

Basel, 30 January 2014

Roche delivers strong 2013 results

- **Group sales rise 6%¹ to 46.8 billion Swiss francs**
- **Pharmaceuticals sales 7% higher, driven by HER2 breast cancer franchise, Avastin, MabThera/Rituxan, Actemra/RoActemra and Lucentis. Diagnostics sales up 4% on strong Professional Diagnostics performance**
- **Core EPS growth ahead of sales, up 10% to 14.27 Swiss francs**
- **Positive regulatory decisions for Kadcyła, Perjeta and Herceptin SC strengthen HER2 franchise and US approval of Gazyva supports hematology franchise**
- **Significant progress of R&D pipeline: 15 new molecular entities in late-stage development**
- **Board proposes dividend increase of 6% to 7.80 Swiss francs, 27th consecutive year of dividend growth**
- **Outlook for 2014: Sales expected to grow low- to mid-single digit, at constant exchange rates. Core earnings per share targeted to grow (at CER) ahead of sales. Roche expects to further increase its dividend**

¹ Unless otherwise stated, all growth rates are at constant exchange rates (CER). The percentage changes at CER are calculated using simulations by re consolidating both the 2013 and 2012 results at constant currencies (the average rates for the year ended 31 December 2012).

Key figures 2013	In millions of CHF		As % of sales		% change		
	2013	2012	2013	2012	CER*	CHF	USD
Group Sales	46,780	45,499	100	100	+6	+3	+4
Pharmaceuticals Division	36,304	35,232	78	77	+7	+3	+4
Diagnostics Division	10,476	10,267	22	23	+4	+2	+3
Core operating profit	17,904	17,160	38.3	37.7	+8	+4	
Operating free cash flow	16,381	16,135	35.0	35.5	+5	+2	
IFRS ² Net income	11,373	9,660	24.3	21.2	+22	+18	
Core earnings per share	14.27	13.49			+10	+6	

* Constant exchange rates (average full-year 2012)

Roche's CEO Severin Schwan: "2013 was a very good year for Roche. We exceeded our financial targets with strong demand for our existing products and positive uptake of recently launched medicines and diagnostics. With the launch of Perjeta and Kadcyla we have added a new generation of treatments for women with a particularly aggressive type of breast cancer. Another highlight was the launch of Gazyva for chronic lymphocytic leukemia (CLL), in the United States. In Diagnostics we introduced a range of new instruments and tests that further strengthen our position as market leader, including the cobas 8100 and a new HPV test for cervical cancer. With our strong product pipeline we are well positioned for future success."

Strong performance in 2013

Group sales rose 6% to 46.8 billion Swiss francs in 2013 as a result of strong demand for Roche's biologic medicines in the area of oncology, immunology and ophthalmology as well as for its clinical laboratory diagnostic products, especially immunoassays. This sales performance contributed significantly to an 8% increase in the Group's core operating profit and, combined with lower financing costs, a 10% rise in core earnings per share. IFRS net income rose 22% to 11.4 billion Swiss francs as a result of lower restructuring costs and the reversal of previous impairment charges.

Strong sales growth

Sales of the Pharmaceuticals Division grew 7% to 36.3 billion Swiss francs due to the continued strength of established and new medicines for cancer (HER2 franchise, Avastin and MabThera/Rituxan) as well as good growth in medicines for rheumatoid arthritis (Actemra/RoActemra) and eye diseases (Lucentis). Sales growth was strongest in the United States (+10%) and emerging markets (+12%)³, which grew faster than Europe (+2%) and Japan (+2%).

² International Financial Reporting Standards.

³ E7 emerging markets: Brazil, China, India, Mexico, Russia, South Korea and Turkey.

The Diagnostics Division grew ahead of the *in vitro* market⁴, as all regions contributed to sales growth of 4%. Sales reached 10.5 billion Swiss francs with the most important contribution coming from continued strong demand for tests and instruments used in clinical laboratories, especially from Professional Diagnostics (+8%). As expected, the market environment for Diabetes Care (-3%) remained challenging in 2013 and Roche is continuing the restructuring measures that were initiated in 2012. Sales growth in Diagnostics was strongest in Asia-Pacific (+14%) and Latin America (+13%), and lower in mature markets: Europe (+2%), North America (+1%) and Japan (+2%).

The Swiss franc rose against a number of currencies in 2013, mainly the Japanese yen and the US dollar, while falling against the euro. Overall, this led to a negative impact on the results reported in Swiss francs.

Core operating profit further improved

Driven by the strong sales performance, the Group's core operating profit increased by 8% (+4% in Swiss francs) to 17.9 billion Swiss francs. Higher operating costs were recorded for research and development, as well as for marketing and distribution to support growth in key markets such as the United States and China. Core operating profit in the Pharmaceuticals Division grew 7% to 16.1 billion Swiss francs and Diagnostics core operating profit increased by 4% to 2.2 billion Swiss francs.

Roche's core earnings per share, which excludes non-core items such as global restructuring charges and amortisation and impairment of goodwill and intangible assets, rose 10% to 14.27 Swiss francs per share. This was driven by the strong operating performance and lower financing costs, due to lower interest payments following progressive repayment of the debt incurred for the Genentech transaction. IFRS net income rose 22% to 11.4 billion Swiss francs (+18% in Swiss francs) as a result of lower restructuring costs and the reversal of previous impairment charges.⁵

Strong operating free cash flow and improved net debt position

The Group's operating free cash flow grew by 5% (+2% in Swiss francs) to 16.4 billion Swiss francs, enabling Roche to further reduce the Group's debt position: by the end of the year, 67% of the debt incurred to finance the Genentech transaction in 2009 had been repaid. The net debt position of the Group at year-end 2013 was 6.7 billion Swiss francs, a decrease of 3.9 billion Swiss francs from year-end 2012. At 31 December 2013, the net debt to asset ratio was 11%.

Significant progress in pharmaceutical R&D pipeline

During 2013 Roche's pharmaceutical R&D pipeline made significant progress both in oncology and in the

⁴ Market estimates from an independent IVD consultancy; data as of end Q3 2013.

⁵ As part of a broader initiative to expand production capacity of biologic medicines, Roche put back into service a discontinued production unit in Vacaville (USA). This resulted in a reversal of previously incurred impairment charges of 0.5 bn Swiss francs.

areas of ophthalmology and immunology. The pipeline currently has 66 new molecular entities in clinical development of which 15 are in late-stage development. Based on promising mid-stage data Roche selected eight new compounds to progress to late-stage development during 2013: six compounds in oncology (anti-CD79b ADC, pan-PI3Ki, beta-sparing PI3Ki, alectinib (ALKi), Bcl-2i, anti-PDL1), etrolizumab for inflammatory bowel disease, lampalizumab for the eye disease geographic atrophy (an advanced form of dry AMD). In addition, Roche licensed-in oral octreotide, a treatment for the growth disorder, acromegaly.⁶

Proposals for the Annual General Meeting 2014

In light of the company's strong performance in 2013, the Board of Directors is proposing an 6% dividend increase to 7.80 Swiss francs per share and non-voting equity security (2012: 7.35 Swiss francs), making this the 27th consecutive year of dividend growth.

The Board of Directors proposes that Christoph Franz, who has served as a non-executive Director on the Roche Board since 2011, be elected as Chairman of the Board.

In March 2013 a majority of Swiss citizens voted in a referendum in favour of a set of changes to the Swiss constitution regarding governance regulations of publicly quoted companies. Roche has decided to implement the new regulations earlier than required and will propose changes to the company's Articles of Incorporation at the AGM on 4 March 2014: as of this year, the Chairman of the Board, all members of the Board of Directors and the members of the Remuneration Committee will be elected annually by the shareholders and binding votes on remuneration will be proposed to be implemented in 2014, ahead of the mandatory date of 2015.

Outlook for 2014

In 2014, Roche expects low- to mid-single digit growth in Group sales at constant exchange rates. Core EPS is targeted to grow (at CER) ahead of sales. Roche expects to further increase its dividend.

⁶ In February 2013, Roche signed an agreement with Chiasma, a privately held biopharma company, to develop and commercialise Octreolin.

Pharmaceuticals Division

Pharmaceuticals Division: Key figures - 2013	In millions of CHF	% change at CER*	% change in CHF	As % of sales
Sales - Pharmaceuticals Division	36,304	+7	+3	100
United States	15,097	+10	+9	42
Europe	9,254	+2	+3	25
Japan	3,405	+2	-17	9
International	8,548	+8	+3	24
Core operating profit	16,108	+7	+4	44.4
Operating free cash flow	14,976	+5	+2	41.3
Research and development	7,683	+5	+2	21.2

* Constant exchange rates (average full-year 2012)

Strong sales growth in the United States and emerging markets

Pharmaceuticals sales were driven by growth for oncology products in the United States (+10%) and the E7 emerging markets (+12%), especially China (+21%) and Brazil (+9%). Sales in Europe grew 2%, despite ongoing pricing pressure in key markets. In Japan sales increased 2%, despite the loss of sales following the termination of a co-marketing agreement for Evista, an osteoporosis treatment; excluding this impact, sales in Japan grew 7%.

Oncology: dynamic growth and important product approvals

Sales of the HER2 breast cancer franchise, which consists of Herceptin, Perjeta and Kadcyła, rose 14% to 6.6 billion Swiss francs. In 2013 Roche received several important product approvals for the HER2 franchise in key markets: Kadcyła was approved in the United States and the EU and Perjeta was approved in the EU for late-stage cancer. In October Perjeta was also approved for use in treatment of HER2-positive breast cancer prior to surgery (neoadjuvant setting) in the United States. The HER2 franchise was further strengthened by EU approval of the subcutaneous formulation of Herceptin.

Sales of Avastin, which is used to treat a number of different types of cancer, increased 13% to 6.3 billion Swiss francs due to strong demand for the treatment of advanced ovarian cancer in Europe, and colorectal cancer in the United States and Europe. During 2013 Avastin was approved in Japan to treat ovarian cancer, as well as glioblastoma, a type of brain tumour.

Sales of Roche's blood cancer and rheumatoid arthritis medicine MabThera/Rituxan increased 6% to 7.0 billion Swiss francs. The outlook for the Group's hematology franchise was enhanced by US approval of Gazyva to treat chronic lymphocytic leukemia (CLL), one of the most common forms of blood cancer. Late-stage trials investigating Gazyva in non-Hodgkin's lymphoma (NHL), the most common cancer of the

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