Q2 2012 Earnings Presentation

Transformation starts to yield first results

August 14, 2012

Merck KGaA
Darmstadt · Germany

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Agenda

1. **Q2 Highlights**
2. Q2 Financial Update
3. Update on Consumer Health

The Group

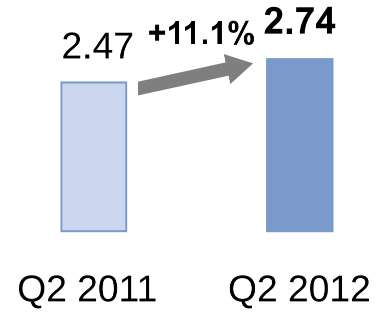
Q2 2012: Overall a good quarter

Key Highlights

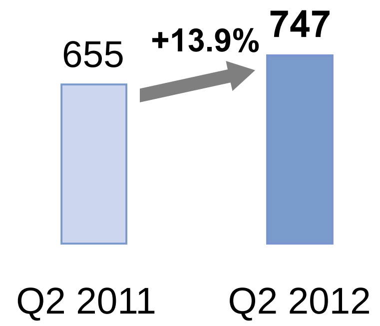
- Solid top-line performance in all divisions driven especially by strong organic sales growth from Biopharmaceuticals and favorable FX rates
- Operating leverage, lower discretionary spending, and first implementation of cost efficiencies lead to profitability improvement
- Free cash flow benefits from higher profitability and strong improvement in working capital
- Reported EBIT lowered by €376 m in one-time charges relating to the efficiency program

Q2 2012 Financials

Sales [€ bn]

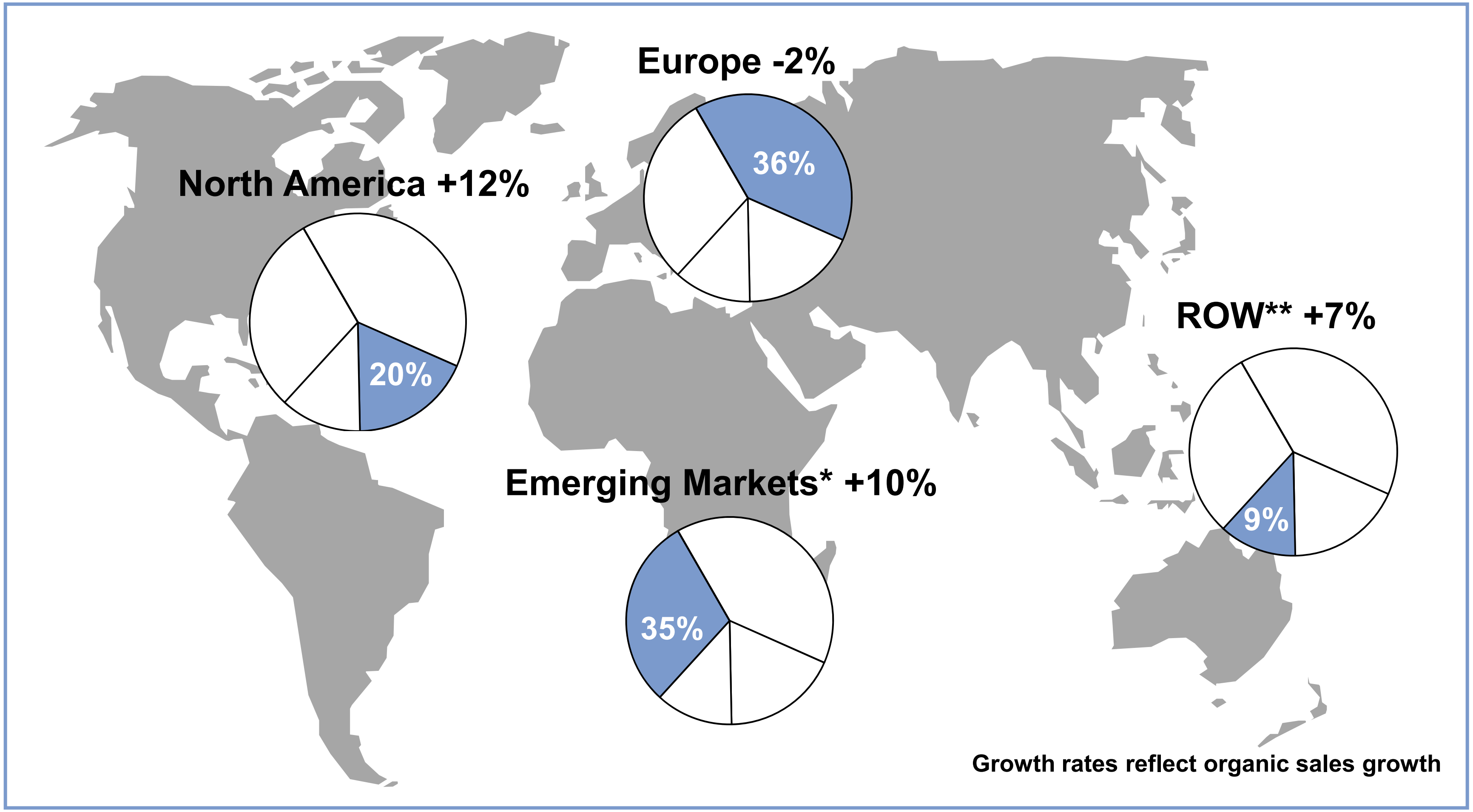


EBITDA pre* [€ m]



* EBITDA pre one-time items

Biopharmaceuticals sales drive increase in North America and Emerging Markets



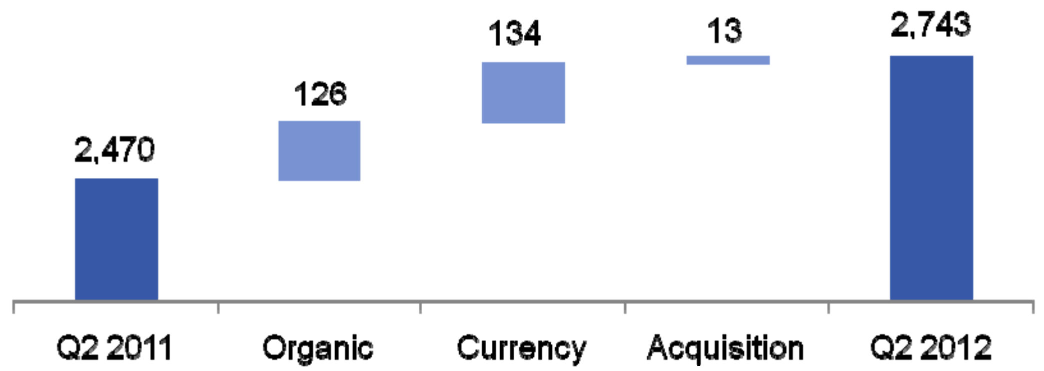
Emerging Markets = Latin America + Asia (w/o Japan)
** ROW = Japan, Oceania, Australia, Africa

The Group

Strong top-line growth stemming from organic and FX contribution

Q2 yoy sales	Organic	Currency	Acq.	Total
Biopharmaceuticals	7%	4%	0%	11%
Consumer Health	1%	2%	0%	3%
Perf. Materials	4%	10%	0%	14%
Life Science	3%	6%	2%	11%
THE GROUP	**5%**	**5%**	**1%**	**11%**

Q2 sales bridge [€ m]



Q2 drivers

- Solid sales increase by 11%
- Main drivers for sales growth are organic (+5%) and FX growth (+5%)
- Biopharmaceuticals, especially Rebif and Gonal-f, and Performance Materials drive performance

Strong pricing and US dollar supports sales

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Agenda

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The Group

Strong sales growth and cost management drive EBITDA pre improvement

[€ m]	Q2 2012	Q2 2011	Δ
Sales	2,743	2,470	11%
EBITDA pre *Margin (% of sales)*	747 *27.2%*	655 *26.5%*	14%
EPS pre [€]	1.92	1.60	20%
Operating cash flow	694	292	138%

[€ m]	Jun 2012	Dec 2011	Δ
Net financial debt	2,942	3,484	-16%
Employees	40,085	40,676	-1%

Comments

- **Sales** growth of 11% reflects 5% organic growth, 5% benefit from changes in FX, 1% from acquisitions
- **EBITDA pre** margin increases by 70 basis points on higher sales and lower costs
- Strong operational performance drives **EPS pre** improvement
- **Cash flow from operating activities** benefits from improved efficiency of working capital
- **Net financial debt** lowered

Biopharmaceuticals

Higher Rebif and Fertility sales, tight cost control and efficiencies drive performance

[€ m]	Q2 2012	Q2 2011	Δ
Total Revenues	**1,649**	**1,480**	**11%**
Sales	1,546	1,395	11%
Royalty and Comm. Income	102	84	21%
Gross Profit	**1,332**	**1,188**	**12%**
Margin (% of sales)	*86.1%*	*85.1%*	
Marketing & Selling	-359	-366	-2%
Royalty and Comm. Exp.	-148	-113	31%
Administration	-64	-64	-1%
Other Expenses / Income	-267	-218	22%
R&D	-326	-301	8%
Amortization	-165	-263	-37%
EBIT	**4**	**-138**	**n.m.**
Depreciation & Amortization	244	477	-49%
One-time items	192	27	>100%
EBITDA pre	**439**	**366**	**20%**
Margin (% of sales)	*28.4%*	*26.3%*	

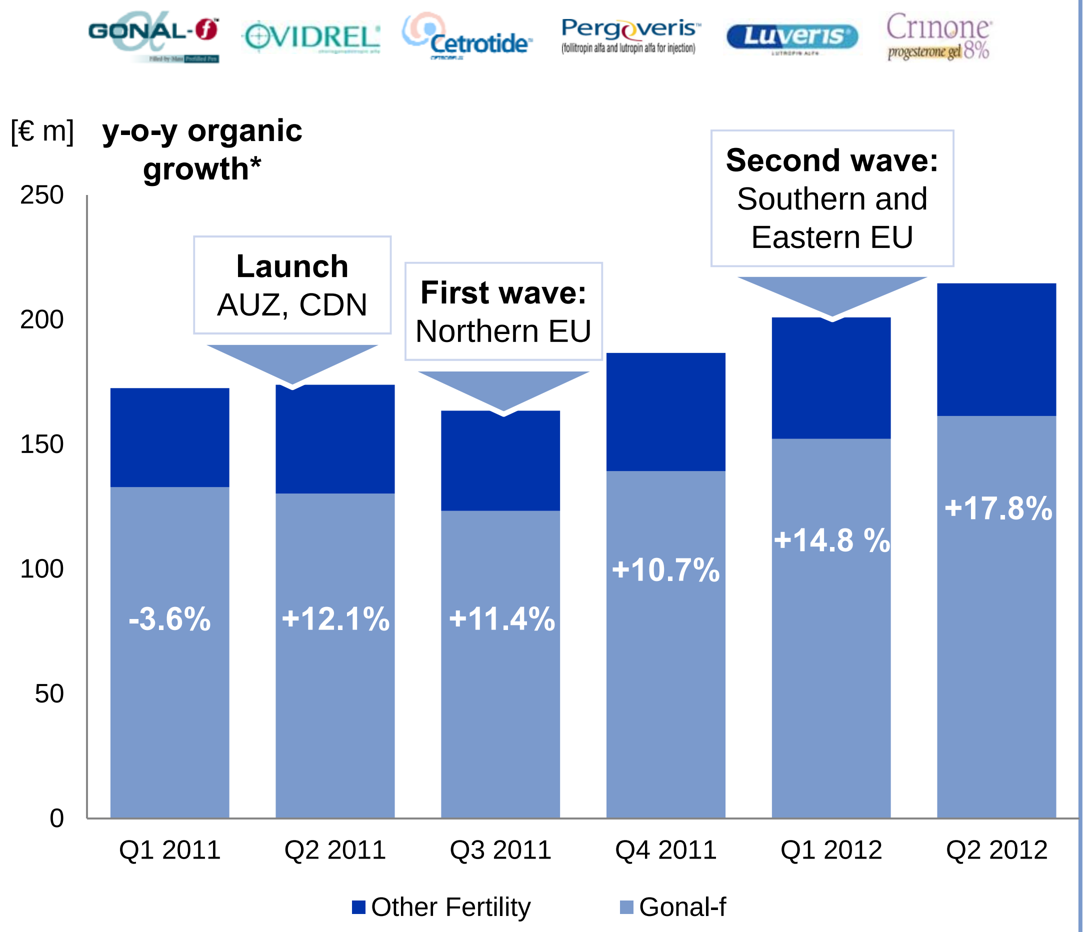
Sum of items may not foot due to rounding

Comments

- **Sales** growth of 11% reflects 7% organic growth and 4% benefit from FX
- Mainly driven by Rebif (pricing US) and the Fertility portfolio (growing in all markets)
- **Royalty income** benefiting from Humira and FX
- **Other expenses include** restructuring costs (€190 m)
- **R&D** contains charges for EXPAND and PETACC-8, but also some early costs for new pipeline projects
- **Amortization** in Q2 2011 affected by one-time items
- Strong increase in **EBITDA pre** reflects strong sales and operational improvement

Biopharmaceuticals - Fertility

Successful roll-out of family of pens supports double-digit organic sales growth in Fertility



Comments

- Global sales of €215 m in Q2 2012
- Competitive differentiation through common delivery platform for all gonadotropins in the Fertility Portfolio
- Now launched in 30 countries
  - Europe
  - Australia
  - Canada
  - India (June 2012)
- Further Emerging Markets currently under preparation
  - Roll-out during 2012/ 2013
- In the US, sales are driven by price increases and changed distribution model

* Organic growth rates for the total Fertility portfolio

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Consumer Health

Advancing toward improved performance

[€ m]	Q2 2012	Q2 2011	Δ
Total Revenues	**122**	**118**	**3%**
Sales	121	118	3%
Royalty and Comm. Income	1	1	-26%
Gross Profit	**83**	**80**	**5%**
Margin (% of sales)	*68.9%*	*67.7%*	
Marketing & Selling	-54	-57	-4%
Royalty and Comm. Exp.	0	0	n.m.
Administration	-6	-6	4%
Other Expenses / Income	-8	0	>100%
R&D	-5	-6	-22%
Amortization	-1	-1	12%
EBIT	**10**	**10**	**1%**
Depreciation & Amortization	3	3	-15%
One-time items	5	0	n.m.
EBITDA pre	**18**	**13**	**37%**
Margin (% of sales)	*14.7%*	*11.0%*	

Sum of items may not foot due to rounding

Comments

- **Sales** increase 1% organically, 2% benefit from FX
  - Strong sales growth in Emerging Markets (particular Everyday Health) compensates for weak performance in Europe
- **Marketing & Selling** savings due to lower sales promotion and reduced sales force costs
- **Other expenses include** restructuring costs (€5 m)
- Reported **EBIT** flat despite restructuring costs
- **EBITDA pre** improving mainly due to better resource allocation and first efficiencies

Performance Materials

Healthy volumes in liquid crystals and positive currency benefit contribute to a sound quarter

[€ m]	Q2 2012	Q2 2011	Δ
Total Revenues	**427**	**373**	**14%**
Sales	426	373	14%
Royalty and Comm. Income	1	0	>100%
Gross Profit	**243**	**199**	**22%**
Margin (% of sales)	*57.1%*	*53.3%*	
Marketing & Selling	-35	-34	6%
Royalty and Comm. Exp.	0	-1	-78%
Administration	-9	-8	6%
Other Expenses / Income	11	-10	n.m.
R&D	-32	-30	8%
Amortization	0	-9	-95%
EBIT	**177**	**107**	**66%**
Depreciation & Amortization	27	34	-21%
One-time items	-15	38	n.m.
EBITDA pre	**190**	**179**	**6%**
Margin (% of sales)	*44.5%*	*48.0%*	

Sum of items may not foot due to rounding

Comments

- **Sales** grow 4% organically, and benefit from continued strong demand for larger televisions
  - 10% benefit from FX
- **LC outlook:** Continued strong volumes in Q3 and a softening of sales in Q4 expected
- **Gross profit** increase due to negative effect of one-time items in Q2 2011 (€39 m)
- **SG&A** lowered due to divestiture gain; discretionary spending well-managed
- **EBIT** includes one-time capital gain of €16 m
- **EBITDA pre** up due to sound volumes and good cost control

Life Science

Continued delivery of profitable growth, while investing for the future

[€ m]	Q2 2012	Q2 2011	Δ
Total Revenues	**655**	**584**	**12%**
Sales	649	583	11%
Royalty and Comm. Income	6	1	>100%
Gross Profit	**385**	**330**	**17%**
Margin (% of sales)	*59.3%*	*56.6%*	
Marketing & Selling	-169	-147	15%
Royalty and Comm. Exp.	-3	-4	-12%
Administration	-30	-25	20%
Other Expenses / Income	-25	-29	-15%
R&D	-42	-32	32%
Amortization	-51	-46	11%
EBIT	**65**	**48**	**35%**
Depreciation & Amortization	76	71	7%
One-time items	7	10	-29%
EBITDA pre	**148**	**129**	**15%**
Margin (% of sales)	*22.8%*	*22.1%*	

Sum of items may not foot due to rounding

Comments

- **Sales** growth of 11% (3% organic growth, 2% acquisition effect, 6% FX)
  - All business units contribute
- Strong performance in Emerging Markets offsets moderate US performance and soft economic environment in Southern Europe
- **Marketing and Selling** expenses driven by launch costs for new products and €7 m impact from FX changes
- Continued investment into **R&D**, predominantly in Process Solutions
  - Acquisitions and FX also contributing
- **EBITDA pre** shows sound profitable growth

The Group

Free cash flow benefits from higher profitability, improving working capital, and lower CapEx

[€ m]	Q2 2012	Q2 2011	Δ
Profit after tax	**-61**	**-87**	**26**
Depreciation & Amortization	352	587	-235
Changes in working capital	233	-12	245
Changes in provisions	406	-24	430
Changes in other assets / liab.	-219	-142	-77
Other operating activities	-17	-30	13
Operating cash flow	**694**	**292**	**402**
Capital expenditures	-66	-86	20
Others	-2	47	-49
Free cash flow	**626**	**253**	**372**

Comments

- **D&A** reduced due to lower one-time items
  - Q2 2011: impairment LSB, write-off safinamide and others
- Healthy inflow from **changes in working capital**
  - Better management of **inventories** and **receivables**
- **Provisions** increased mainly due to restructuring provisions

Sum of items may not foot due to rounding

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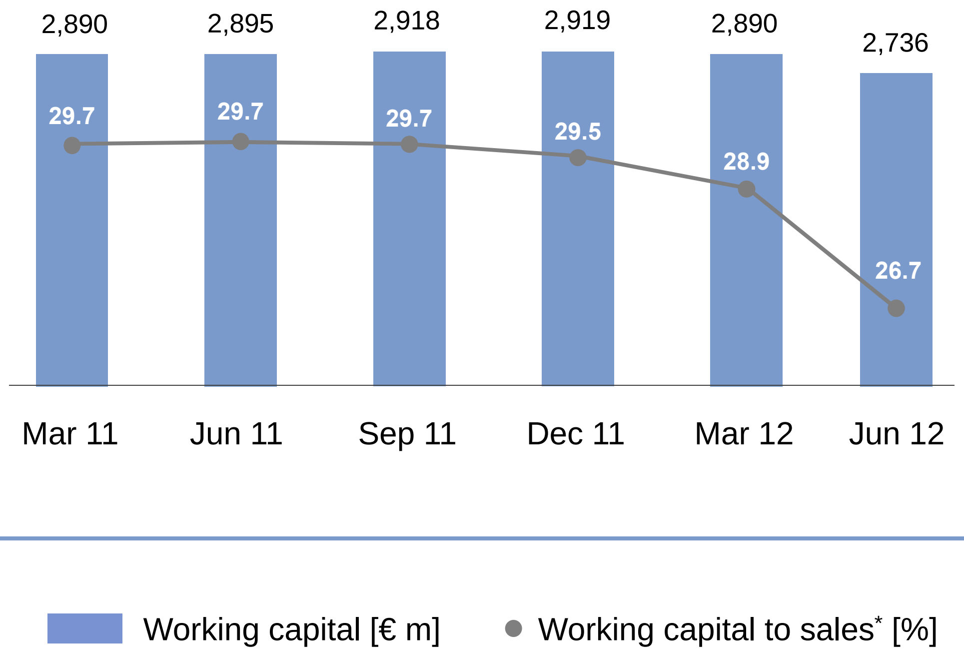
Better working capital management shows results

Working capital to sales development



Comments

- Gradual improvement in working capital to sales
- Division leaders now incentivized on working capital ratios

Better working capital control mechanisms established

* Sales LTM, portfolio adjusted

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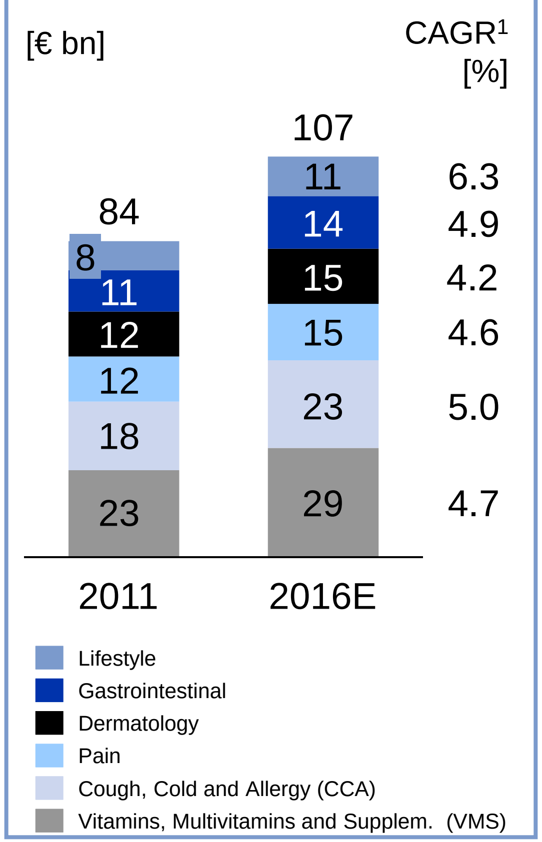
Agenda

Consumer Health - Update

A good base for building a solid business

OTC market per category



CH leadership positions in mature and emerging markets

Core brands and markets with top 3 market share position in category

1 CAGR 2011-2016E

Source: Nicholas Hall DB6, company analysis

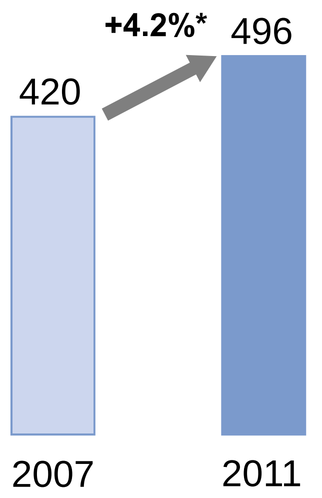
2 Topical analgesics subcategory
3 Topical decongestants subcategory for Nasivin
4 Multivitamins subcategory for Bion3, Femibion; Vitamin C subcategory for Cebion; Minerals subcategory for Sangobion

Consumer Health - Update

While CH was growing in-line with market, profitability has been lower than industry

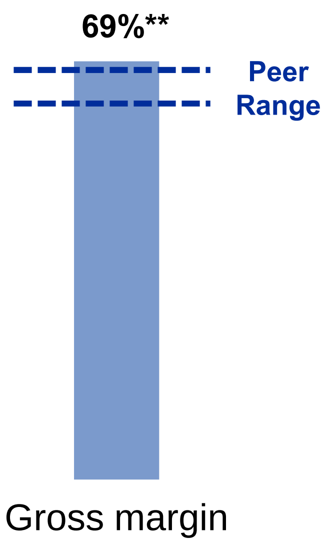
CH has been growing in line with market ..

[€ m]



OTC total market CAGR: 4.5%

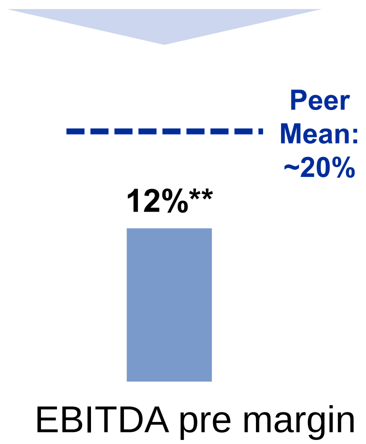
… showing a Tier 1 gross margin profitability …



Healthy business with sufficient scale

… but has been ineffective with resource allocation

M&S: Bottom Tier Performer
R&D: Unfocused, too high investment
G&A: Bottom Tier Performer



Opportunity to approach peer profitability

* CAGR 2007 – 2011
** as % of sales, 2011
Source: company analysis

To fundamentally correct our course, we identified levers to improve our performance

Drivers for low profitability	Levers to improve performance
1 Weak operational discipline 2 Insufficient cost focus 3 No focus on brands and geographies	**2012-2013** ▪ Reduce cost base to benchmark ▪ Exit unprofitable markets and brands ▪ New operating model to increase accountability ▪ Stronger talent **2013 onwards** ▪ Strengthening geographical footprint in select markets

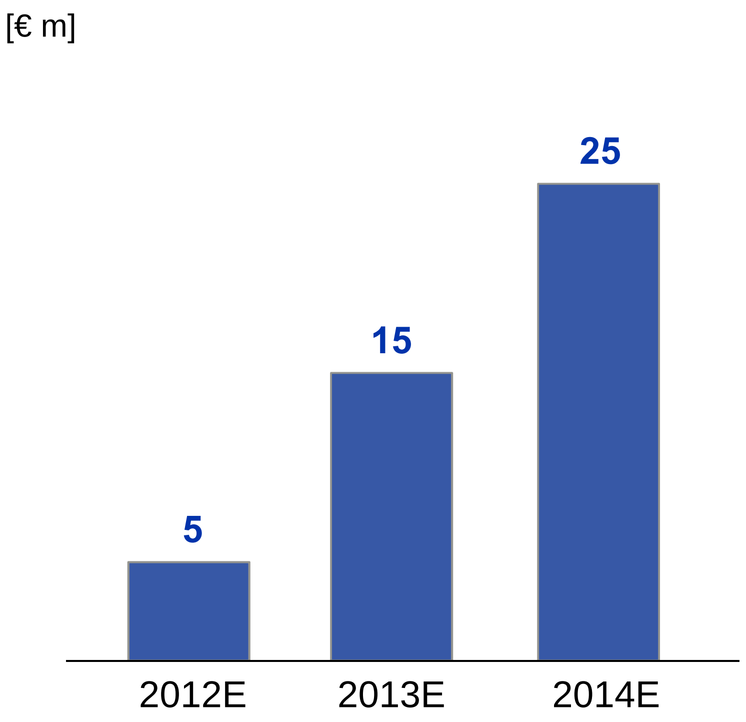
Consumer Health - Update

We expect to deliver € 25 million in net savings

Restructuring initiatives in CH

2012	2013
Subsidiary closure / new business model	
Optimize M&S / G&A	Optimize M&S / G&A
Align R&D	
	Consolidate assets & operations savings

Timing of net cost savings by year



We will incur ~€ 40 million in restructuring costs to achieve these savings

In the next two years, Consumer Health will catch up with industry standards

1 Relentlessly focusing on profitability

2 Driving consumer-centric and innovation-based business model

3 Focusing on growth in selective key markets

The Group

Guidance FY 2012

Assumptions:

- Current economic environment unchanged
- Reported numbers will still be burdened by one-time costs, while the majority of costs have been taken in Q2 already
- Underlying tax rate around 25-26%
- H2 2012: €/US$ = 1.25; €/CHF = 1.20

Divisional EBITDA pre 2012E [€m]	
Biopharmaceuticals	1,750 – 1,800
Consumer Health	60 – 65
Performance Materials	660 – 680
Life Science	580 – 600
Corporate	-200

The Group [€bn]	
Total revenues	~ 10.7
EBITDA pre (incl. €55 m efficiency savings)	2.85 – 2.95

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Q2 2012

APPENDIX

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The Group

More than €5 billion of sales in H1 2012

[€ m]	H1 2012	H1 2011	Δ
Total Revenues	**5,497**	**5,119**	**7%**
Sales	5,307	4,947	7%
Royalty income	190	172	11%
Gross Profit	**3,941**	**3,720**	**6%**
Margin (% of sales)	*74.3%*	*75.2%*	
Marketing & Selling	-1,204	-1,194	1%
Royalty and Comm. Exp.	-272	-230	18%
Administration	-279	-264	6%
Other Expenses / Income	-633	-215	>100%
R&D	-786	-747	5%
Amortization	-434	-567	-24%
EBIT	**334**	**505**	**-34%**
Depreciation & Amortization	695	940	-26%
One-time items	393	-54	>100%
EBITDA pre	**1,421**	**1,391**	**2%**
Margin (% of sales)	*26.8%*	*28.1%*	

Sum of items may not foot due to rounding

Comments

- **Sales** increased 7%
  - Organic sales growth: 3%
  - FX benefit: 4%
  - Acquisition related: 0.5%
- **EBITDA pre** grew 2%
  - Tough year-over-year comparison due to strong operational performance in Q1 2011

The Group

One-time effects influence year-over-year profitability comparisons

[€ m]	H1 2012	H1 2011	Δ
EBIT	**334**	**505**	**-34%**
Financial Result	-136	-147	-7%
Profit before Taxes	**198**	**358**	**-45%**
Income Tax	-83	-103	-19%
Tax Rate (%)	*42.1%*	*28.9%*	
Net Income pre	**779**	**761**	**2%**
EPS pre (€)	3.58	3.50	2%

Comments

- Reported **EBIT** Q2 2012 adjusted by €387 m due to restructuring related charges
  - Q1 2011 included Crop BioScience gain
- **Financial result** benefits from lower interest payments due to bond repayment (March 2012) and CTA
- **Net income pre** growing 2%
  - Significant top-line FX benefit in Q2 2012
  - Strong Q1 2011 profitability comparison

The Group

Net cash flow from operating activities doubled in H1 2012 vs. H1 2011

[€ m]	H1 2012	H1 2011	Δ
Profit after tax	**115**	**255**	**-140**
Depreciation & Amortization	695	940	-245
Changes in working capital	222	-215	437
Changes in provisions	430	5	425
Changes in other assets / liab.	-271	-210	-61
Other operating activities	-24	-197	172
Net cash flow operating	**1,166**	**577**	**589**
Capital expenditures	-117	-161	44
Others	-3	482	-486
Free cash flow	**1,045**	**899**	**147**

Sum of items may not foot due to rounding

Comments

- Significant progress made in **working capital** management
- **Provisions** increased due to restructuring
- **Cash flow from operating activities** doubled
- **Free cash flow** in H1 2011 includes €471 m gain on divestment of Theramex and Crop BioScience

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Balance Sheet: A strong financial backbone

[€ m]	Jun 30 2012	Dec 31 2011	Δ
Total Assets	**21,896**	**22,122**	**-1%**
Equity	10,534	10,494	0%
Cash & other liquid funds	2,225	2,055	8%
Intangible Assets	11,430	11,764	-3%
Financial Debt	5,167	5,539	-7%
Pension Provisions	1,173	1,140	3%
Net Financial Debt	2,942	3,484	-16%

Comments

- Cash & other liquid funds increased due to inflow from operating business
- Partly off-set by bond repayment of €500 m in March 2012
- Strong debt deleveraging in the first half of 2012

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Restructuring costs and net savings targets

Year	2012E		2013E		2014E	
[€m]	Net Cost Savings	Related charges	Net Cost Savings	Related charges	Net Cost Savings	Related charges
Biopharma-ceuticals	50	400	200	150	300	50
Consumer Health	5	30	15	10	25	-
Total	**55**	**430**	**215**	**160**	**325**	**50**

Biopharmaceuticals

Healthy organic sales growth driven by US pricing and volumes in Emerging Markets

[€ m]	H1 2012	H1 2011	Δ
Total Revenues	**3,144**	**2,907**	**8%**
Sales	2,964	2,740	8%
Royalty income	180	167	8%
Gross Profit	**2,556**	**2,410**	**6%**
Margin (% of sales)	*86.2%*	*87.9%*	
Marketing & Selling	-691	-717	-4%
Royalty and Comm. Exp.	-263	-219	20%
Administration	-124	-126	-1%
Other Expenses / Income	-363	-265	37%
R&D	-629	-606	4%
Amortization	-329	-462	-29%
EBIT	**156**	**15**	**>100%**
Depreciation & Amortization	476	727	-35%
One-time items	201	26	>100%
EBITDA pre	**833**	**768**	**9%**
Margin (% of sales)	*28.1%*	*28.0%*	

Sum of items may not foot due to rounding

Comments

- **Revenues** crossed the €3 bn bar thru 6 month for the first time
- **Sales** grew 8%, organic sales growth of 5% and a benefit from foreign exchange rates of 3%, mainly driven by the US dollar
  - Main contributors are Emerging Markets (mainly the Cardiometabolic Care & General Medicines products) and the Fertility franchise
  - In the US, sales growth was primarily driven by Rebif (price increases)
  - In Europe ongoing pricing pressure as a result of austerity measures and tighter budget control softened sales
- **EBITDA pre** benefits from higher revenues and lower spending

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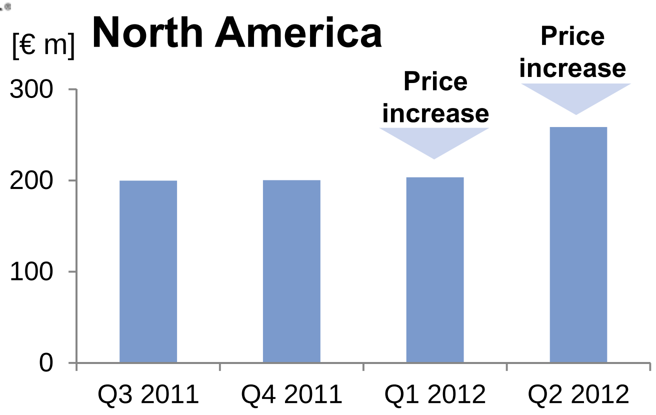
Biopharmaceuticals - Rebif

Growth in the United States drives overall sales

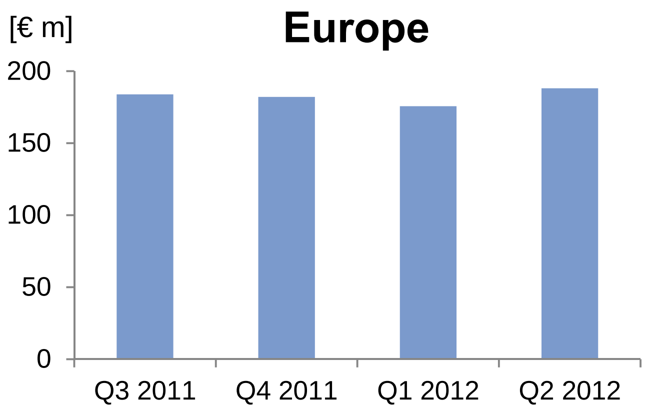
Rebif (interferon beta-1a) sc injection



Price
Volume
Currency

Trend

Q2 performance



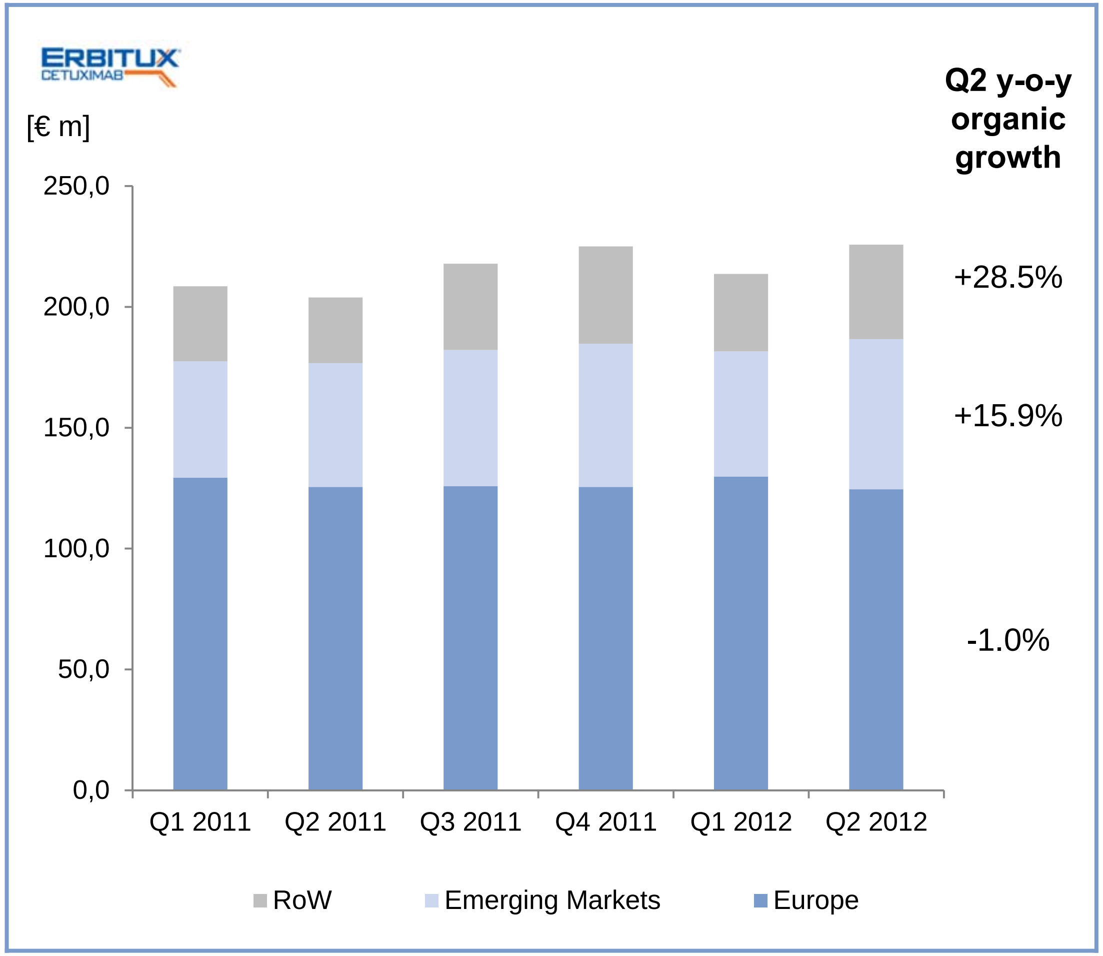
Price
Volume

Comments

- Global sales of €492 m in Q2 2012
- Strong performance in US
  - Market shares stabilizing
- Sales in Europe flat (-0.4% organic) due to pricing pressures off-set by volume increase
- Growth 2012E: ~3% organic sales growth

Biopharmaceuticals - Erbitux

Emerging Markets strong, European sales weaker due to scale-down in Southern EU



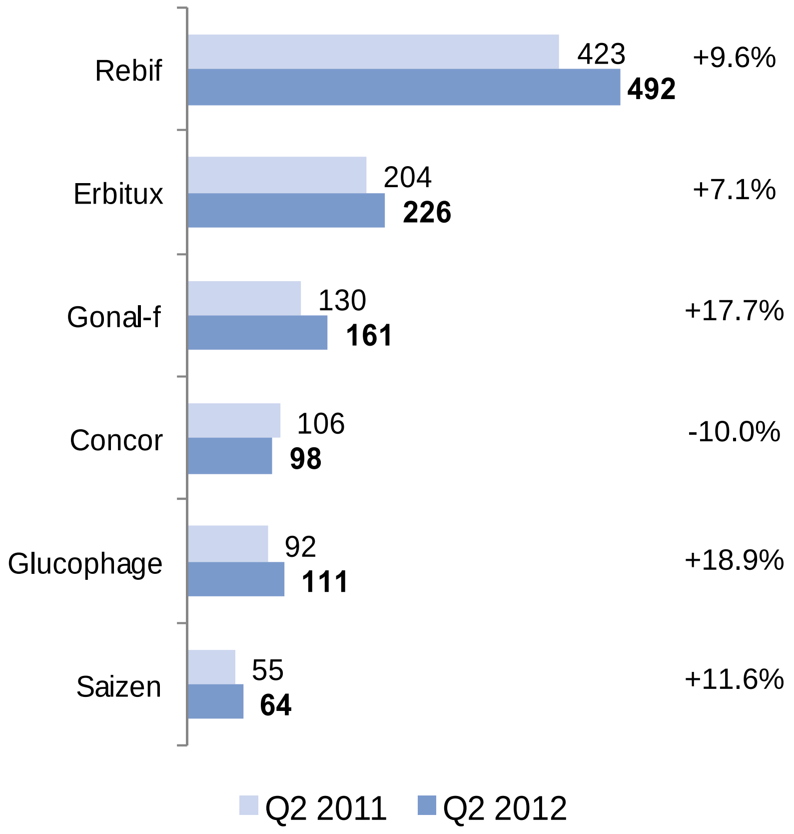
Comments

- Global sales of €226 m in Q2 2012
- Patient shares above 50% in KRAS wt mCRC and SCCHN in key EU markets
- Growth 2012E: 1 – 4 % organic growth
- Development of Erbitux in gastric cancer and adjuvant colon cancer will not be continued
- Ongoing discussions with EMA regarding NSCLC filing
- Filing for approval of Erbitux in head and neck cancer accepted for priority review in Japan

Biopharmaceuticals

Healthy growth across nearly all brands

Organic sales growth by key products [€ m]



Comments

- **Rebif**: Strong performance in US due to price increases and stabilizing volumes; sales in Europe flat due to pricing pressures off-set by volume increase
- **Erbitux**: European sales weaker due to lower deliveries into Southern EU, Emerging Markets performing strongly
- **Gonal-f**: Successful roll-out of family of pens delivers high-single to double-digit sales growth across all regions
- **Concor**: Sales growth in Emerging Markets could not offset declines in Europe and other Western countries due to mandatory price decreases
- **Glucophage**: Strong performance in Latin America as incidence of type 2 diabetes is rising; continues to be the first-line drug of choice
- **Saizen**: Double-digit organic growth in Emerging Markets and US more than off-set stagnating sales in Europe due to pricing pressures

Biopharmaceuticals

Pipeline

Phase I

- **ATX-MS-1467**
  Immune tolerizing agent
  Multiple sclerosis
- **Extended-release formulation of interferon beta-1a**
  Multiple sclerosis
- **Plovamer acetate (PI –2301)**
  Second-generation peptide copolymer
  Multiple sclerosis
- **Fc-IFN beta**
  Long-acting interferon
  Multiple sclerosis
- **Pimasertib**
  MEK inhibitor 1
  Solid tumors and hematological malignancies
- **Novel combination of pimasertib with PI3K inhibitor[1]**
  Solid tumors
- **MEK inhibitor 2**
  Solid tumors
- **C-Met kinase inhibitor**
  Solid tumors
- **NHS-IL12[2]**
  Cancer immunotherapy
  Solid tumors
- **TH-302**
  Hypoxia targeted alkylating agent
  Hematologic malignancies and combination trials in solid tumors
- **Sprifermin**
  Fibroblast Growth Factor 18
  Osteoarthritis

Phase II

- **ONO – 4641**
  Oral S1P receptor modulator
  Multiple sclerosis
- **Cilengitide**
  Integrin inhibitor
  Non-small cell lung cancer
- **DI17E6**
  Anti-integrin mAb
  Metastatic colorectal cancer
- **DI17E6**
  Anti-integrin mAb
  Metastatic castration-resistant prostate cancer
- **TH-302**
  Hypoxia targeted alkylating agent
  Pancreatic cancer
- **Pimasertib**
  MEK inhibitor 1
  Pancreatic Cancer
- **Sprifermin**
  Fibroblast Growth Factor 18
  Cartilage injury repair
- **Atacicept**
  anti-Blys/anti-APRIL fusion protein
  Systemic lupus erythematosus

Phase III

- **Cilengitide**
  Integrin inhibitor
  Glioblastoma
- **L-BLP25 (Stimuvax ®)**
  MUC1 antigen-specific cancer immunotherapy
  Non-small cell lung cancer
- **TH-302**
  Hypoxia targeted alkylating agent
  Soft tissue sarcoma
- **Kuvan ®**
  (Sapropterin dihydrochloride)
  PKU in pediatric patients < 4years[3]

In registration

- **Erbitux ® (cetuximab)**
  Anti-EGFR mAb
  Non-small cell lung cancer (EMA)
- **Erbitux ® (cetuximab)**
  Anti-EGFR mAb
  Head and neck cancer (Japan)
- **Erbitux ® (cetuximab)**
  Anti-EGFR mAb
  Head and neck cancer (China)

Neurodegenerative Diseases
Oncology
Rheumatology
Endocrinology

As of August 14, 2012
[1] Combined with PI3K/mTOR inhibitor of Sanofi (SAR245409), conducted under the responsibility of Merck KGaA, Darmstadt, Germany
[2] Sponsored by the National Cancer Institute (NCI), USA
[3] Phase IIIb post-approval request by EMA

Biopharmaceuticals

Expected timelines of current pipeline projects

Project	Indication	Trial	Datapoint	Timeline
Oncology				
Stimuvax	NSCLC	START	PIII final	Q1 2013
Cilgengitide	Glioblastoma	CENTRIC	PIII final	H1 2013
TH-302	Pancreatic cancer		PIII decision	H2 2012
Neurology				
ONO-4641	Multiple Sclerosis		PIII decision	2013
Rheumatology				
Atacicept	SLE	APRIL	PII final	H2 2012

Consumer Health

Increasing profitability and reasonable top-line as division exits unprofitable products/markets

[€ m]	H1 2012	H1 2011	Δ
Total Revenues	**230**	**235**	**-2%**
Sales	229	234	-2%
Royalty income	1	1	-18%
Gross Profit	**155**	**162**	**-4%**
Margin (% of sales)	*67.6%*	*69.2%*	
Marketing & Selling	-107	-117	-9%
Royalty and Comm. Exp.	0	-1	-72%
Administration	-12	-12	-2%
Other Expenses / Income	-10	-2	>100%
R&D	-9	-11	-12%
Amortization	-2	-2	13%
EBIT	**15**	**17**	**-17%**
Depreciation & Amortization	6	6	-3%
One-time items	6	0	n.m.
EBITDA pre	**26**	**24**	**12%**
Margin (% of sales)	*11.5%*	*10.1%*	

Sum of items may not foot due to rounding

Comments

- **Sales** declined 2%
  - Organic : -3%
  - FX benefit: 1%
- Driven by lower European sales (France, UK) and more focused promotional activities
- **EBITDA pre** grew 12%
  - Executing restructuring initiatives
  - Focusing on key brands and key markets
  - Promotional spending and R&D investments lowered

Performance Materials

Strong demand for LC off-set by weaker volumes in pigments and cosmetics

[€ m]	H1 2012	H1 2011	Δ
Total Revenues	**813**	**782**	**4%**
Sales	813	781	4%
Royalty income	0	1	-63%
Gross Profit	**458**	**464**	**-1%**
Margin (% of sales)	*56.3%*	*59.3%*	
Marketing & Selling	-68	-66	4%
Royalty and Comm. Exp.	-1	-3	-72%
Administration	-18	-17	7%
Other Expenses / Income	4	132	-97%
R&D	-67	-66	2%
Amortization	-1	-10	-91%
EBIT	**307**	**435**	**-29%**
Depreciation & Amortization	57	61	-6%
One-time items	-14	-119	-88%
EBITDA pre	**350**	**377**	**-7%**
Margin (% of sales)	*43.1%*	*48.3%*	

Sum of items may not foot due to rounding

Comments

- **Sales** grew 4%
  - Organic : -2%
  - FX benefit: 6%
- **Gross profit** down due to lower prices and higher volumes
- **SG&A** in H1 2011 benefited from net other income of €132 m (mainly due to divestment of Crop BioScience business)
  - M&S grew 4%, in line with sales growth
- Lack of gross profit contribution reduced **EBITDA pre** by 7%

Merck KGaA
Darmstadt · Germany

Life Science

All business units contribute to growth

[€ m]	H1 2012	H1 2011	Δ
Total Revenues	**1,311**	**1,195**	**10%**
Sales	1,302	1,191	9%
Royalty income	9	4	147%
Gross Profit	**775**	**687**	**13%**
Margin (% of sales)	*59.5%*	*57.7%*	
Marketing & Selling	-336	-292	15%
Royalty and Comm. Exp.	-7	-7	7%
Administration	-58	-52	11%
Other Expenses / Income	-49	-56	-13%
R&D	-79	-64	24%
Amortization	-101	-93	8%
EBIT	**144**	**123**	**17%**
Depreciation & Amortization	152	143	6%
One-time items	14	22	-34%
EBITDA pre	**309**	**287**	**8%**
Margin (% of sales)	*23.8%*	*24.1%*	

Sum of items may not foot due to rounding

Comments

- **Sales** grew 9%
  - Organic: 3%
  - FX benefit: 4%
  - Acquisition: 2%
- Driven by sales outside of North America
  - US still impacted by weaker spending in R&D
- **EBITDA pre** grew less than top-line (reported)
  - Significant US cost base
  - Investments in launch activities and R&D

Merck KGaA
Darmstadt · Germany

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Q2 2012 reconciliation to adjusted results

[€m]	Q2 2012	Q2 2011
EBIT	**23**	**-24**
Depreciation & Amortization	**352**	**587**
Regular depreciation & amortization	114	109
Amortization of purchased intangible assets	216	210
Impairments	23	268
EBITDA	**375**	**563**
One-time items	**372**	**92**
M&A costs	0	0
Restructuring costs	355	0
Integration/IT related costs	7	9
Costs from discontinuing businesses	9	11
Other one-time costs	0	72
EBITDA pre	**747**	**655**
Regular depreciation & amortization	-114	-109
Financial result	-70	-76
Profit before tax pre	563	470
EPS pre (in €)	**1.92**	**1.60**

Sum of items may not foot due to rounding

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2012 YTD Reconciliation to adjusted results

[€m]	H1 2012	H1 2011
EBIT	**334**	**505**
Depreciation & Amortization	**695**	**940**
Regular depreciation & amortization	233	216
Amortization of purchased intangible assets	431	406
Impairments	31	319
EBITDA	**1,028**	**1,445**
One-time items	**393**	**-54**
M&A costs	0	0
Restructuring costs	366	0
Integration/IT related costs	17	21
Costs from discontinuing businesses	10	-147
Other one-time costs	0	72
EBITDA pre	**1,421**	**1,391**
Regular depreciation & amortization	-233	-216
Financial result	-136	-147
Profit before tax pre	1,052	1,029
EPS pre (in €)	**3.58**	**3.50**

Sum of items may not foot due to rounding

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