Innovation and growth

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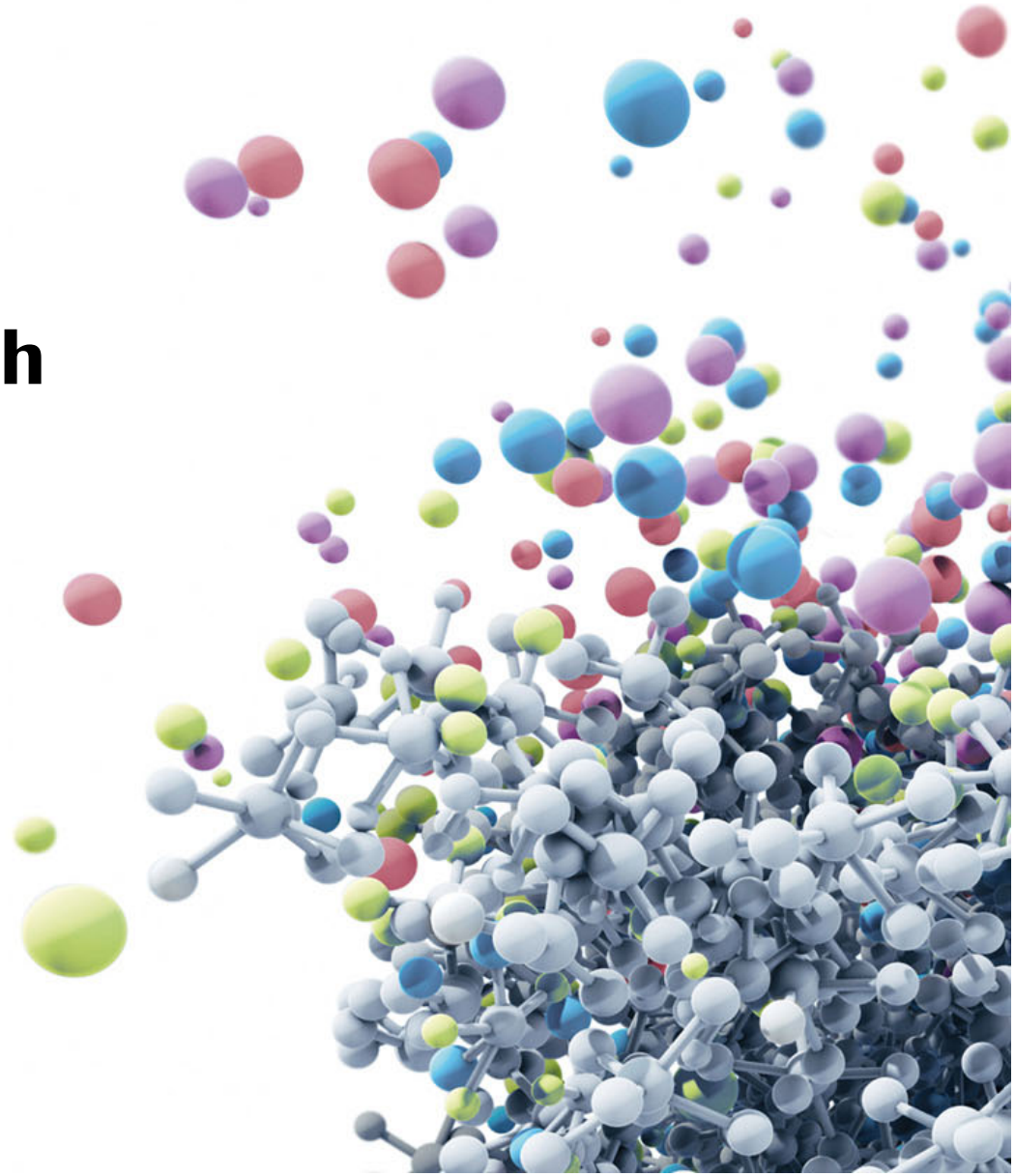
Boston, March 2014



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1 pricing and product initiatives of competitors;
2 legislative and regulatory developments and economic conditions;
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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;
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Performance update

Innovation: Industry in context

Building pillars of innovation and growth

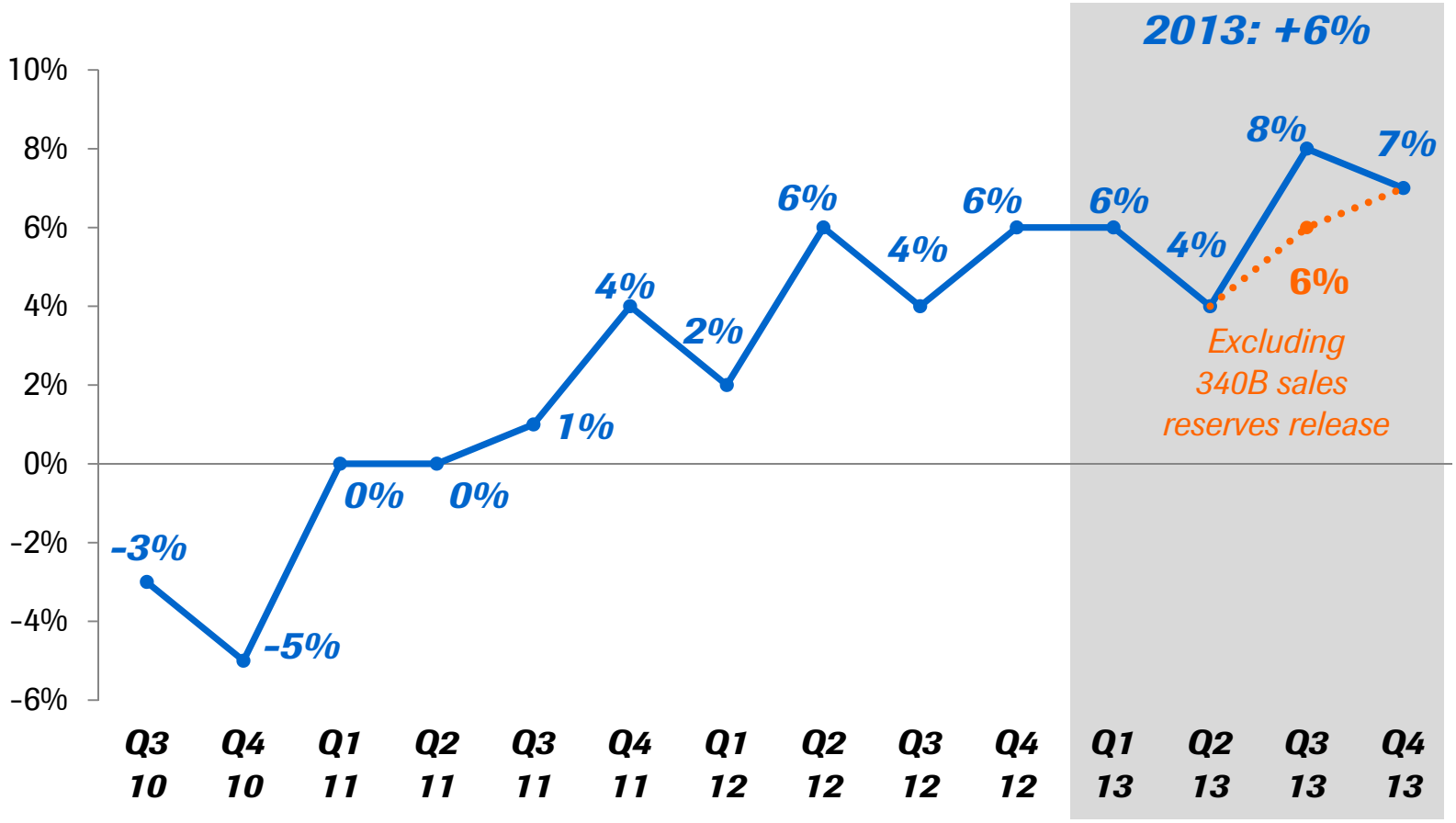
Summary

2013: Targets fully achieved

Targets for 2013		*FY 2013*	
Group sales	In line with sales growth recorded in 2012[1]	**+6%**	✓
Core EPS	Ahead of sales growth[1]	**+10%**	✓
Dividend	Further increase dividend	**CHF 7.80** **+6%**	✓

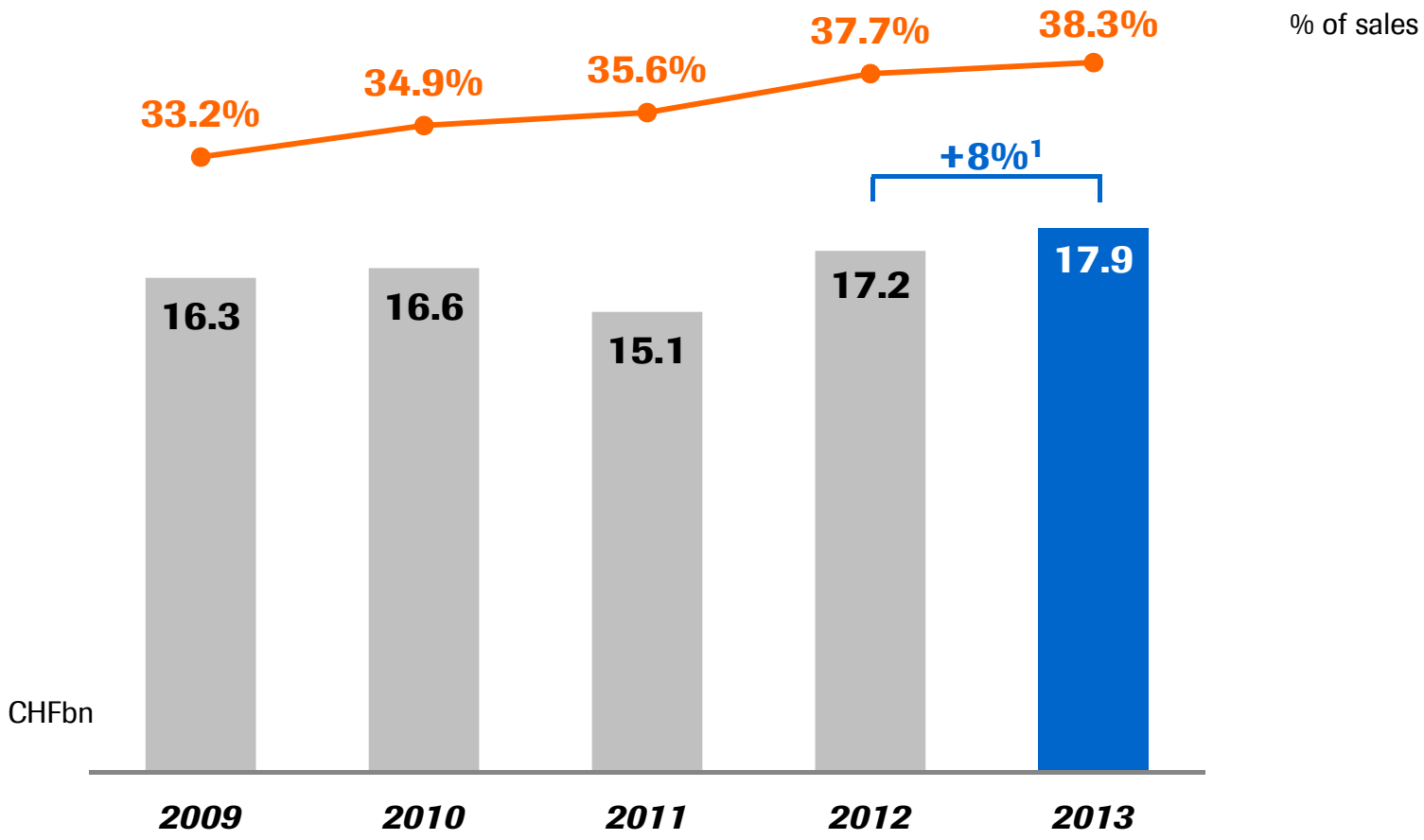
[1]At constant exchange rates
Excluding one-off Past Service Income impact of CHF 236m on core net income and excluding 340B reserve release impact of CHF 182m on sales and CHF 94m on core net income
2013 dividend as proposed by the Board of Directors

Group: Strong sales growth sustained



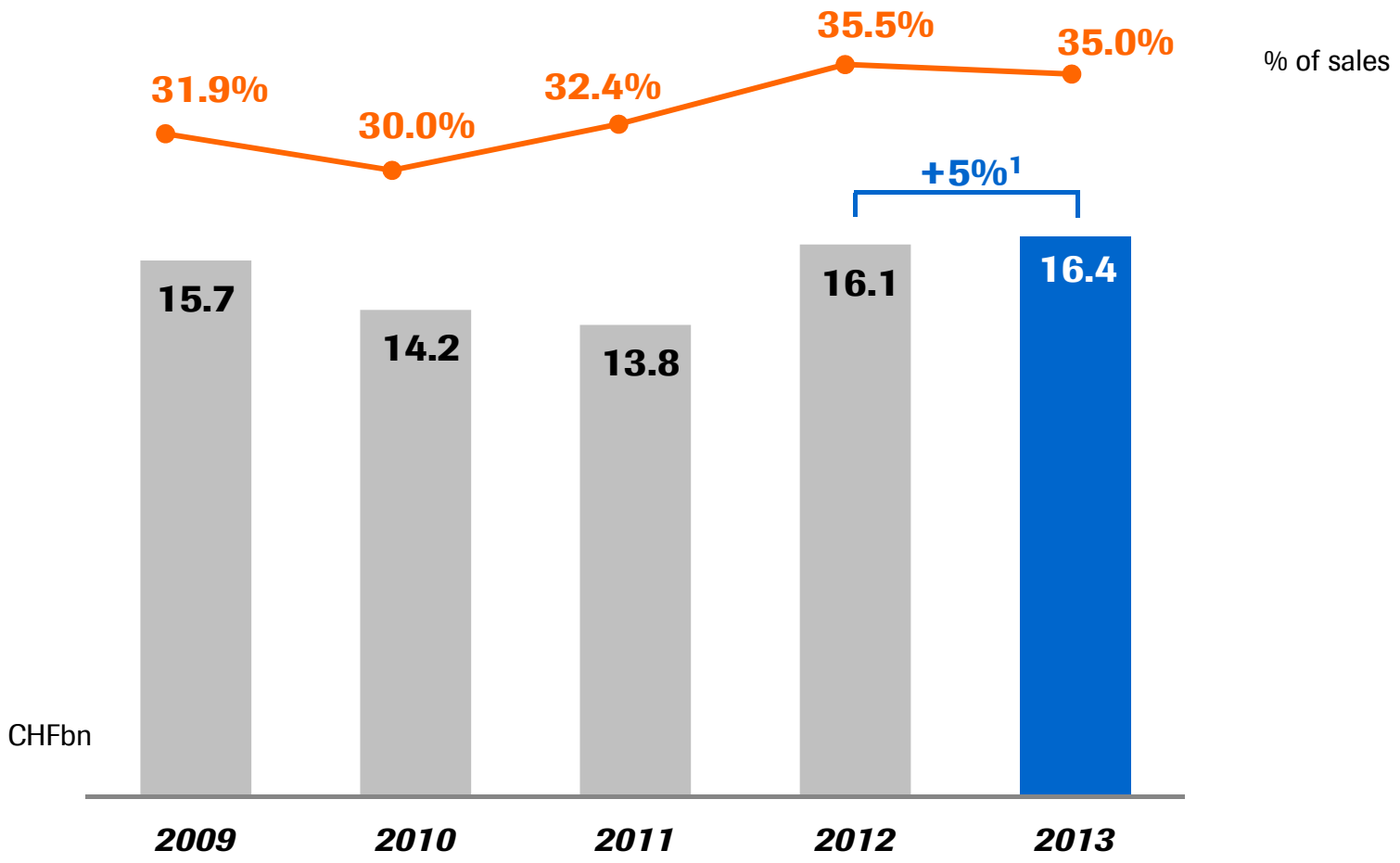
All values at constant exchange rates

Group operating profit and margin



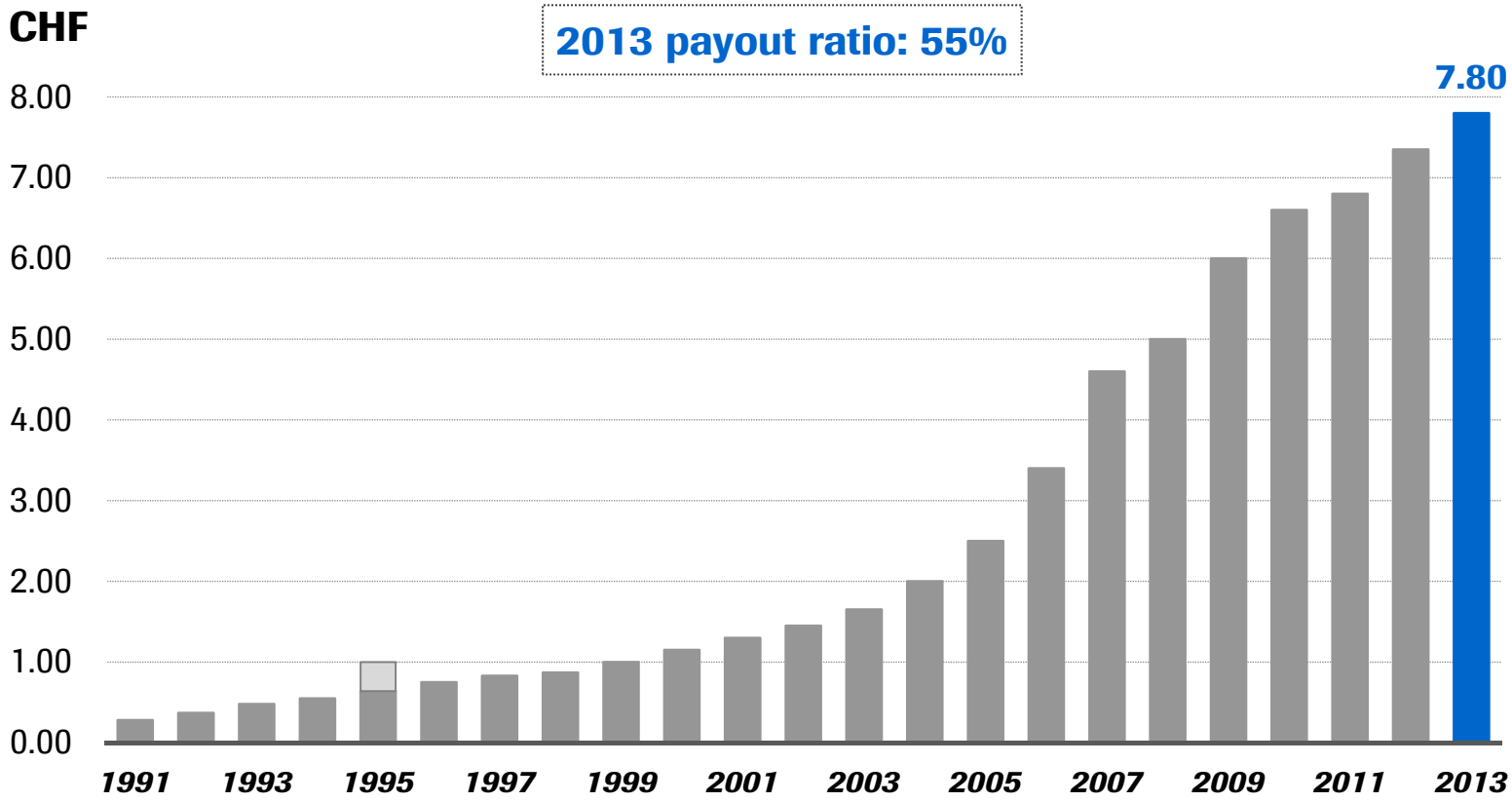
[1] At constant exchange rates

Strong operating free cash flow



[1] At constant exchange rates

2013: Dividend further increased



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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An increasingly challenging environment

Regulators

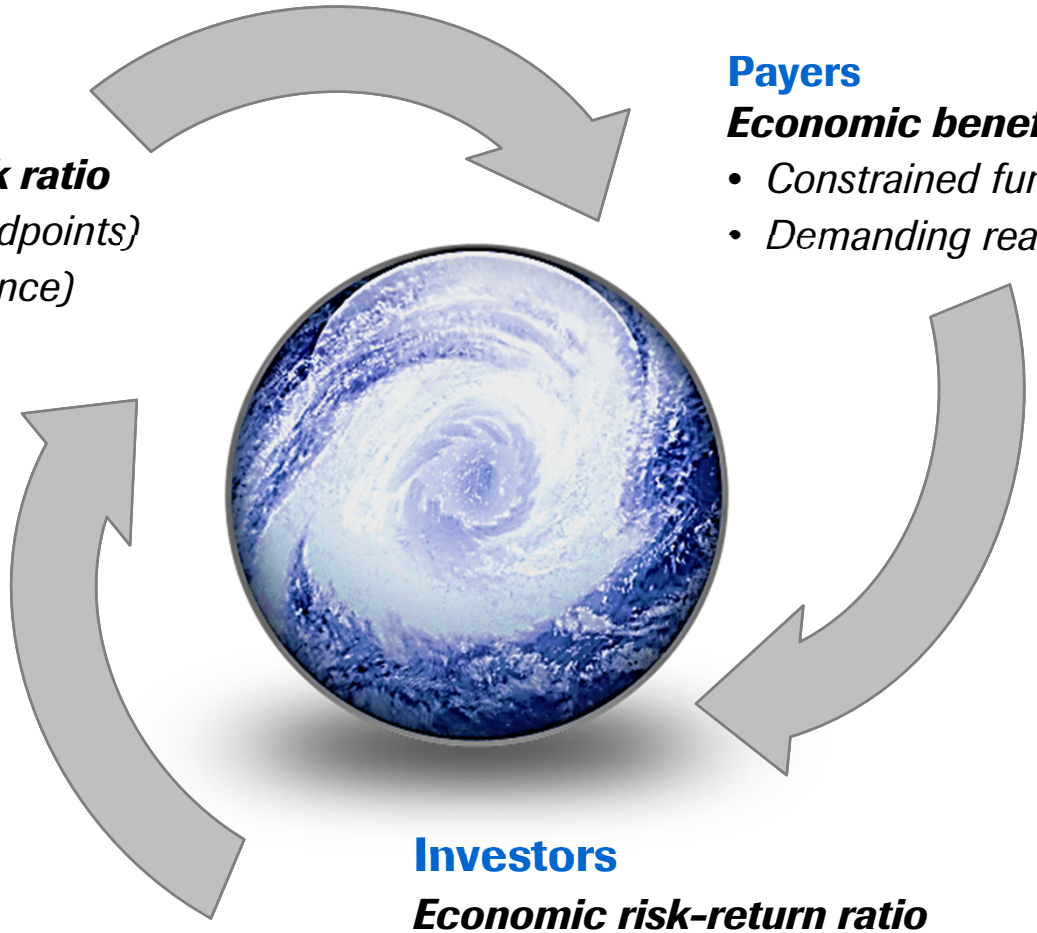
Medical benefit-risk ratio

- *Efficacy (clinical endpoints)*
- *Safety ('zero' tolerance)*

Payers

Economic benefit-cost ratio

- *Constrained funding capacity*
- *Demanding real outcome evidence*

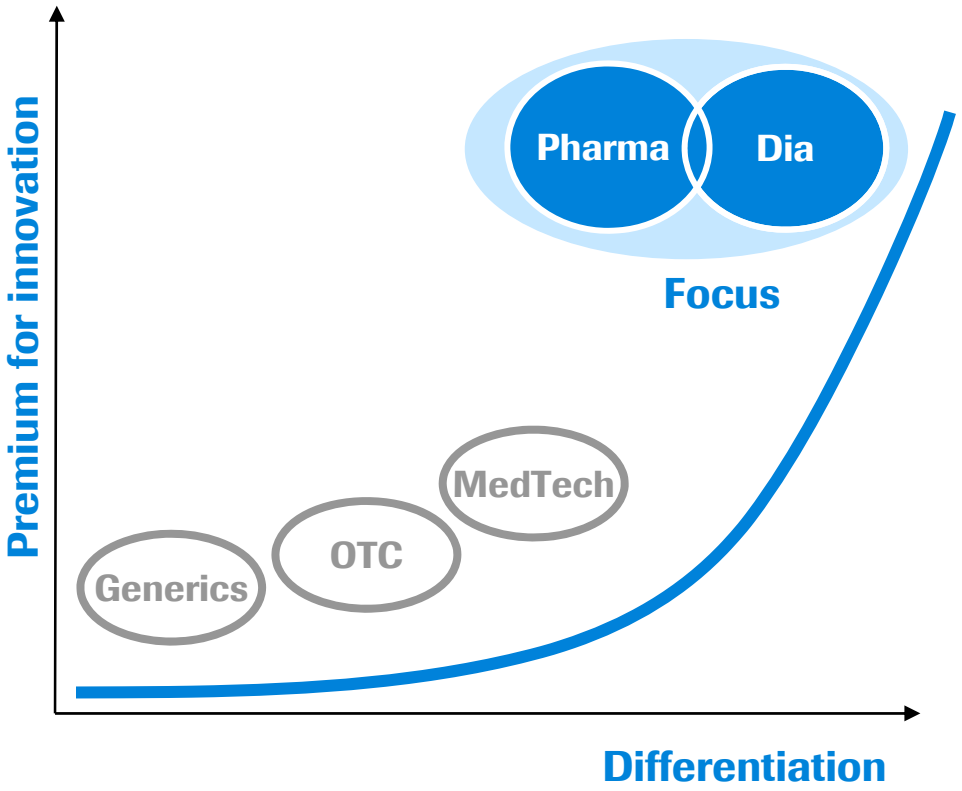


Investors

Economic risk-return ratio

- *Declining returns*
- *Declining growth*

Roche: Focused on innovation and access

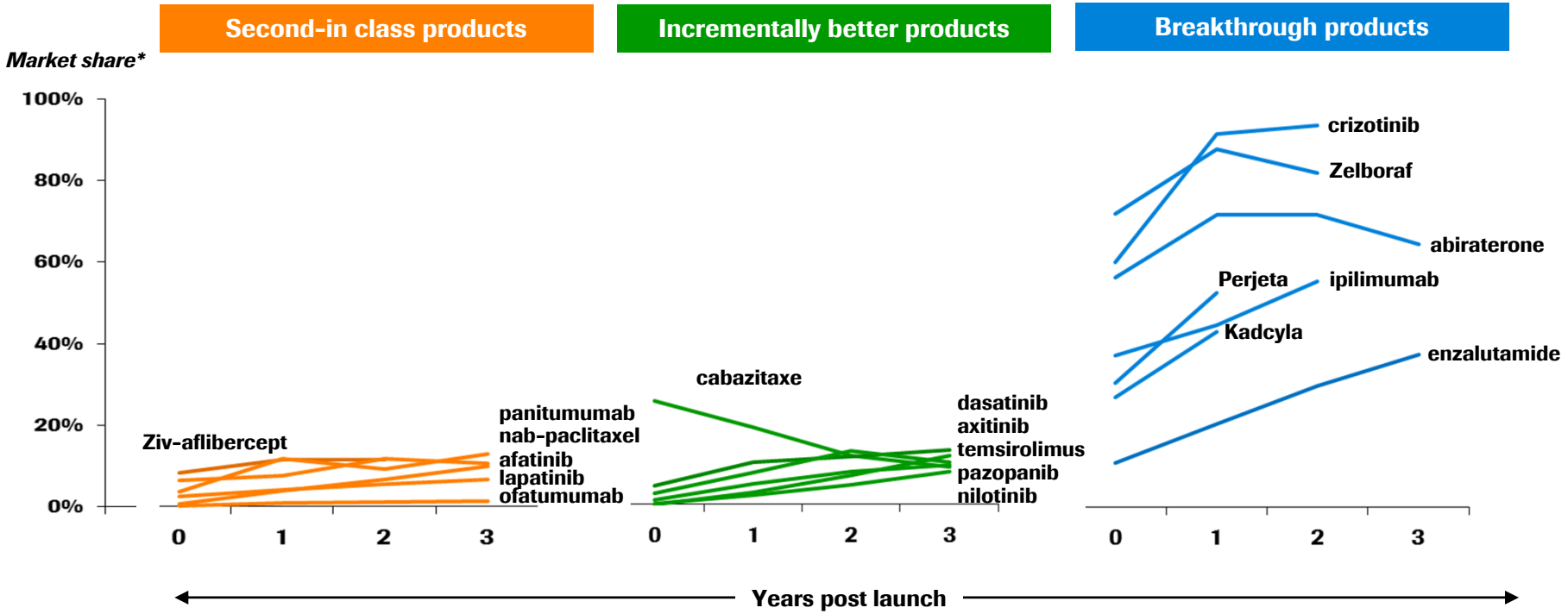


Enabling access

- **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

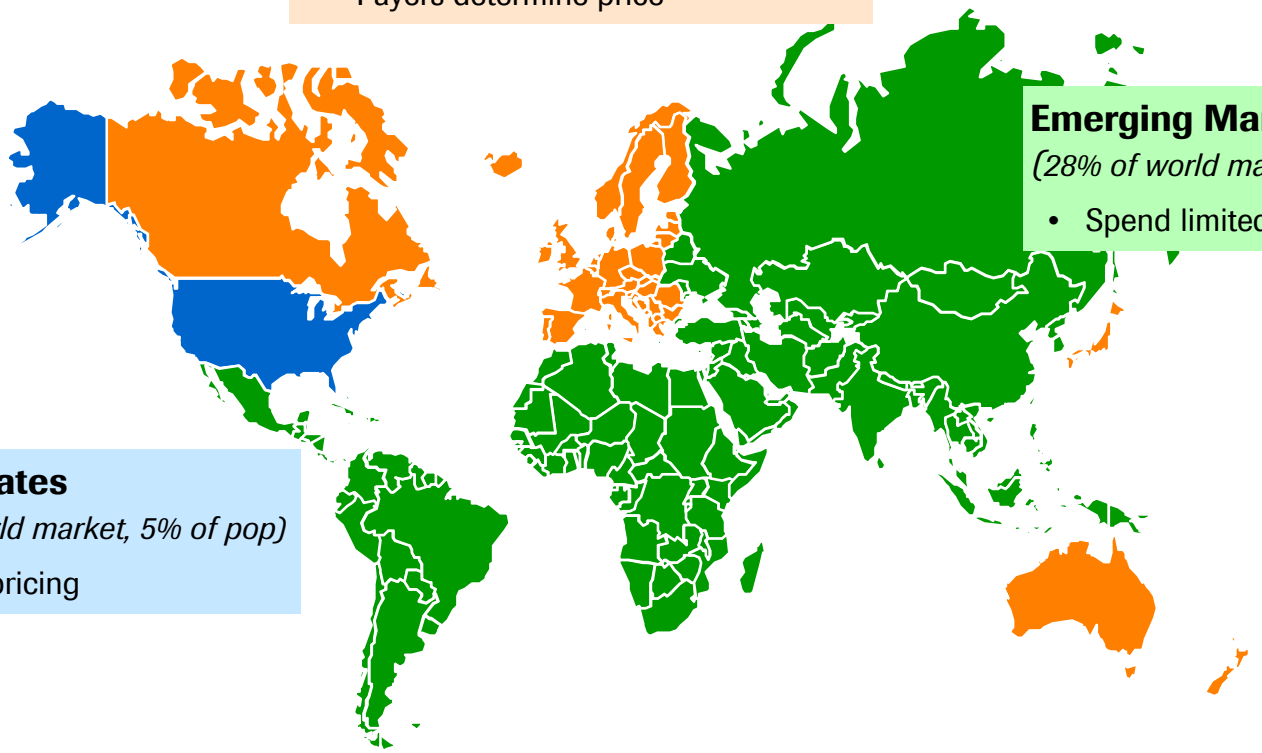
Access and pricing: Challenges and opportunities

Roche approach stratified in three clusters

Developed world ex-US

(37% of world market, 10% of population)

- Payers determine price



Emerging Markets

(28% of world market, 85% of population)

- Spend limited by GDP per capita

United States

(35% of world market, 5% of pop)

- Stable pricing

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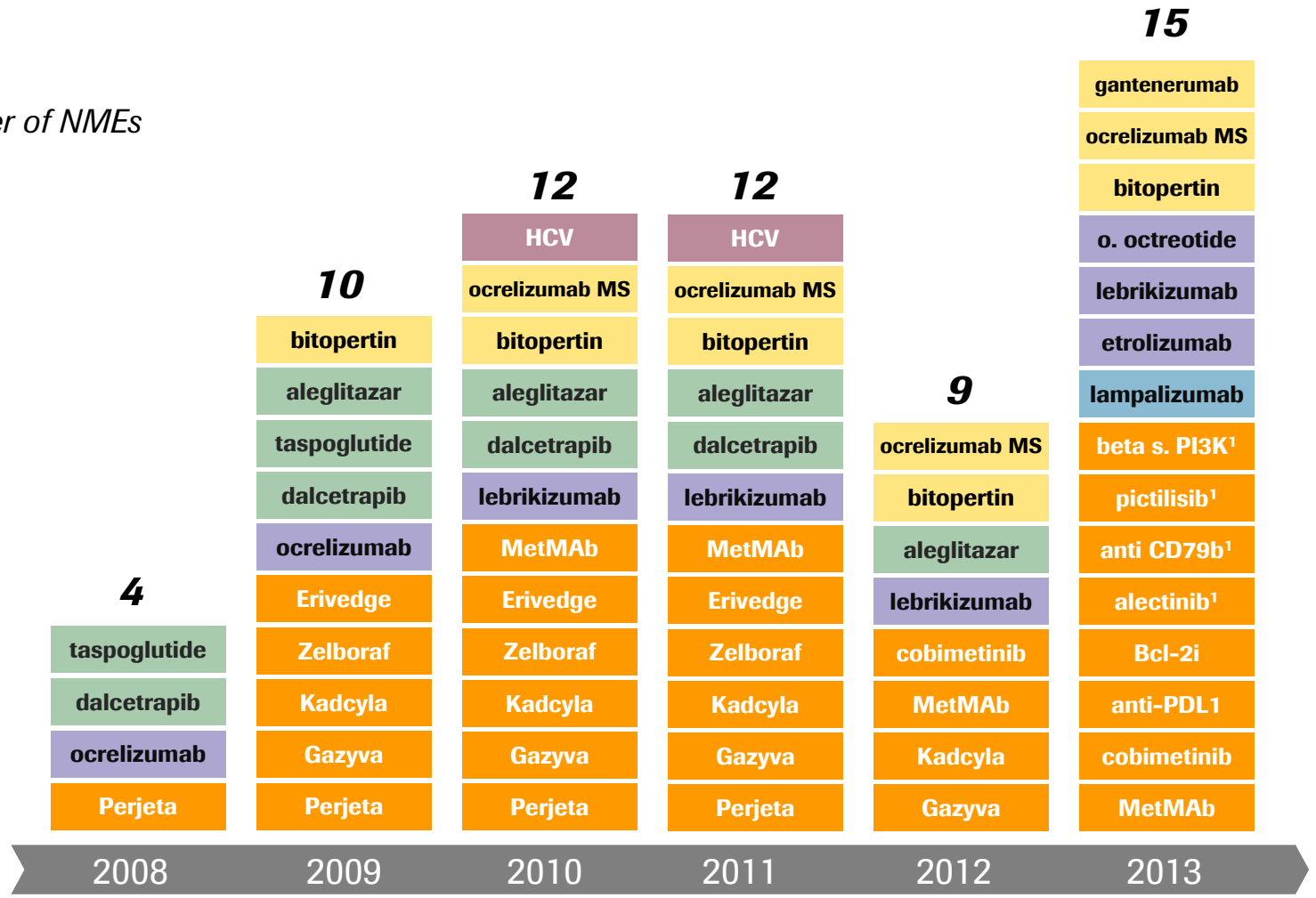
A leading pipeline

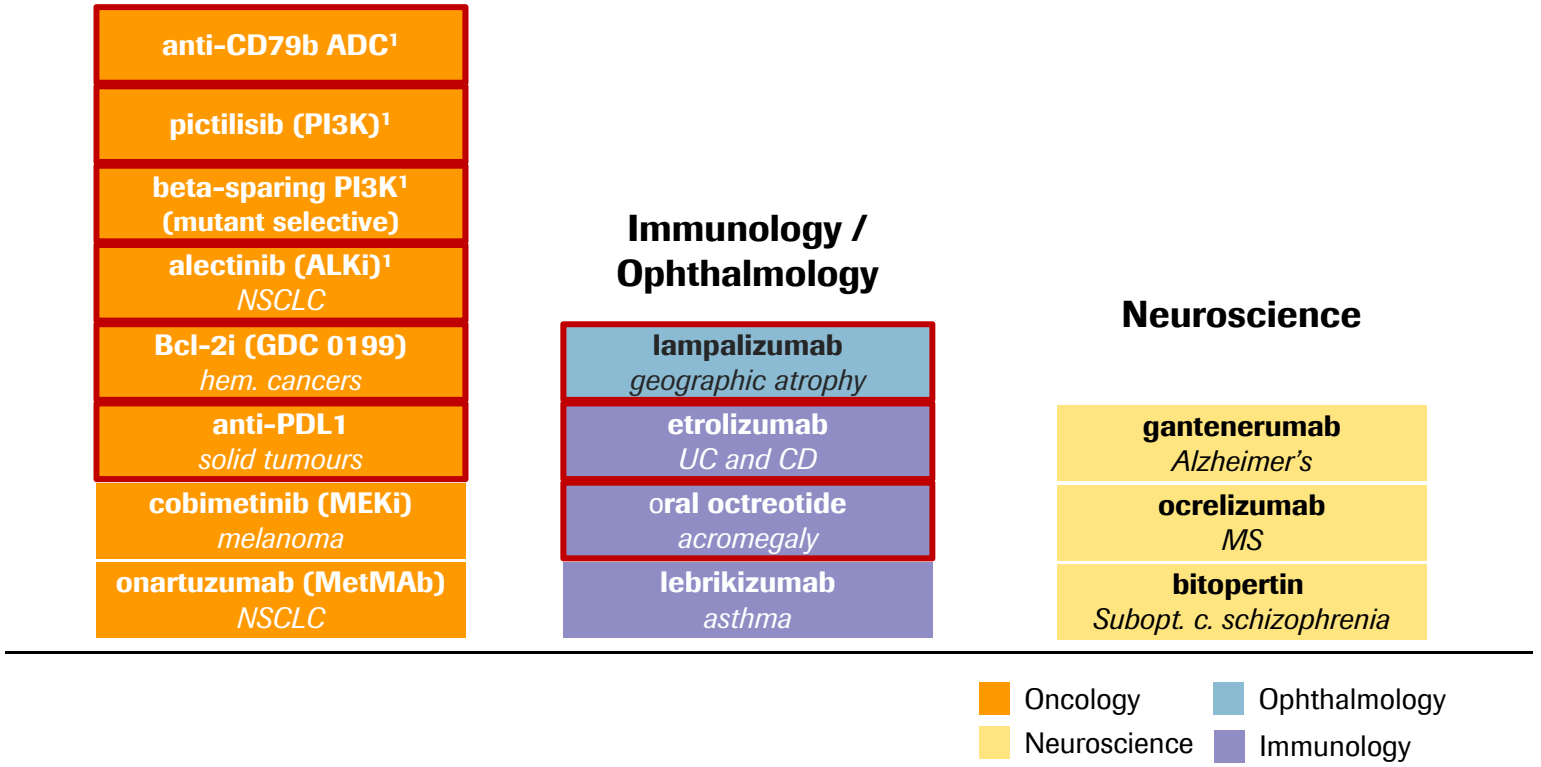
15 NMEs in late-stage development



[1] Phase III decision pending

2013: 15 new compounds in late stage development

Moved to late stage development in 2013



[1] Phase III decision pending

Anti-PDL1 overview

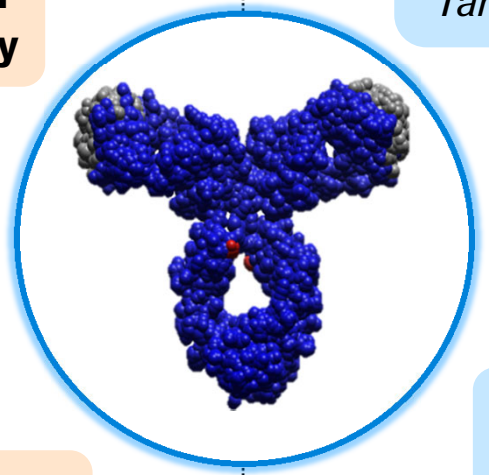
Differentiation

Development

Potential for better safety

Potential for personalized approach

Potential for longer response



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

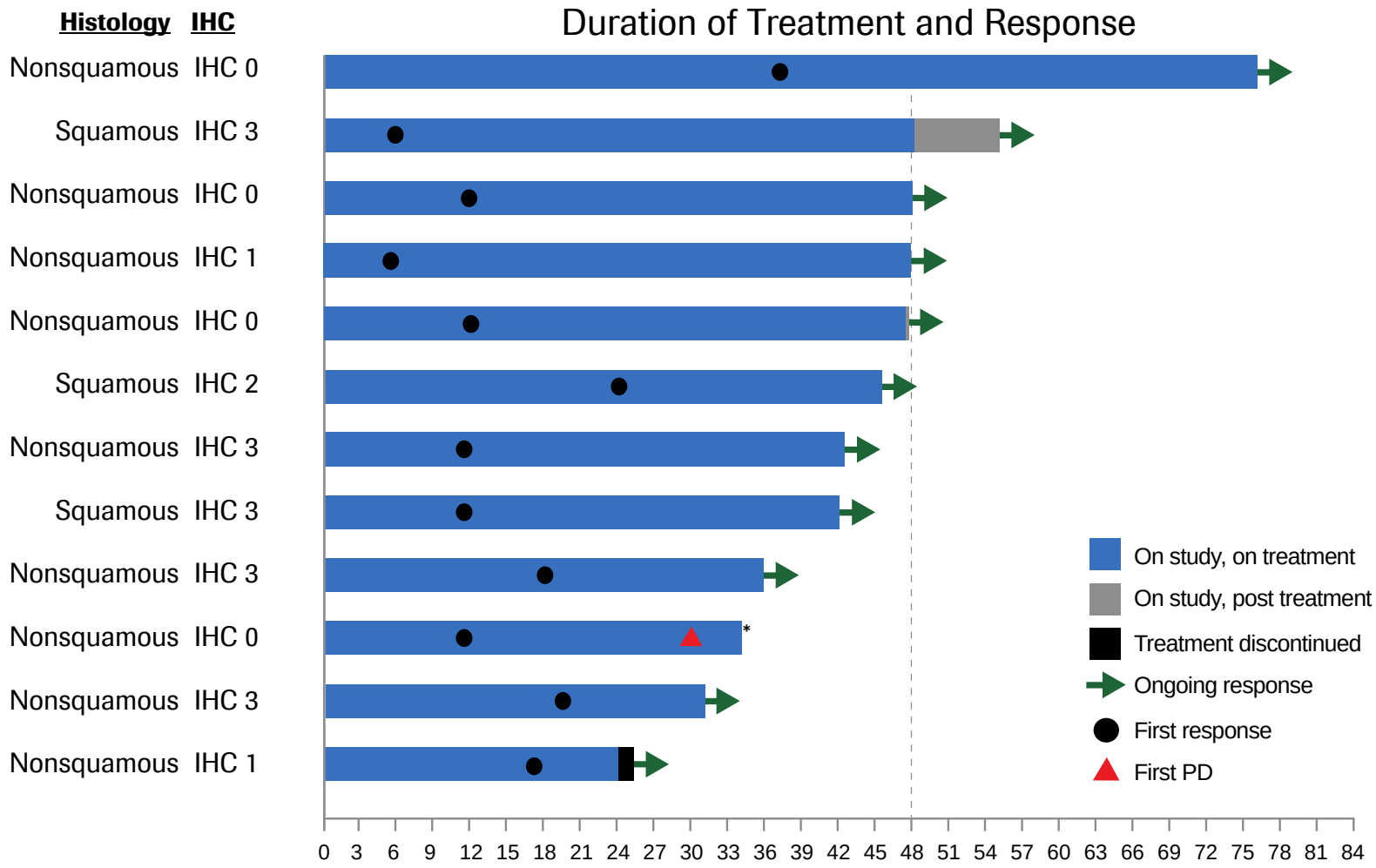
Diagnostic Population[a] (n = 53)	ORR[b] % (n/n)	PD Rate % (n/n)
IHC 3	83% (5/6)	17% (1/6)
IHC 2 and 3	46% (6/13)	23% (3/13)
IHC 1/2/3	31% (8/26)	38% (10/26)
All Patients[c]	23% (12/53)	40% (21/53)

[a] 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.
[b] ORR includes investigator-assessed unconfirmed and confirmed PR.
[c] 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



* 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

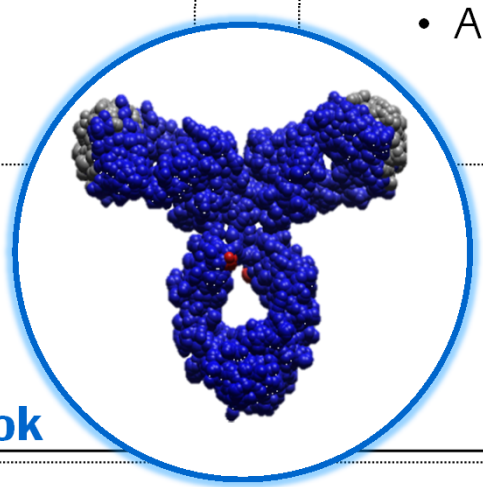
Anti-PDL1: Development program overview

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)

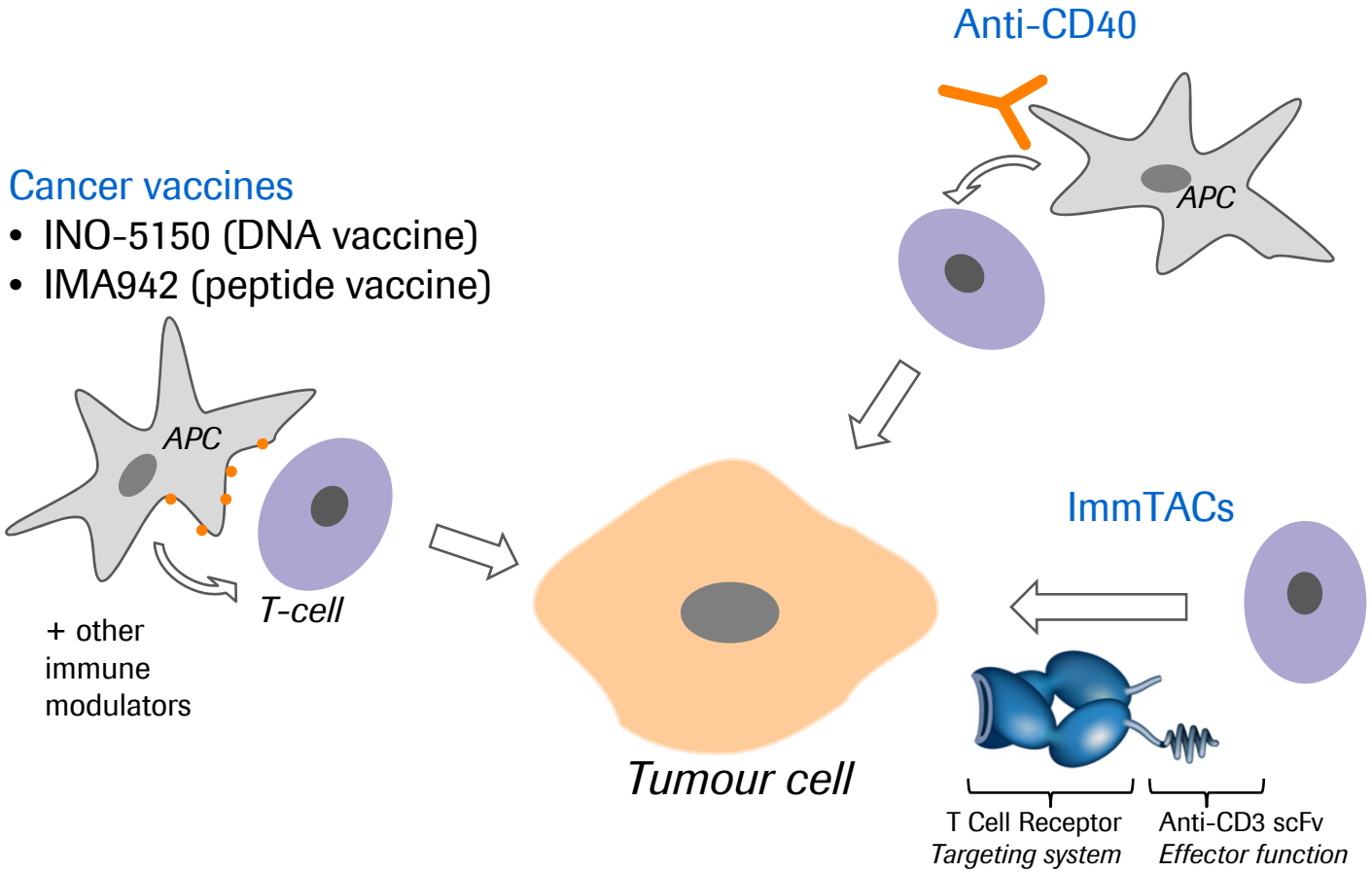


2014 outlook

- 1H: data in new tumour type
- Additional combinations, including immune doublets, starting throughout 2014

Immuno-oncology: Collaboration deals in 2013

Major focus areas

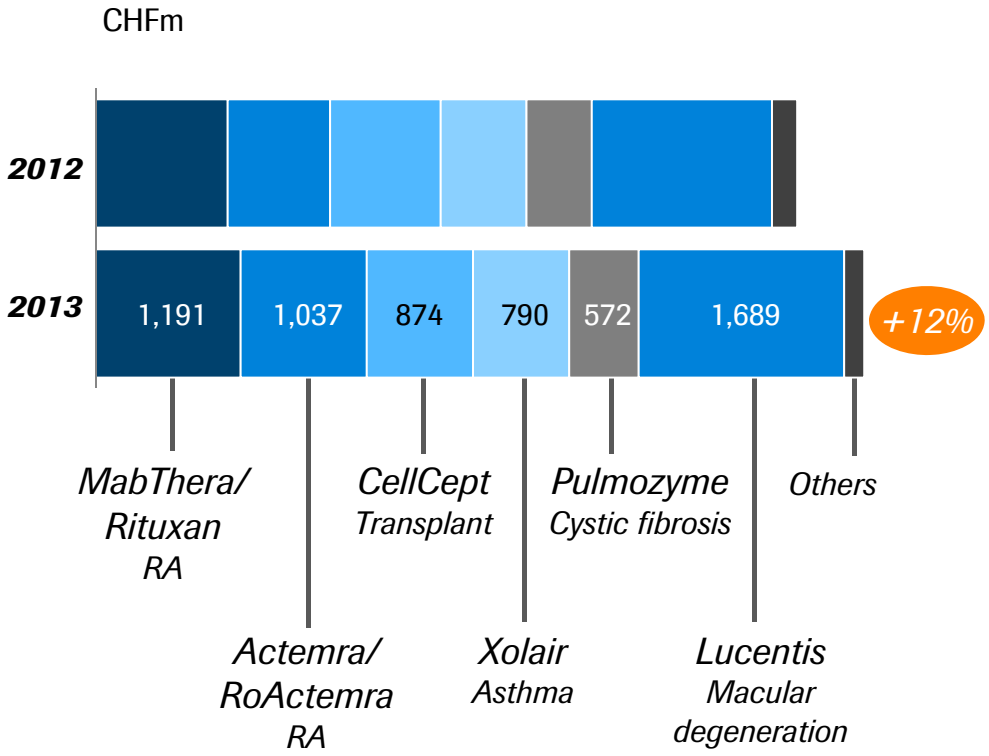


INO-5150 licenced from Inovio; IMA942 licenced from immatics; Anti-CD40 acquired from VLST; ImmTACs in collaboration with Immunocore; APC=Antigen Presenting Cell

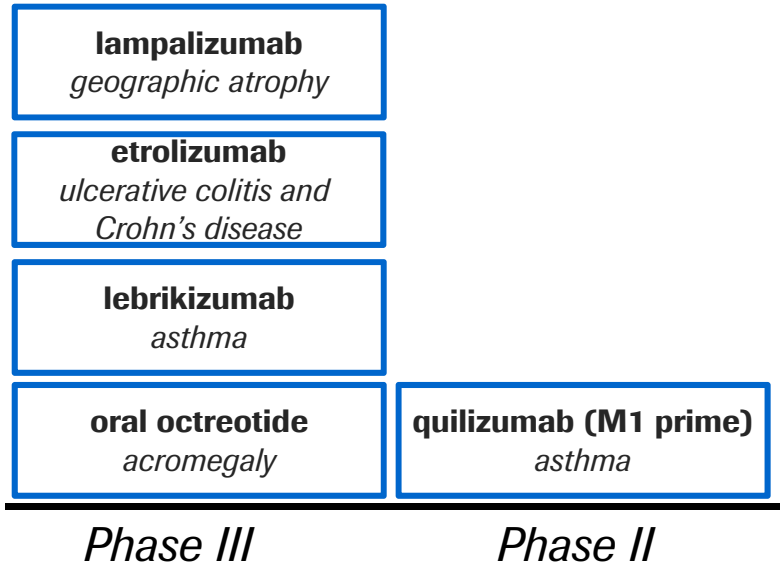
Immunology and Ophthalmology

New late-stage compounds in a well-established franchise

Growing existing franchise (CHF 6.3bn)

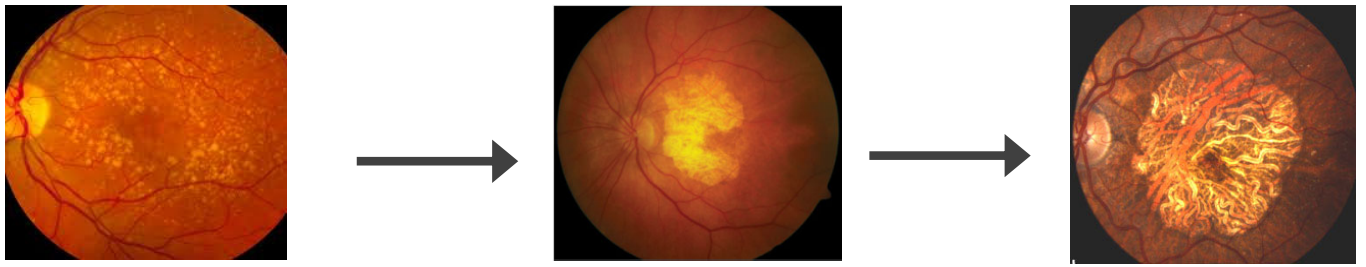


Developing pipeline



Entering new therapeutic areas

Lampalizumab in Geographic Atrophy (GA)



AMD (Drusen)

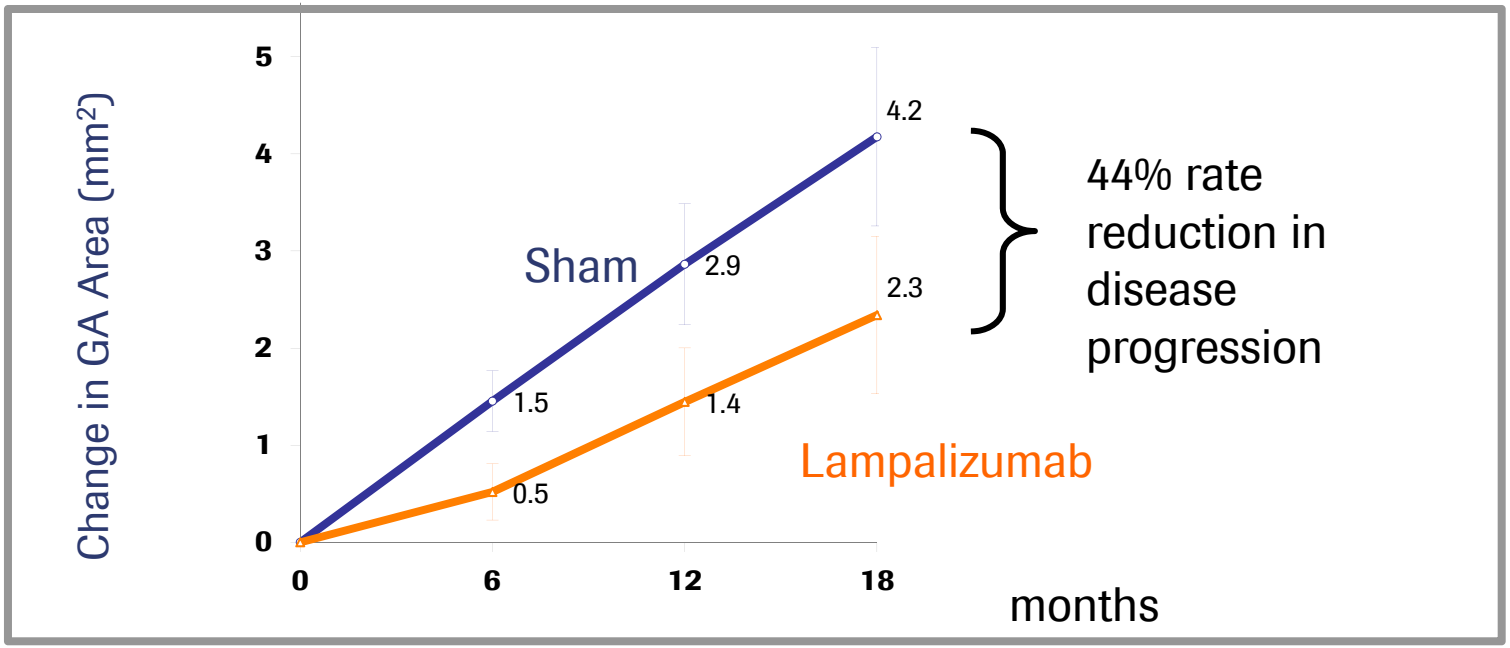
Extrafoveal GA

Advanced GA

Lampalizumab for Geographic Atrophy

High efficacy in subpopulation with exploratory biomarker

Ph II results in biomarker-positive patients



Ph III trial to begin 2014

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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