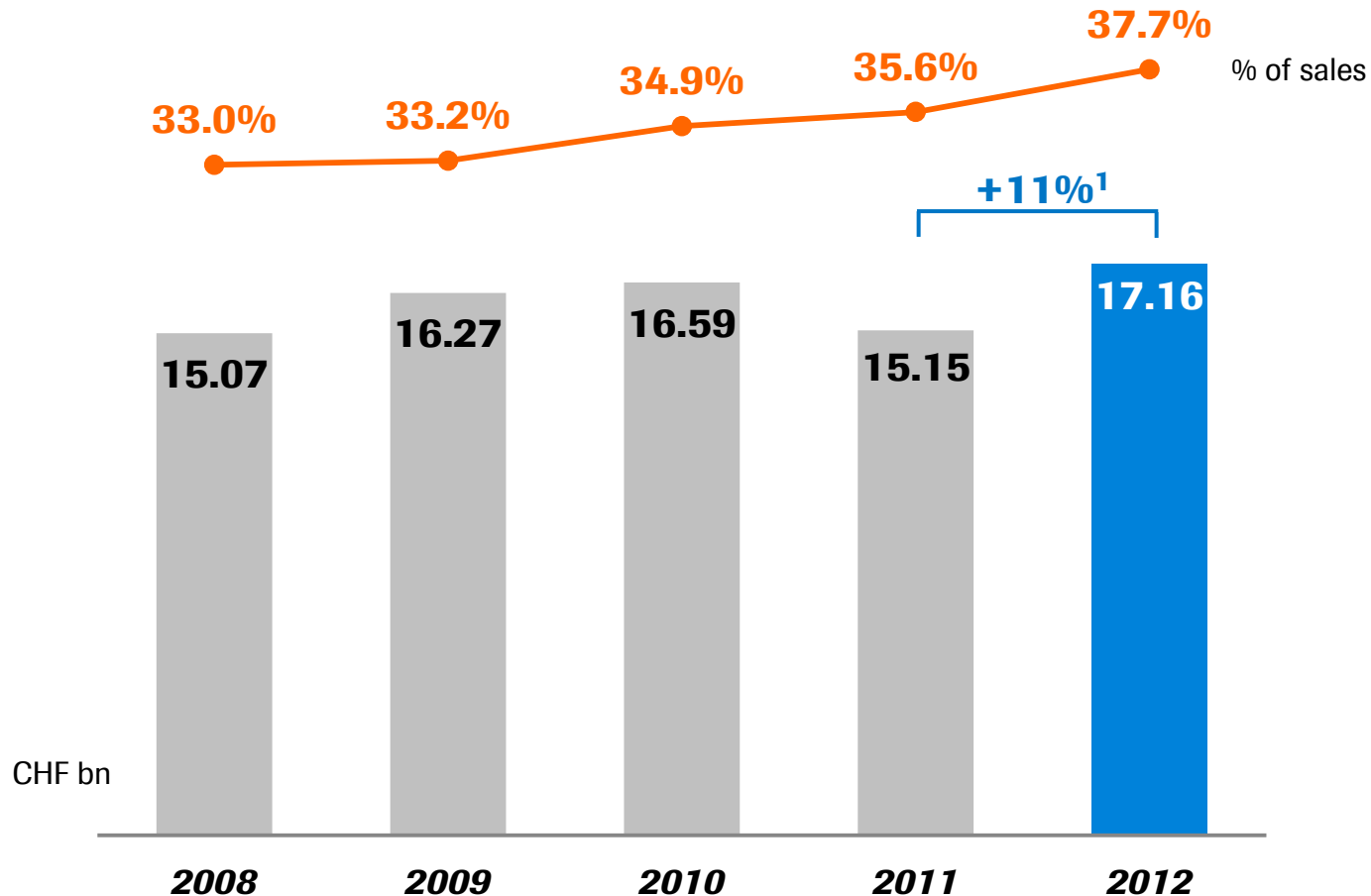


## *Diagnostics* *Growth vs. market*



# 2012: Operating profit and margin further increased

## Group core operating profit and margin

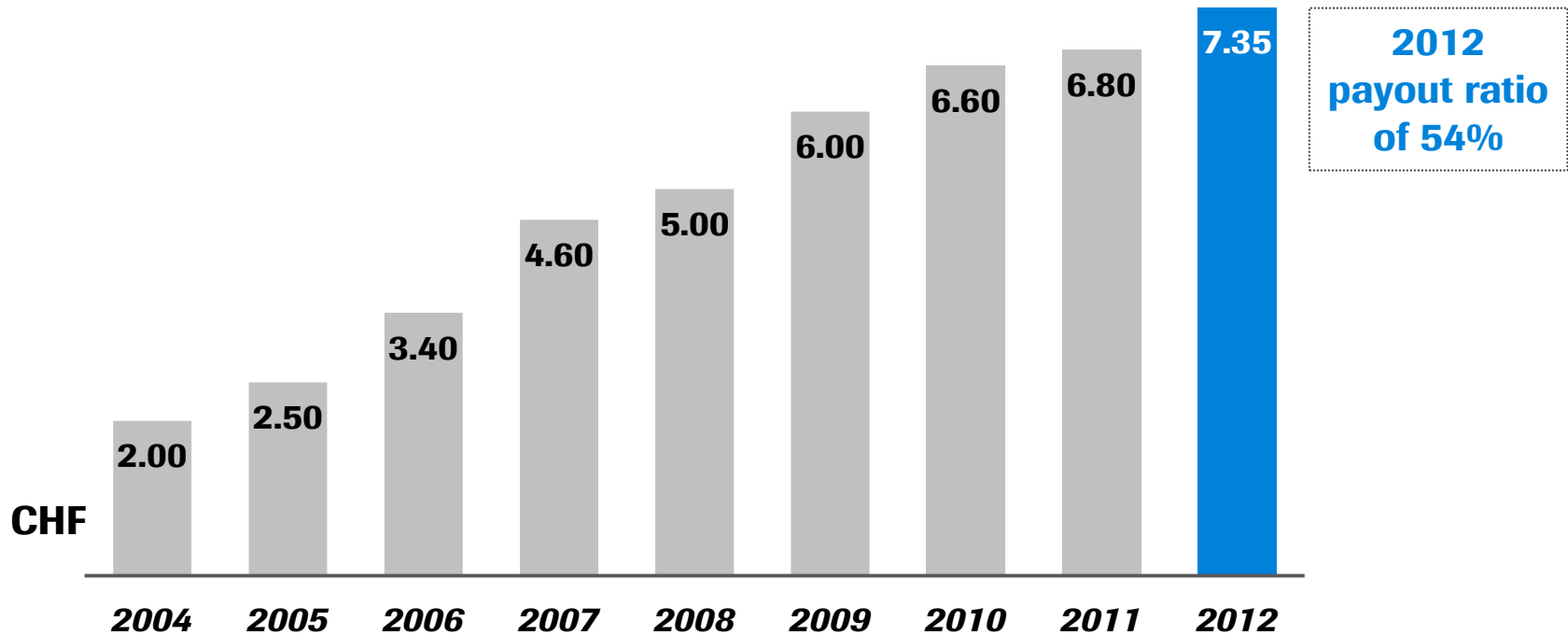


<sup>1</sup> At CER=Constant Exchange Rates



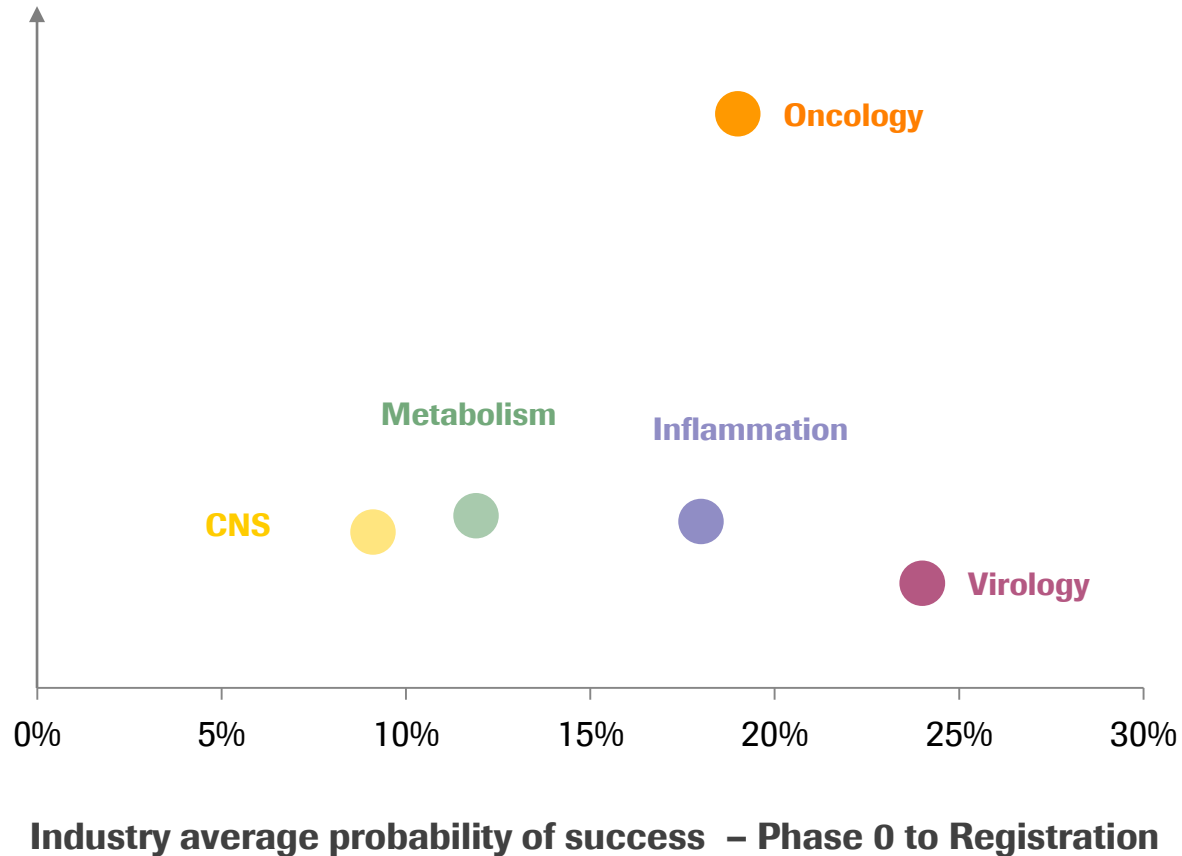
# 2012: Dividend further increased

**Average yearly dividend growth  
(2004-2012): 18%**



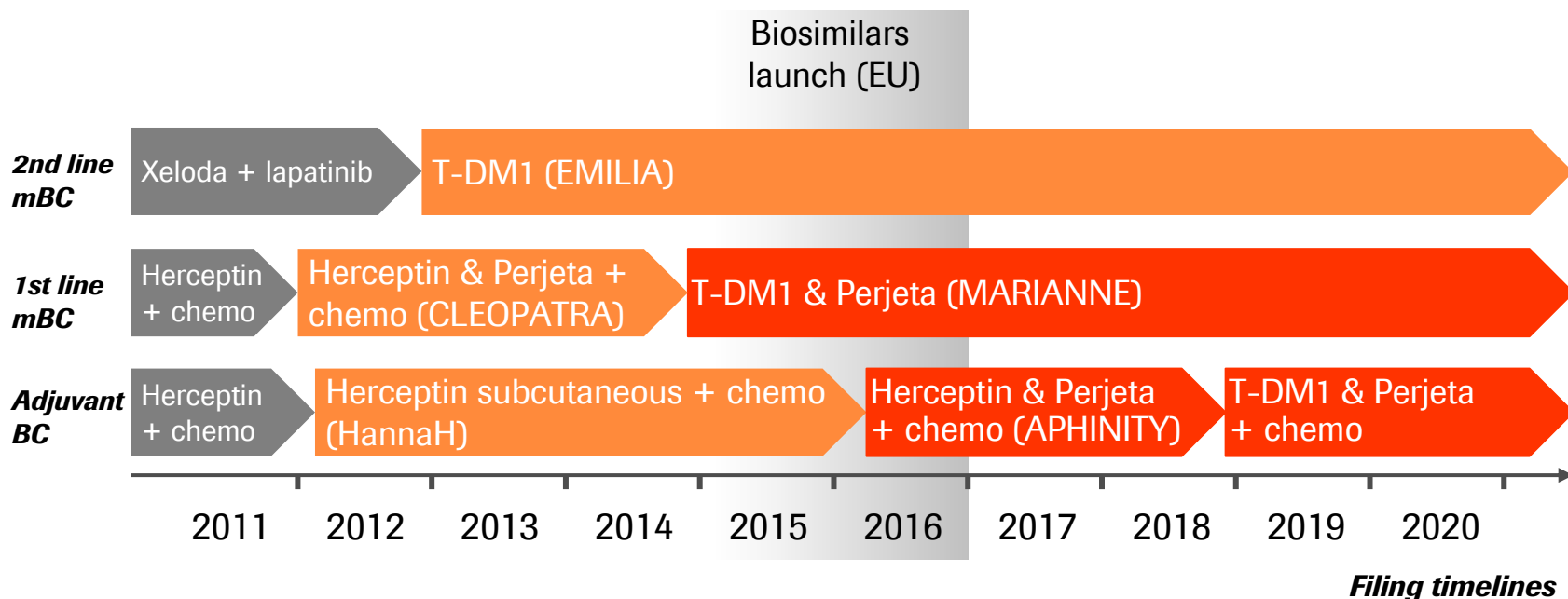
# Roche: R&D well balanced from a risk & disease point of view

2012 Roche budget



# Changing the standard of care in HER2

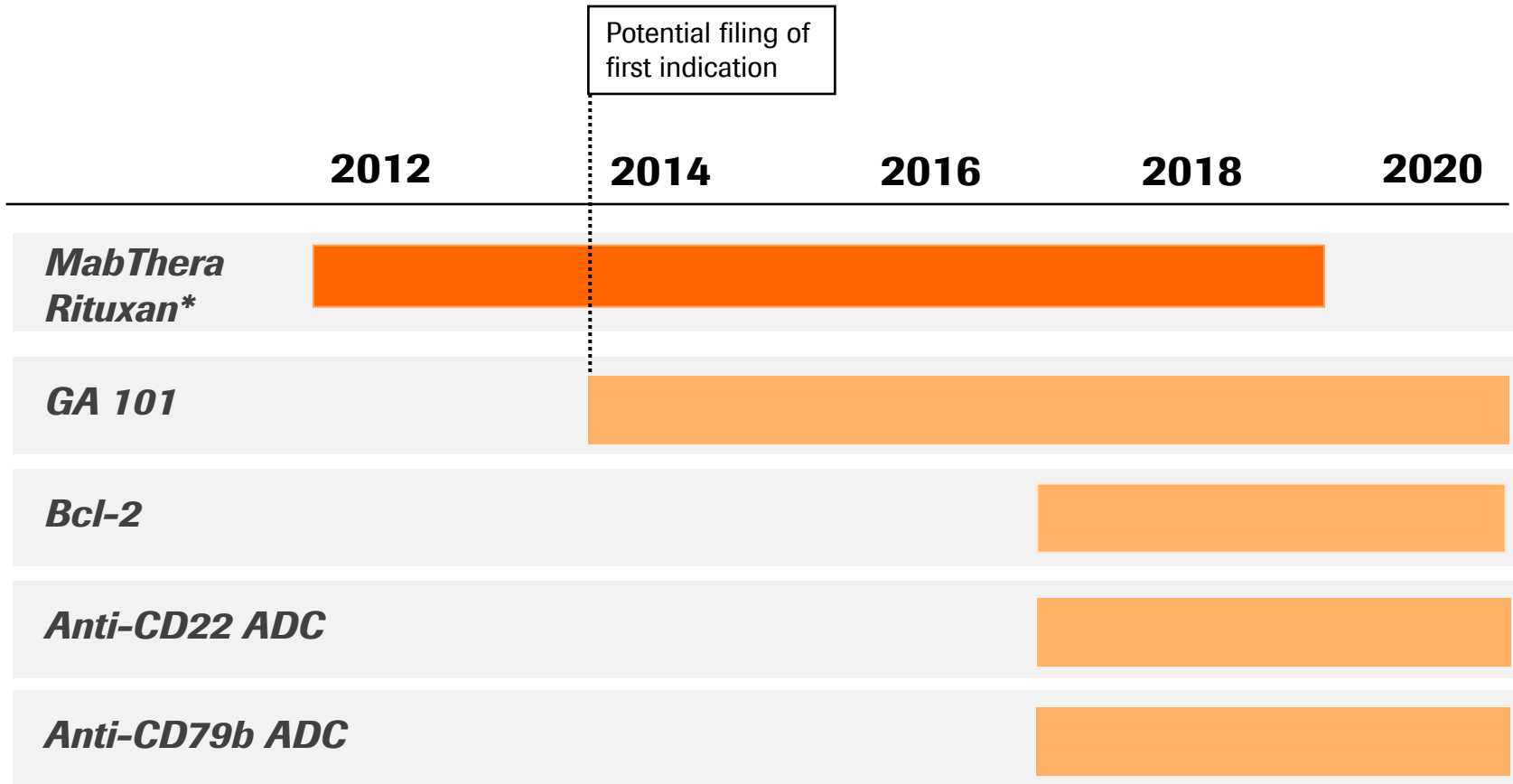
*Securing future growth by improving the standard of care*



Established standard of care
  Potential new standard of care
  Potential future standard of care

# Changing the standard of care in hematology

## *Different mechanisms of action*



\* Patent expiry in the US: 2018

# 2013: A rich year for late-stage enabling studies

## *Major up-coming decision points*

<b>aleglitazar</b> <i>metabolic diseases</i>
<b>lebrikizumab</b> <i>asthma</i>
<b>gantenerumab*</b> <i>Alzheimer's</i>
<b>ocrelizumab</b> <i>MS</i>
<b>bitopertin</b> <i>schizophrenia</i>
<b>MEKi</b> <i>melanoma</i>
<b>onartuzumab (MetMAb)</b> <i>NSCLC</i>
<b>obinutuzumab (GA101)</b> <i>CLL</i>
<b>T-DM1</b> <i>HER2+ BC</i>

**Ph III NMEs**

<b>Anti-PD-L1</b> <i>solid tumours</i>	<b>mGluR2 antagonist</b> <i>treatment-resistant depression</i>
<b>onartuzumab (MetMAb)</b> <i>triple-negative breast cancer</i>	<b>mGluR5 antagonist</b> <i>treatment-resistant depression</i>
<b>Anti-EGFL7</b> <i>solid tumours</i>	<b>crenezumab</b> <i>Alzheimer's</i>
<b>EGFR ADCC MAb (GA201)</b> <i>solid tumours</i>	<b>HCV combo</b> <i>HepC</i>
<b>PI3 kinase</b> <i>solid tumours</i>	<b>etrolizumab</b> <i>ulcerative colitis</i>
<b>dual PI3 kinase/mTOR</b> <i>solid tumours</i>	<b>Anti-factor D</b> <i>geographic atrophy</i>
	<b>Anti-PCSK9</b> <i>metabolic diseases</i>
	<b>inclacumab (P selectin MAb)</b> <i>ACS/CVD</i>

**Late stage enabling data expected in 2013**

- Oncology
- Neuroscience
- Virology
- Immunology
- Ophthalmology
- Metabolism

**2013 R&D to remain stable**

\*Phase II/III label enabling

## 2012 Results

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### **Diagnostics**

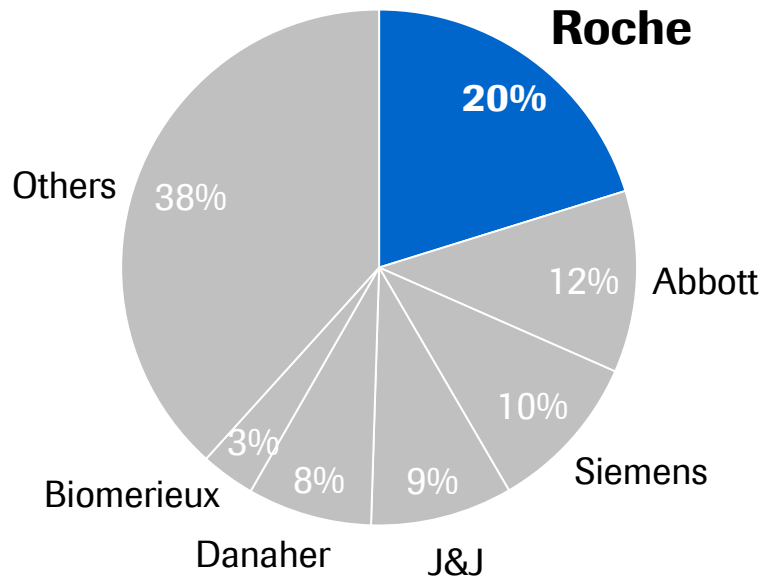
- IVD Market & Roche Strategy
  - Sales Performance
  - Companion Diagnostics
- 

### **Outlook**

# IVD market overview

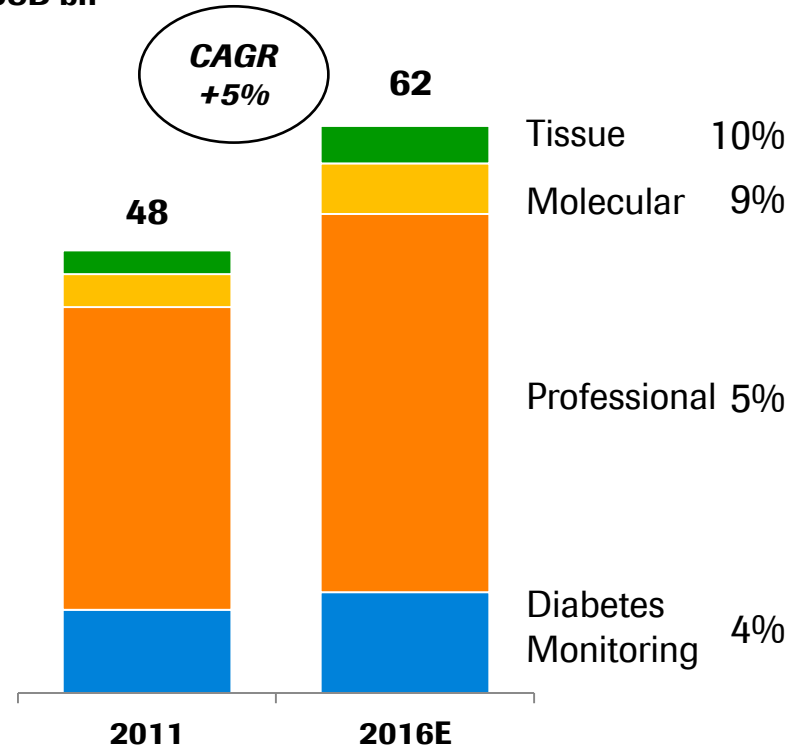
*Large and growing market; Roche is market leader*

## Market share



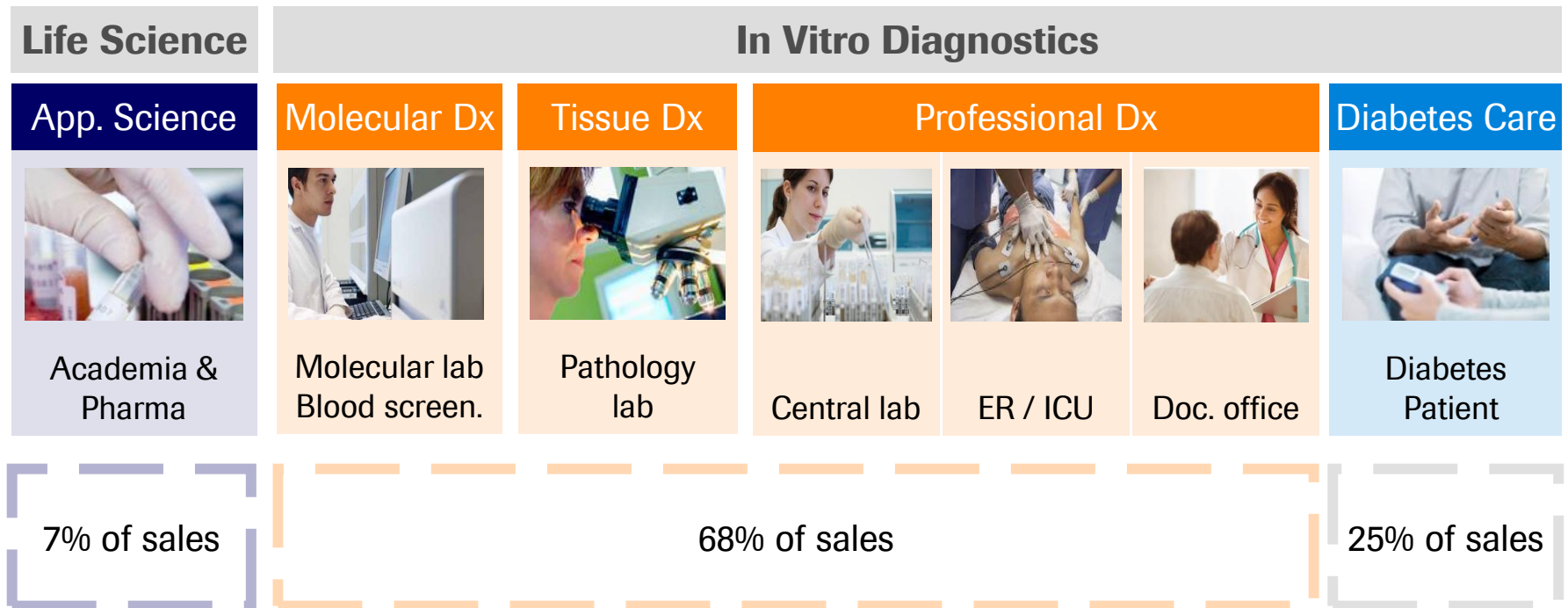
## Market size

USD bn



# Roche Diagnostics portfolio overview

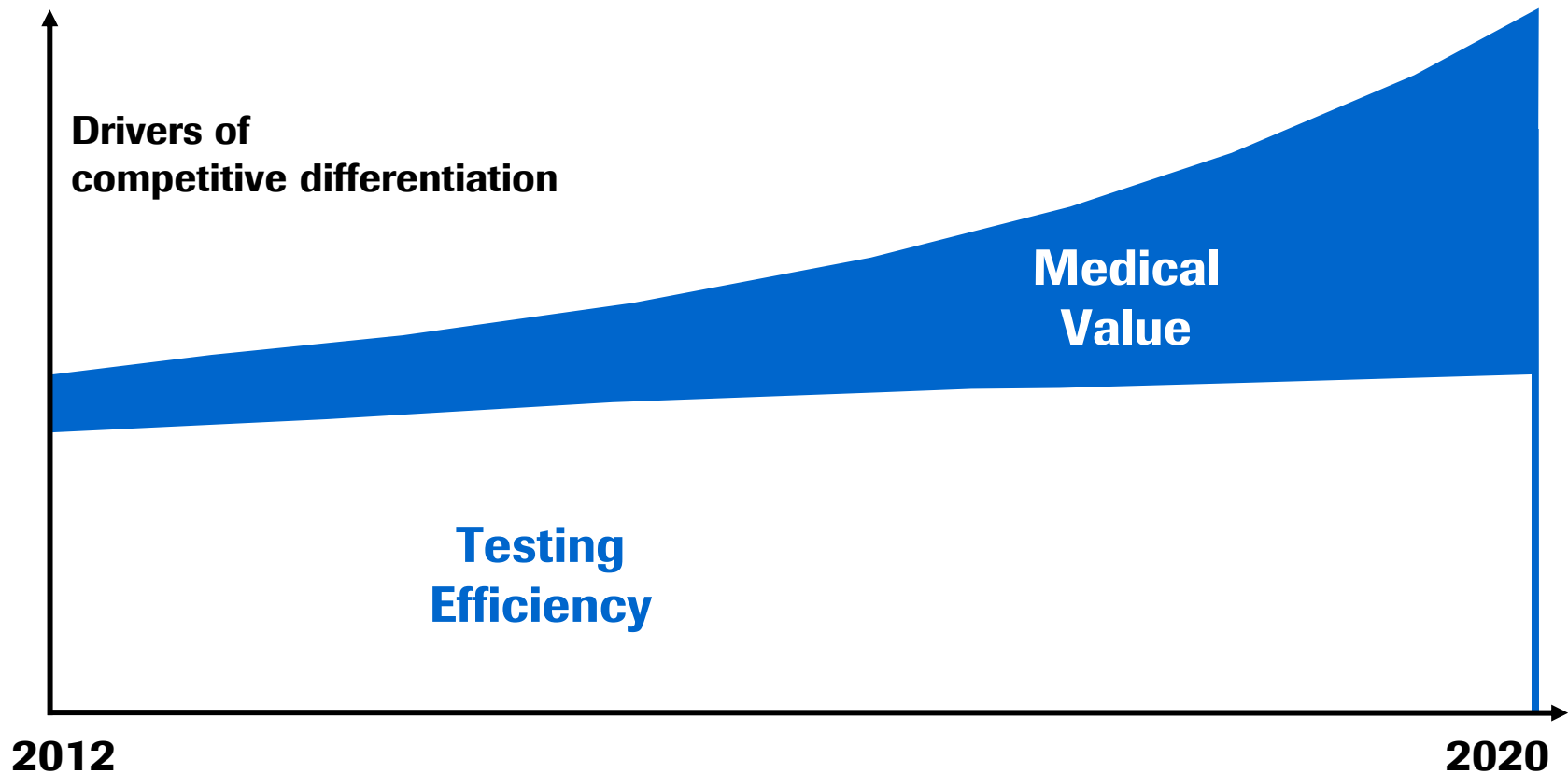
## *Industry leading businesses covering the entire IVD spectrum*





# Roche Diagnostics' strategy

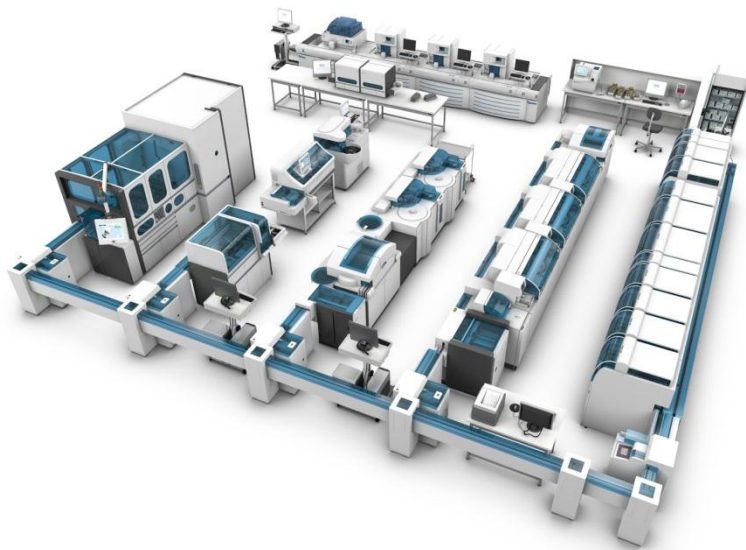
*Differentiation through innovation in testing efficiency and medical value*



# Testing efficiency

## *Increasing productivity in labs*

### Testing efficiency value for customers



- Saving costs via automation
- Fast turnaround times due to high throughput
- Efficient workflow from sample preparation to test results
- Modular and scalable solutions with flexibility for growth

***Largest worldwide installed base across 130 countries***

# Medical value strategy

## *Providing clinical data to guide treatment decisions with use of diagnostics*

### Heart Failure (HF)



- Over 5% of US healthcare spending<sup>1</sup>
- Limited tools for treatment decision
- Unmet need for a biomarker to guide therapy titration

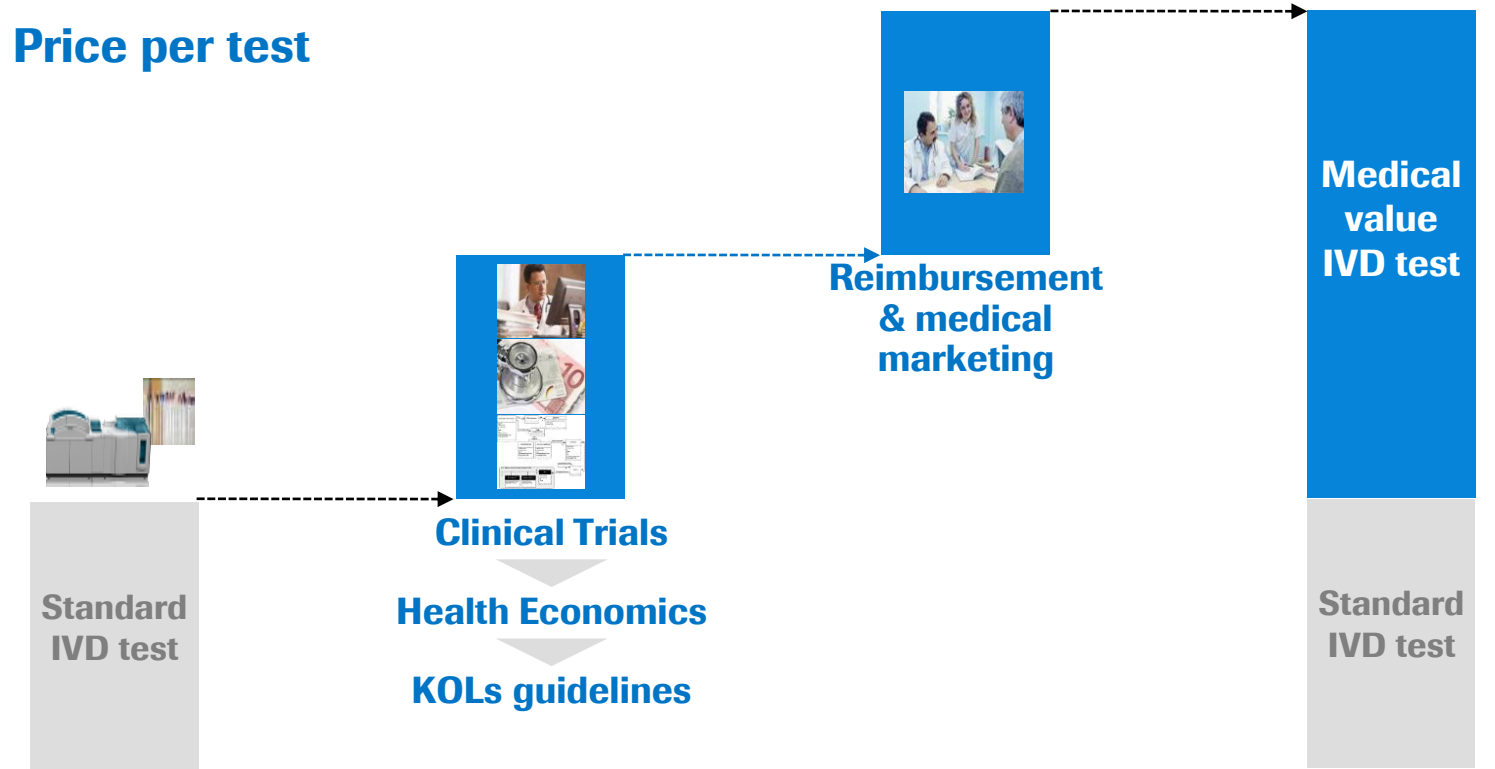
### NT-proBNP

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- **Intended uses of NT-proBNP supported by clinical data**
  - Rule in/out and early detection of HF; Risk stratification of ACS<sup>2</sup>; Therapy monitoring<sup>3</sup>
- **GUIDE-IT Trial: NT-proBNP target to guide medical therapy in HF**
  - 1100 patient study in collaboration with Duke University and NIH
  - To repeat key results from PROTECT<sup>4</sup>
  - Targeting new intended use in the US in a large and growing market

# Medical value benefits

*Higher value through clinical utility and health economics*

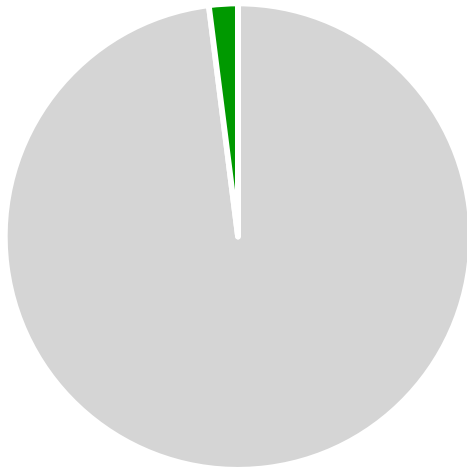


# Medical value benefits

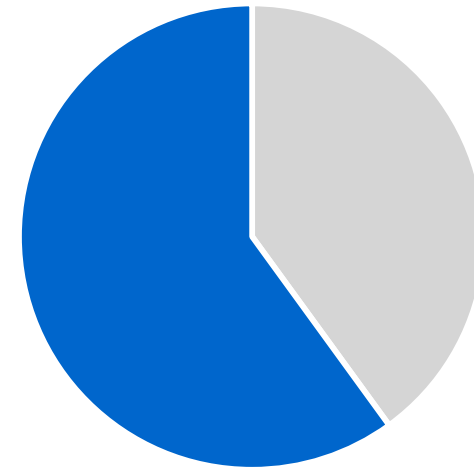
## *Significant contribution to the healthcare system*

***In vitro* diagnostics (IVD) testing has long been a silent champion of healthcare**

IVD < **2%** total worldwide healthcare spending



Influences > **60%** of critical decision-making



## 2012 results

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### **Diagnostics**

- **IVD Market & Roche strategy**
  - **Sales Performance**
  - **Companion Diagnostics**
- 

### **Outlook**

# 2012: Diagnostics Division sales

## *Sustained growth above the market\**

	2011 CHF m	2012 CHF m	CHF growth	in % CER
<b>Diagnostics Division</b>	<b>9,737</b>	<b>10,267</b>	<b>5%</b>	<b>4%</b>
Professional Diagnostics	4,709	5,165	10%	8%
Diabetes Care	2,652	2,566	-3%	-4%
Molecular Diagnostics	1,094	1,168	7%	4%
Applied Science	740	737	0%	-3%
Tissue Diagnostics	542	631	16%	12%

# Professional Diagnostics: Industry leader growing twice as fast as the market

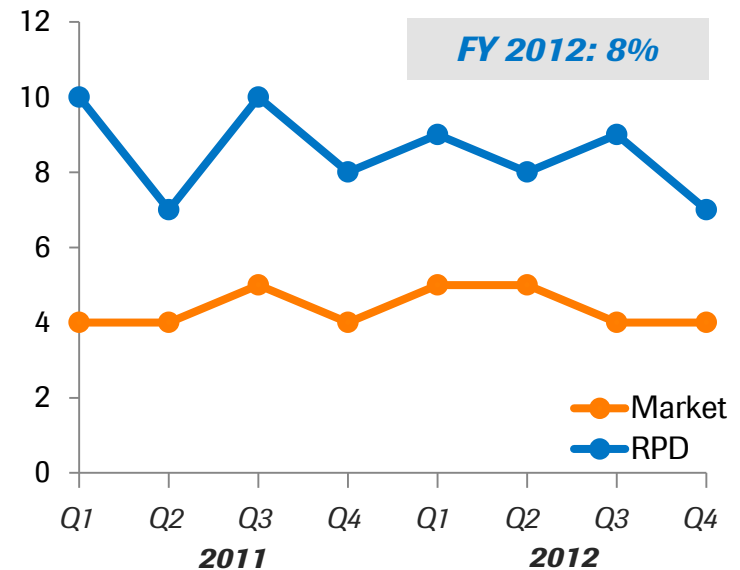
## Reagent pull-through model



### 2012

- Instrument placements in SWA<sup>1</sup>: +13%
- Expanded immunoassay menu with >100 tests

## RPD<sup>2</sup> sales vs. market growth (%)



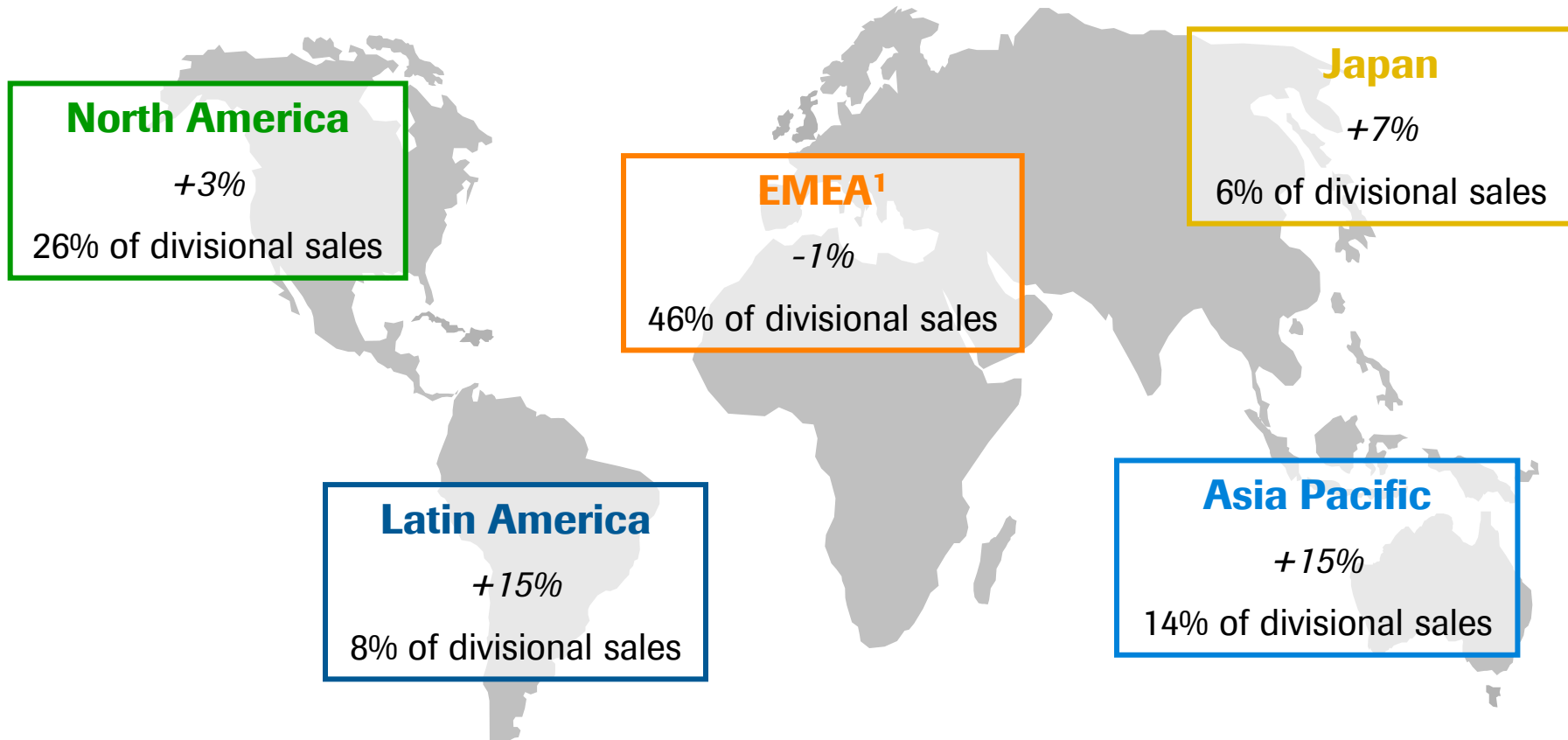
<sup>1</sup>Serum Work Area: Immunoassays and Clinical Chemistry;

<sup>2</sup>RPD=Roche Professional Diagnostics; Market estimates from independent IVD consultancy, Q4 2012 forward estimate;



# 2012: Strong sales growth in emerging markets

## *Market leader in all regions*



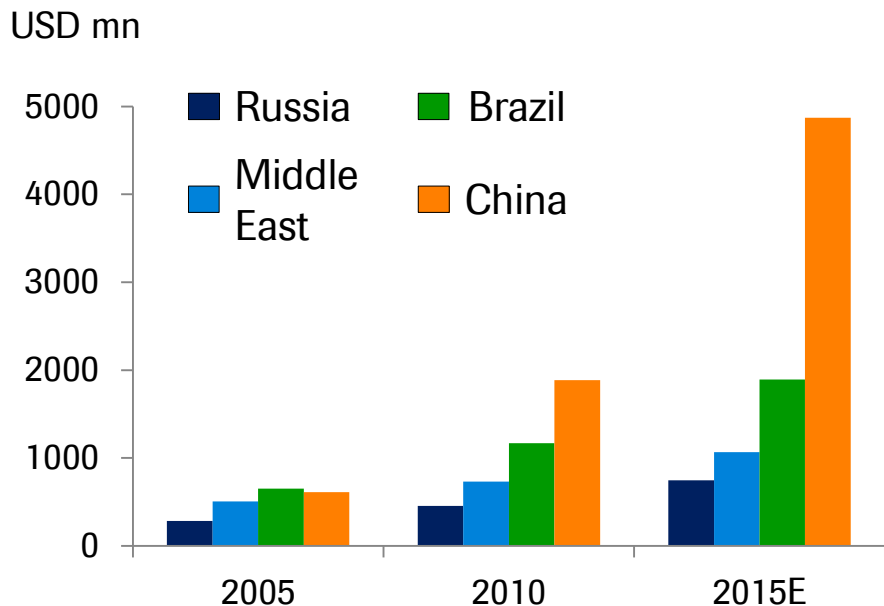
**17 % growth in E7 countries<sup>2</sup>**

<sup>1</sup>Europe, Middle East and Africa; <sup>2</sup>Brazil, China, India, Mexico, Russia, South Korea, Turkey  
All growth at CER=Constant Exchange Rates)

# Emerging Markets

*Strong growth trajectory expected to continue*

## IVD MARKET SALES<sup>1</sup>



## ROCHE SALES GROWTH<sup>2</sup>

<u>FY 2012</u>	
Russia	8%
Middle East	11%
Brazil	11%
China	26%

## 2012 results

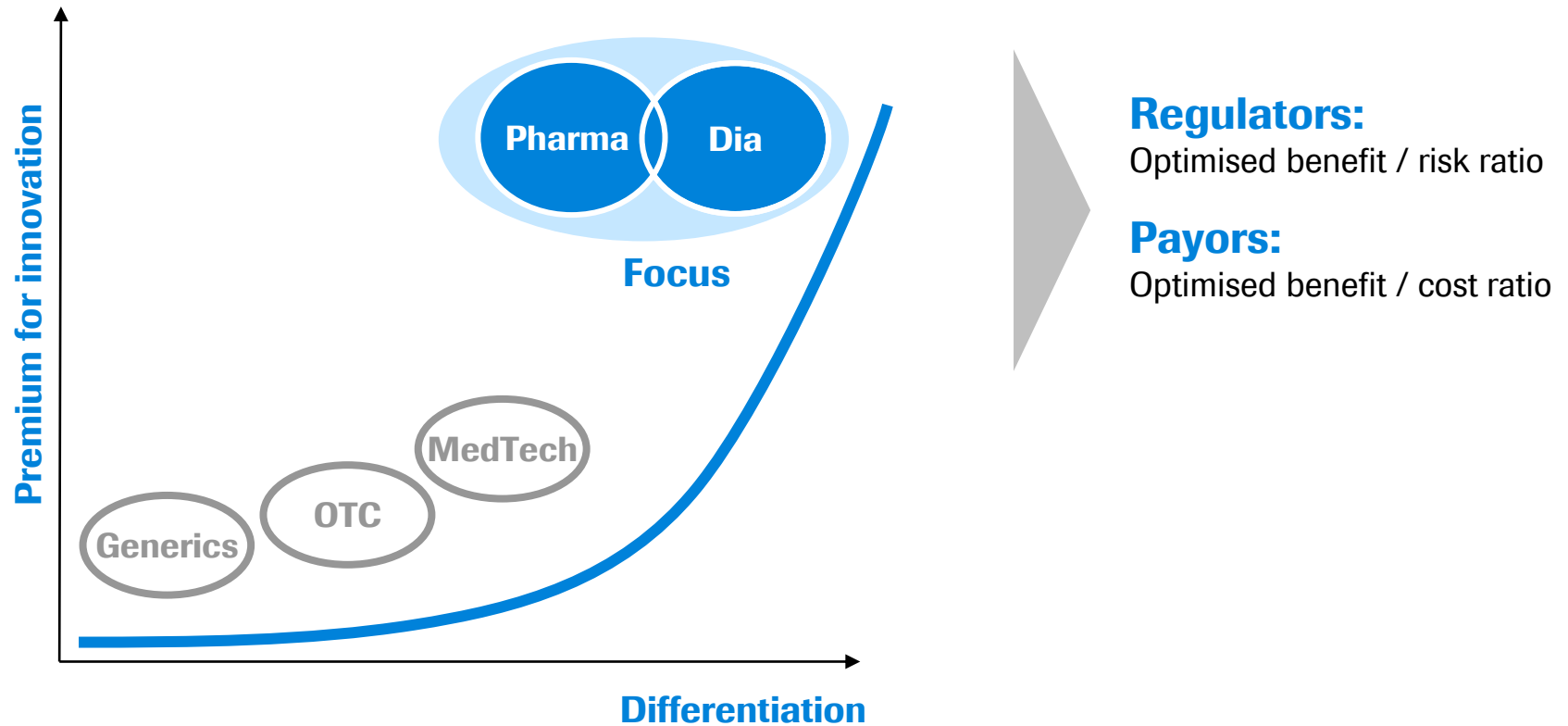
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### **Diagnostics**

- IVD Market & Roche strategy
  - Sales Performance
  - **Companion Diagnostics**
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### **Outlook**

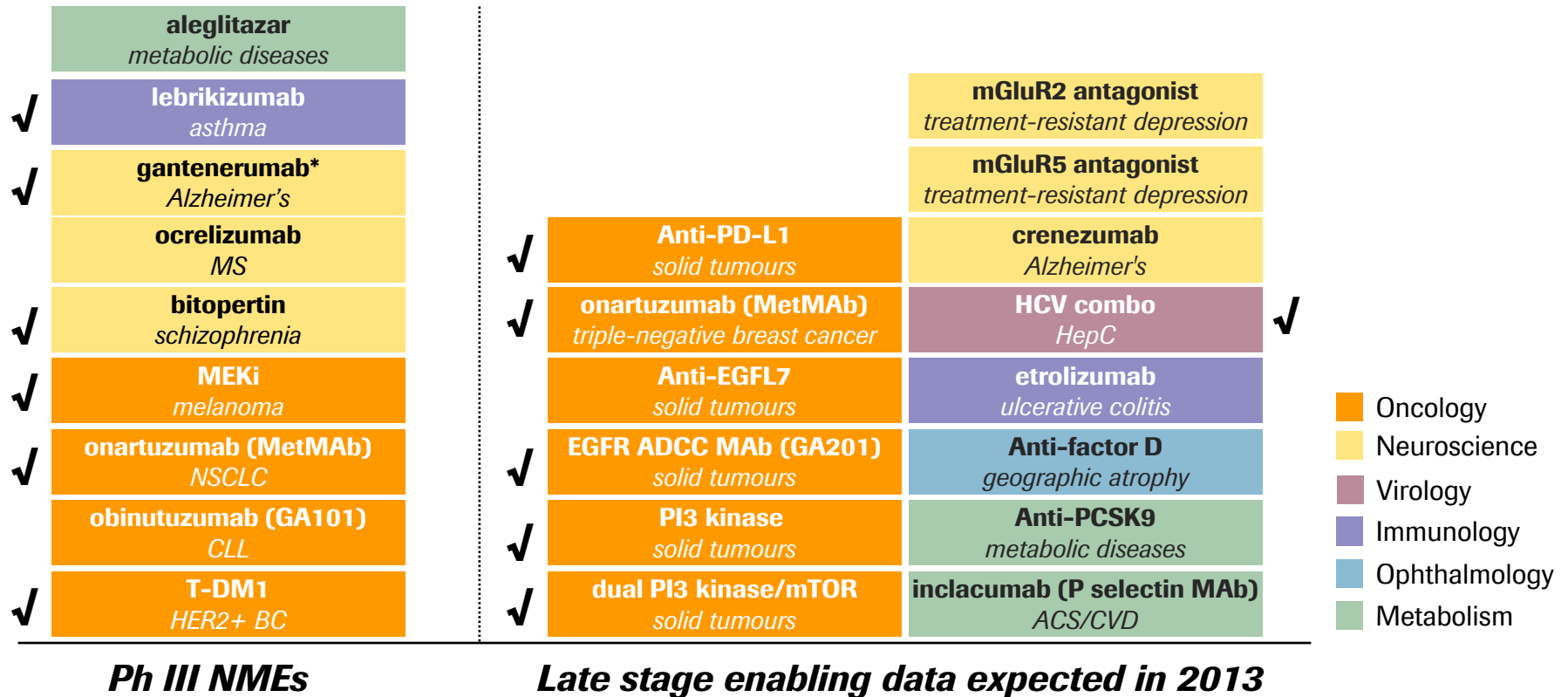
# Roche strategy: Focused on medically differentiated therapies and personalised healthcare



# Importance of Personalised Healthcare

*Majority of our pipeline with Companion Diagnostics*

## Compounds with a PHC approach



- Oncology
- Neuroscience
- Immunology
- Ophthalmology
- Metabolism
- Virology

2013 R&D to remain stable

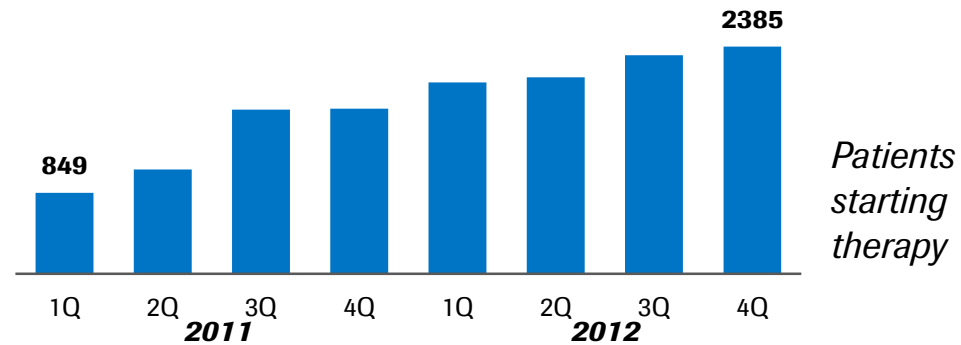
\*Phase II/III label enabling

# SPHERE Project in China

## CDx collaboration for HER 2 testing & Herceptin

### *Integrated HER 2 testing expands patient access to Herceptin*

**PATHWAY (4B5) IHC**      **INFORM Dual ISH**

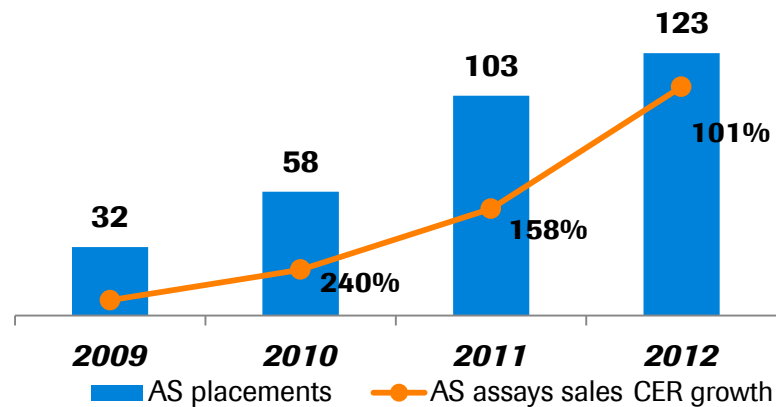


*Patients starting therapy*

### *Instrument placements and sales growth for all advanced tissue staining tests*



BenchMark automated slide staining platform



# Roche Diagnostics enables PHC

*Preferred Partner for companion diagnostics (CDx)*

## Why partner with Roche



## Selected Partners



## **2012 results**

### **Diagnostics**

- IVD Market & Roche strategy
- Sales Performance
- Companion Diagnostics

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## **Outlook**

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# Outlook: Roche Diagnostics

## *Sustained sales growth driven by leading IVD business*

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### ***Drivers***

- Further growth of installed base
  - Expansion of test menu
  - Emerging markets
  - Stabilise Diabetes Care
  - Increasing CDx collaborations
-

# 2013 Outlook: Roche Group

<b>Group sales growth<sup>1</sup></b>	In line with sales growth recorded in 2012
<b>Core EPS growth<sup>1</sup></b>	Ahead of sales growth
<b>Dividend outlook</b>	Further increase dividend

<sup>1</sup>At constant exchange rates

