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Q1 2013 Financial Summary for Investors and Analysts

- Sales rise by 4% to €2,660 m; solid organic growth of 5% mitigated by an FX impact of -1%
- Organic sales growth fueled by all four divisions; Biopharmaceuticals and Performance Materials contribute evenly to ~€100 m sales increase
- Fit for 2018 initiatives become increasingly visible – program on track
- EBITDA pre one-time items up 19% to €801 m
- Net income rises by 54% to €266 m, EPS pre up 27% to €2.11
- 2014 Target pulled forward by one year: Guidance at EBITDA pre ~€3.1 to 3.2 bn, which is at higher end of previous range

Overview Financials

Q1 2013 Profit and Loss Statement

- Biopharmaceuticals and Performance Materials key contributors to sales growth
- Visible improvement in EBITDA pre and margin driven by organic growth, higher production yields and improved cost structure
- Strong EPS pre performance
- Cash-generating nature of business enables continued net debt reduction

Q1 2013 Balance Sheet:

- Cash-generating nature of business drives increase in cash and other liquid funds
- Ongoing deleveraging: net financial debt down by €359 m
- Pension provisions increase due to discount rate reduction

Q1 2013 Cash flow Statement

- Profit after tax reflects good business performance
- Sales expansion main element of working capital increase
- Changes in investing and financing cash flow driven by March 2012 €500 m bond repayment

Q1 2013 Business Overview

Biopharmaceuticals

- **Organic growth and higher productivity deliver strong business performance**
- Sales deviation yoy: organic +4%, FX -1%
- Organic growth leads to sales increase, mitigated by FX
- Rebif with solid pricing in the U.S. (Rebidose introduction) but sluggish volumes as prenotified destocking unfolds
- Erbitux shows good volumes in Emerging Markets while softness in Europe persists
- Marketing and selling improves on continued Fit for 2018 implementation
- Higher R&D due to early oncology projects and one-time costs; higher investments in local R&D (for life cycle management)
- Profitability increases on organic growth as well as higher yield

Consumer Health

- **Seasonal demand meets improved cost base**
- Sales deviation yoy: organic +9%, FX -1%
- Sales increase on strong organic growth slightly mitigated by currency
- Cough and cold benefits seasonally, more so due to extended winter period in Europe
- Strong performance of strategic brands, especially Nasivin and Bion 3
- Business starts improving on Fit for 2018 initiatives but short-term volatility should still be expected
- Profitability increases thanks to healthy demand and an improved cost base

Performance Materials

- **Ongoing strength in Liquid Crystals and first successful Pigments quarter**
- Sales deviation yoy: organic +10%, FX -1%
- Strong demand for Liquid Crystals fuels organic growth with volume increases being slightly mitigated by pricing
- PS-VA and IPS overcompensate more modest TFT and VA performance due to their superior technology
- Improved cost structure in the Pigments and Cosmetics business meets seasonally strongest volume quarter
- Profitability increases as strong demand with good capacity utilization coincides with an improved cost structure
- Downstream supply chain levels are expected to burden Liquid Crystals demand in the second half of the year

Life Science

- **Stable performance amid continued investments**
- Sales deviation yoy: organic +4%, FX -2%, portfolio +1%
- Volume and price increases as well as positive portfolio effects are mitigated by FX
- Process Solutions drives turnover increase; healthy demand stemming predominantly from biopharma production activities
- Growth in Lab Solutions being led by Biomonitoring activities with healthy demand from pharma and food/beverage markets
- Sluggish performance of Bioscience activities amid U.S. sequestration
- Increased R&D and marketing and selling investments weigh on profitability

2013 Outlook

The Group:

- Mid-term target pulled forward and updated
- Sales ~ €10.7 – 10.9 bn
- **EBITDA pre ~ €3.1 – 3.2bn**
- EPS pre ~ €8.50 – 9.00

Outlook by division:

Biopharmaceuticals

- Moderate organic sales growth
- EBITDA pre ~ €1.9 - 2.0 bn

Consumer Health

- Stable sales
- EBITDA pre ~ €70 – 75 m

Performance Materials

- Stable sales
- EBITDA pre ~ €700 – 740 m

Life Science

- Moderate organic sales growth
- EBITDA pre ~ €620 – 640 m

Additional financial guidance

- 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 Business Performance

The Group

[€ m]	Q1 2013	Q1 2012	Δ
Sales	2,660	2,564	4%
EBITDA pre <i>Margin (% of sales)</i>	801 30.1%	674 26.3%	19%
EPS pre [€]	2.11	1.66	27%
Operating cash flow	516	472	9%
[€ m]	March 2013	Dec 2012	Δ
Net financial debt	1,567	1,926	-19%
Working capital	2,562	2,360	9%
Employees	38,311	38,847	-1%

[€ m]	Q1 2013	Q1 2012	Δ
Total revenues	2,761	2,645	4%
Sales	2,660 (100%)	2,564 (100%)	4%
Royalty, license and comm.	100 (4%)	81 (3%)	23%
Gross profit	2,036 (77%)	1,896 (74%)	7%
Marketing and selling	-568 (21%)	-587 (23%)	-3%
Royalty, license and comm.	-136 (5%)	-120 (5%)	14%
Administration	-133 (5%)	-136 (5%)	-3%
Other expenses / income	-184 (7%)	-145 (6%)	27%
R&D	-406 (15%)	-382 (15%)	6%
Amortization	-210 (8%)	-216 (8%)	-3%
EBIT	399 (15%)	311 (12%)	29%
D&A	354 (13%)	343 (13%)	3%
One-time items	47 (2%)	21 (1%)	>100%
EBITDA pre <i>Margin (% of sales)</i>	801 30.1%	674 26.3%	19% 14%

Biopharmaceuticals

[€ m]	Q1 2013	Q1 2012	Δ
Total revenues	1,548	1,495	3%
Sales	1,454 (100%)	1,417 (100%)	3%
Royalty, license and comm.	93 (6%)	78 (6%)	19%
Gross profit	1,299 (89%)	1,224 (86%)	6%
Marketing and selling	-312 (21%)	-332 (23%)	-6%
Royalty, license and comm.	-132 (9%)	-115 (8%)	14%
Administration	-52 (4%)	-52 (4%)	0%
Other expenses / income	-128 (9%)	-95 (7%)	35%
R&D	-324 (22%)	-303 (21%)	7%
Amortization	-155 (11%)	-165 (12%)	-6%
EBIT	195 (13%)	161 (11%)	21%
D&A	238 (16%)	232 (16%)	3%
One-time items	29 (2%)	10 (1%)	>100%
EBITDA pre	463	403	15%
<i>Margin (% of sales)</i>	31.8%	28.4%	

Consumer Health

[€ m]	Q1 2013	Q1 2012	Δ
Total revenues	116	108	8%
Sales	116 (100%)	108 (100%)	8%
Royalty, license and comm.	0 (0%)	0 (0%)	-59%
Gross profit	78 (67%)	71 (66%)	10%
Marketing and selling	-51 (44%)	-52 (49%)	-2%
Royalty, license and comm.	0 (0%)	0 (0%)	>100%
Administration	-4 (4%)	-5 (4%)	-12%
Other expenses / income	-6 (5%)	-2 (2%)	>100%
R&D	-4 (3%)	-5 (5%)	-16%
Amortization	-1 (1%)	-1 (1%)	-48%
EBIT	12 (10%)	6 (5%)	>100%
D&A	3 (2%)	3 (3%)	-10%
One-time items	0 (0%)	1 (1%)	n.m.
EBITDA pre	14	9	53%
<i>Margin (% of sales)</i>	12.3%	8.7%	

Performance Materials

[€ m]	Q1 2013	Q1 2012	Δ
Total revenues	422	386	9%
Sales	421 (100%)	386 (100%)	9%
Royalty, license and comm.	1 (0%)	0 (0%)	n.m.
Gross profit	266 (63%)	214 (55%)	24%
Marketing and selling	-35 (8%)	-33 (9%)	8%
Royalty, license and comm.	0 (0%)	-1 (0%)	-13%
Administration	-7 (2%)	-8 (2%)	-8%
Other expenses / income	-11 (2%)	-5 (1%)	>100%
R&D	-36 (9%)	-35 (9%)	3%
Amortization	-4 (1%)	0 (0%)	>100%
EBIT	173 (41%)	132 (34%)	30%
D&A	31 (7%)	30 (8%)	1%
One-time items	4 (1%)	1 (0%)	>100%
EBITDA pre	207	163	27%
<i>Margin (% of sales)</i>	49.2%	42.3%	

Life Science

[€ m]	Q1 2013	Q1 2012	Δ
Total revenues	675	655	3%
Sales	669 (100%)	653 (100%)	2%
Royalty, license and comm.	6 (1%)	3 (0%)	>100%
Gross profit	395 (59%)	390 (60%)	1%
Marketing and selling	-169 (25%)	-167 (26%)	1%
Royalty, license and comm.	-4 (1%)	-4 (1%)	-9%
Administration	-27 (4%)	-25 (4%)	5%
Other expenses / income	-31 (5%)	-22 (3%)	39%
R&D	-41 (6%)	-38 (6%)	10%
Amortization	-50 (8%)	-50 (8%)	0%
EBIT	72 (11%)	83 (13%)	-13%
D&A	79 (12%)	76 (12%)	5%
One-time items	10 (2%)	7 (1%)	39%
EBITDA pre	162	166	-2%
<i>Margin (% of sales)</i>	24.2%	25.4%	