

# Merck KGaA, Darmstadt, Germany FY 2012 conference call

Transformation fuels operational performance and profitability

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Merck KGaA  
Darmstadt · Germany



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# Agenda

- **Executive overview and strategy update 2012**
- Financial review
- Guidance

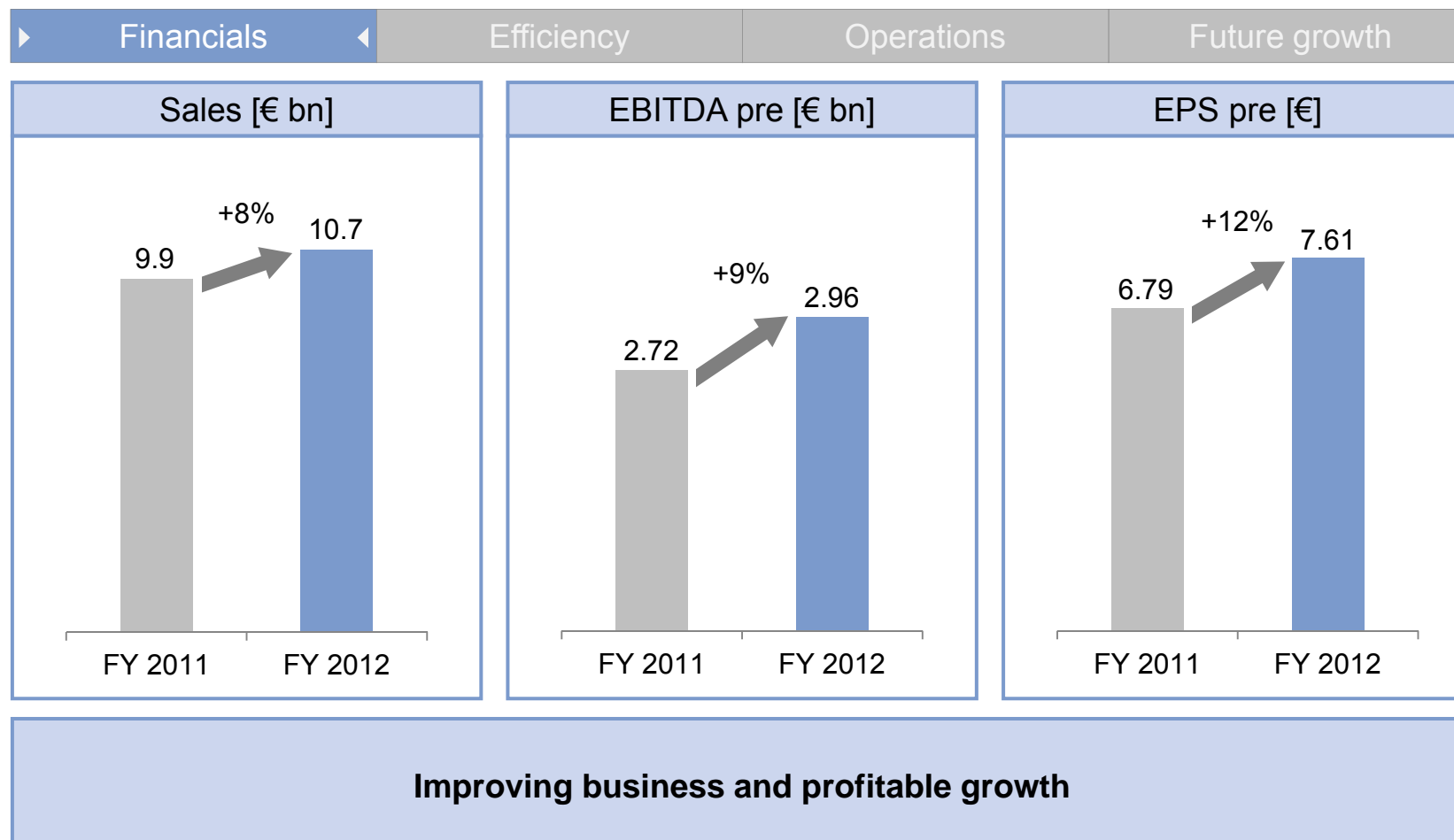
## The Group

# 2012: Solid performance in transformation year one

|                             |  |
|-----------------------------|--|
| Numbers delivered           | <ul style="list-style-type: none"><li>▪ Net sales increase by 8% to €10.7 bn</li><li>▪ EBITDA pre delivered on guidance at upper end: €2,965 m</li><li>▪ EPS pre increases by 12% to €7.61</li></ul>   |
| Efficiency progressing      | <ul style="list-style-type: none"><li>▪ New management team fully on board and driving the change process</li><li>▪ New organization implemented</li><li>▪ Restructuring initiated</li><li>▪ 2012 savings implemented faster than planned: €115 m compared to planned €55 m</li></ul>                |
| Operational setup optimized | <ul style="list-style-type: none"><li>▪ Leadership positions leveraged (Multiple Sclerosis, Fertility, Endo, Liquid Crystals, biopharma products)</li><li>▪ Expansion of Emerging Markets platform well on track</li><li>▪ Better decision-making and resource allocation across the group</li></ul> |
| Future growth started       | <ul style="list-style-type: none"><li>▪ Biopharmaceuticals rejuvenates pipeline with TH-302 and Sym004</li><li>▪ Performance Materials agrees on technology alliance with Epson on OLED printing</li><li>▪ Life Science accelerates R&amp;D and new product launches</li></ul>                       |

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# Numbers delivered



References to EBITDA and EPS are pre one-time items

## Divisional overview - Pharmaceuticals

|                           | Financials   | Efficiency            | Operations | Future growth   |             |              |                       |         |     |        |         |     |        |
|---------------------------|--|-----------------------|------------|---|-------------|--------------|-----------------------|---------|-----|--------|---------|-----|--------|
| <b>Biopharmaceuticals</b> | <ul style="list-style-type: none"> <li>North America and Emerging Markets drive solid organic growth</li> <li>Rebif, Gonal-f and Glucophage largest contributors to organic growth</li> <li>Fast implementation of efficiency program supports profitability improvement</li> </ul>  |                       |            | <p><b>Sales [€ bn]</b></p> <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Sales [€ bn]</th> <th>EBITDA pre margin [%]</th> </tr> </thead> <tbody> <tr> <td>FY 2011</td> <td>5.6</td> <td>28.2%*</td> </tr> <tr> <td>FY 2012</td> <td>6.0</td> <td>29.8%*</td> </tr> </tbody> </table> | Fiscal Year | Sales [€ bn] | EBITDA pre margin [%] | FY 2011 | 5.6 | 28.2%* | FY 2012 | 6.0 | 29.8%* |
| Fiscal Year               | Sales [€ bn]   | EBITDA pre margin [%] |            |   |             |              |                       |         |     |        |         |     |        |
| FY 2011                   | 5.6  | 28.2%*                |            |   |             |              |                       |         |     |        |         |     |        |
| FY 2012                   | 6.0  | 29.8%*                |            |   |             |              |                       |         |     |        |         |     |        |
| <b>Consumer Health</b>    | <ul style="list-style-type: none"> <li>Organic sales decline driven by weaker European markets and product / country pruning</li> <li>First year of new business model implementation, focus on core brands and better resource allocation</li> <li>Progress with restructuring and strict cost containment improve profitability</li> </ul> |                       |            | <p><b>Sales [€ m]</b></p> <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Sales [€ m]</th> <th>EBITDA pre margin [%]</th> </tr> </thead> <tbody> <tr> <td>FY 2011</td> <td>494</td> <td>11.8%*</td> </tr> <tr> <td>FY 2012</td> <td>473</td> <td>13.4%*</td> </tr> </tbody> </table>   | Fiscal Year | Sales [€ m]  | EBITDA pre margin [%] | FY 2011 | 494 | 11.8%* | FY 2012 | 473 | 13.4%* |
| Fiscal Year               | Sales [€ m]  | EBITDA pre margin [%] |            |   |             |              |                       |         |     |        |         |     |        |
| FY 2011                   | 494  | 11.8%*                |            |   |             |              |                       |         |     |        |         |     |        |
| FY 2012                   | 473  | 13.4%*                |            |   |             |              |                       |         |     |        |         |     |        |

\* EBITDA pre margin as a percentage of sales

# Divisional overview - Chemicals and Life Science Tools

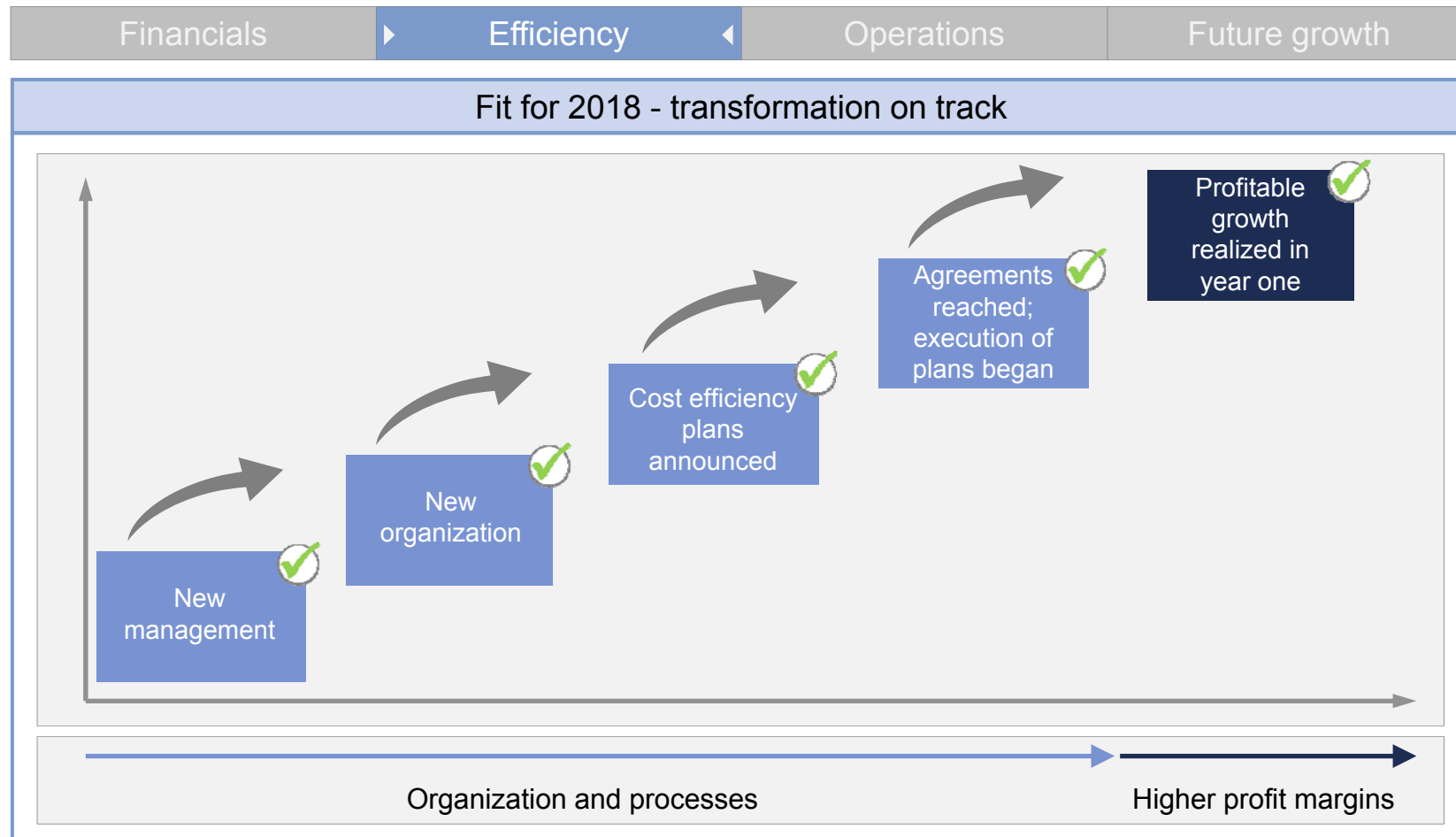
|                              | Financials   | Efficiency            | Operations | Future growth   |             |              |                       |         |     |        |         |     |        |
|------------------------------|--|-----------------------|------------|---|-------------|--------------|-----------------------|---------|-----|--------|---------|-----|--------|
| <b>Performance Materials</b> | <ul style="list-style-type: none"> <li>Strong demand for Liquid Crystals and favorable FX main drivers for exceptional sales performance</li> <li>PS-VA and IPS technologies drive growth, Chinese customer base further expanding</li> <li>Pigments &amp; Cosmetics improving from softer 2011; first restructuring savings and one-time costs</li> </ul> |                       |            | <p><b>Sales [€ bn]</b></p> <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Sales [€ bn]</th> <th>EBITDA pre margin [%]</th> </tr> </thead> <tbody> <tr> <td>FY 2011</td> <td>1.5</td> <td>46.6%*</td> </tr> <tr> <td>FY 2012</td> <td>1.7</td> <td>43.6%*</td> </tr> </tbody> </table> | Fiscal Year | Sales [€ bn] | EBITDA pre margin [%] | FY 2011 | 1.5 | 46.6%* | FY 2012 | 1.7 | 43.6%* |
| Fiscal Year                  | Sales [€ bn]   | EBITDA pre margin [%] |            |   |             |              |                       |         |     |        |         |     |        |
| FY 2011                      | 1.5  | 46.6%*                |            |   |             |              |                       |         |     |        |         |     |        |
| FY 2012                      | 1.7  | 43.6%*                |            |   |             |              |                       |         |     |        |         |     |        |
| <b>Life Science</b>          | <ul style="list-style-type: none"> <li>Emerging Markets, Europe and FX top line drivers</li> <li>All business units fuel organic growth, with Process Solutions largest absolute contributor driven by healthy market demand from biopharma</li> <li>Continued substantial R&amp;D investments to bolster future growth</li> </ul>                         |                       |            | <p><b>Sales [€ m]</b></p> <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Sales [€ m]</th> <th>EBITDA pre margin [%]</th> </tr> </thead> <tbody> <tr> <td>FY 2011</td> <td>2.4</td> <td>23.6%*</td> </tr> <tr> <td>FY 2012</td> <td>2.6</td> <td>22.9%*</td> </tr> </tbody> </table>   | Fiscal Year | Sales [€ m]  | EBITDA pre margin [%] | FY 2011 | 2.4 | 23.6%* | FY 2012 | 2.6 | 22.9%* |
| Fiscal Year                  | Sales [€ m]  | EBITDA pre margin [%] |            |   |             |              |                       |         |     |        |         |     |        |
| FY 2011                      | 2.4  | 23.6%*                |            |   |             |              |                       |         |     |        |         |     |        |
| FY 2012                      | 2.6  | 22.9%*                |            |   |             |              |                       |         |     |        |         |     |        |

\* EBITDA pre margin as a percentage of sales



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# Profitable growth achieved in year one of transformation process



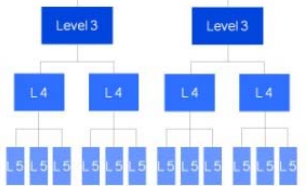
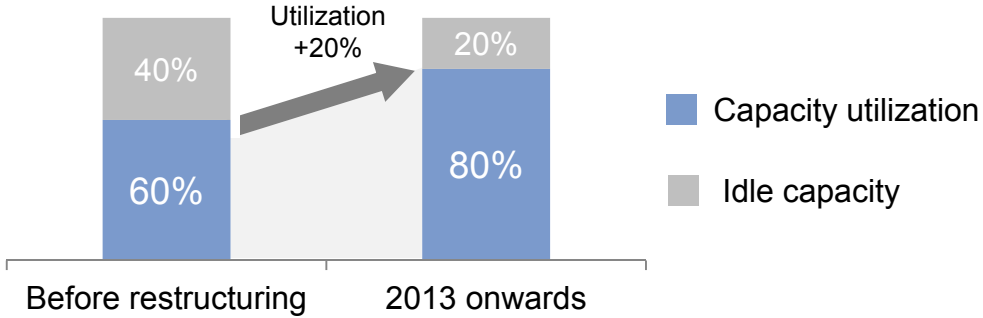
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## Transformation on track

| Financials  | Efficiency | Operations | Future growth |
|---|------------|------------|---------------|
| <b>Major initiatives communicated and started</b>   |            |            |               |
| <ul style="list-style-type: none"><li>▪ Biopharmaceuticals, May 2012</li><li>▪ Consumer Health, August 2012</li><li>▪ Life Science, December 2012</li><li>▪ Performance Materials, March 2013</li></ul> |            |            |               |
| <ul style="list-style-type: none"><li>▪ Projects include consolidating headquarters and sites as well as optimizing SG&amp;A and R&amp;D</li></ul>  |            |            |               |
| <ul style="list-style-type: none"><li>▪ Financial cornerstones:<ul style="list-style-type: none"><li>▪ ~€385 m net savings</li><li>▪ ~€820 m restructuring costs</li></ul></li></ul>                    |            |            |               |

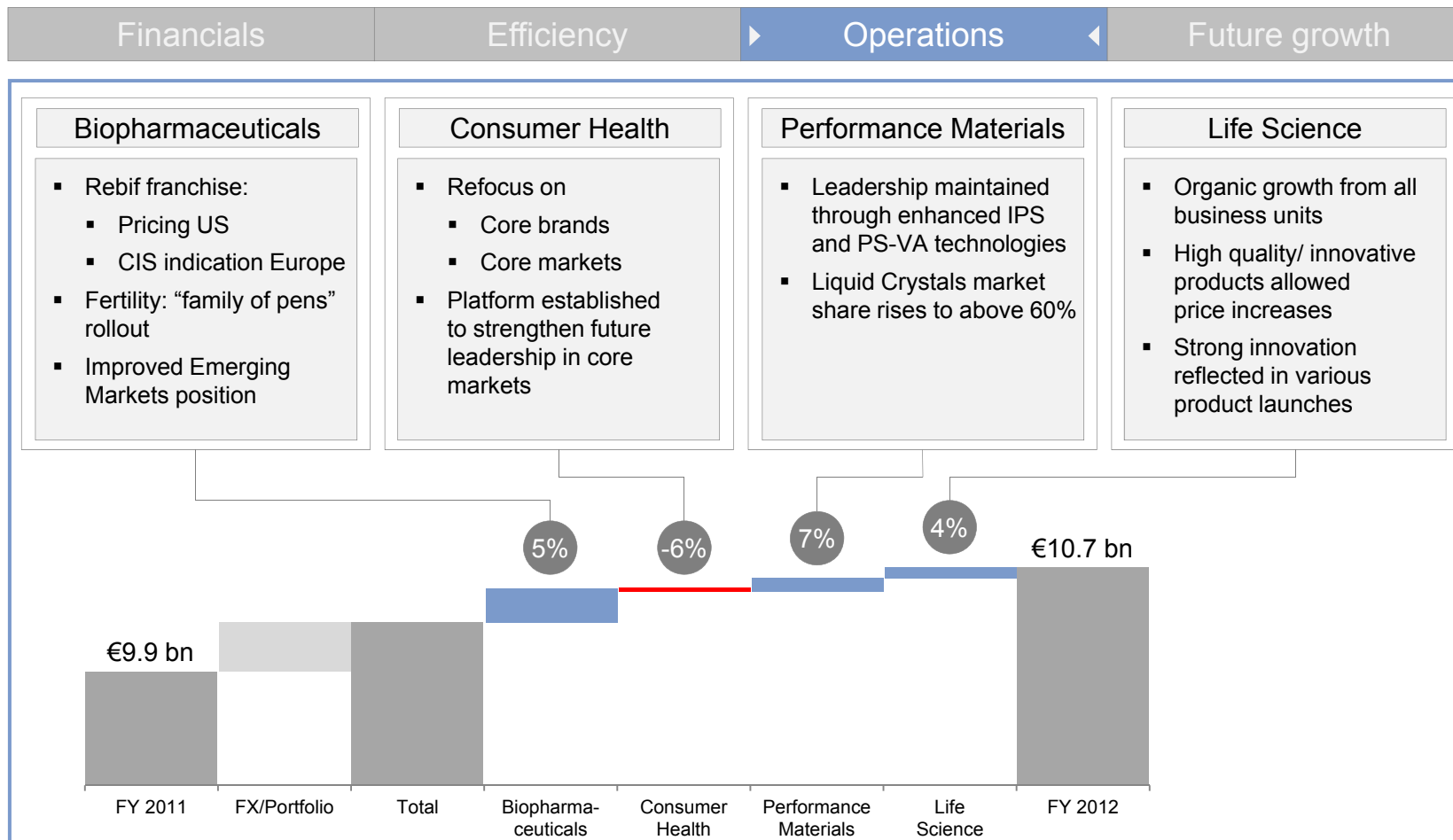


# Restructuring initiatives in Performance Materials are related to Pigments and Cosmetics

| Financials  | Efficiency           | Operations   | Future growth        |               |                      |     |     |              |     |     |  |  |
|---|----------------------|--|----------------------|---------------|----------------------|-----|-----|--------------|-----|-----|--|--|
| <p><b>Major restructuring initiatives started in 2012</b></p>  <ul style="list-style-type: none"> <li>▪ Leaner organization, reduction of business fields from three to two initiated</li> <li>▪ Complete transition to a global organization</li> </ul>   |                      | <p><b>Pigment restructuring</b></p> <ul style="list-style-type: none"> <li>▪ ~€25 m one-time costs in Performance Materials relate to the pigments business</li> <li>▪ Main components are:                             <ul style="list-style-type: none"> <li>▪ Transition to leaner and global organization</li> <li>▪ Closure of facilities, shift of capacities</li> <li>▪ Plant headcount reductions</li> </ul> </li> </ul> |                      |               |                      |     |     |              |     |     |  |  |
| <p><b>Increase of utilization rate intended</b></p>  <table border="1"> <caption>Capacity Utilization Data</caption> <thead> <tr> <th>Period</th> <th>Capacity utilization</th> <th>Idle capacity</th> </tr> </thead> <tbody> <tr> <td>Before restructuring</td> <td>60%</td> <td>40%</td> </tr> <tr> <td>2013 onwards</td> <td>80%</td> <td>20%</td> </tr> </tbody> </table> |                      | Period   | Capacity utilization | Idle capacity | Before restructuring | 60% | 40% | 2013 onwards | 80% | 20% | <p><b>€5 m savings in 2012 implemented</b></p> |  |
| Period  | Capacity utilization | Idle capacity  |                      |               |                      |     |     |              |     |     |  |  |
| Before restructuring  | 60%                  | 40%  |                      |               |                      |     |     |              |     |     |  |  |
| 2013 onwards  | 80%                  | 20%  |                      |               |                      |     |     |              |     |     |  |  |

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# Leading market positions leveraged, yielding strong organic performance

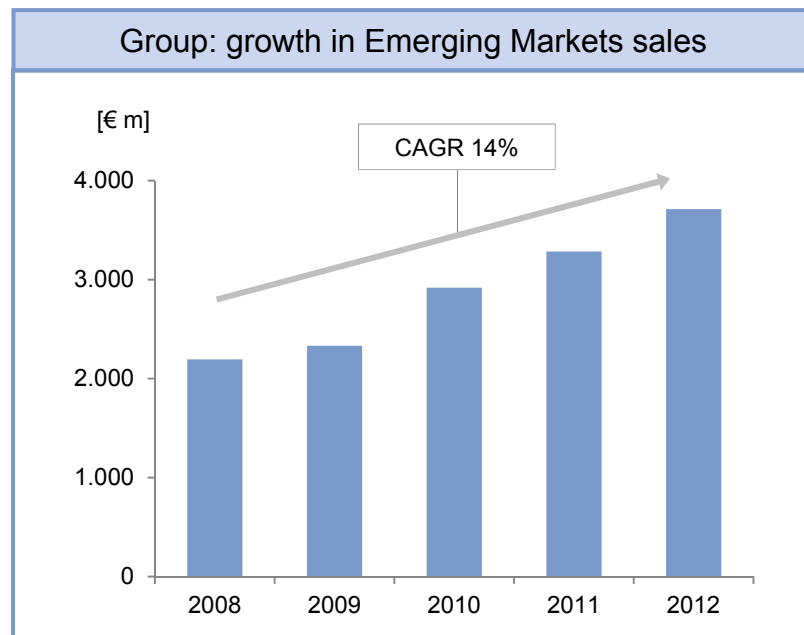
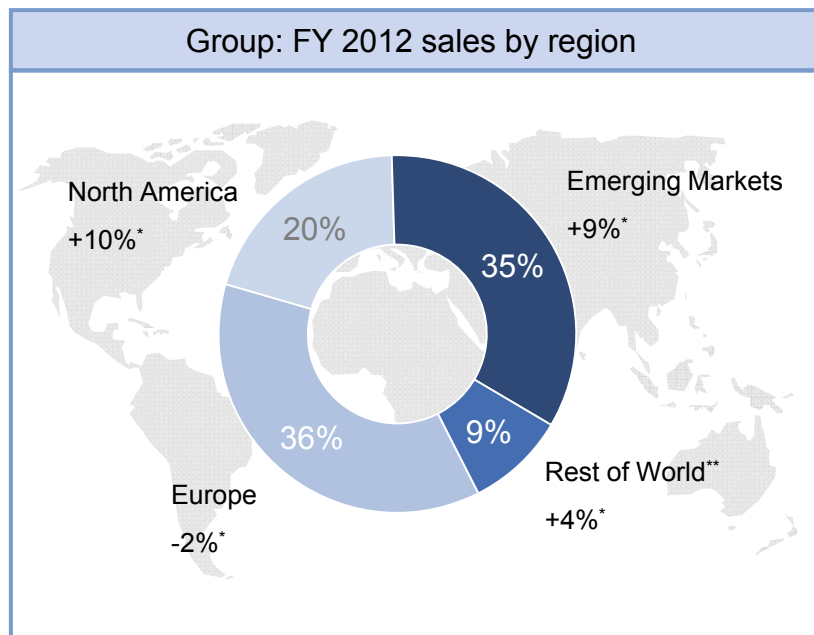


Percentages are organic growth vs. prior year

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# Emerging Markets and North America drive regional growth in 2012

Financials    Efficiency    **Operations**    Future growth




**Continued shift from Europe to higher growth regions supports growth profile**

\*Organic sales growth  
\*\* Japan, Oceania, Australia, Africa

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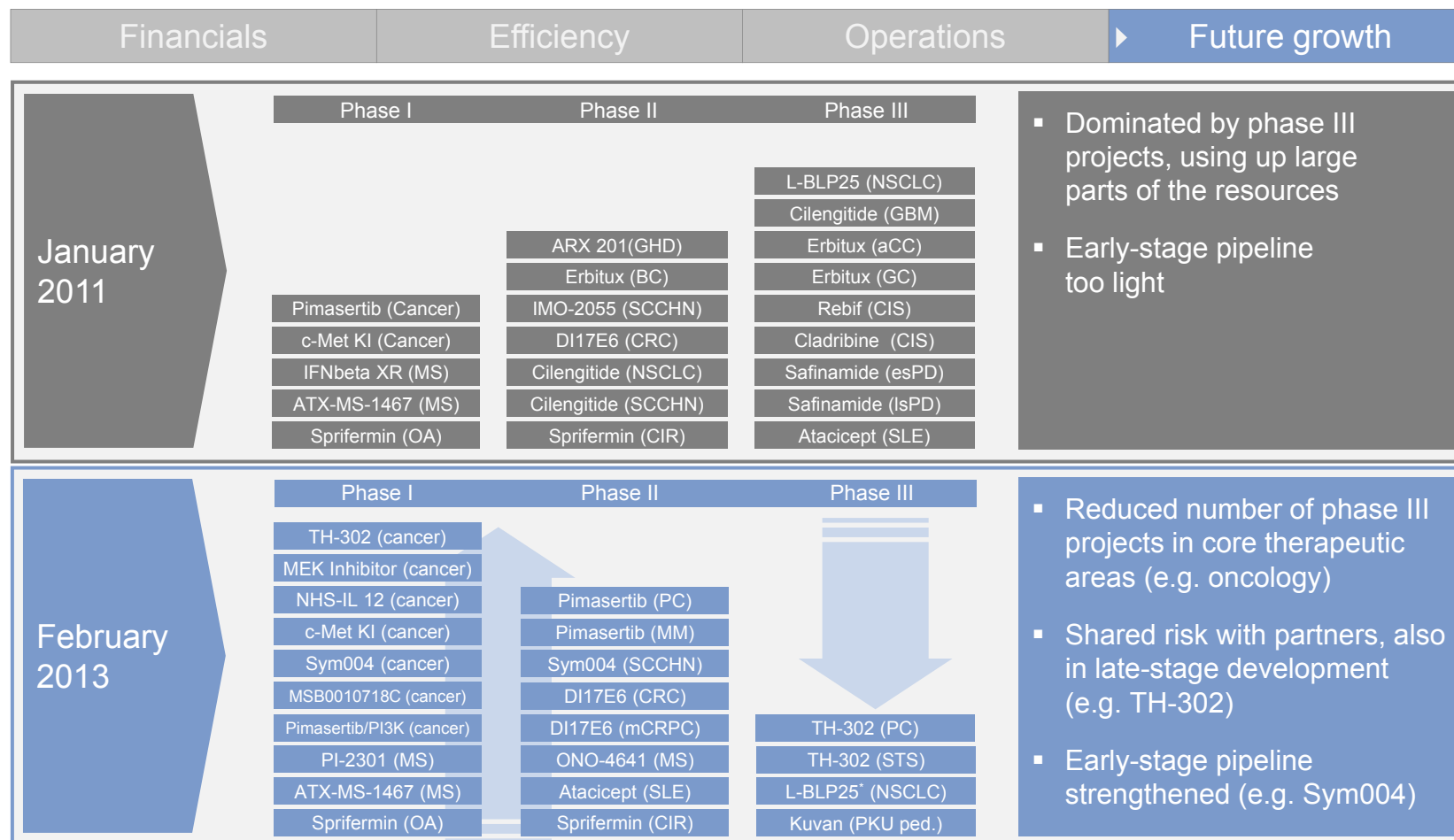
## Preparing for future growth

| Financials   | Efficiency | Operations | Future growth |
|--|------------|------------|---------------|
| <b>Progress made over the last quarters</b>  |            |            |               |
| <ul style="list-style-type: none"><li>▪ Biopharmaceuticals now starts from a clean base</li><li>▪ In-licensing of oncology molecules, TH-302, Sym004 and in multiple sclerosis ONO-4641 in October 2011 and most recently, option for Tcelna</li></ul> |            |            |               |
| <ul style="list-style-type: none"><li>▪ Biosimilars initiative started</li></ul>   |            |            |               |
| <ul style="list-style-type: none"><li>▪ Liquid Crystals implements further product line extensions and forms technology alliance with Epson on development of OLED ink</li></ul>   |            |            |               |
| <ul style="list-style-type: none"><li>▪ Product launches and selective bolt-on acquisitions in Life Science</li></ul>  |            |            |               |



Biopharmaceuticals





# A more balanced pipeline



\* START trial did not meet primary endpoint. INSPIRE study ongoing. Formerly also known as Stimuvax

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## Delivery of a strong year

|                                |   |
|--------------------------------|---|
| Strong financial performance   |    |
| Kick-off of efficiency program |    |
| New operational setup          |   |
| Future growth started          |  |





# Agenda

- Executive overview and strategy update 2012
- **Financial review**
- Guidance

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## FY 2012: Improving the entire financial matrix

| [€ m]   | FY 2012               | FY 2011               | Δ          |
|---|-----------------------|-----------------------|------------|
| <b>Sales</b>                                    | <b>10,741</b>         | <b>9,906</b>          | <b>8%</b>  |
| <b>EBITDA pre</b><br><i>Margin (% of sales)</i> | <b>2,965</b><br>27.6% | <b>2,724</b><br>27.5% | <b>9%</b>  |
| <b>EPS pre [€]</b>                              | <b>7.61</b>           | <b>6.79</b>           | <b>12%</b> |
| <b>Operating cash flow</b>                      | <b>2,472</b>          | <b>1,271</b>          | <b>94%</b> |

| [€ m]                     | Dec 2012      | Dec 2011      | Δ           |
|---------------------------|---------------|---------------|-------------|
| <b>Net financial debt</b> | <b>1,926</b>  | <b>3,484</b>  | <b>-45%</b> |
| <b>Working capital</b>    | <b>2,360</b>  | <b>2,919</b>  | <b>-19%</b> |
| <b>Employees</b>          | <b>38,847</b> | <b>40,676</b> | <b>-4%</b>  |

| Comments  |
|---|
| <ul style="list-style-type: none"> <li>▪ Solid top line improvement driven organically and by FX</li> <li>▪ Strong EBITDA pre increase driven by operational business performance and cost control</li> <li>▪ Double-digit EPS increase</li> <li>▪ Operating cash flow almost doubles mainly on major working capital and performance improvements</li> <li>▪ Drastic reduction in net debt (~€1.6 bn), while simultaneous funding of CTA* (~€250 m)</li> </ul> |

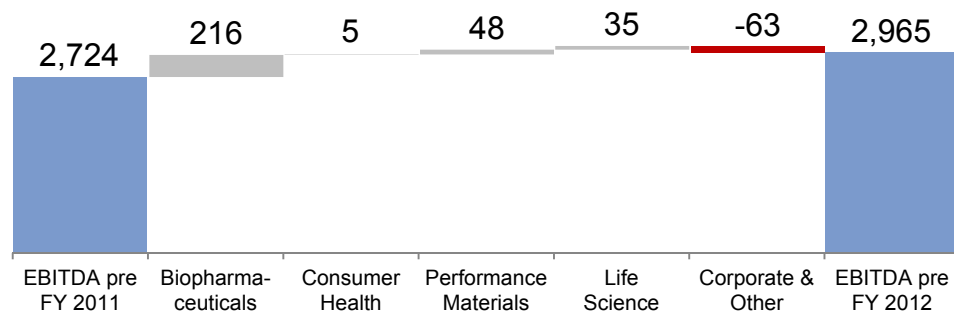
\*Contractual Trust Arrangement

## Strong organic growth and good execution on cost control

| FY yoy sales          | Organic   | Currency  | Portf.    | Total     |
|-----------------------|-----------|-----------|-----------|-----------|
| Biopharmaceuticals    | 5%        | 3%        | 0%        | 8%        |
| Consumer Health       | -6%       | 2%        | 0%        | -4%       |
| Performance Materials | 7%        | 7%        | 0%        | 14%       |
| Life Science          | 4%        | 4%        | 1%        | 9%        |
| <b>THE GROUP</b>      | <b>5%</b> | <b>4%</b> | <b>0%</b> | <b>8%</b> |

- Biopharmaceuticals posts strong organic growth driven by Rebif, Fertility and Glucophage
- Strong technology leadership in Performance Materials drives exceptional growth
- Life Science delivers reasonable performance

### FY EBITDA pre bridge [€ m]



- All divisions contribute to near double digit EBITDA pre increase
- Strongest contributor Biopharmaceuticals driven by organic growth, cost containment and FX
- Corporate and Other includes effects from currency hedging

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## Reported earnings burdened by one-time charges

| [€ m]                    | FY 2012     | FY 2011      | Δ           | Comments  |
|--------------------------|-------------|--------------|-------------|---|
| <b>EBIT</b>              | <b>964</b>  | <b>1,132</b> | <b>-15%</b> | <ul style="list-style-type: none"> <li>▪ 2012 EBIT burdened by €664 m one-time items* mainly due to Fit for 2018</li> <li>▪ Financial result improves due to reduced interest expense from gross debt reduction</li> <li>▪ Tax rate decreases due to one-time effects, tax guidance unchanged at 25 to 26%</li> <li>▪ Reported net income only mildly down despite significant one-time charges (€664 m)</li> </ul> |
| Financial result         | -255        | -293         | -13%        |   |
| <b>Profit before tax</b> | <b>709</b>  | <b>839</b>   | <b>-15%</b> |   |
| Income Tax               | -130        | -221         | -41%        |   |
| <i>Tax Rate (%)</i>      | <i>18.3</i> | <i>26.3</i>  |             |   |
| <b>Net Income</b>        | <b>567</b>  | <b>607</b>   | <b>-7%</b>  |   |
| <b>EPS (€)</b>           | <b>2.61</b> | <b>2.79</b>  | <b>-7%</b>  |   |

Totals may not add up due to rounding

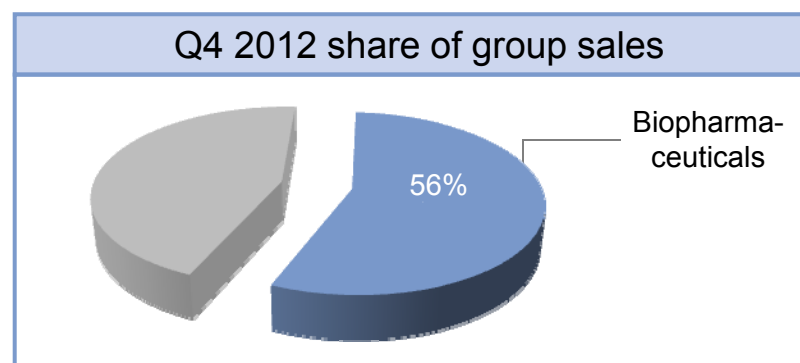
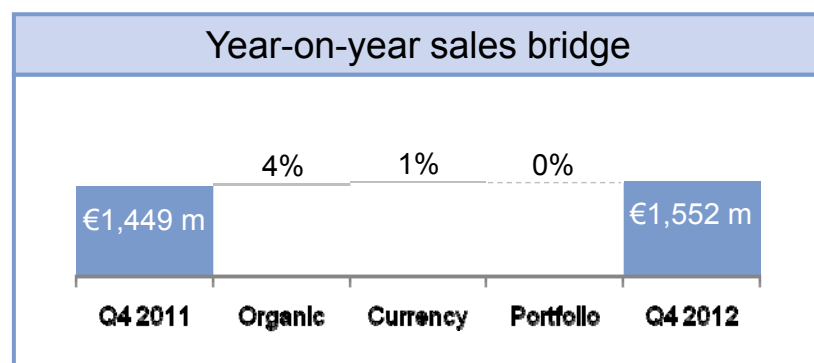
\* one-time items on EBIT include one-time impairments

## Biopharmaceuticals

# Top line and cost reduction drive profitable growth

| Key items [€ m]            | Q4 2012      | Q4 2011      |
|----------------------------|--------------|--------------|
| <b>Sales</b>               | <b>1,522</b> | <b>1,449</b> |
| Marketing and selling      | -341         | -351         |
| Admin                      | -59          | -64          |
| R&D                        | -271         | -321         |
| <b>EBIT</b>                | <b>210</b>   | <b>150</b>   |
| EBITDA                     | 436          | 392          |
| <b>EBITDA pre</b>          | <b>496</b>   | <b>408</b>   |
| <i>Margin (% of sales)</i> | 32.6%        | 28.2%        |

| Comments   |
|--|
| <ul style="list-style-type: none"> <li>Organic performance, royalties and FX drive top line increase</li> <li>Rebif supported by US pricing, slightly mitigated by softer volumes</li> <li>Erbix softer due to competition in Japan and pricing pressure in Europe</li> <li>Continued solid growth of Gonal-f with existing trends intact</li> <li>Emerging Markets drive General Medicine</li> <li>Strict delivery on cost savings in marketing and selling and R&amp;D</li> <li>Organic growth and delivery on savings by global operations drive increase in profitability</li> </ul> |



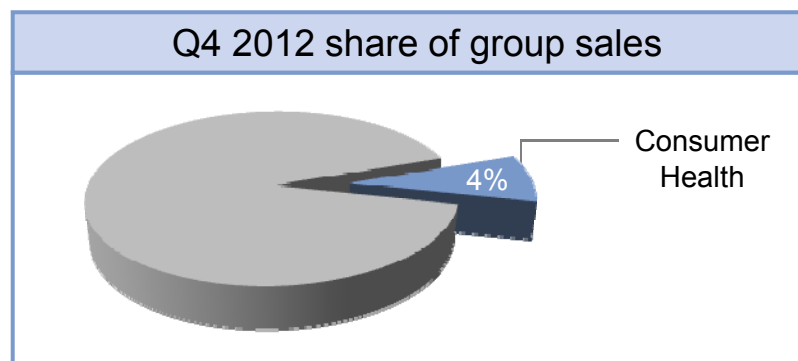
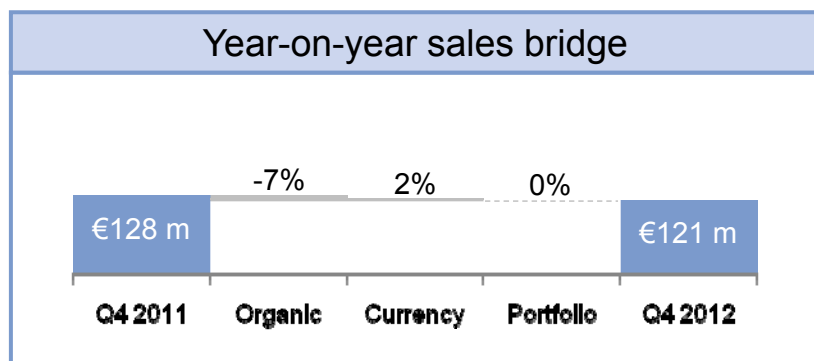
Totals may not add up due to rounding

Consumer Health

# New business model and efficiency program determine EBITDA pre improvement

| Key items [€ m]            | Q4 2012      | Q4 2011      |
|----------------------------|--------------|--------------|
| <b>Sales</b>               | <b>121</b>   | <b>128</b>   |
| Marketing and selling      | -59          | -59          |
| Admin                      | -6           | -6           |
| R&D                        | -6           | -6           |
| <b>EBIT</b>                | <b>-18</b>   | <b>13</b>    |
| EBITDA                     | -4           | 16           |
| <b>EBITDA pre</b>          | <b>19</b>    | <b>16</b>    |
| <i>Margin (% of sales)</i> | <i>15.4%</i> | <i>12.7%</i> |

| Comments  |
|---|
| <ul style="list-style-type: none"> <li>▪ Change of business model weighs on top line (portfolio / country pruning)</li> <li>▪ Softness and difficult environment in Central Europe also contribute to organic sales decline</li> <li>▪ Lower volumes lead to idle capacities, weighing on gross margin</li> <li>▪ One-time items related to site closure of Hull/UK</li> <li>▪ Better resource allocation and cost control overcompensate reduction in top line, improving EBITDA pre and margin</li> </ul> |



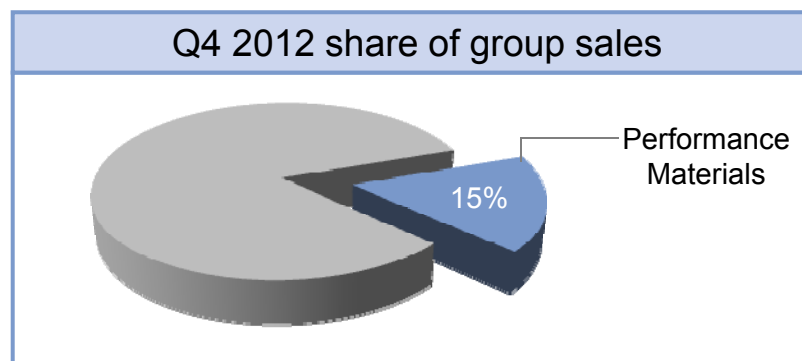
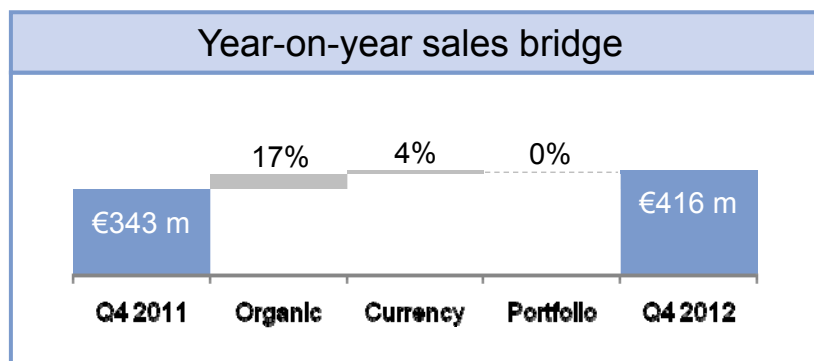
Totals may not add up due to rounding

Performance Materials

# Strong demand for liquid crystals technologies drives sales and EBITDA pre

| Key items [€ m]            | Q4 2012      | Q4 2011      |
|----------------------------|--------------|--------------|
| <b>Sales</b>               | <b>416</b>   | <b>343</b>   |
| Marketing and selling      | -36          | -33          |
| Admin                      | -8           | -8           |
| R&D                        | -35          | -33          |
| <b>EBIT</b>                | <b>131</b>   | <b>141</b>   |
| EBITDA                     | 167          | 165          |
| <b>EBITDA pre</b>          | <b>186</b>   | <b>165</b>   |
| <i>Margin (% of sales)</i> | <i>44.7%</i> | <i>48.1%</i> |

| Comments   |
|--|
| <ul style="list-style-type: none"> <li>Strong sales improvement on solid volumes and FX mitigated by softer pricing</li> <li>Healthy demand for high quality IPS and PS-VA technologies drives volumes, leading to exceptional market share</li> <li>Emergence of Chinese customer base continuing, Chinese market now surpasses Japan</li> <li>Pigments with organic growth on softer comparables but inventory reductions and restructuring weigh on profitability</li> <li>One-time items mainly related to Fit for 2018: Pigments &amp; Cosmetics restructuring implemented</li> <li>Softer gross and EBITDA pre margins due to price adjustments and inventory reduction</li> </ul> |



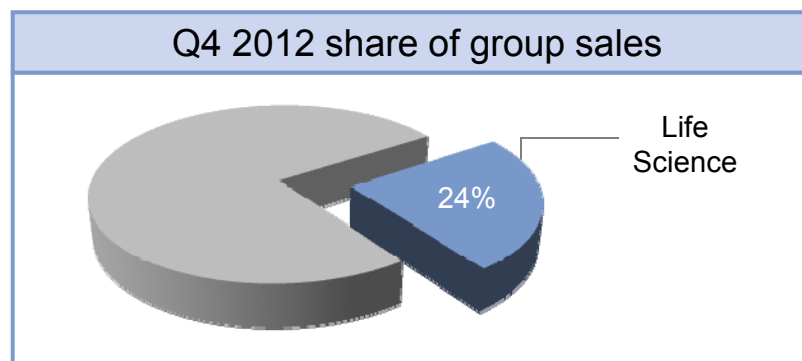
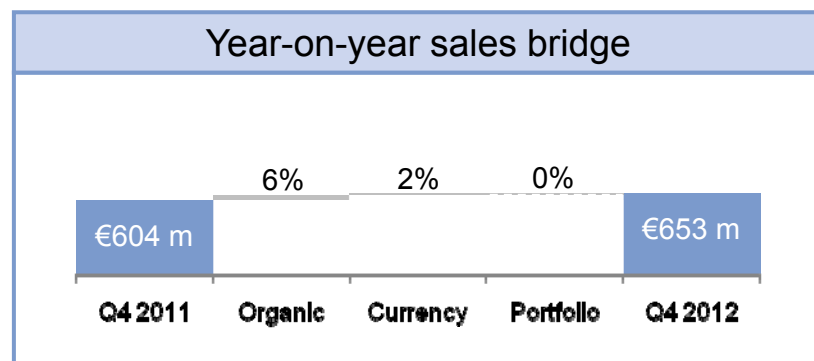
Totals may not add up due to rounding

Life Science

# A quarter of solid business performance, working capital initiatives and strong R&D investment

| Key items [€ m]            | Q4 2012    | Q4 2011    |
|----------------------------|------------|------------|
| <b>Sales</b>               | <b>653</b> | <b>604</b> |
| Marketing and selling      | -174       | -163       |
| Admin                      | -27        | -25        |
| R&D                        | -44        | -36        |
| <b>EBIT</b>                | <b>26</b>  | <b>57</b>  |
| EBITDA                     | 107        | 131        |
| <b>EBITDA pre</b>          | <b>139</b> | <b>142</b> |
| <i>Margin (% of sales)</i> | 21.2%      | 23.4%      |

| Comments  |
|---|
| <ul style="list-style-type: none"> <li>▪ Sales rise as all regions, notably Emerging Markets, contribute organically with further support from FX</li> <li>▪ Q4 shows overall positive pricing momentum for businesses</li> <li>▪ Top line growth driven by Process Solutions with healthy end market demand from biopharma</li> <li>▪ Gross margin negatively affected by announced working capital improvement initiatives and related temporary site shutdowns</li> <li>▪ Heavy investments in R&amp;D, supporting single-use business model and biotech initiatives</li> <li>▪ EBITDA pre around previous year's level while margin burdened by tighter working capital management</li> </ul> |



Totals may not add up due to rounding



The Group

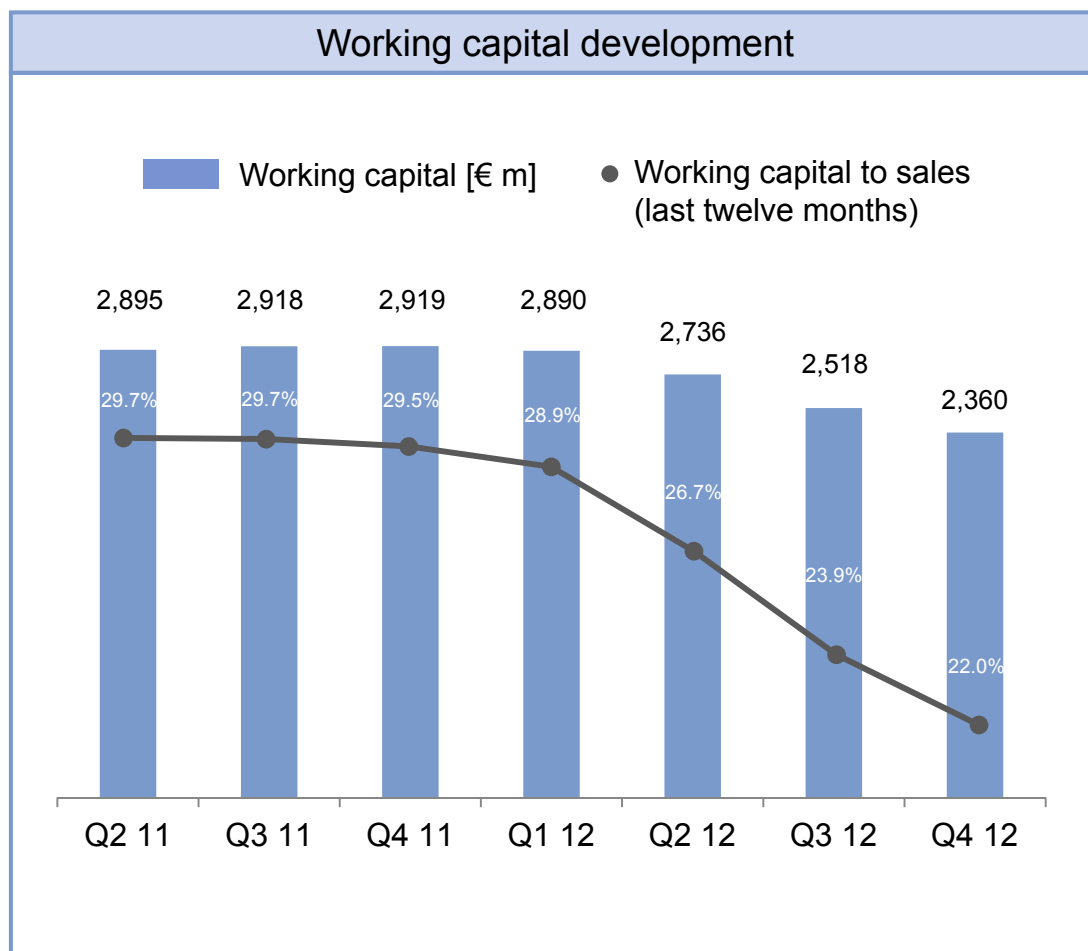
## Balance sheet: We walk the talk

| [€ m]                       | Dec. 31 2012  | Dec. 31 2011  | Δ          | Comments  |
|-----------------------------|---------------|---------------|------------|---|
| <b>Total assets</b>         | <b>21,643</b> | <b>22,122</b> | <b>-2%</b> | <ul style="list-style-type: none"> <li>▪ Increased cash position from strong operational performance and working capital management</li> <li>▪ March and December 2012 bond maturities significantly reduced gross financial debt by €1 bn</li> <li>▪ Improvement of financial profile led to rating upgrades: S&amp;P to A- and Moody's to Baa1, both with stable outlook</li> <li>▪ Drastic reduction in net debt, while simultaneously funding of CTA* by ~€250 m</li> </ul> |
| Equity                      | 10,415        | 10,494        | -1%        |   |
| Cash and other liquid funds | 2,528         | 2,055         | 23%        |   |
| Intangible assets           | 10,945        | 11,764        | -7%        |   |
| Financial debt              | 4,454         | 5,539         | -20%       |   |
| Pension provisions          | 1,212         | 1,140         | 6%         |   |
| Net financial debt          | 1,926         | 3,484         | -45%       |   |

Totals may not add up due to rounding  
\*Contractual Trust Arrangement

The Group

## Working capital: Now managed



**Comments**

- Substantial sequential reduction in working capital metrics
- Q4 improvement mainly driven by inventory reductions in Performance Materials
- New management incentives for working capital ratios main driver of improvement
- ~25% considered a solid level

**Effective working capital control mechanisms in place**

The Group

## Underlying cash flow strength

| [€ m]                           | FY 2012      | FY 2011      | Δ            | Comments  |
|---------------------------------|--------------|--------------|--------------|---|
| <b>Profit after tax</b>         | <b>579</b>   | <b>618</b>   | <b>-39</b>   | <ul style="list-style-type: none"> <li>▪ ~€1.2 bn increase in operating cash flow driven by               <ul style="list-style-type: none"> <li>▪ More than €500 m cash freed on tighter working capital management despite sales expansion</li> <li>▪ Higher change in provisions primarily driven by restructuring provisions</li> <li>▪ €270 m higher cash-outs related to CTA* in 2011 vs. 2012</li> </ul> </li> </ul> |
| D&A                             | 1,397        | 1,597        | -201         |   |
| Changes in working capital      | 526          | -198         | 724          |   |
| Changes in provisions           | 379          | -419         | 797          |   |
| Changes in other assets / liab. | -384         | -150         | -233         |   |
| Other operating activities      | -24          | -177         | 153          |   |
| <b>Operating cash flow</b>      | <b>2,472</b> | <b>1,271</b> | <b>1,201</b> |   |
| Capital expenditures            | -329         | -366         | 37           |   |
| Others                          | -103         | 531          | -635         |   |
| <b>Free cash flow</b>           | <b>2,040</b> | <b>1,436</b> | <b>604</b>   |   |

Totals may not add up due to rounding  
\*Contractual Trust Arrangement

The Group

# Fit for 2018: Faster implementation and new initiatives added

| Previous disclosure | Savings            | 2012       | 2013       | 2014       | 2015       | 2016       | 2017 | Total      |
|---------------------|--------------------|------------|------------|------------|------------|------------|------|------------|
|                     | Biopharmaceuticals | 50         | 200        | 300        |            |            |      |            |
| Consumer Health     | 5                  | 15         | 25         |            |            |            |      | 25         |
| Life Science        |                    |            |            | 10         | 30         | 40         |      | 40         |
| <b>Total</b>        | <b>55</b>          | <b>215</b> | <b>325</b> | <b>335</b> | <b>355</b> | <b>365</b> |      | <b>365</b> |
| <b>Costs*</b>       | <b>430</b>         | <b>230</b> | <b>120</b> | <b>20</b>  |            |            |      | <b>800</b> |

| New disclosure     | Savings            | 2012       | 2013       | 2014       | 2015       | 2016       | 2017 | Total      |
|--------------------|--------------------|------------|------------|------------|------------|------------|------|------------|
|                    | Biopharmaceuticals | 100        | 250        | 300        |            |            |      |            |
| Consumer Health    | 10                 | 15         | 25         |            |            |            |      | 25         |
| Perform. Materials | 5                  | 10         | 20         |            |            |            |      | 20         |
| Life Science       |                    | 5          | 10         | 20         | 30         | 40         |      | 40         |
| <b>Total</b>       | <b>115</b>         | <b>280</b> | <b>355</b> | <b>365</b> | <b>375</b> | <b>385</b> |      | <b>385</b> |
| <b>Costs*</b>      | <b>463</b>         | <b>229</b> | <b>110</b> | <b>15</b>  |            |            |      | <b>817</b> |

| Details  |
|--|
| <ul style="list-style-type: none"> <li>Biopharmaceuticals with swift implementation of initiatives:               <ul style="list-style-type: none"> <li>€50 m savings pulled forward</li> <li>Earlier personnel departures in Geneva</li> </ul> </li> <li>Consumer Health and Life Science savings also accelerated</li> <li>€20 m additional savings from Pigments &amp; Cosmetics reorganization</li> </ul> |
| <p><b>Strict implementation to yield ~€385 savings until 2017</b></p>  |

\*Fit for 2018 one-time costs on EBIT (also including related one-time D&A = Fit for 2018 impairments)

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# First results of efficiency program now clearly visible in P&L

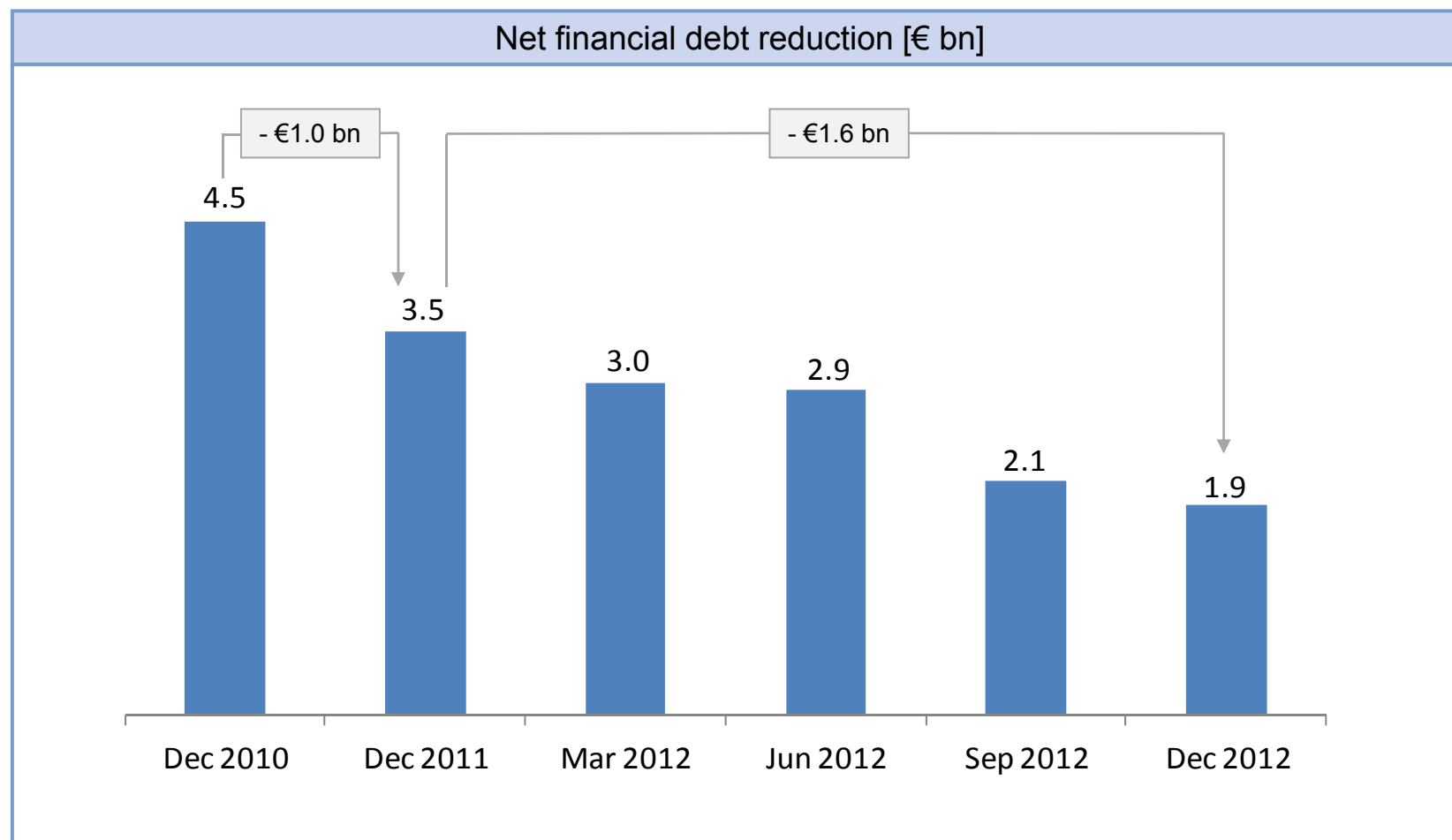
| Biopharmaceuticals    |               |      |          |        |  |
|-----------------------|---------------|------|----------|--------|--|
|                       | in % of sales |      | absolute |        |  |
|                       | 2011          | 2012 | 2011     | 2012   |  |
| [€ m]                 | 2011          | 2012 | 2011     | 2012   |  |
| Sales                 | 100%          | 100% | 5,564    | 5,996  |  |
| Marketing and selling | 25%           | 23%  | -1,412   | -1,371 |  |
| R&D                   | 22%           | 20%  | -1,224   | -1,187 |  |
| Administration        | 5%            | 4%   | -253     | -250   |  |

| Consumer Health       |               |      |          |      |  |
|-----------------------|---------------|------|----------|------|--|
|                       | in % of sales |      | absolute |      |  |
|                       | 2011          | 2012 | 2011     | 2012 |  |
| [€ m]                 | 2011          | 2012 | 2011     | 2012 |  |
| Sales                 | 100%          | 100% | 494      | 473  |  |
| Marketing and selling | 47%           | 46%  | -233     | -218 |  |
| R&D                   | 5%            | 4%   | -23      | -19  |  |
| Administration        | 5%            | 5%   | -24      | -23  |  |

| Comments   |
|--|
| <ul style="list-style-type: none"> <li>Transformation of Biopharmaceuticals and Consumer Health reflected in improved cost to sales ratios</li> <li>Clear improvements in marketing and selling and R&amp;D in Biopharmaceuticals</li> <li>Consumer Health also improves cost allocation, main drivers are portfolio pruning, regional exits and more focused sales promotion</li> </ul> |
| <p><b>Execution on strategy drives cost reduction</b></p>  |

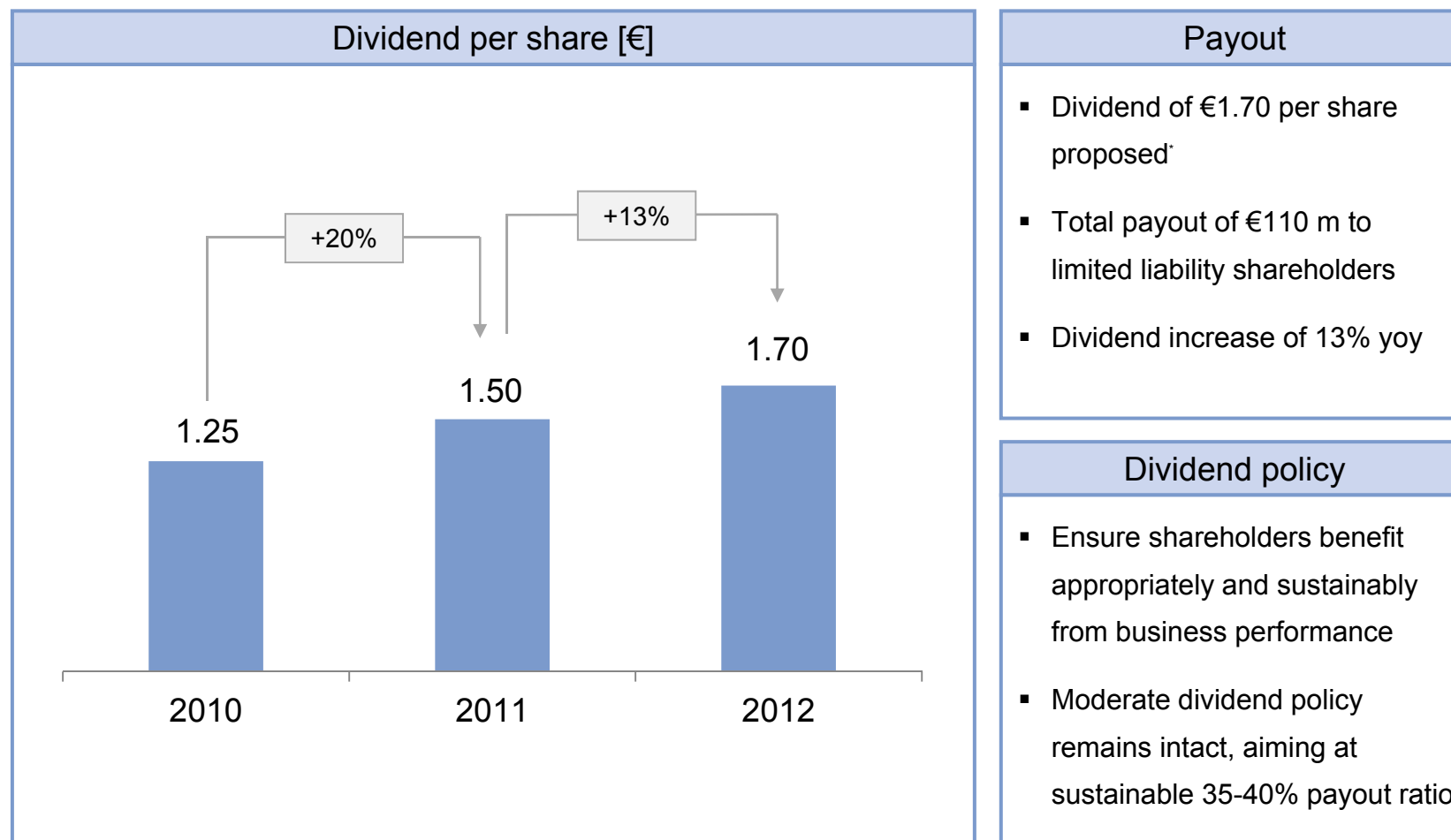
The Group

## Strong deleveraging continues



The Group

## Dividend increase reflects operational improvement



\* Final decision subject to AGM approval

\*\* on adjusted net income (reported net income plus one-time items, i.e. transformation costs)

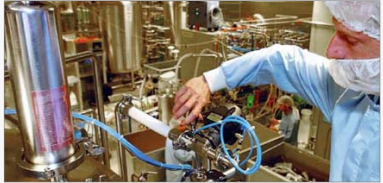


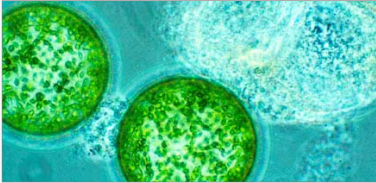
# Agenda

- Executive overview and strategy update 2012
- Financial review
- **Guidance**



The Group

# Qualitative guidance for 2013

| Biopharmaceuticals   | Consumer Health  | Performance Materials   | Life Science   |
|--|--|---|--|
|  <ul style="list-style-type: none"> <li>▪ Organic sales growth more moderate vs. 2012: Rebif stable, Erbitux stable to slight increase, moderate growth in Endo, Fertility, GM</li> <li>▪ Overproportional EBITDA pre increase due to further cost savings</li> </ul> |  <ul style="list-style-type: none"> <li>▪ Lower to stable sales (market/brand exits and site closure)</li> <li>▪ Profitability improvement driven by cost control</li> </ul> |  <ul style="list-style-type: none"> <li>▪ Organic growth from volume increases but softer pricing</li> <li>▪ EBITDA pre at best at 2012 level</li> </ul> |  <ul style="list-style-type: none"> <li>▪ Moderate organic sales growth</li> <li>▪ China, India and Latin America as geographic growth drivers</li> <li>▪ EBITDA pre growth in line with sales</li> </ul> |
| <p>The Group: Moderate organic sales growth, EBITDA pre growth above sales increase driven by savings implementation</p>   |  |   |  |

# Appendix

## The Group

# Additional financial guidance

### Further financial disclosure

- Royalty, license and commission income: To decline to ~€180-200 m in 2014
- Corporate EBITDA pre: around -€210 m
- Underlying tax rate: ~25 to 26%
- Capex on PPE: around -€450 m
- Hedging / USD assumption: 2013 and 2014 hedge ratio between ~30 to 35% at EUR/USD ~1.30 – 1.35



## The Group

# Group 2013 industry outlook

### Biopharmaceuticals

- Worldwide growth driven by Emerging Markets
- Europe will continue to suffer from austerity measures

### Consumer Health

- Global market growth expected to be mid-single digit
- Asia-Pacific / Latin America to show high-single digit growth
- Europe to grow mid-single digit

### Performance Materials

- Size of LC display market expected to grow driven by increased average TV display size and tablet PCs
- World market for Automotive forecasted to grow low-single digit

### Life Science

- Pharma to grow low-single digit; thereof Biotechnology growth mid-single digit
- Laboratory products expected to grow low-single digit



The Group

## Q4 2012: Improving the entire financial matrix

| [€ m]   | Q4 2012             | Q4 2011             | Δ               |
|---|---------------------|---------------------|-----------------|
| <b>Sales</b>                                    | <b>2,712</b>        | <b>2,525</b>        | <b>7%</b>       |
| <b>EBITDA pre</b><br><i>Margin (% of sales)</i> | <b>790</b><br>29.1% | <b>681</b><br>27.0% | <b>16%</b>      |
| <b>EPS pre [€]</b>                              | <b>2.05</b>         | <b>1.66</b>         | <b>23%</b>      |
| <b>Operating cash flow</b>                      | <b>398</b>          | <b>54</b>           | <b>&gt;100%</b> |

| [€ m]                     | Dec 2012      | Dec 2011      | Δ           |
|---------------------------|---------------|---------------|-------------|
| <b>Net financial debt</b> | <b>1,926</b>  | <b>3,484</b>  | <b>-45%</b> |
| <b>Working capital</b>    | <b>2,360</b>  | <b>2,919</b>  | <b>-19%</b> |
| <b>Employees</b>          | <b>38,847</b> | <b>40,676</b> | <b>-4%</b>  |

| Comments   |
|--|
| <ul style="list-style-type: none"> <li>▪ Sales increase reflects ~6% organic growth, 2% FX benefit</li> <li>▪ Largest contributor to 16% EBITDA pre increase is Biopharmaceuticals with a ~20% jump in profitability</li> <li>▪ Double-digit EPS increase</li> <li>▪ Operating cash flow supported by strict working capital management</li> <li>▪ Drastic reduction in net debt (~€1.6 bn), while simultaneous funding of CTA* (~€250 m)</li> </ul> |

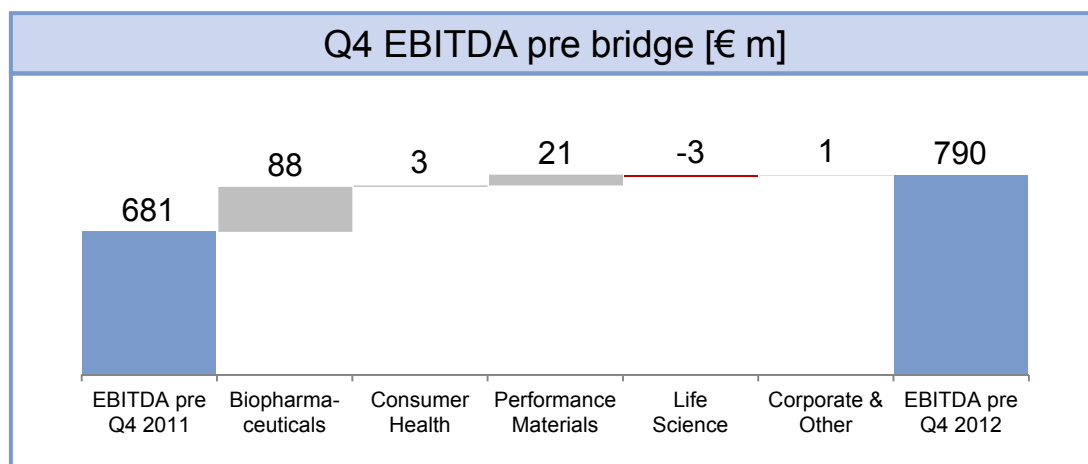
Totals may not add up due to rounding  
\* Contractual Trust Arrangement

The Group Q4 2012

# A sound quarter of top-line and bottom-line growth

| Q4 yoy sales          | Organic   | Currency  | Portf.    | Total     |
|-----------------------|-----------|-----------|-----------|-----------|
| Biopharmaceuticals    | 4%        | 1%        | 0%        | 5%        |
| Consumer Health       | -7%       | 2%        | 0%        | -5%       |
| Performance Materials | 17%       | 4%        | 0%        | 21%       |
| Life Science          | 6%        | 2%        | 0%        | 8%        |
| <b>THE GROUP</b>      | <b>6%</b> | <b>2%</b> | <b>0%</b> | <b>7%</b> |

- Absolute sales increase driven evenly by Biopharmaceuticals and Performance Materials, followed by Life Science
- Exceptional growth performance from Performance Materials
- Only slight support from FX as EUR/USD turned during Q4



- Strongest contributor Biopharmaceuticals driven by US organic growth, cost containment, FX
- Performance Materials with strong exceptional contribution
- Consumer Health and Life Science offset each other

Totals may not add up due to rounding

The Group

## Substantial improvement of profitability driven by operational performance and savings

| [€ m]                    | Q4 2012     | Q4 2011     | Δ               | Comments  |
|--------------------------|-------------|-------------|-----------------|---|
| <b>EBIT</b>              | <b>312</b>  | <b>296</b>  | <b>5%</b>       | <ul style="list-style-type: none"> <li>Financial result improved mainly on lower interest expense due to 2012 bond maturities and benefit from fluctuations in fair value of FX hedging instruments</li> <li>Lower tax rate driven by favorable one-time effects</li> <li>Significant increase in net income and EPS as a result of solid operational performance, cost containment, and financial restructuring</li> </ul> |
| Financial result         | -61         | -74         | -18%            |   |
| <b>Profit before tax</b> | <b>251</b>  | <b>221</b>  | <b>13%</b>      |   |
| Income tax               | 25          | -85         | n.m.            |   |
| <i>Tax rate (%)</i>      | -9.8        | 38.5        |                 |   |
| <b>Net income</b>        | <b>272</b>  | <b>133</b>  | <b>&gt;100%</b> |   |
| <b>EPS (€)</b>           | <b>1.25</b> | <b>0.61</b> | <b>&gt;100%</b> |   |

Totals may not add up due to rounding

The Group

## Profitable growth driven by solid business performance and efficiency program

| [€ m]                      | FY 2012            | FY 2011            | Δ           |
|----------------------------|--------------------|--------------------|-------------|
| <b>Total revenues</b>      | <b>11,173</b>      | <b>10,276</b>      | <b>9%</b>   |
| Sales                      | 10,741 (100%)      | 9,906 (100%)       | 8%          |
| Royalty, license and comm. | 432 (4%)           | 370 (4%)           | 17%         |
| <b>Gross profit</b>        | <b>8,015 (75%)</b> | <b>7,491 (76%)</b> | <b>7%</b>   |
| Marketing and selling      | -2,411 (22%)       | -2,386 (24%)       | 1%          |
| Royalty, license and comm. | -580 (5%)          | -500 (5%)          | 16%         |
| Administration             | -552 (5%)          | -536 (5%)          | 3%          |
| Other expenses / income    | -1,127 (10%)       | -417 (4%)          | >100%       |
| R&D                        | -1,511 (14%)       | -1,514 (15%)       | 0%          |
| Amortization               | -872 (8%)          | -1,005 (10%)       | -13%        |
| <b>EBIT</b>                | <b>964 (9%)</b>    | <b>1,132 (11%)</b> | <b>-15%</b> |
| D&A                        | 1,397 (13%)        | 1,599 (16%)        | -13%        |
| One-time items             | 605 (6%)           | -7 (0%)            | n.m.        |
| <b>EBITDA pre</b>          | <b>2,965</b>       | <b>2,724</b>       | <b>9%</b>   |
| <i>Margin (% of sales)</i> | <i>27.6%</i>       | <i>27.5%</i>       |             |

| Comments   |
|--|
| <ul style="list-style-type: none"> <li>▪ 5% organic sales growth mainly driven by Biopharmaceuticals and Performance Materials, further support from FX (4%)</li> <li>▪ Commission expenses grow due to Rebif sales increase</li> <li>▪ Strict cost containment reduces R&amp;D and marketing and selling as a percentage of sales</li> <li>▪ Other expenses driven by Fit for 2018, PY include €157 m Crop BioScience gain</li> <li>▪ Solid business performance and savings increase EBITDA pre</li> </ul> |

Totals may not add up due to rounding



The Group

## Q4 12: Operational performance and efficiencies drive profitability improvement

| [€ m]                      | Q4 2012            | Q4 2011            | Δ          |
|----------------------------|--------------------|--------------------|------------|
| <b>Total revenues</b>      | <b>2,835</b>       | <b>2,626</b>       | <b>8%</b>  |
| Sales                      | 2,712 (100%)       | 2,525 (100%)       | 7%         |
| Royalty, license and comm. | 123 (5%)           | 101 (4%)           | 21%        |
| <b>Gross profit</b>        | <b>2,021 (75%)</b> | <b>1,918 (76%)</b> | <b>5%</b>  |
| Marketing and selling      | -609 (22%)         | -607 (24%)         | 0%         |
| Royalty, license and comm. | -146 (5%)          | -137 (5%)          | 7%         |
| Administration             | -132 (5%)          | -139 (5%)          | -5%        |
| Other expenses / income    | -248 (9%)          | -116 (5%)          | >100%      |
| R&D                        | -355 (13%)         | -397 (16%)         | -11%       |
| Amortization               | -220 (8%)          | -225 (9%)          | -2%        |
| <b>EBIT</b>                | <b>312 (11%)</b>   | <b>296 (12%)</b>   | <b>5%</b>  |
| D&A                        | 359 (13%)          | 344 (14%)          | 4%         |
| One-time items             | 119 (4%)           | 41 (2%)            | >100%      |
| <b>EBITDA pre</b>          | <b>790</b>         | <b>681</b>         | <b>16%</b> |
| <i>Margin (% of sales)</i> | <i>29.1%</i>       | <i>27.0%</i>       |            |

| Comments   |
|--|
| <ul style="list-style-type: none"> <li>▪ Solid sales increase of 7%</li> <li>▪ Gross margin burdened by higher start-up costs (LSB*) and initiatives to improve working capital, especially in Performance Materials and Life Science</li> <li>▪ Cost containment reduces marketing and selling and R&amp;D as a percentage of sales</li> <li>▪ Other expenses more than doubled driven by Fit for 2018</li> <li>▪ Strong EBITDA pre growth due to solid business performance and savings</li> </ul> |

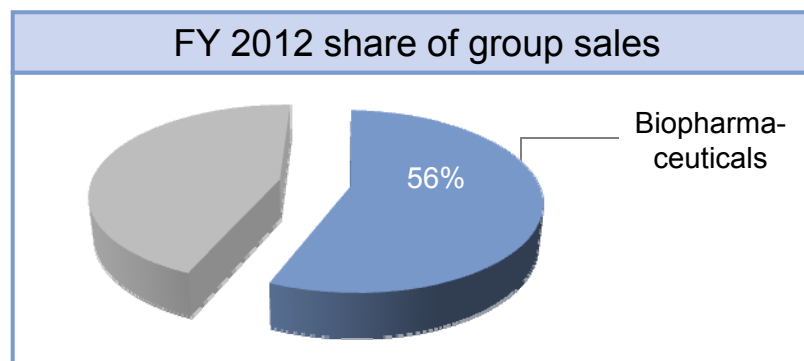
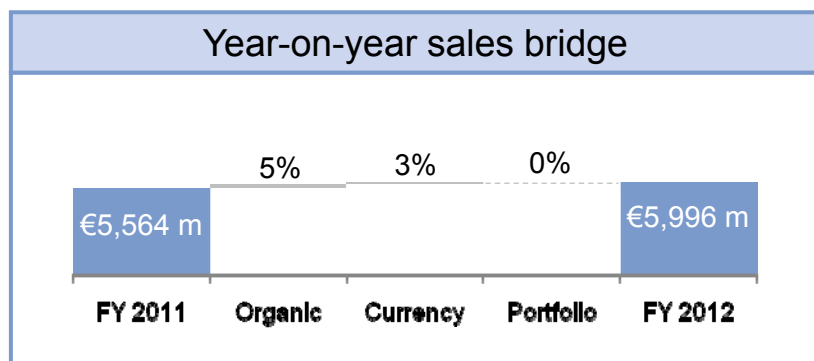
Totals may not add up due to rounding  
\*Large Scale Biotech plant

## Biopharmaceuticals

# A strong year of successful transformation

| Key items [€ m]            | FY 2012      | FY 2011      |
|----------------------------|--------------|--------------|
| <b>Sales</b>               | <b>5,996</b> | <b>5,564</b> |
| Marketing and selling      | -1,371       | -1,412       |
| Admin                      | -250         | -253         |
| R&D                        | -1,187       | -1,224       |
| <b>EBIT</b>                | <b>508</b>   | <b>342</b>   |
| EBITDA                     | 1,441        | 1,527        |
| <b>EBITDA pre</b>          | <b>1,785</b> | <b>1,569</b> |
| <i>Margin (% of sales)</i> | 29.8%        | 28.2%        |

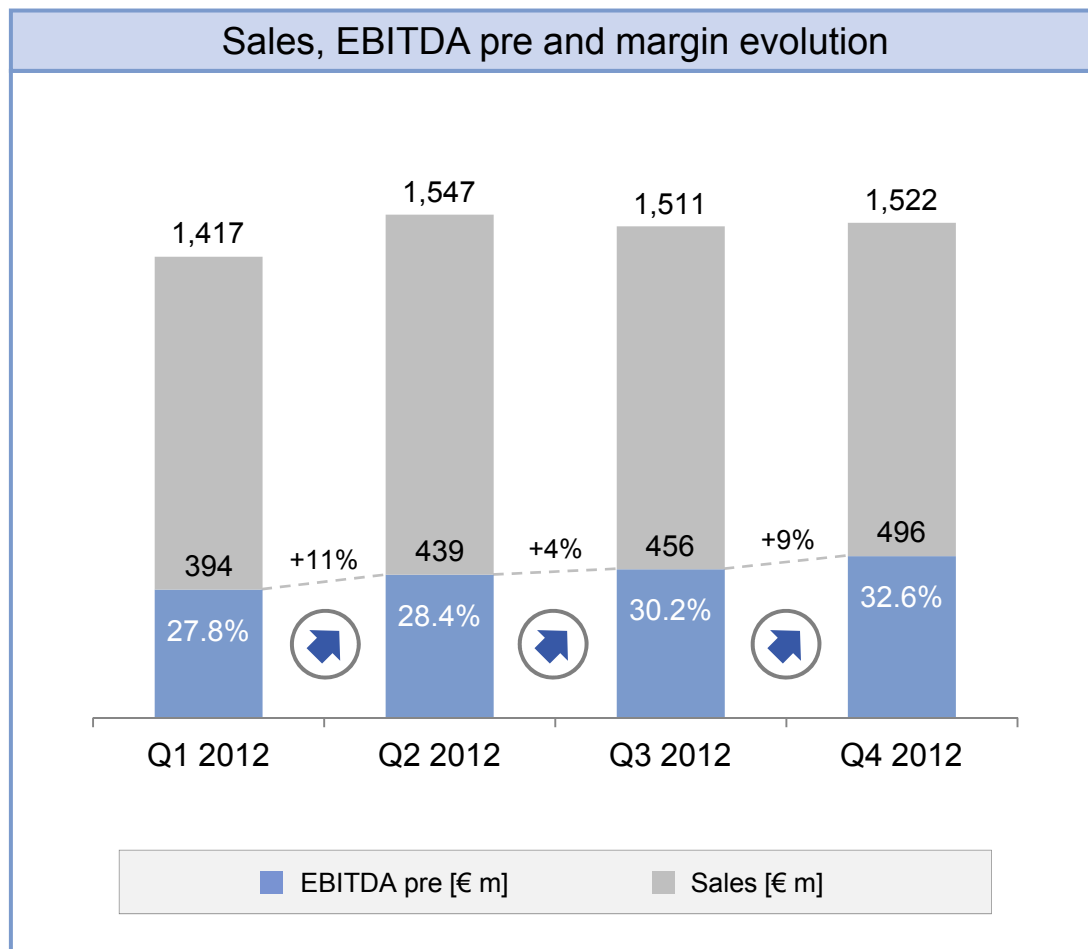
| Comments  |
|---|
| <ul style="list-style-type: none"> <li>▪ Sales increase based on solid organic growth with further support from FX</li> <li>▪ Royalties increased 15% driven by Humira and FX</li> <li>▪ Strong Rebif performance due to improved pricing in North America, overcompensating pressure in Europe, Erbitux with slight organic growth</li> <li>▪ Solid demand for Glucophage, Gonal-f, and Thyroid products drives organic sales in Emerging Markets</li> <li>▪ LSB* and warning letter follow-up costs together with softer pricing in Europe weigh on gross margin</li> <li>▪ Reduced R&amp;D and marketing and selling reflect stringent cost control and lead to significant EBITDA and margin improvement</li> </ul> |



Totals may not add up due to rounding , references in comments to EBITDA are pre  
\*Large Scale Biotech plant

Biopharmaceuticals

# Biopharmaceuticals – four consecutive quarters of EBITDA pre and margin improvement



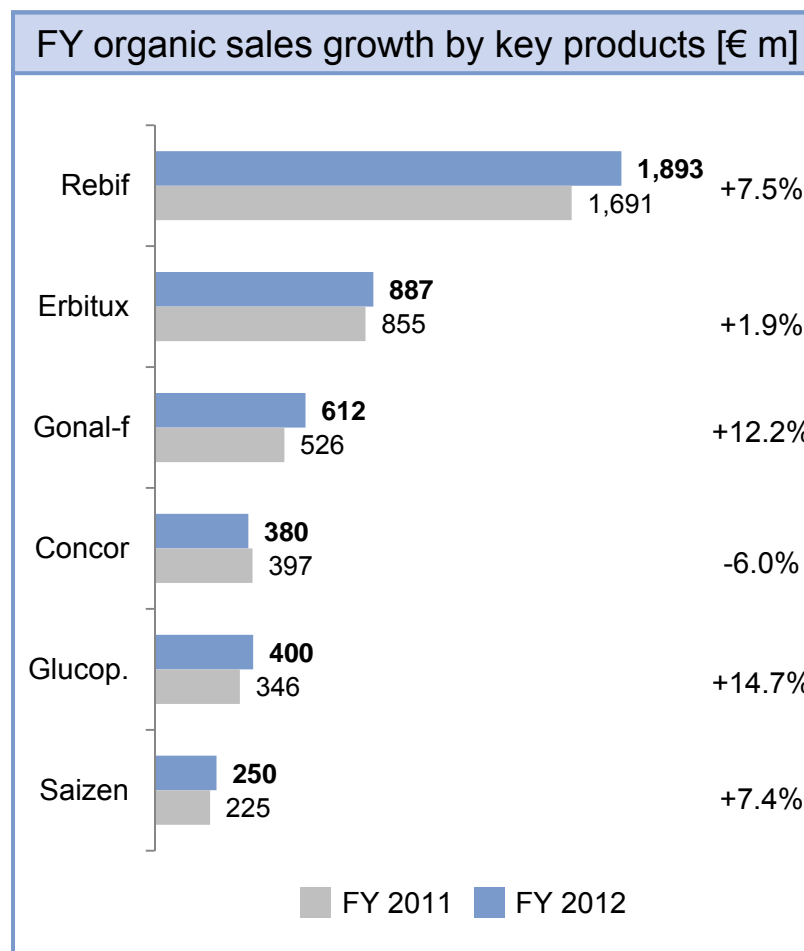
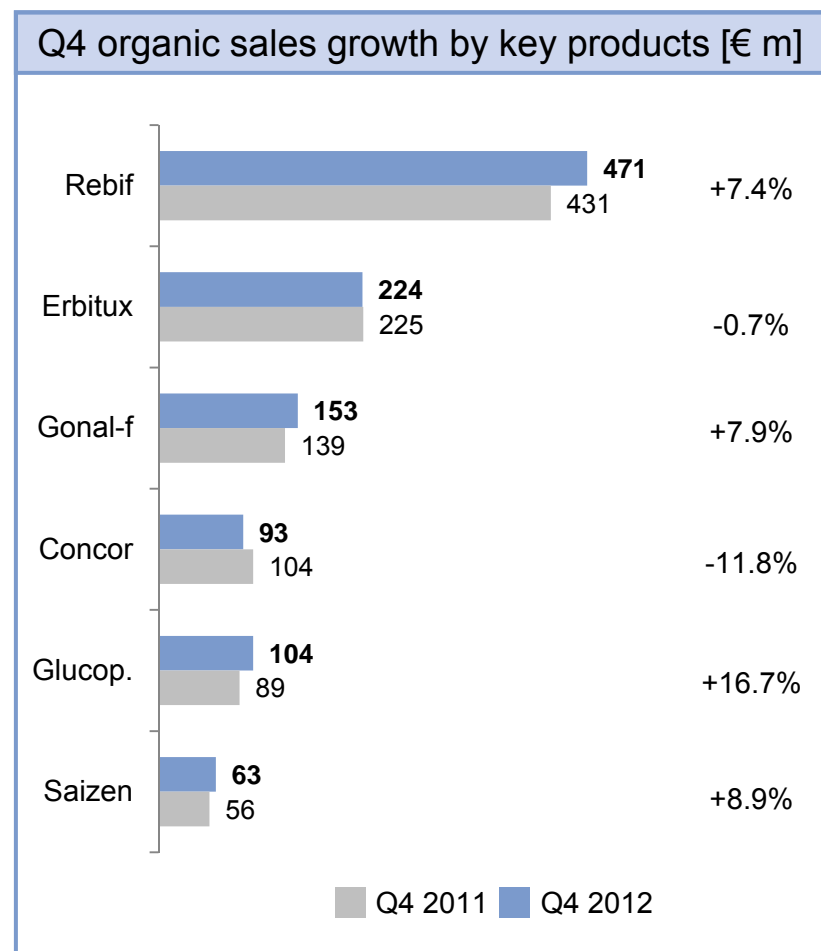
Performance 2012

- North America, Emerging Markets growth and FX drive 2012 top line results
- Fit for 2018 initiatives related to R&D and marketing and selling improve relative cost base
- New management ensures four quarters of continued operations while restructuring business

**Unleashing the potential of a strong franchise**

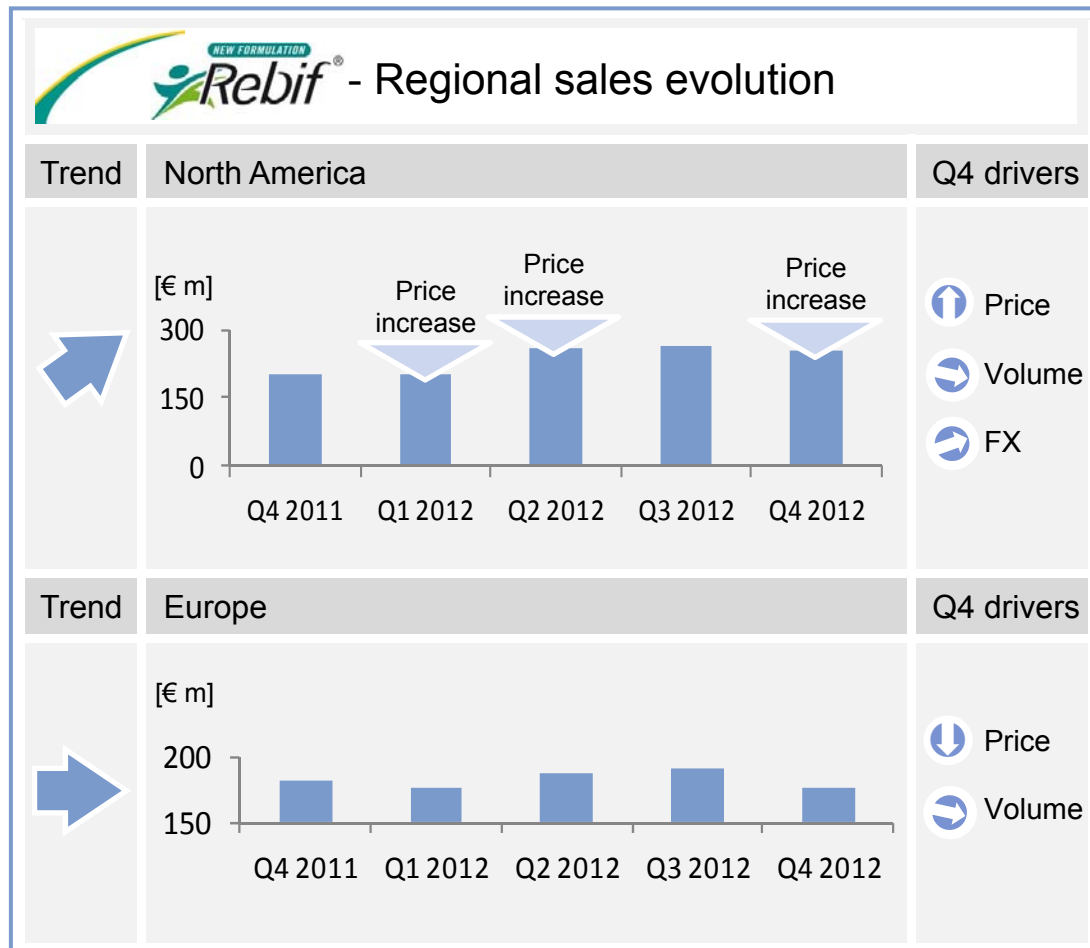
Biopharmaceuticals

# Organic sales growth of main products



Biopharmaceuticals

# Rebif - new commercial organization driving strong 2012 performance



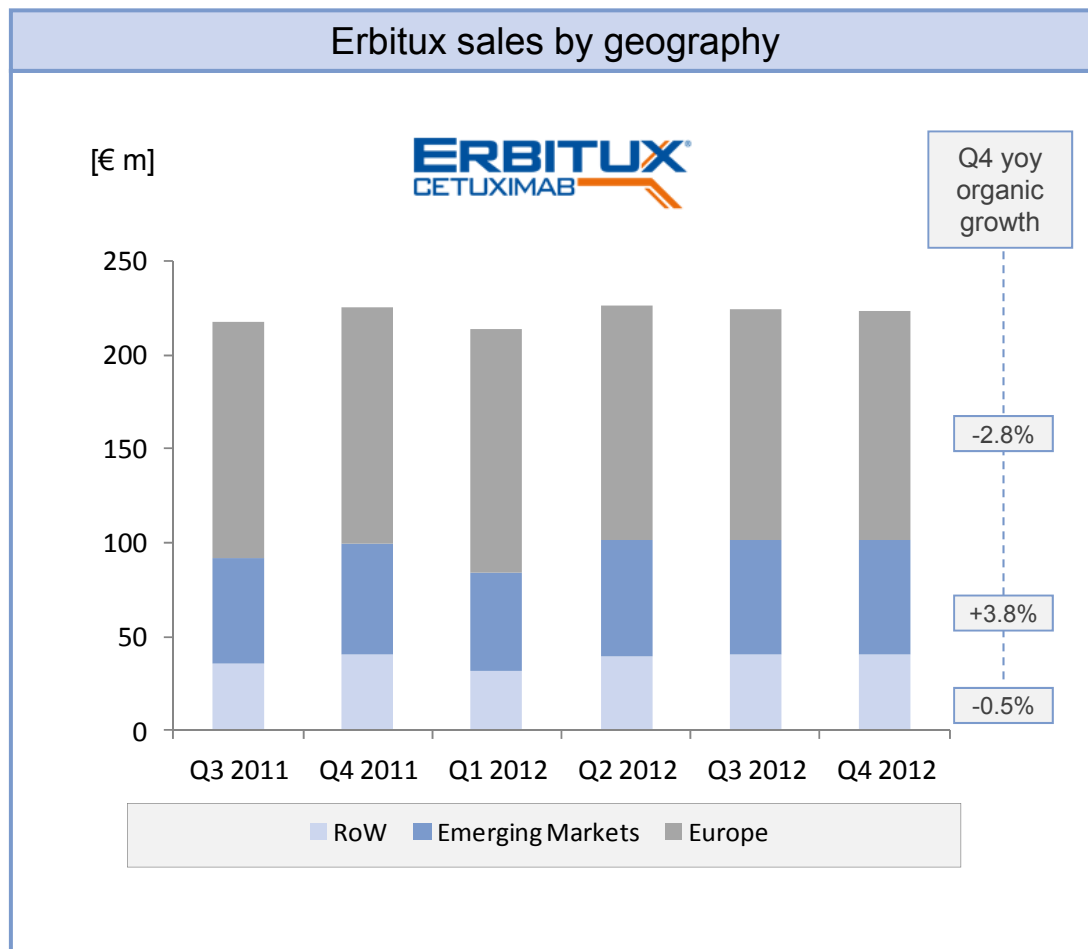
**Rebif performance**

- €471 m global sales and 7.4% organic growth in Q4 2012
- 7.5% organic sales growth in 2012
- Price increases in the US as well as FX in North America were key growth drivers
- Continued pricing pressure in Europe

**Defending the franchise in 2013**

Biopharmaceuticals

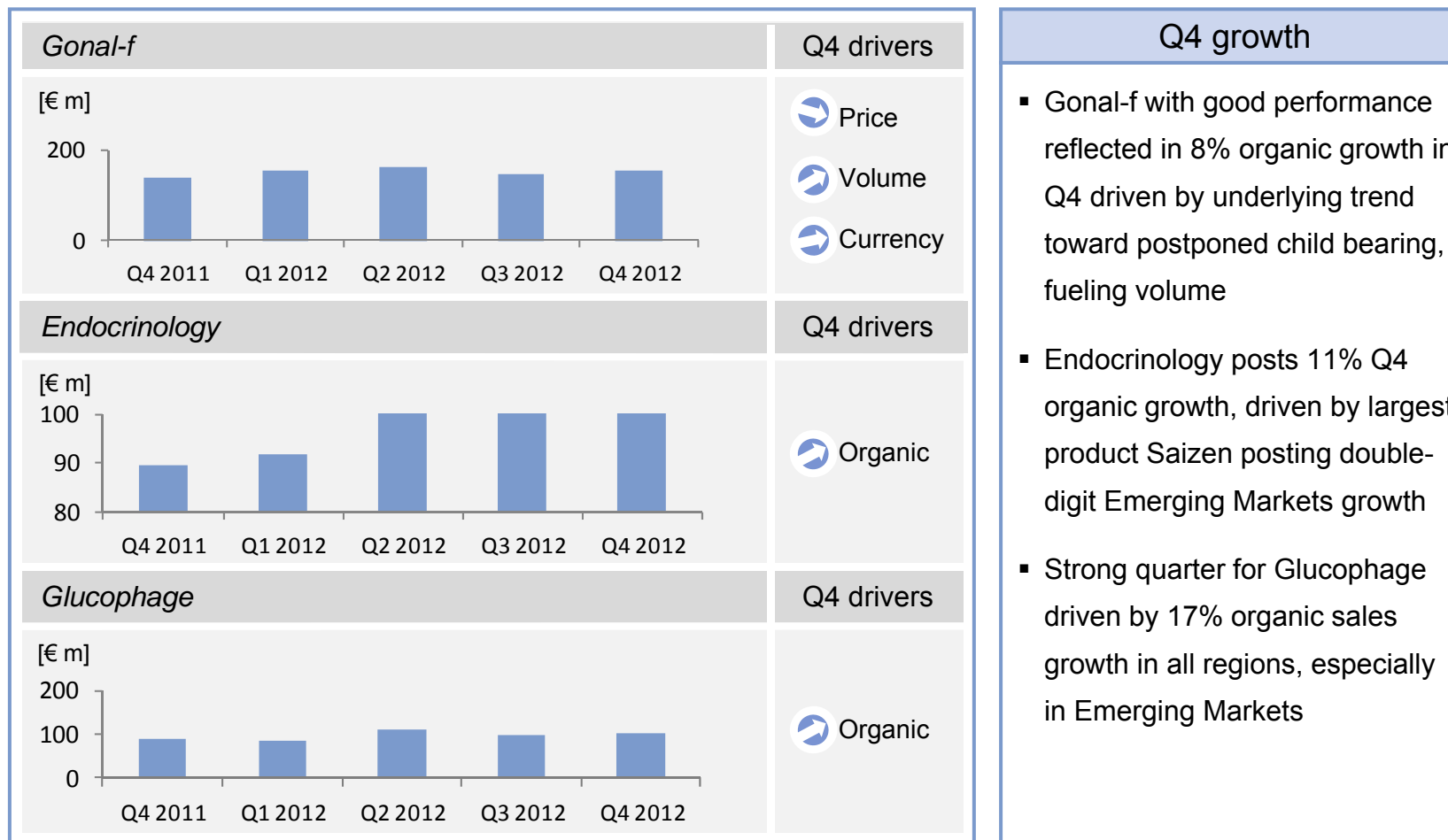
# Erbitux - solid Q4 Emerging Markets performance overshadowed by declines in other regions



- Erbitux performance**
- Q4 Erbitux sales sequentially stable at €224 m
  - FY 2012 organic sales growth at 1.9%
  - Main 2012 organic growth drivers are sales to Latin America and Australia
  - FY 12: Continued softness in Europe and Japan from increasing competition and pricing pressure

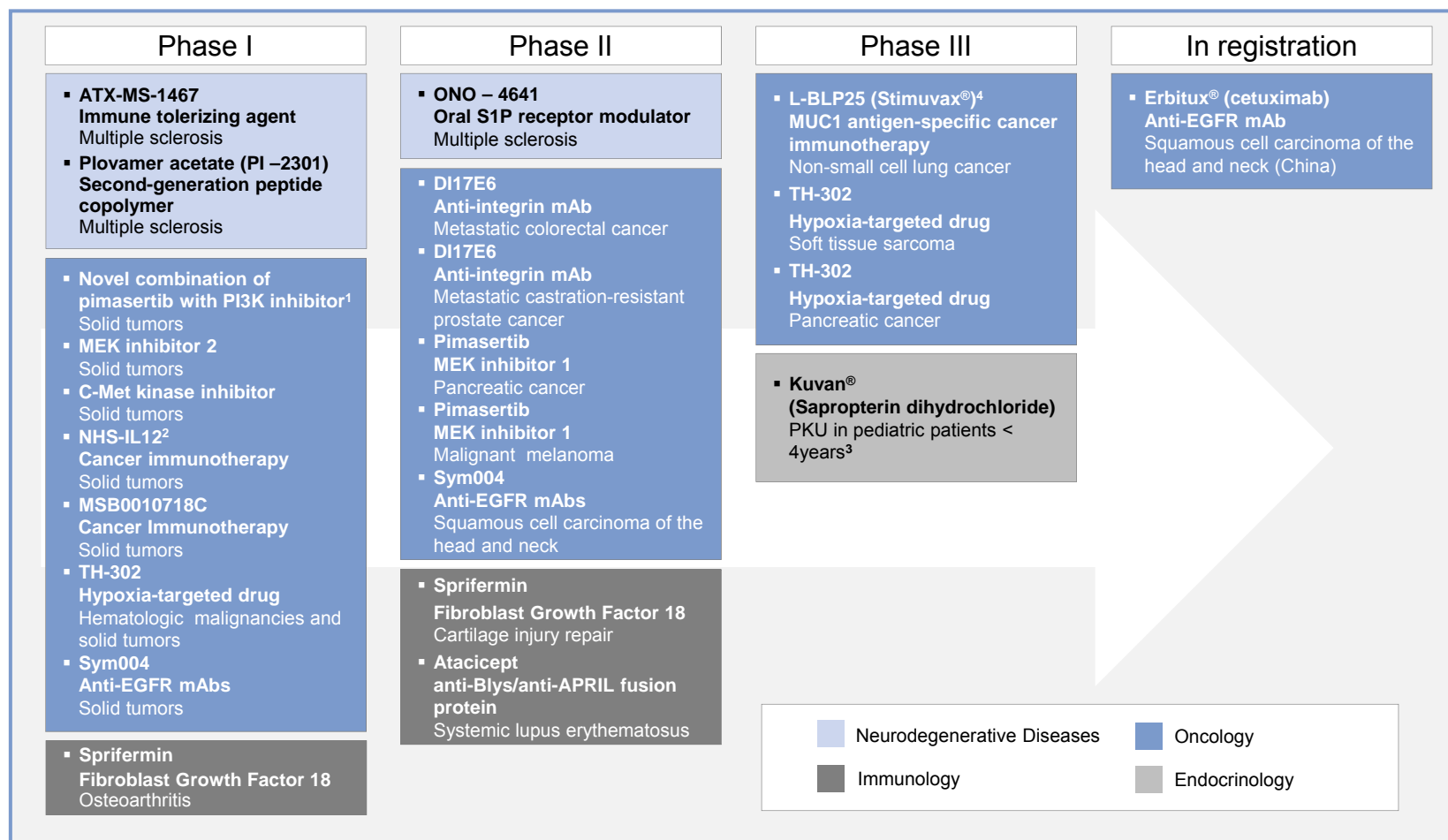
## Biopharmaceuticals – Q4

# Strong organic growth in Gonal-f, Endocrinology and Glucophage



## Biopharmaceuticals

# Pipeline



Pipeline as of March, 2013; <sup>1</sup> Combined with PI3K/mTOR inhibitor of Sanofi (SAR245409), conducted under the responsibility of Merck KGaA, Darmstadt, Germany

<sup>2</sup> Sponsored by the National Cancer Institute (NCI), USA; <sup>3</sup> Phase IIIb post-approval request by EMA

<sup>4</sup> START trial did not meet primary endpoint. INSPIRE study ongoing



Biopharmaceuticals

# Pipeline newsflow 2013

| Project   | Indication                   | Current phase | Timing   | Event                              |
|-----------|------------------------------|---------------|----------|------------------------------------|
| TH-302    | Soft tissue sarcoma          | Phase III     | Mid-2013 | Futility analysis                  |
| ONO-4641  | Multiple sclerosis           | Phase II      | 2013     | Phase III 'go/no go' decision      |
| Atacicept | Systemic lupus erythematosus | Phase II      | H1 2013  | Publication of results (APRIL SLE) |

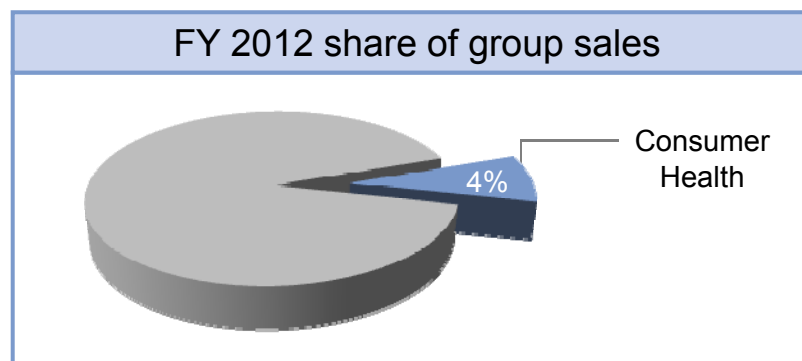
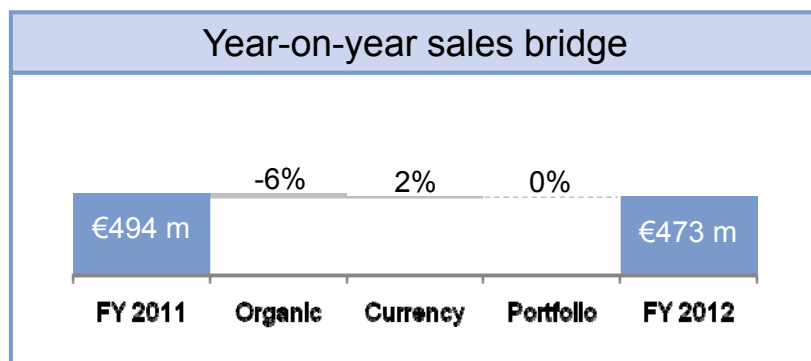


Consumer Health

# Strict restructuring and improved resource allocation drive substantial change of business setup

| Key items [€ m]            | FY 2012      | FY 2011      |
|----------------------------|--------------|--------------|
| <b>Sales</b>               | <b>473</b>   | <b>494</b>   |
| Marketing and selling      | -218         | -233         |
| Admin                      | -23          | -24          |
| R&D                        | -19          | -23          |
| <b>EBIT</b>                | <b>4</b>     | <b>47</b>    |
| EBITDA                     | 26           | 59           |
| <b>EBITDA pre</b>          | <b>63</b>    | <b>59</b>    |
| <i>Margin (% of sales)</i> | <i>13.4%</i> | <i>11.8%</i> |

| Comments   |
|--|
| <ul style="list-style-type: none"> <li>▪ Change of business model weighs on top line (portfolio / country pruning)</li> <li>▪ Softness and difficult environment in Central Europe also contributes to organic sales decline</li> <li>▪ Lower volumes lead to idle capacities, weighing on gross margin</li> <li>▪ One-time items related to site closure of Hull/UK</li> <li>▪ Better resource allocation and cost control overcompensate reduction in top line, improving EBITDA pre and margin</li> </ul> |

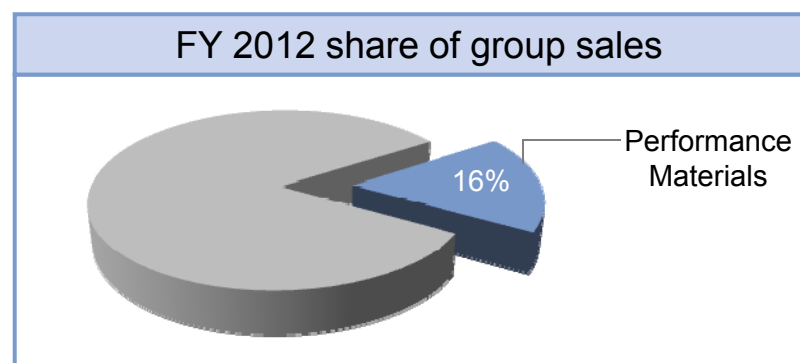
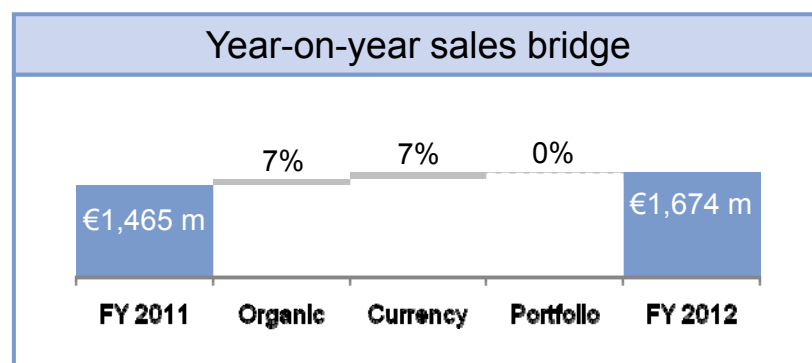


Totals may not add up due to rounding

Performance Materials

## 2012 a year of exceptional performance fueled by strong demand for liquid crystals as well as FX

| Key items [€ m]            | FY 2012      | FY 2011      | Comments  |
|----------------------------|--------------|--------------|---|
| <b>Sales</b>               | <b>1,674</b> | <b>1,465</b> | <ul style="list-style-type: none"> <li>▪ Significant sales increase driven by volume and FX</li> <li>▪ Consumer demand for increasing TV sizes drives IPS and PS-VA performance</li> <li>▪ Efficiency measures in Pigments &amp; Cosmetics initiated with focus on asset base and organizational restructuring</li> <li>▪ EBITDA pre increases while inventory reductions and related reduced capacity utilization weigh on margin</li> </ul> |
| Marketing and selling      | -143         | -132         |   |
| Admin                      | -35          | -33          |   |
| R&D                        | -137         | -133         |   |
| <b>EBIT</b>                | <b>599</b>   | <b>691</b>   |   |
| EBITDA                     | 723          | 801          |   |
| <b>EBITDA pre</b>          | <b>731</b>   | <b>683</b>   |   |
| <i>Margin (% of sales)</i> | <i>43.6%</i> | <i>46.6%</i> |   |

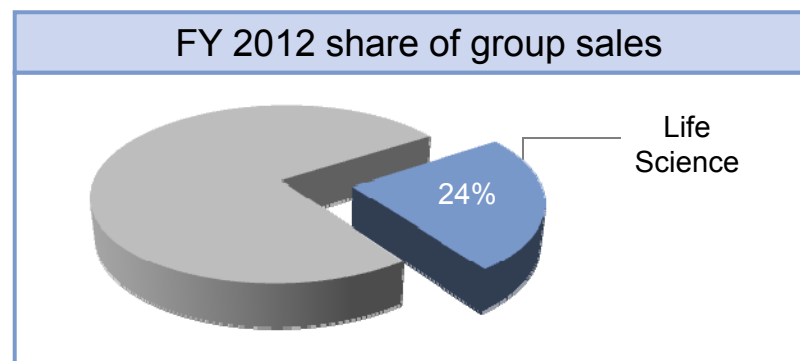
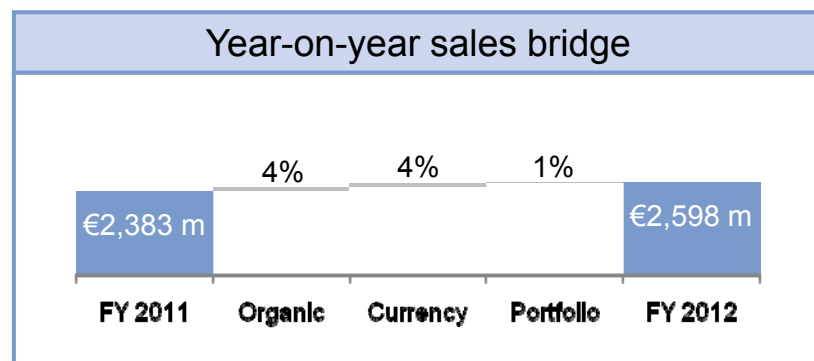


Totals may not add up due to rounding

## Solid performance across all business units

| Key items [€ m]            | FY 2012      | FY 2011      |
|----------------------------|--------------|--------------|
| <b>Sales</b>               | <b>2,598</b> | <b>2,383</b> |
| Marketing and selling      | -676         | -606         |
| Admin                      | -113         | -104         |
| R&D                        | -166         | -133         |
| <b>EBIT</b>                | <b>233</b>   | <b>235</b>   |
| EBITDA                     | 542          | 522          |
| <b>EBITDA pre</b>          | <b>596</b>   | <b>561</b>   |
| <i>Margin (% of sales)</i> | 22.9%        | 23.6%        |

| Comments  |
|---|
| <ul style="list-style-type: none"> <li>Higher sales on support from volume, price and FX</li> <li>All business units contributing to sales increase, strongest growth in Process Solutions from biopharma customers</li> <li>Emerging Markets and Europe main growth drivers</li> <li>Ongoing new product launches drive marketing and selling expenses</li> <li>Continued investments in R&amp;D for single-use products and biotech initiatives to drive growth</li> <li>EBITDA pre increases while softer margin reflects higher investments in R&amp;D as well as increased marketing and selling expenses</li> </ul> |



Totals may not add up due to rounding

The Group

## Operating cash flow benefiting from improved working capital management

| [€ m]                           | Q4 2012    | Q4 2011    | Δ          |
|---------------------------------|------------|------------|------------|
| <b>Profit after tax</b>         | <b>276</b> | <b>136</b> | <b>140</b> |
| D&A                             | 359        | 344        | 15         |
| Changes in working capital      | 101        | 38         | 63         |
| Changes in provisions           | -172       | -441       | 269        |
| Changes in other assets / liab. | -167       | -28        | -138       |
| Other operating activities      | 2          | 6          | -4         |
| <b>Operating cash flow</b>      | <b>398</b> | <b>54</b>  | <b>344</b> |
| Capital expenditures            | -148       | -120       | -28        |
| Others                          | -71        | 122        | -193       |
| <b>Free cash flow</b>           | <b>180</b> | <b>56</b>  | <b>123</b> |

| Q4 2012 cash flow  |
|--|
| <ul style="list-style-type: none"> <li>▪ Changes in working capital reflect tighter management of inventories, receivables and payables</li> <li>▪ Without 2011 €520 m and 2012 €250 m CTA funding, changes in provisions stable</li> <li>▪ Changes in other assets and liabilities due to higher tax payments</li> <li>▪ Operating cash flow increases on higher profit before tax and lower CTA funding</li> </ul> |

Totals may not add up due to rounding

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## Q4 2012: One-time items in EBIT

| One-time items Q4 2012 |                |                     |                |                     |
|------------------------|----------------|---------------------|----------------|---------------------|
| [€ m]                  | Q4 2011        |                     | Q4 2012        |                     |
|                        | One-time items | thereof impairments | One-time items | thereof impairments |
| Biopharmaceuticals     | 30             | 13                  | 65             | 5                   |
| Consumer Health        | 0              | 0                   | 34             | 11                  |
| Performance Materials  | 0              | 0                   | 19             | 0                   |
| Life Science           | 12             | 0                   | 33             | 1                   |
| Corporate & Other      | 13             | 0                   | -15            | 0                   |
| <b>Total</b>           | <b>55</b>      | <b>13</b>           | <b>136</b>     | <b>17</b>           |

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## FY 2012: One-time items in EBIT

| One-time items FY 2012 |                |                     |                |                     |
|------------------------|----------------|---------------------|----------------|---------------------|
| [€ m]                  | FY 2011        |                     | FY 2012        |                     |
|                        | One-time items | thereof impairments | One-time items | thereof impairments |
| Biopharmaceuticals     | 365            | 323                 | 391            | 46                  |
| Consumer Health        | 0              | 0                   | 48             | 11                  |
| Performance Materials  | -110           | 9                   | 8              | 0                   |
| Life Science           | 39             | 0                   | 55             | 1                   |
| Corporate & Other      | 30             | 0                   | 163            | 0                   |
| <b>Total</b>           | <b>325</b>     | <b>332</b>          | <b>664</b>     | <b>59</b>           |

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