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Q3 2012 Summary

Key Messages:

- **Good operational results while transforming the company**
- **Strong organic sales growth of approximately 6 % driven by Biopharmaceuticals and Performance Materials**
- **Emerging Markets have surpassed Europe in terms of absolute sales**

Q3 2012 The Group Financials

- Total revenues (incl. Royalty income) grow 12% to € 2.84 billion compared to € 2.53 billion in Q3 2011. Reported sales reflect 6% organic growth
- EBITDA pre grows by ~16% to € 754 million, representing 27.7% of sales, a 90 basis point improvement compared to Q3 2011
- Earnings Per Share pre grows 22% to € 1.98
- Strong free cash flow of € 815 million benefits from improved working capital, which represents 23.9% of sales in Q3 2012 compared to 29.5% of sales on Dec 31, 2011
- Net Debt reduced to approximately € 2,1 billion

Q3 2012 Divisional Overview

Biopharmaceuticals

- Revenues grow 10% to € 1.62 billion vs. € 1.47 billion in Q3 2011; reported sales growth reflects 5% organic growth and a 5% benefit from changes in foreign exchange rates
- Sales increase driven by double-digit organic sales growth from Rebif, Glucophage and Gonal-f
- Geographically, North America and the strong Emerging Market position continue to perform strongly, whereas Europe shows an organic decline of 1% due primarily to pricing pressure
- Rebif organic sales growth of 10% driven by US price increases and slight volume and sales increase in Europe
- Erbitux organic sales growth flat
- Tight cost control leads to Marketing & Selling decline
- Increase of other operating expenses is mainly driven by € 82 million of restructuring costs
- EBITDA pre grows by 16% to € 456 million, or 30.2% of sales vs. € 393 million, or 28.6% of sales in Q3 2011

Consumer Health

- Sales decrease by 8% to € 122 million vs. € 133 million in Q3 2011; organic sales decline of 10% in Q3 2012
- Sales decrease driven by weak performance in France, Germany and the UK and the implementation of the new business model, which was communicated in Q2 2012
- Improved resource allocation drives Marketing & Selling cost reduction
- EBITDA pre of € 18 million is roughly flat, although EBITDA pre margin expands to 15.0% from 14.2% in Q3 2011
- Seven Seas restructuring: proposal to close the production plant in Hull, UK

Performance Materials

- Excellent quarter with 31% sales growth to € 446 million vs. a soft comparable base of € 340 million in Q3 2011; reported sales growth reflects 20% organic growth, driven by record sales of Liquid Crystals, and a 11% benefit from changes in foreign exchange rates
- Liquid Crystals benefit from strong demand for PS-VA, IPS and from increased sales to China
- Pigments & Cosmetics sales grow organically due to weak comparable Q3 2011
- EBITDA pre totals €195 million, or 43.7% of sales, compared to € 140 million, or 41.3% of sales in Q3 2011

Life Science

- Sales grow 10% to € 643 million compared to € 587 million in Q3 2011; reported sales growth reflects 3% organic growth, a 6% benefit from changes in foreign exchange rates and a 1% benefit from acquisitions
- Division continues to deliver profitable growth
- All three business units contribute to organic sales growth with the strongest performance coming from Process Solutions due to higher volumes of biologic and small molecule drug production
- SG&A increase due to negative effects from changes in foreign exchange rates
- Higher R&D investments and bolt-on acquisition to deliver future growth: acquisition of cell culture media specialist Biochrom/Germany
- EBITDA pre totals €148 million, or 23.0% of sales compared to € 132 million, or 22.6% of sales in Q3 2011

**The Group Q3 2012
Business Performance**

[€ m]	Q3 2012	Q3 2011	Δ
Sales	2,722	2,434	12%
EBITDA pre <i>Margin (% of sales)</i>	754 27.7%	652 26.8%	16%
EPS pre [€]	1.98	1.62	22%
Operating cash flow	908	640	42%

[€ m]	Sep 2012	Dec 2011	Δ
Net financial debt	2,127	3,484	-39%
Working capital	2,518	2,919	-14%
Employees	39,545	40,676	-3%

Biopharmaceuticals

[€ m]	Q3 2012	Q3 2011	Δ
Total Revenues	1,623	1,469	10%
Sales	1,511	1,375	10%
Royalty and Comm. Income	112	94	20%
Gross Profit	1,335	1,226	9%
<i>Margin (% of sales)</i>	<i>88.4%</i>	<i>89.2%</i>	
Marketing & Selling	-339	-343	-1%
Royalty and Comm. Exp.	-157	-128	22%
Administration	-67	-64	5%
Other Expenses / Income	-178	-52	>100%
R&D	-287	-297	-3%
Amortization	-165	-164	1%
EBIT	143	178	-20%
Depreciation & Amortization	230	215	7%
One-time items	83	0	n.m.
EBITDA pre	456	393	16%
<i>Margin (% of sales)</i>	<i>30.2%</i>	<i>28.6%</i>	

Consumer Health

[€ m]	Q3 2012	Q3 2011	Δ
Total Revenues	123	133	-7%
Sales	122	133	-8%
Royalty and Comm. Income	1	0	>100%
Gross Profit	82	91	-9%
<i>Margin (% of sales)</i>	<i>67.4%</i>	<i>68.5%</i>	
Marketing & Selling	-53	-57	-7%
Royalty and Comm. Exp.	0	-1	-83%
Administration	-6	-6	5%
Other Expenses / Income	-11	-3	>100%
R&D	-5	-6	-22%
Amortization	-1	-1	2%
EBIT	7	17	-56%
Depreciation & Amortization	3	2	53%
One-time items	8	0	>100%
EBITDA pre	18	19	-2%
<i>Margin (% of sales)</i>	<i>15.0%</i>	<i>14.2%</i>	

Performance Materials

[€ m]	Q3 2012	Q3 2011	Δ
Total Revenues	447	342	31%
Sales	446	340	31%
Royalty and Comm. Income	1	2	-59%
Gross Profit	257	196	31%
<i>Margin (% of sales)</i>	<i>57.7%</i>	<i>57.6%</i>	
Marketing & Selling	-38	-33	15%
Royalty and Comm. Exp.	-1	-1	72%
Administration	-9	-8	14%
Other Expenses / Income	-12	-5	>100%
R&D	-35	-34	3%
Amortization	0	0	-21%
EBIT	161	115	40%
Depreciation & Amortization	31	25	22%
One-time items	3	0	>100%
EBITDA pre	195	140	39%
<i>Margin (% of sales)</i>	<i>43.7%</i>	<i>41.3%</i>	

Life Science

[€ m]	Q3 2012	Q3 2011	Δ
Total Revenues	648	588	10%
Sales	643	587	10%
Royalty and Comm. Income	6	2	>100%
Gross Profit	379	341	11%
<i>Margin (% of sales)</i>	<i>59.0%</i>	<i>58.1%</i>	
Marketing & Selling	-166	-150	11%
Royalty and Comm. Exp.	-4	-4	1%
Administration	-29	-26	9%
Other Expenses / Income	-22	-24	-8%
R&D	-43	-33	28%
Amortization	-52	-47	9%
EBIT	64	55	15%
Depreciation & Amortization	76	71	8%
One-time items	7	6	26%
EBITDA pre	148	132	12%
<i>Margin (% of sales)</i>	<i>23.0%</i>	<i>22.6%</i>	