



Roche

2015 results

Basel, 28 January 2016

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- 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.

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Group
Severin Schwan
Chief Executive Officer



2015 performance

Outlook

2015: Targets fully achieved



<i>Targets for 2015</i>		<i>FY 2015</i>	
Group sales growth¹	Mid-single digit	+5%	✓
Core EPS growth¹	Ahead of sales growth ²	+7%	✓
Dividend outlook	Further increase dividend in Swiss francs ³ (Payout ratio increased to 60% from 56%)	CHF 8.10	✓

¹ At constant exchange rates (CER); ² Excluding sale of filgrastim rights in 2014; ³ 2015 dividend as proposed by the Board of Directors

2015: Strong sales growth in both divisions

	2015 CHFbn	2014 CHFbn	Change in % CHF	CER
Pharmaceuticals Division	37.3	36.7	2	5
Diagnostics Division	10.8	10.8	0	6
Roche Group	48.1	47.5	1	5

Roche: Significantly advancing patient care

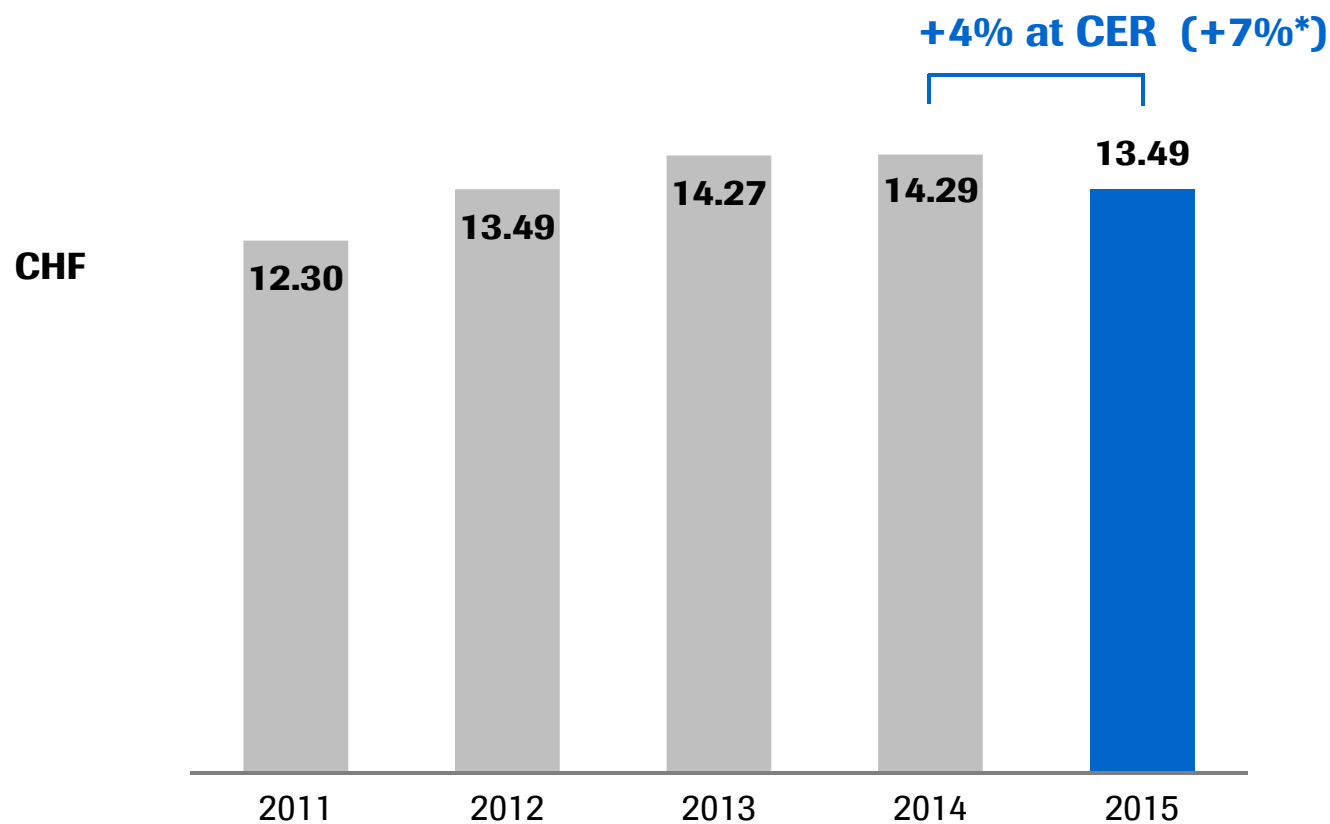
Recognition for innovation 2013-present

11 Breakthrough Therapy Designations

Rank	Company	#
1	Roche	11
2	BMS	8
3	Novartis	6
3	Merck	6
3	Pfizer	6
4	GSK	5

Year	Molecule
2016	Venetoclax (AML)
	Venetoclax + Rituxan (R/R CLL)
2015	Actemra (Systemic sclerosis)
	Atezolizumab (NSCLC)
	Venetoclax (R/R CLL 17p del)
	Emicizumab /ACE 910 (Hemophilia A)
2014	Esbriet (IPF)
	Lucentis (DR)
	Atezolizumab (Bladder)
2013	Alectinib (2L ALK+ NSCLC)
	Gazyva (1L CLL)

2015: Strong underlying Core EPS growth

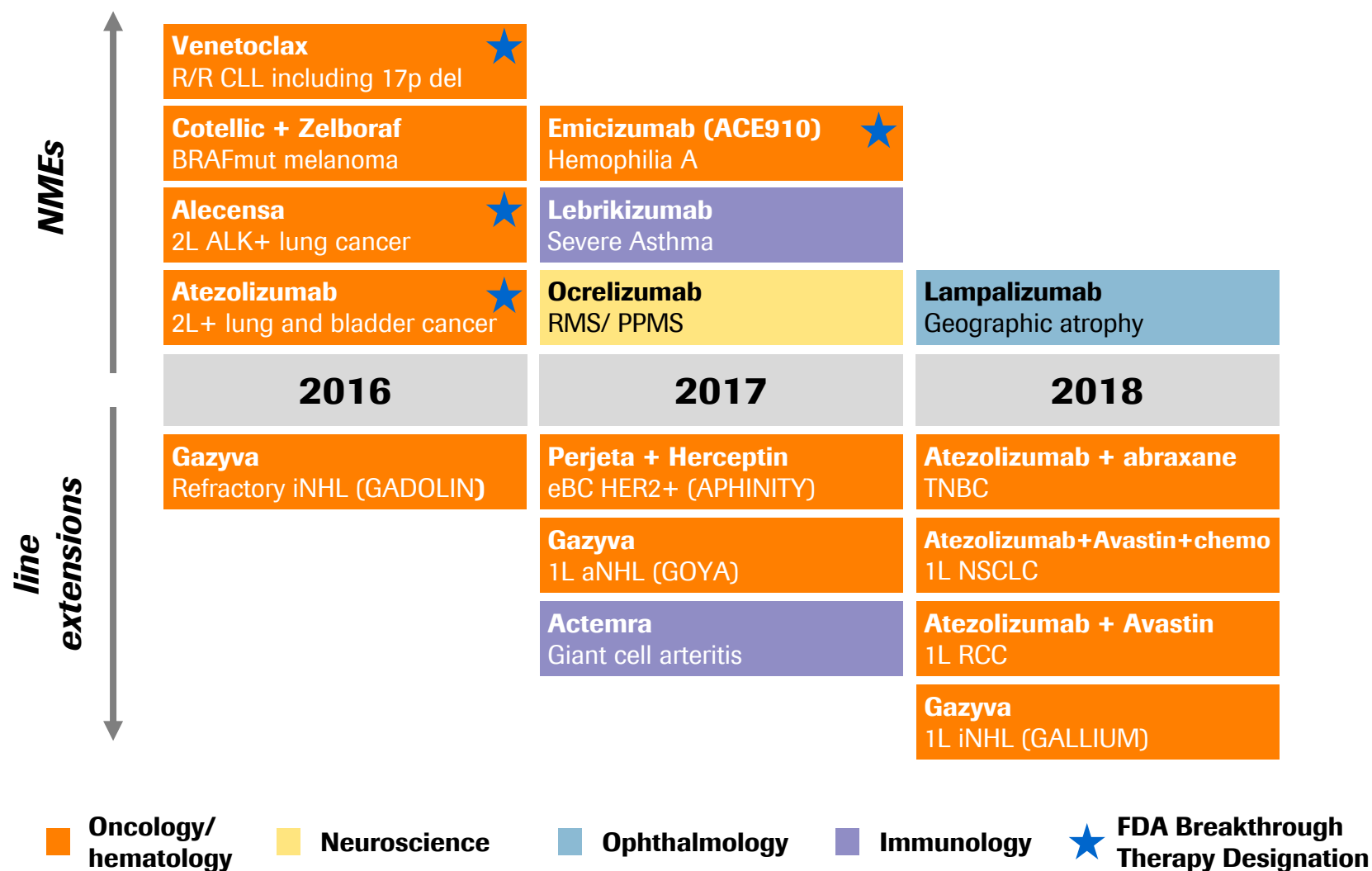


All growth rates at Constant Exchange Rates (CER); * Excluding sale of filgrastim rights in 2014

2015 performance

Outlook

2016 onwards: Significant launch activities



Outcome studies are event-driven: timelines may change. Standard approval timelines of 1 year assumed.

2016 outlook



Group sales growth¹

Low to mid-single digit

Core EPS growth¹

Ahead of sales growth

Dividend outlook

Further increase dividend in Swiss francs

¹ At Constant Exchange Rates (CER)

Pharmaceuticals Division

Daniel O'Day

COO Roche Pharmaceuticals



2015 results

Innovation

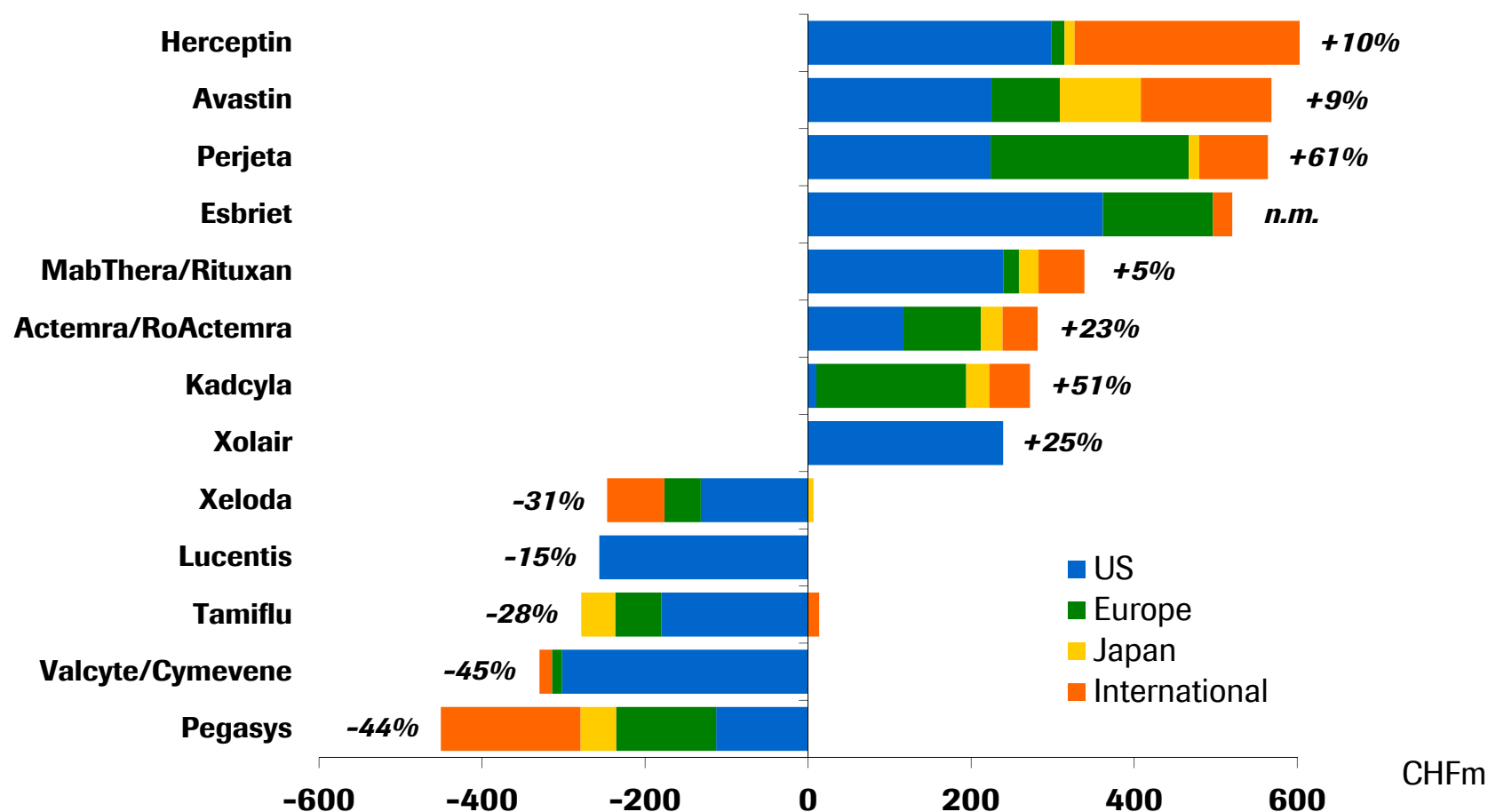
Outlook

2015: Pharma sales

Strong growth driven by all regions

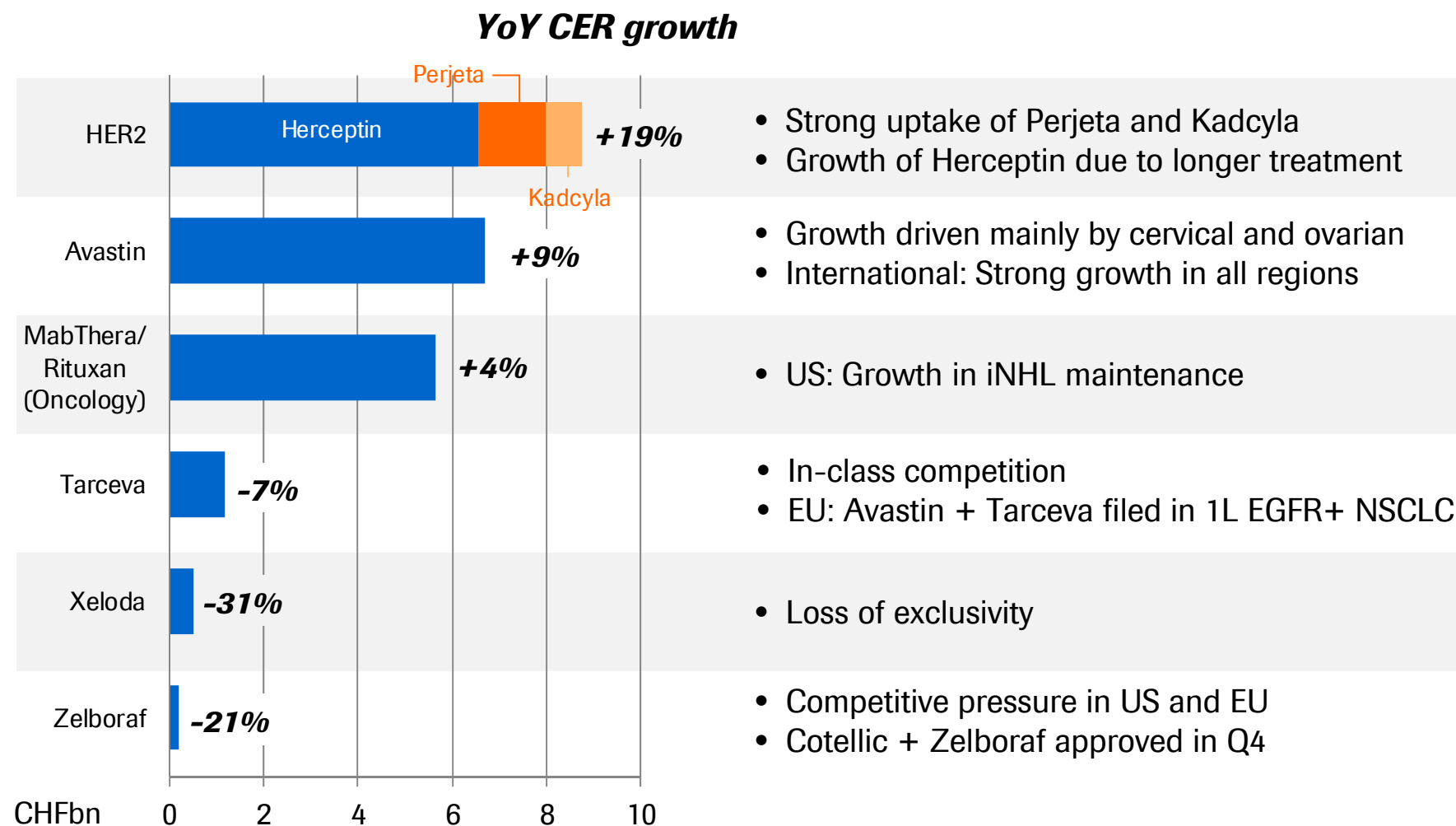
	2015 CHFm	2014 CHFm	Change in % CHF	CER
Pharmaceuticals Division	37,331	36,696	2	5
United States	17,616	15,822	11	6
Europe	8,734	9,422	-7	4
Japan	3,224	3,301	-2	6
International	7,757	8,151	-5	5

2015: Strong performance from oncology and immunology franchises

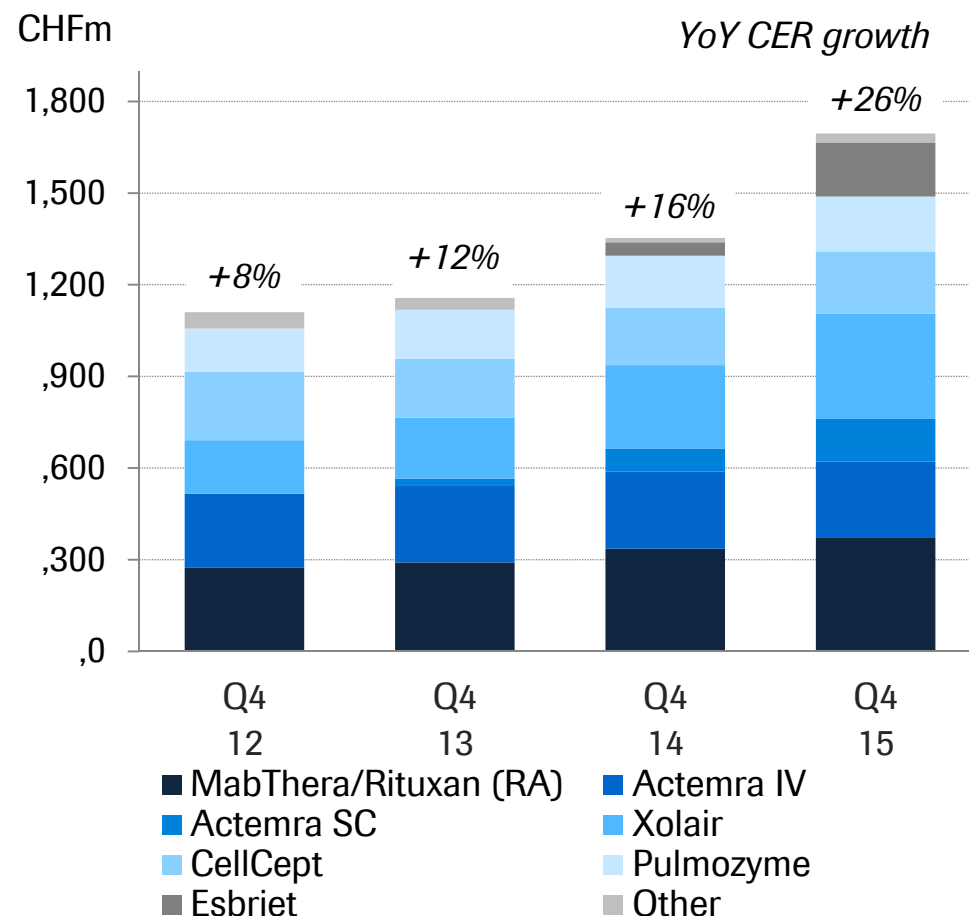


Absolute amounts and growth rates at Constant Exchange Rates (CER)

2015: Oncology with +8% growth



Immunology: Continued strong performance



Immunology Q4 2015

Xolair (+22%)

- Allergic asthma and strong growth in chronic idiopathic urticaria

Actemra (+25%)

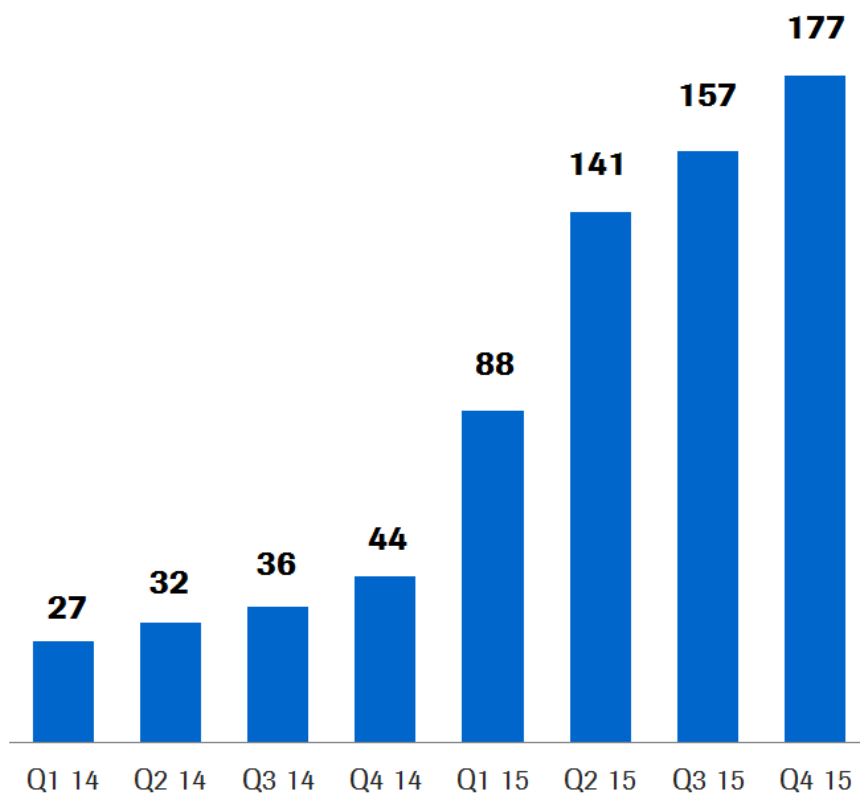
- SC formulation driving growth
- Increasing 1L monotherapy leadership focusing on MTX intolerant patients

MabThera/Rituxan (+14%)

- Continues to grow in rheumatoid arthritis and vasculitis (GPA and MPA)

Esbriet: Market leadership in IPF established

Esbriet sales (CHFm)



US

- Strong underlying growth
- Around 100,000 IPF patients in the US with high unmet need

EU

- Increasing differentiation due to strengthened label including the pooled 1 Yr mortality data

Outlook 2016

- Continued growth due to increased penetration and longer treatment

2015 results

Innovation

Outlook

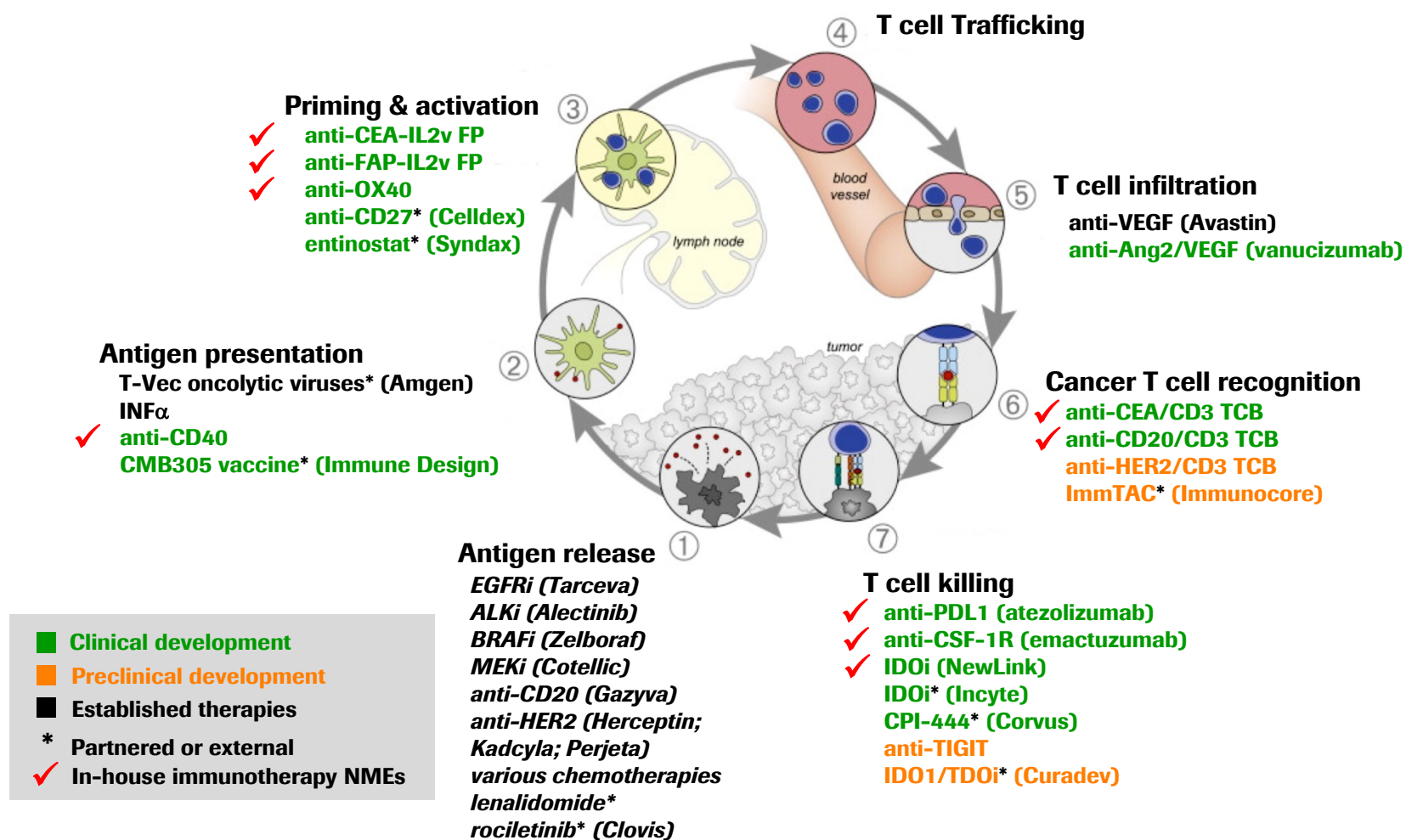
2015: Key late-stage news flow

	<i>Compound</i>	<i>Indication</i>	<i>Milestone</i>	
Regulatory	Avastin	Cervical cancer	EU approval	✓
	Lucentis	Diabetic retinopathy	US approval	✓
	Alecensa	2L ALK+ NSCLC	US/EU filing/approval	✓
	Cotellic + Zelboraf	1L Melanoma	US/EU approval	✓
Phase III readouts*	Gazyva	MabThera/Rituxan-refractory iNHL	Ph III GADOLIN	✓
	Gazyva	Front-line aNHL	Ph III GOYA (interim)	2016
	ocrelizumab	Relapsing forms of MS (RMS)	Ph III OPERA I/II	✓
	ocrelizumab	Primary progressive MS (PPMS)	Ph III ORATORIO	✓
	Perjeta	2L HER2+ mBC	Ph III PHEREXA	Data in-house
	Kadcyla	2L HER2+ gastric cancer	Ph II/III GATSBY	✗
Phase III starts	atezolizumab**	2/3L Bladder cancer	Ph III	✓
	atezolizumab**	1L TNBC	Ph III	✓
	atezolizumab**	1L RCC	Ph III	✓
	atezolizumab**	Adjuvant bladder	Ph III	✓
	etrolizumab	Crohn`s disease	Ph III	✓
	emicizumab (ACE910)	Hemophilia A	Ph III	✓
	taselisib (PI3K inhib)	HR+/PI3Kmut BC	Ph III SANDPIPER	✓
Phase II readouts*	atezolizumab	2/3L NSCLC	Ph II FIR, POPLAR, BIRCH	✓
	atezolizumab	Bladder cancer	Ph II	✓
	ipatasertib (AKT inhib)	Gastric/prostate cancers	Ph II MARTIN, JAGUAR	Data in-house

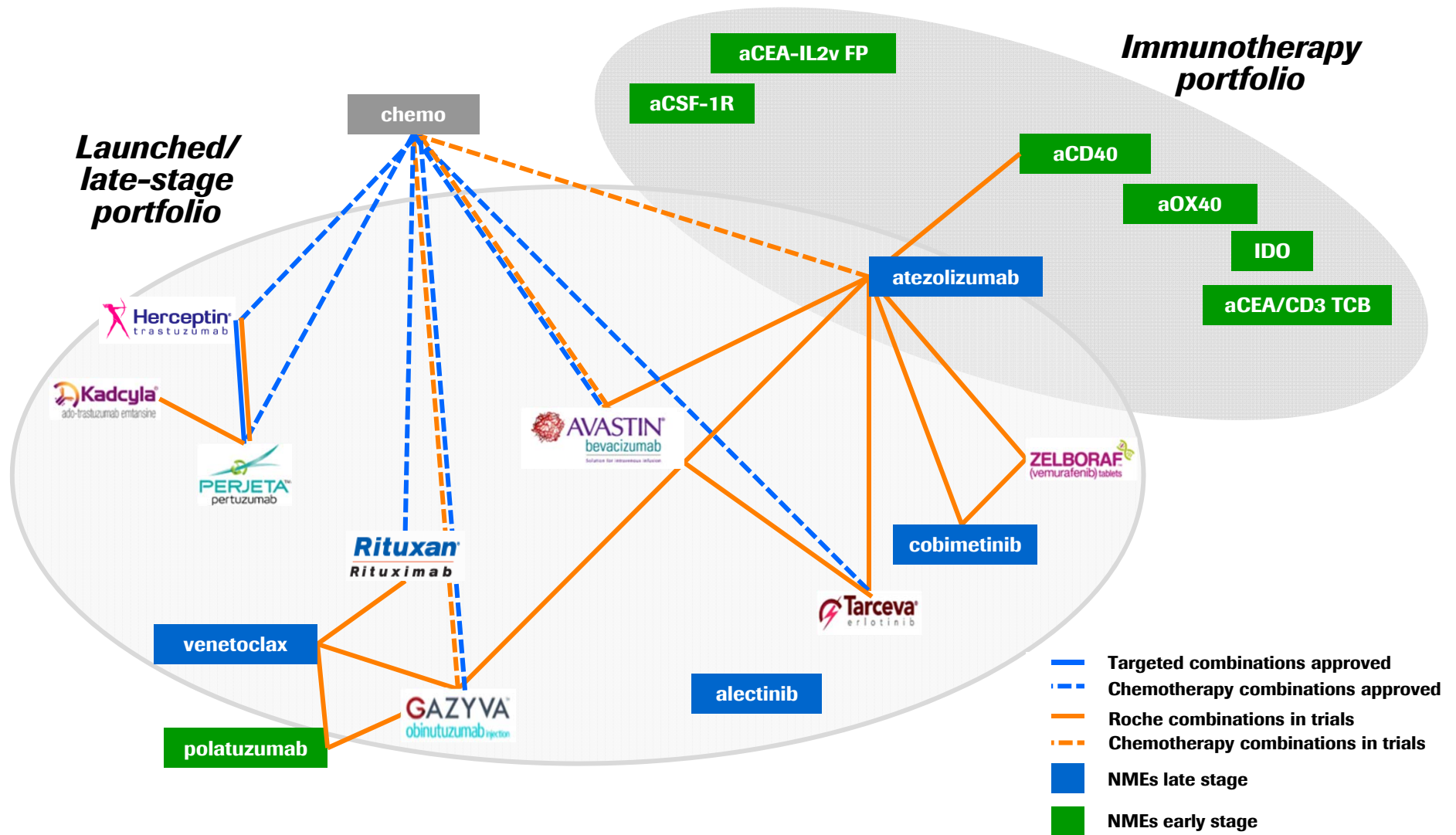
* Outcome studies are event driven, timelines may change; ** For atezolizumab (aPDL1) only P3 trials in new indications are listed (1L NSCLC starts not shown)

Unlocking the full value of cancer immunotherapy

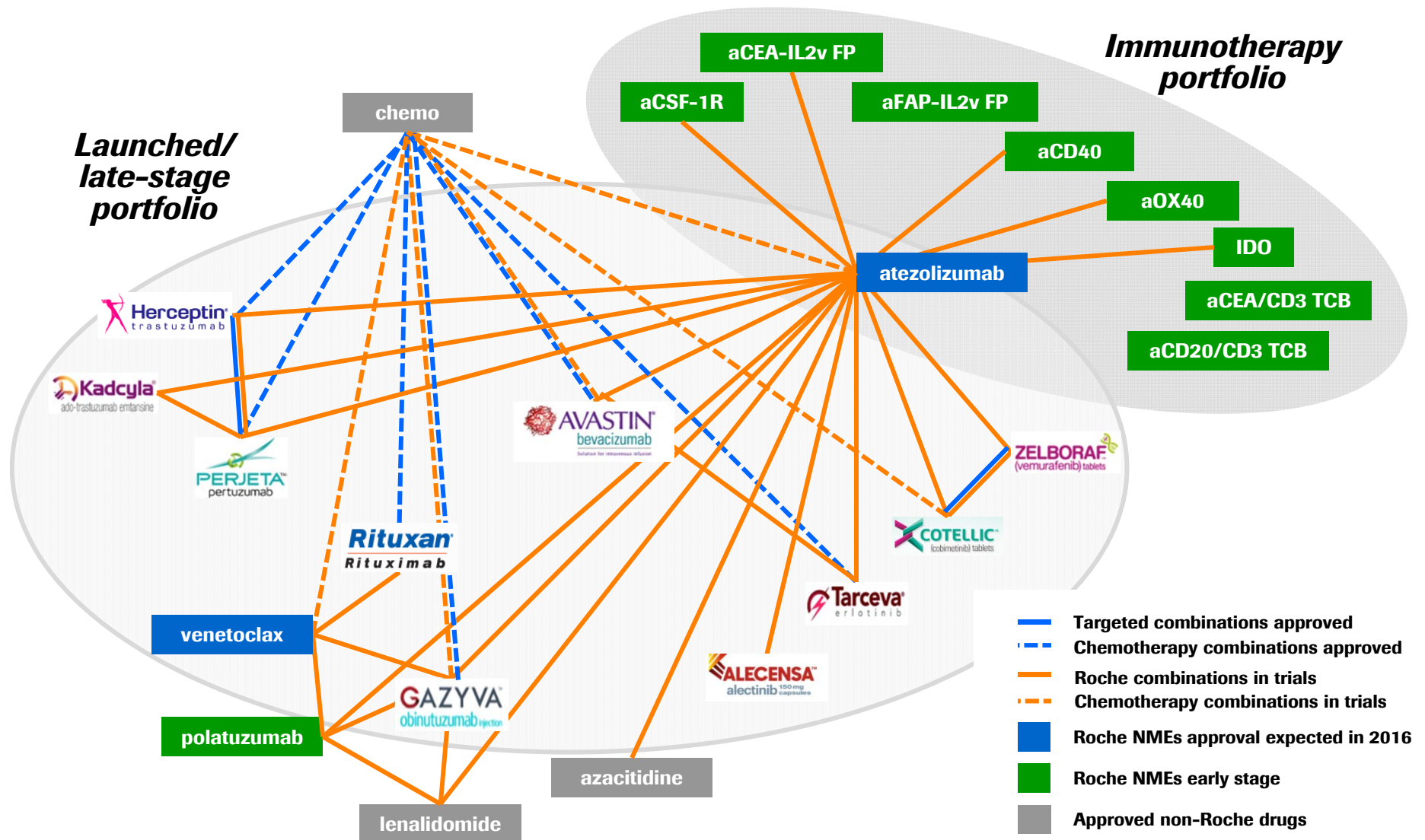
Nine in-house immunotherapy NMEs in the clinic



Combination trials as of beginning 2015...



...and combination trials as of today



Ocrelizumab in multiple sclerosis

First drug active in both RMS and PPMS

Phase III OPERA I/II Studies (RMS)

	Study Endpoint	Relative Risk Reduction versus Rebif®		
		OPERA I	OPERA II	POOLED
1 EP	ARR	-46%	-47%	NA
Key 2 EP	CDP (12 wks)	-43%	-37%	-40%
	CDP (24 wks)	-43%	-37%	-40%
	T1 Gd-enhancing lesions	-94%	-95%	NA
	New and/or enlarging T2 lesions	-77%	-83%	NA

Phase III ORATORIO Study (PPMS)

	Study Endpoint	Relative Risk Reduction versus placebo
		ORATORIO
1 EP	CDP (12 wks)	24%
Key 2 EP	CDP (24 wks)	25%
	Timed 25-foot walk (baseline to wk 120)	29%
	T2 lesion volume (baseline to wk 120)	3.4%
	Whole brain volume (wk 24 to wk 120)	17.5%

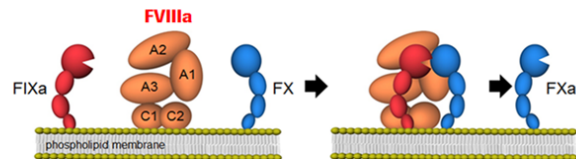
- First and only investigational medicine to suppress disease progression in both RMS and PPMS
- Results confirm B cells play a central role in MS
- US/EU filing for RMS and PPMS on track for H1 2016

RMS=relapsing forms of multiple sclerosis (MS) which includes patients with RRMS and SPMS with superimposed relapses;
 RRMS=relapsing-remitting MS; SPMS=secondary progressive MS; PPMS=primary progressive MS

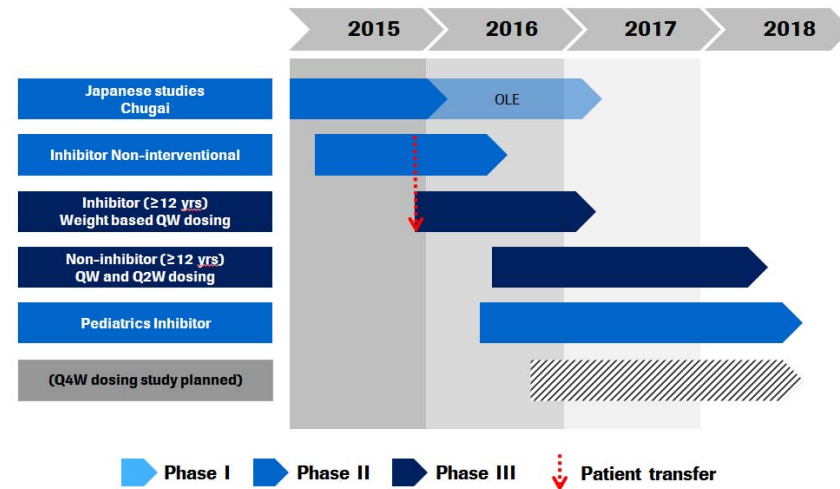
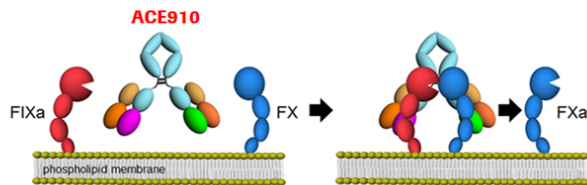
Emicizumab (ACE910) in hemophilia A

First-patient-in achieved in inhibitor study

Normal clotting pathway: FVIIIa enables FIXa/FX interaction



ACE910 supports FIXa/FX interaction

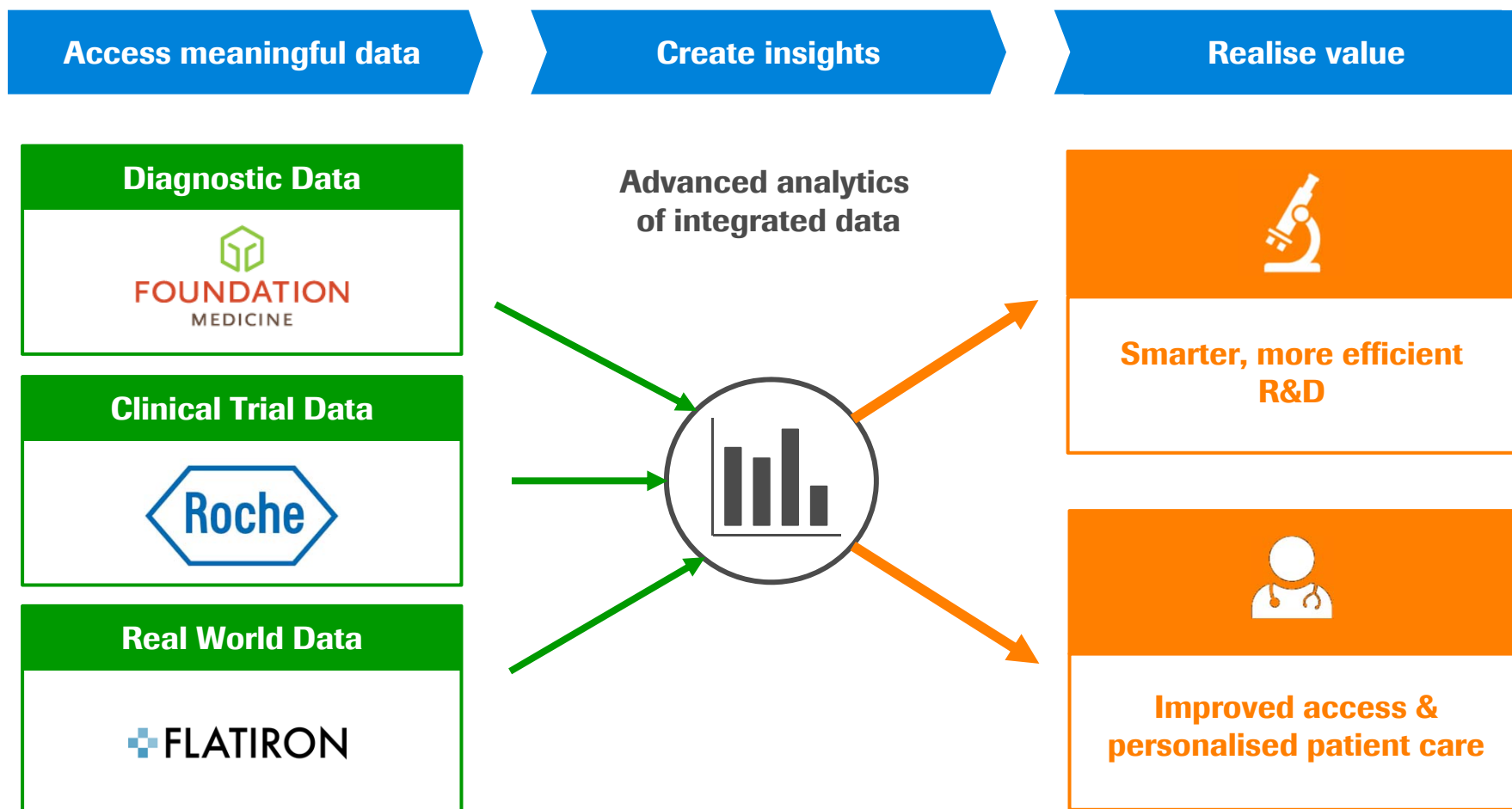


- First-patient-in in the inhibitor phase III study achieved
- Inhibitor non-interventional study has recruited >90 patients and will be expanded to non-inhibitors
- Non-inhibitor and pediatrics studies expected to start in 2016
- New data at ASH 2015: Patient underwent surgery without need for any Factor VIII replacement therapy

QW=weekly dosing; Q2W= dosing every 2 weeks; Q4W=monthly dosing; PK=pharmacokinetic study; OLE=open label extension

Strengthening Pharma through collaborations

Data analysis driving innovation and efficiencies

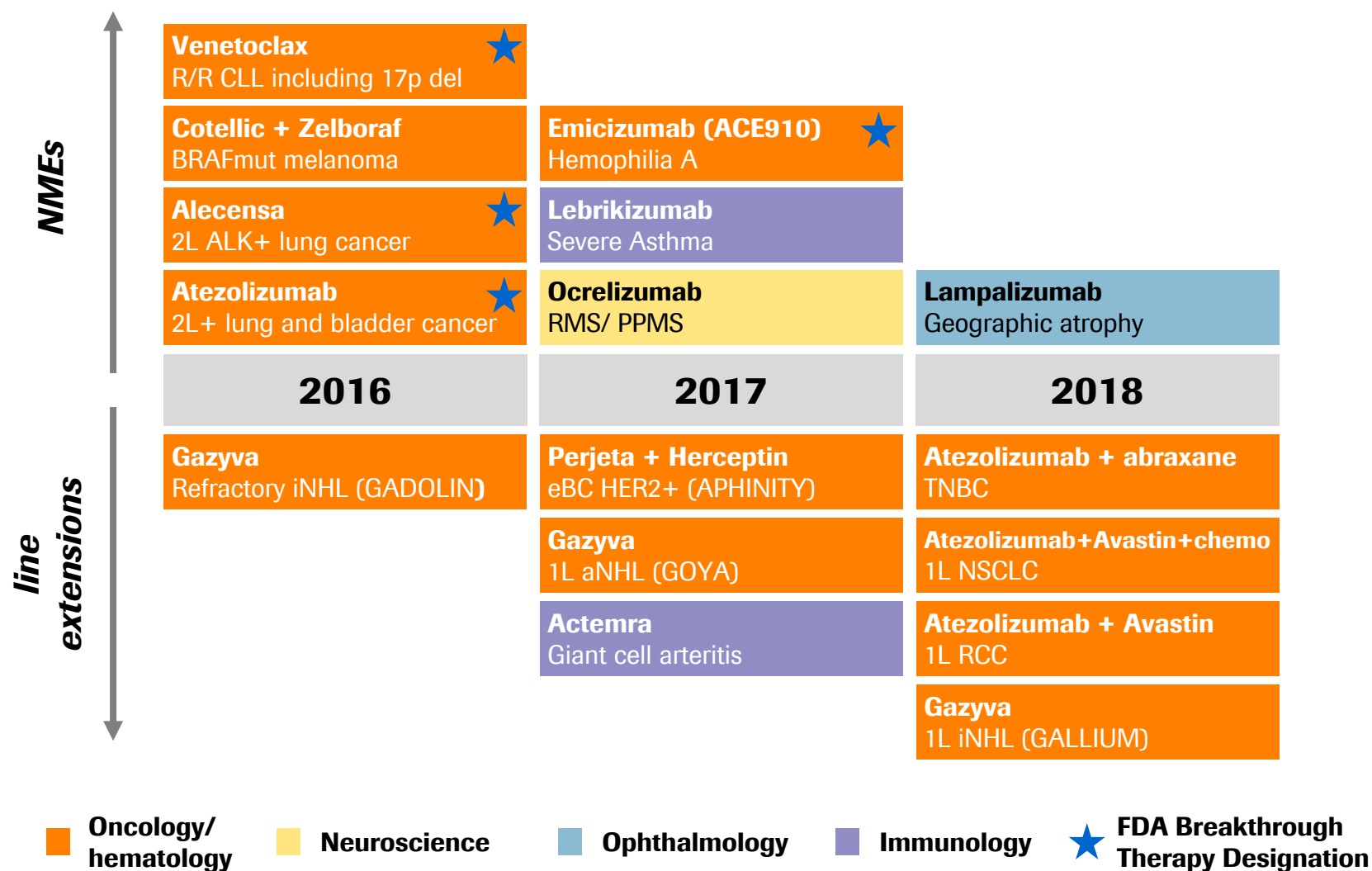


2015 results

Innovation

Outlook

2016 onwards: Significant launch activities



Outcome studies are event-driven: timelines may change. Standard approval timelines of 1 year assumed.

2016: Key late-stage news flow

	<i>Compound</i>	<i>Indication</i>	<i>Milestone</i>
Regulatory	<i>Gazyva</i>	MabThera/Rituxan-refractory iNHL	US/EU approval
	<i>venetoclax</i>	R/R CLL	US approval
	<i>ocrelizumab</i>	RMS/PPMS	US/EU filing
	<i>atezolizumab</i>	Bladder cancer	US approval
	<i>atezolizumab</i>	2/3L NSCLC	US approval
	<i>Alecensa</i>	2L ALK+ NSCLC	EU approval
Phase III readouts*	<i>lebrikizumab</i>	Severe asthma	Ph III LAVOLTA I/II
	<i>atezolizumab</i>	2/3L NSCLC	Ph III OAK
	<i>Gazyva</i>	Front-line aNHL	Ph III GOYA
	<i>Perjeta + Herceptin</i>	Adjuvant HER2+ BC	Ph III APHINITY
	<i>Actemra</i>	Giant cell arthritis	Ph III GiACTA
	<i>Alecensa</i>	1L ALK+ NSCLC	Ph III ALEX
Phase II readouts*	<i>lebrikizumab</i>	Atopic dermatitis	Ph II TREBLE, ARBAN
	<i>atezolizumab</i>	Bladder cancer	Ph II IMvigor 210 (1L cohort)
	<i>atezolizumab + Avastin</i>	1L Renal cancer	Ph II Immotion 150
	<i>venetoclax</i>	R/R FL (iNHL)	Ph II CAVALLI
	<i>venetoclax</i>	1L aNHL	Ph II CONTRALTO

* Outcome studies are event driven, timelines may change

Diagnostics Division
Roland Diggelmann
COO Roche Diagnostics



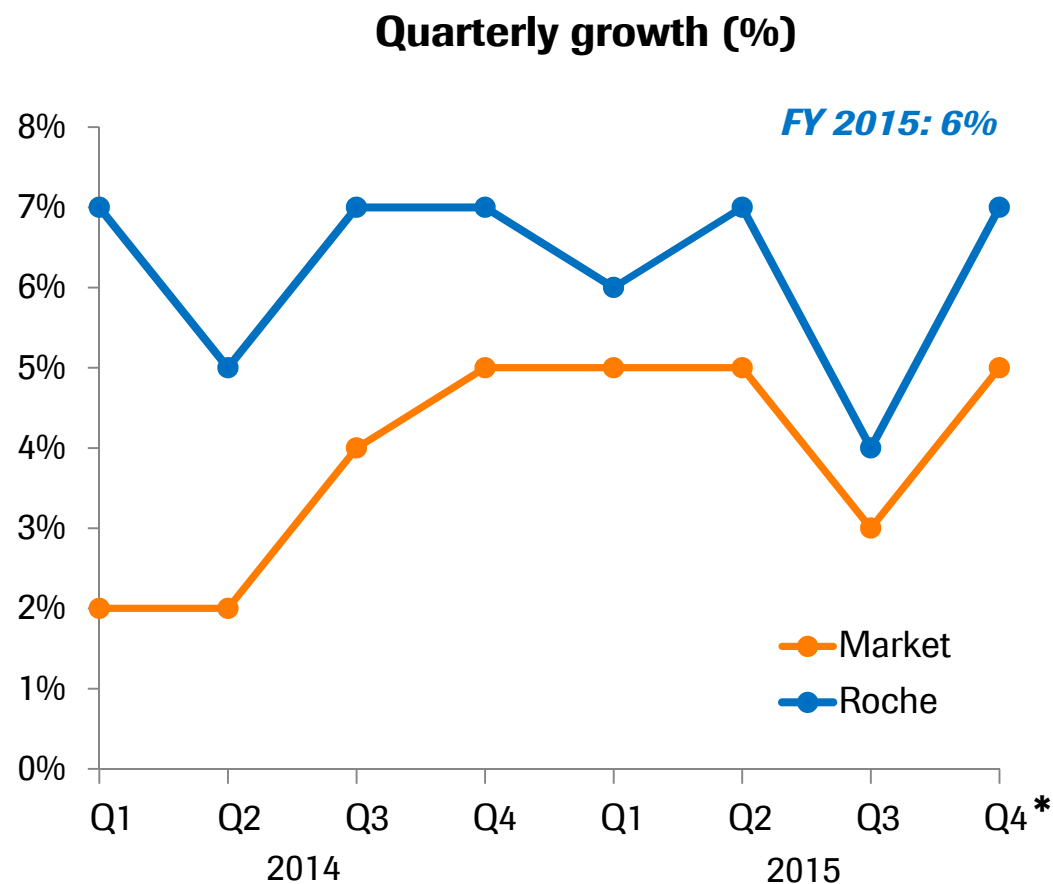
2015: Diagnostics sales

Strong sales performance

	2015 CHFm	2014 CHFm	Change in % CHF	CER
Diagnostics Division	10,814	10,766	0	6
Professional Diagnostics	6,175	6,045	2	8
Diabetes Care	2,128	2,392	-11	-3
Molecular Diagnostics	1,719	1,613	7	10
Tissue Diagnostics	792	716	11	12

CER=Constant Exchange Rates; Underlying growth of Molecular Diagnostics excluding Sequencing business: +7%

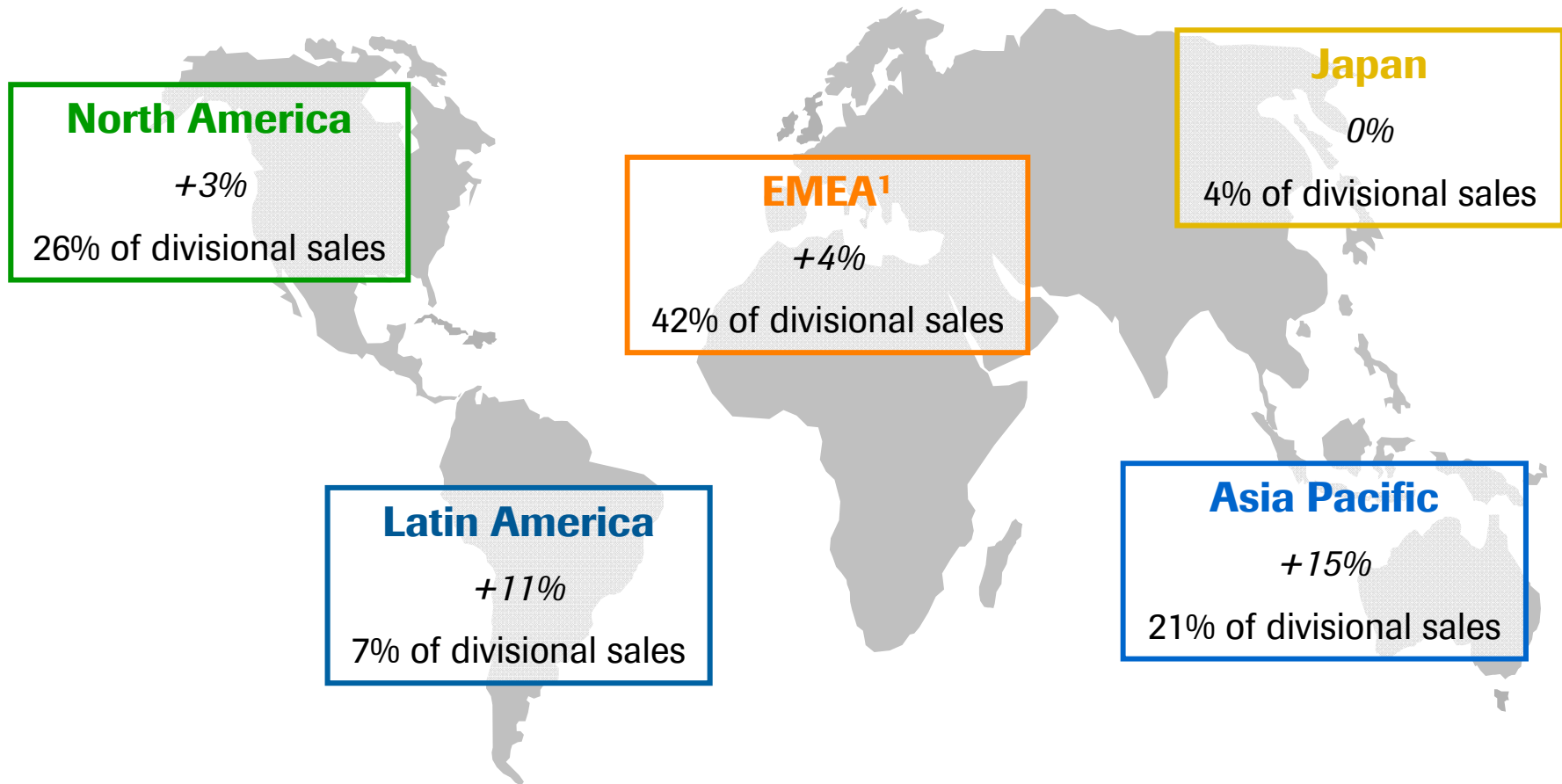
Roche outgrowing the market in a challenging environment



- Worldwide IVD market leader
- Strong commercial presence
- Broadest test menu

2015: Diagnostics regional sales

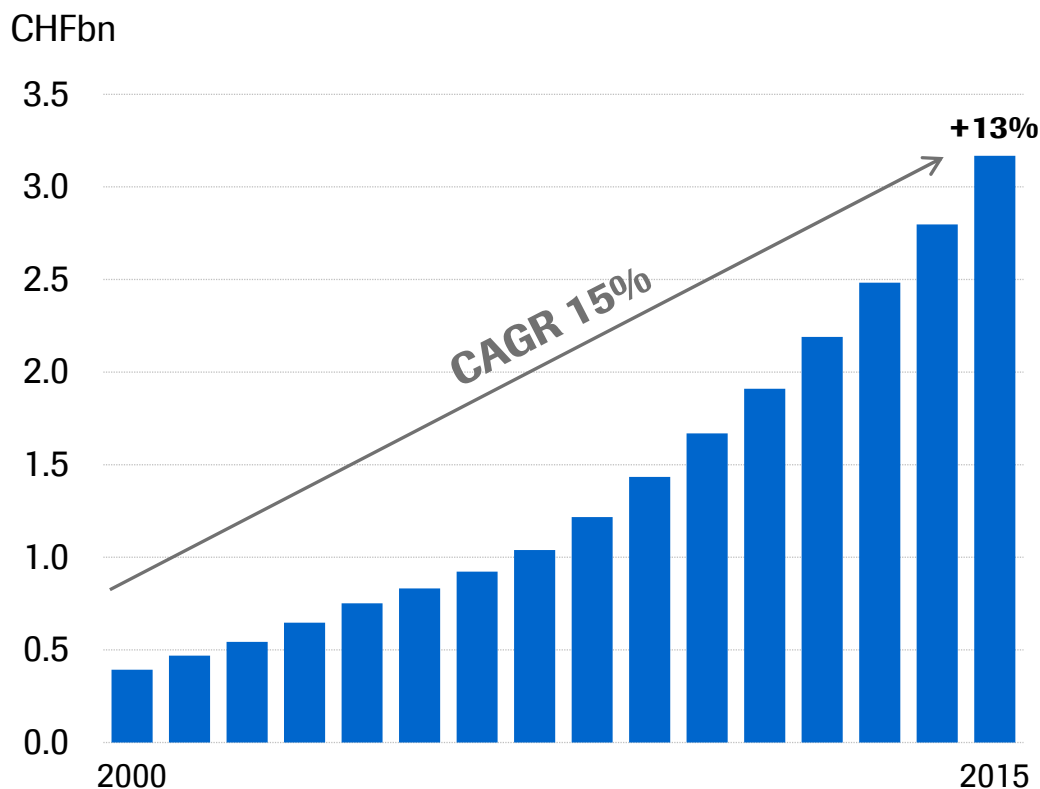
Growth driven by APAC and EMEA



14% growth in E7 countries²

¹Europe, Middle East and Africa; ²Brazil, China, India, Mexico, Russia, South Korea, Turkey
All growth rates at Constant Exchange Rates

Immunodiagnosics: 15 years of consecutive double digit growth



Continuous extension

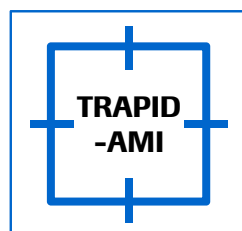
- 100+ assays
- Largest installed instrument base
- Mfc capacity expansion in 2015

Outlook

- Launch of cobas e801 instrument: Double throughput with same footprint
- New reagent plant in China

Elecsys Troponin T high sensitive (TnT-hs)

Safe and effective AMI rule-in and rule-out in 1 hour***



- ☐ Rule-in
- ☒ Rule-out
- ☐ Observation

Reduces diagnosis time to 1h in 76-78% of acute chest pain patients



Conventional assays

6 hours

High sensitive assays

3 hours

TnT-hs One-hour algorithm

1 hour

Enables faster treatment decisions and reduced ER waiting times

* AMI: acute myocardial infarction; ** 1 hour refers to time for analysis between two samples

References: 1. Mueller, C. et al (2015) : Ann Emerg Med. 10.1016/j.annemergmed.2015.11.013
[http://www.annemergmed.com/article/S0196-0644\(15\)01501-2/fulltext..](http://www.annemergmed.com/article/S0196-0644(15)01501-2/fulltext..) 2.Reichlin et al (2012). Arch Intern Med 172:1211-1218.

Molecular Diagnostics: cobas 6800/8800

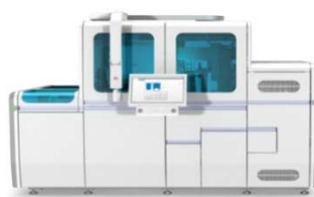
*US launch of instruments and viral load tests**

Blood Screening	Virology	Menu Expansion
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<ul style="list-style-type: none"> ▪ MPX (HIV, HCV, HBV) ▪ West Nile Virus ▪ DPX (B19 & HAV) ▪ Hepatitis E 	<ul style="list-style-type: none"> ▪ HIV-1 ▪ Hepatitis B ▪ Hepatitis C ▪ CMV 	<ul style="list-style-type: none"> ▪ HPV ▪ CT/NG ▪ HIV 1/2 Qualitative ▪ MTB/MAI & RIF/INH
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cobas 8800



cobas 6800

- Fully automated PCR systems
- Highest throughput
(3x above closest competitor)
- Highest walk-away time to increase lab efficiency

* US approved tests for cobas 6800/8800: HBV, HCV and HIV-1

Tissue Diagnostics: Launch of VENTANA HE 600

Potential to change standard of care in H&E staining*



- Latest platform with individual slide staining technology, avoids sample cross contamination
- Platform features:
 - Highest result quality and reproducibility
 - Highest test capacity and most efficient workflow
 - Easy and safe to operate

* hematoxylin and eosin tissue staining

Diabetes Care: Challenging US market

Launch of innovative products in 2016

Challenges in 2015:

- US: Spillover effect of Medicare prices to private sector

Opportunities in 2016:

- Product launches
 - Accu-Chek Guide: New blood glucose monitoring device with universal test strip for improved accuracy
 - Accu-Chek Insight CGM*: New sensor technology
- Growth prospect
 - Insulin Delivery Systems: Sustaining current growth momentum



Accu-Chek Guide



Accu-Chek Insight CGM

* CGM: Continuous glucose monitoring

Key launches 2016

	<i>Area</i>	<i>Product</i>	<i>Market</i>
Instruments / Devices	Central Laboratory	cobas 8000 <e 801 > – high throughput immunochemistry analyzer cobas c 513 – high throughput dedicated HbA1c analyzer	EU US
	Point of Care	CoaguChek INRange (Zenith) – modified analyzer for intuitive self testing with full blue tooth connectivity	EU
	Sequencing	Roche SMRT Sequencer – single molecule sequencer for clinical research (in collaboration with Pacific Biosciences)	WW
	Diabetes Care	Accu-Chek Guide – next-generation blood glucose monitoring system Accu-Chek Insight CGM – new high-performance continuous glucose monitoring system	EU EU
Tests / Assays	Virology	cobas 6800/8800 HIV Qual – early Infant Diagnosis and Confirmatory HIV Test	EU
	HPV / Microbiology	cobas 6800/8800 CT/NG – fully automated solution for screening and diagnosis of <i>Chlamydia trachomatis</i> and <i>Neisseria gonorrhoeae</i> in symptomatic & asymptomatic patients	EU
	Point of Care	cobas Liat Influenza A/B plus RSV (CLIA) – automated multiplex real time RT-PCR assay for qualitative detection and discrimination of Influenza A virus, Influenza B virus and respiratory syncytial virus (RSV)	US
	Sequencing	ctDNA oncology panels – liquid biopsy for circulating tumor DNA for cancer therapy selection	US
	Companion Diagnostics	PD-L1 (SP142) for Bladder Cancer* – companion diagnostic for atezolizumab PD-L1 (SP142) for NSCLC* – companion diagnostic for atezolizumab	US US

* achieve commercial readiness, dependent on Pharma label and approval

Finance

Alan Hippe

Chief Financial Officer



2015: Highlights

Business

- Strong sales growth of +5%¹ and Core EPS growth +7%¹ excluding filgrastim²
- Core operating profit up +5%¹, excluding filgrastim² +7%¹
- Dividend in Swiss franc and payout ratio further increased

Cash flow

- Cash generation remains strong (Op. FCF of CHF 14.9bn) despite expanding manufacturing network and investments in intangible assets
- Accounts receivable in Southern Europe further decreased

Debt restructuring

- Attractive financing conditions in capital markets used for major debt restructuring
 - Total major restructuring of USD 0.9bn and EUR 0.4bn in 2015
- Lower interest expenses of CHF 61m despite average gross debt of CHF 24bn in 2015 vs. CHF 21bn in 2014

¹ At Constant Exchange Rates (CER); ² Excluding sale of filgrastim rights in 2014

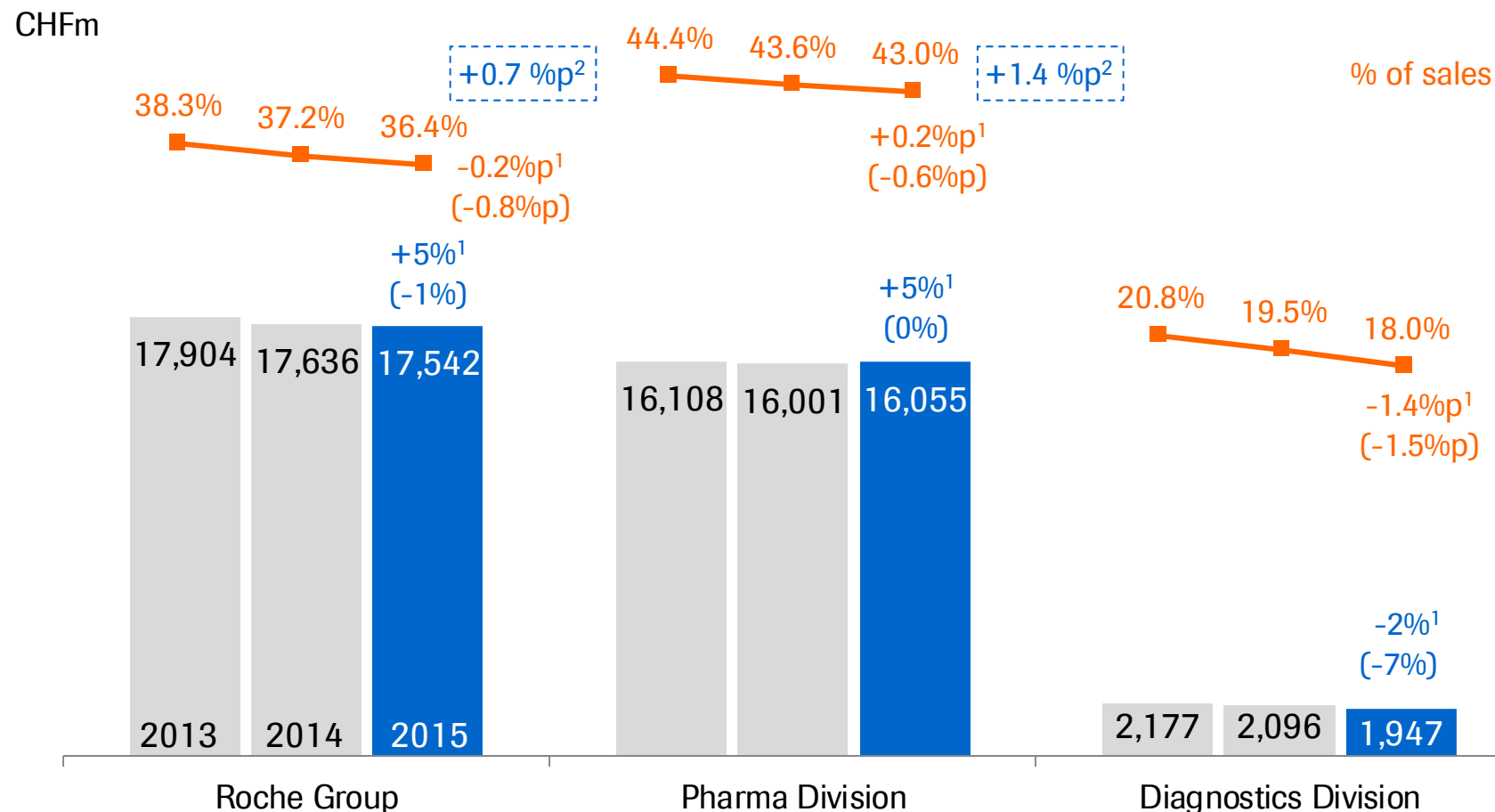
2015: Group performance

*Core EPS growth +4%, +7% excluding filgrastim**

	2015 CHFm	2014 CHFm	Change in % CHF	CER	Excl. filgrastim*
Sales	48,145	47,462	1	5	
Core operating profit <i>as % of sales</i>	17,542 36.4	17,636 37.2	-1	5	7
Core net income <i>as % of sales</i>	11,837 24.6	12,533 26.4	-6	1	4
Core EPS (CHF)	13.49	14.29	-6	4	7
IFRS net income	9,056	9,535	-5	4	
Operating free cash flow <i>as % of sales</i>	14,872 30.9	15,778 33.2	-6	-7	
Free cash flow <i>as % of sales</i>	3,352 7.0	5,322 11.2	-37	-41	

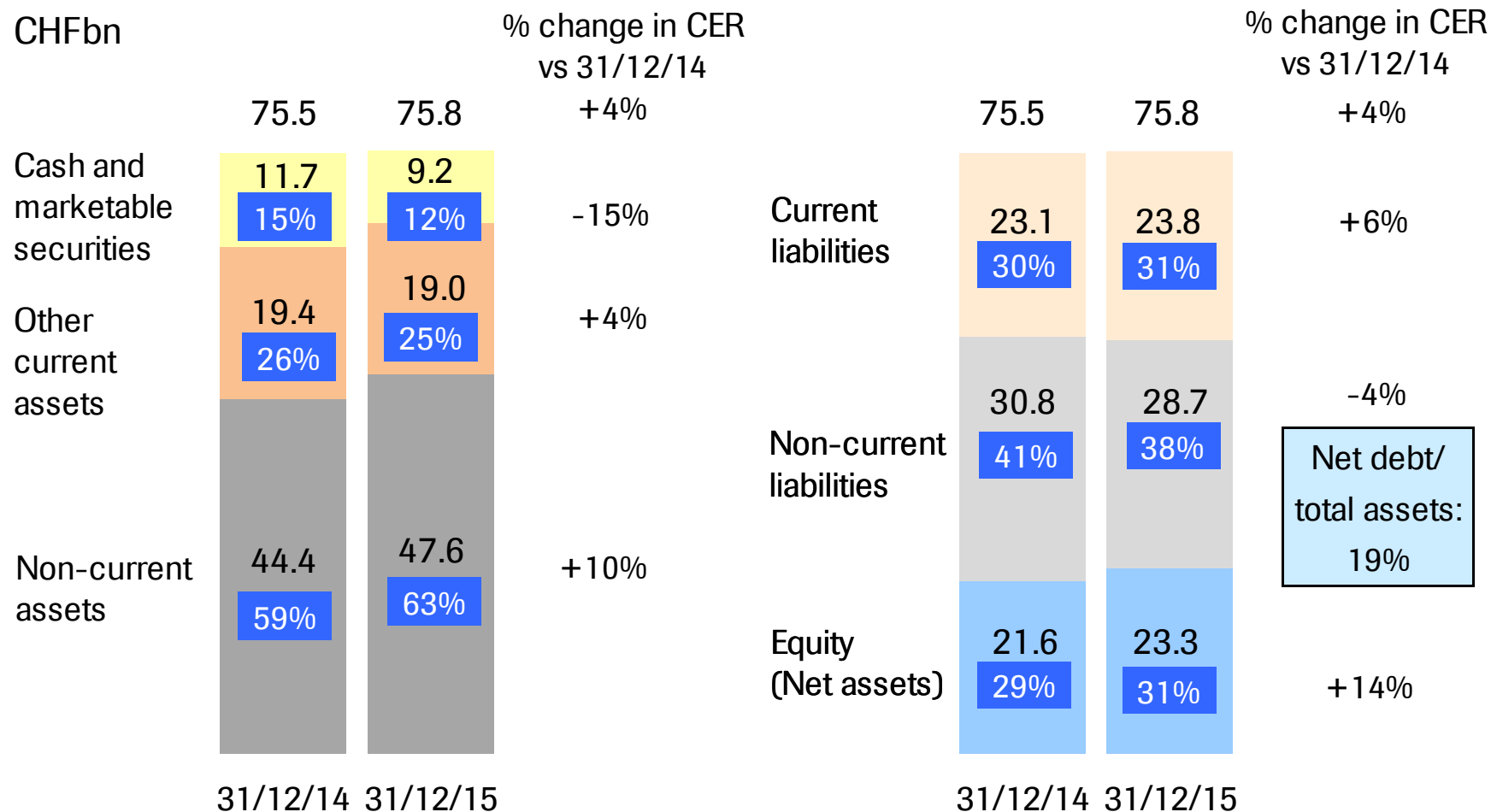
CER=Constant Exchange Rates; * Excluding sale of filgrastim rights in 2014

2015: Strong Core operating profit and margin



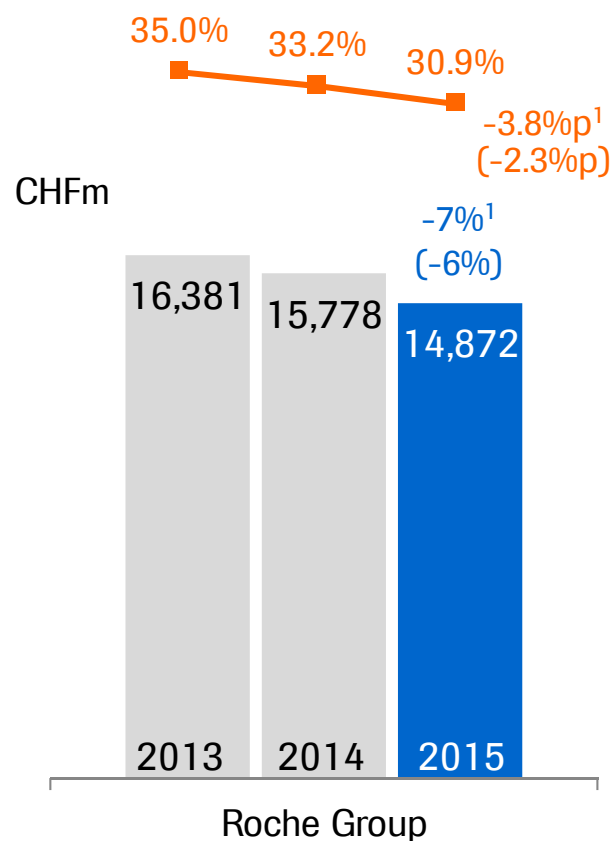
¹ At CER=Constant Exchange Rates; ² Excluding sale of filgrastim rights in 2014

Balance sheet 31 December 2015



CER=Constant Exchange Rates

2015: Operating free cash flow and margin

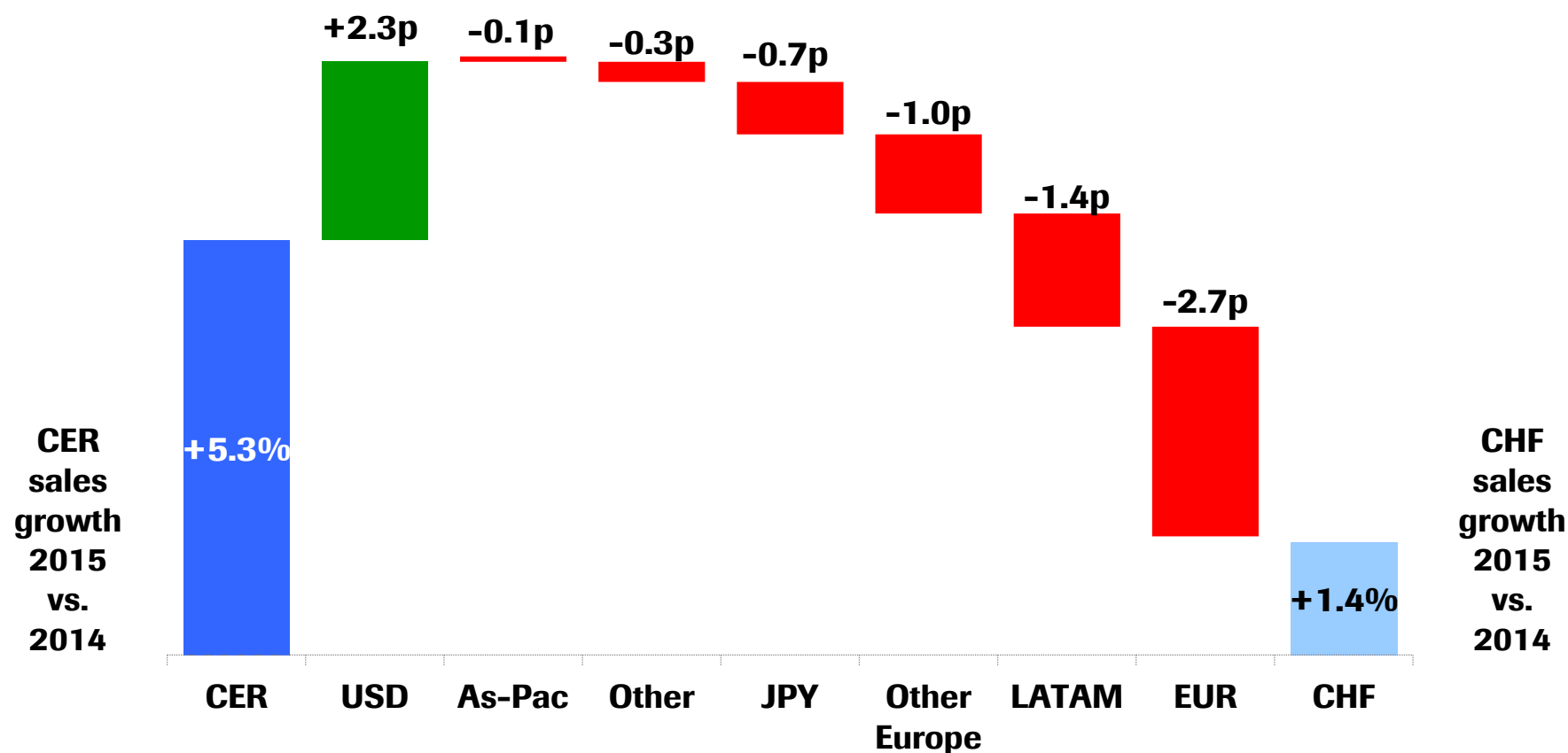


- Capex driven by expanding manufacturing network
- Investments in intangible assets

¹ At CER=Constant Exchange Rates

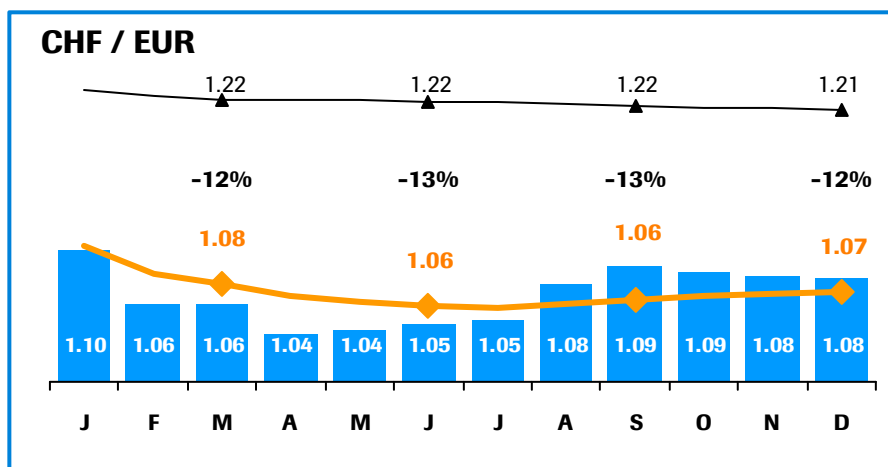
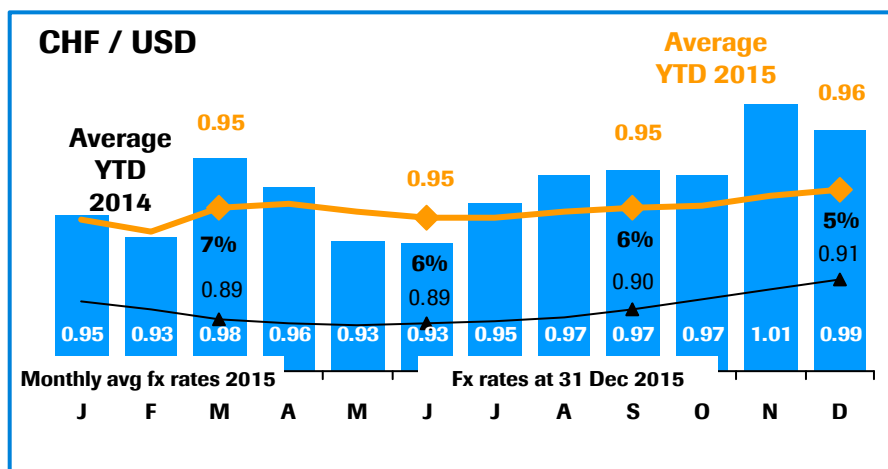
Exchange rate impact on sales growth

Negative impact from EUR, LATAM and Europe more than offsetting positive impact of USD



CER = Constant Exchange Rates (avg full year 2014)

Currency impact in 2015/2016



In 2015 impact¹ is (%p):

	Q1	HY	Sep YTD	FY
Sales	-2	-3	-4	-4
Core operating profit		-4		-6
Core EPS		-7		-10

*In 2016 currency impact¹ expected is (based on **31 Dec 2015** FX rates):*

- No FX impact on sales
- -2%p on Core OP and up to -5%p on Core EPS

¹ On Group growth rates

2016 outlook



Group sales growth¹

Low to mid-single digit

Core EPS growth¹

Ahead of sales growth

Dividend outlook

Further increase dividend in Swiss francs

¹ At Constant Exchange Rates (CER)

Doing now what patients need next