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## Q1 2012 Summary

### Key Messages:

- Sales growth driven by Biopharmaceuticals and Life Science offsetting weaker performance in Consumer Health and Performance Materials
- Geographically, organic sales growth driven by Emerging Markets (4% organic sales growth) and North America (3% organic sales growth), whilst Europe shows a modest performance (-2%)
- Lower profitability compared to strong previous year quarter:
  - EBITDA pre of €675 million or 26.3% of sales
  - Net profit pre of €363 million down due to lower operational performance
- Transformation process continues and major efficiency measures announced
- Guidance for the Group: EBITDA pre for 2012 €2.8 billion - €2.9 billion (incl. €50 million efficiency savings)

### Q1 2012 The Group Financials

- Total revenues up 3% to € 2.64 billion compared to € 2.56 billion in Q1 2011
- Gross profit decrease mainly due to negative capitalized manufacturing variances, higher start-up costs for Swiss biotech plant, and negative exchange rate effects (CHF)
- EBIT of €311 million vs. €530 million in Q1 2011 due to lower operational result and including €30 million one-time costs whereas Q1 2011 included €95 million one-time gains
- Good free cash flow generation reflecting improved working capital; the decline vs. Q1 2011 is notably due to payments for the sale of Théramex and CropBioscience in the comparable quarter of last year
- Further gross debt reduction primarily due to repayment of €500 million bond. Also net debt is being reduced strongly by nearly € 500 million.
- EPS pre of €1.67 reflecting lower operational performance

### Q1 2012 Divisional Overview

#### *Biopharmaceuticals*

- Revenues grow 5% to € 1.50 billion vs. € 1.43 billion in Q1 2011; sales growth of 5% reflects 4% organic growth and a positive effect of changes in Fx of 1%
- Fertility, Cardiometabolic Care and Endocrinology drive organic sales growth
- Geographically, Emerging Markets continue to be the main growth driver whereas Europe suffered from ongoing austerity measures
- Rebif organic sales growth of 2.7% benefits from U.S. price increases
- Erbitux organic sales growth of 1.3% reflects continued weakness in Japan
- EBITDA pre: at €394 million coming close to the previous year level of €401 million  
PETACC-8 phase III study of Erbitux as adjuvant treatment of stage III colon cancer shows no benefit at pre-specified interim analysis – results will be presented at upcoming international oncology meetings

### *Consumer Health*

- Sales decrease 7% to €108 million vs. €116 million in Q1 2011
- Organic sales decline of 8% mainly due to weaker performance in Europe and an one-time supply chain issue in France
- Ongoing effort to improve profitability reflected in a 12% reduction of SG&A costs due to tighter cost management
- EBITDA pre: €9 million vs. €11 million in Q1 2011

### *Performance Materials*

- Sales decline 5% to €386 million vs. €408 million in Q1 2011; compared to a very strong year-ago quarter, organic sales decreased 8%
- Liquid Crystals market share remains unchanged at close to 60%
- Gross profit negatively impacted by lower sales and negative product mix with lower PS-VA share vs. previous year
- Pigments & Cosmetics still below last year's first quarter due to lower sales in Europe. Xirallic shows an improvement vs. last quarter
- SG&A driven by divestment of CropBioscience in Q1 2011; eliminating this effect, SG&A down by €7 million
- EBITDA pre: €160 million, vs. an exceptionally high comparable base in 2011: €198 million.

### *Life Science*

- Sales grow 7% to €653 million compared to €608 million in Q1 2011; organic sales increased 3%; the division recorded a benefit of 2% from acquisitions and 2% from changes in foreign exchange rates
- Good performance from Lab Solutions and Process Solution despite the loss of the insulin contract
- SG&A increase driven by additional costs from acquired companies and investments in sales force, primarily in the US
- Higher R&D reflects investments notably in Process Solutions and effects from acquisitions
- EBITDA pre: €161 million vs. €158 million, in Q1 2011

The Group Q1 2012  
Underlying Business Performance

€m	Q1 2012	Q1 2011	Δ
<b>Total Revenues</b>	<b>2,645</b>	<b>2,564</b>	<b>3%</b>
Net Sales	2,564	2,478	4%
Royalty income	81	86	-6%
<b>Gross Profit</b>	<b>1,896</b>	<b>1,925</b>	<b>-2%</b>
as % of net sales	74.0	77.7	
<b>Marketing &amp; Selling</b>	<b>-587</b>	<b>-590</b>	<b>-1%</b>
<b>Royalty and Comm. Exp.</b>	<b>-120</b>	<b>-111</b>	<b>8%</b>
<b>Administration</b>	<b>-136</b>	<b>-130</b>	<b>5%</b>
<b>Other Expenses / Income</b>	<b>-145</b>	<b>63</b>	<b>-330%</b>
<b>R&amp;D</b>	<b>-382</b>	<b>-379</b>	<b>1%</b>
<b>Amortization</b>	<b>-216</b>	<b>-248</b>	<b>-13%</b>
<b>EBIT</b>	<b>311</b>	<b>530</b>	<b>-41%</b>
<b>EBITDA pre</b>	<b>675</b>	<b>737</b>	<b>-8%</b>
as % of net sales	26.3	29.7	

€m	Q1 2012	Q1 2011	Δ
<b>EBIT</b>	<b>311</b>	<b>530</b>	<b>-41%</b>
<b>Financial Result</b>	<b>-65</b>	<b>-68</b>	<b>-5%</b>
<b>Profit before Taxes</b>	<b>246</b>	<b>461</b>	<b>-47%</b>
<b>Income Tax</b>	<b>-69</b>	<b>-117</b>	<b>-41%</b>
Tax Rate (%)	28.2	25.4	
<b>Net Profit pre</b>	<b>363</b>	<b>415</b>	<b>-13%</b>
EPS pre (€)	1.67	1.91	-13%