

Investor Update

Basel, 12 November 2015

Roche to restructure its manufacturing network for small molecules

Changes to address shift to new generation of medicines

- ◆ **Exiting four sites to optimise capacity utilisation will affect approx. 1,200 positions**
- ◆ **Investment of CHF 300 million to strengthen development and launch capabilities for specialised medicines at Kaiseraugst, Switzerland**
- ◆ **Estimated restructuring costs of CHF 1.6 billion until 2021, of which up to CHF 600 million in cash**

Roche (SIX: RO, ROG; OTCQX: RHHBY) today announced plans to restructure its manufacturing network for small molecules to address current underutilisation as a result of its evolving portfolio. A new generation of specialised medicines based on small molecules requires novel manufacturing technologies and will be produced in lower volumes than traditional medicines.

As a result, Roche plans to exit four manufacturing sites in Clarecastle, Ireland; Leganes, Spain; Segrate, Italy; and Florence, United States. In an effort to minimise job reductions, the company is actively looking into divestment opportunities for these facilities.

In order to manufacture a new generation of specialised medicines based on small molecules, Roche will further invest 300 million Swiss francs into a dedicated facility in Kaiseraugst, Switzerland to support future technology requirements. This investment will strengthen the company's development and launch capabilities.

"With these changes we are responding to the evolution of our small molecule portfolio towards specialised medicines produced in lower volumes," says Daniel O'Day, Chief Operating Officer, Pharmaceuticals Division of Roche. "We are aware of the impact this decision has on our colleagues, and we will do our utmost to support them during this transition."

Roche will immediately begin discussions with employee representatives in the respective countries, and will conduct the consultation process in an open and socially responsible manner. Transition will begin in 2016 and is planned to end by 2021. Affected employees will be notified as soon as possible and will receive appropriate support during the transition.

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It is expected that site exits will result in non-core restructuring costs of CHF 1.6 billion until 2021, of which up to CHF 600 million will be in cash. This also includes additional efficiency efforts undertaken in the manufacturing network and organisation. Estimated non-core costs in 2015 are up to CHF 800 million, with only a minor cash flow impact in 2015.

Roche continuously assesses and adapts its manufacturing capacities and technologies. To address the growing demand and rich pipeline of medicines across several therapeutic areas, the company has announced investments of over CHF 2 billion in its biologics manufacturing capacity over the past two years.

About Roche

Headquartered in Basel, Switzerland, Roche is a leader in research-focused healthcare with combined strengths in pharmaceuticals and diagnostics. Roche is the world's largest biotech company, with truly differentiated medicines in oncology, immunology, infectious diseases, ophthalmology and neuroscience. Roche is also the world leader in in vitro diagnostics and tissue-based cancer diagnostics, and a frontrunner in diabetes management. Roche's personalised healthcare strategy aims at providing medicines and diagnostics that enable tangible improvements in the health, quality of life and survival of patients. Founded in 1896, Roche has been making important contributions to global health for more than a century. Twenty-nine medicines developed by Roche are included in the World Health Organization Model Lists of Essential Medicines, among them life-saving antibiotics, antimalarials and chemotherapy.

In 2014, the Roche Group employed 88,500 people worldwide, invested 8.9 billion Swiss francs in R&D and posted sales of 47.5 billion Swiss francs. Genentech, in the United States, is a wholly owned member of the Roche Group. Roche is the majority shareholder in Chugai Pharmaceutical, Japan. For more information, please visit roche.com.

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