

Q2 2015 Financial Summary for Investors and Analysts

Sound business performance

- Healthcare growing despite Rebif decline
- Avelumab¹ progressing and ramping up according to plan
- Sigma: Further antitrust approvals² granted, in process of meeting EU conditions
- Sales growth of 14.4% driven by FX tailwinds, AZ and organic performance
- EBITDA pre increases by 6.3% to €899 m
- FY 2015 guidance confirmed

Overview Financials

Q2 2015 Overview

- Higher EBITDA pre, but margin softens due to royalty income loss, Rebif decline and higher R&D
- EPS pre increase supported by improved financial result³
- Cash flow impacted by higher tax and interest payments and cash-out for R&D terminations
- Net cash position driven by operating cash flow and cash-in from Sigma hedging
- Working capital increase mainly attributable to organic growth and FX

Q2 2015 Balance Sheet

- Issuance of USD bonds in March impacts cash and debt
- FX development accounts for ~€1 bn total balance sheet increase
- Increase in cash additionally reflects gain from Sigma hedging

Q2 2015 Cash flow Statement

- Changes in provisions reflect payments for LY R&D terminations
- Changes in other assets/liabilities mainly attributable to higher tax and interest payments
- Investing cash flow contains cash-in from Sigma hedging; LY reflects purchase of AZ
- Financing cash flow Q2 2014 contains payment for outstanding AZ shares

¹Avelumab = proposed International Non-proprietary Name (INN), formerly referred to as anti-PD-L1 mAb (MSB0010718C);

²EU: subject to conditions and commitments as agreed with the EU

³YoY change mainly driven by swing in time value of Long-Term Incentive Program (LTIP)

Q2 2015 Business Overview

Healthcare¹

- **Organic growth driven by strong General Medicine and Consumer Health**
- Net sales deviation YoY: organic +1.5%, FX +7.8%, portfolio 0%
- Ongoing Rebif decline due to volume losses in Europe and U.S.
- Erbitux recovering – slight organic decline versus high prior year base
- General Medicine and Fertility remain key growth drivers
- CH driven by Neurobion in LatAm and local brands in Europe
- Marketing and selling expenses – mainly driven by FX
- R&D costs reflects ramp-up of Avelumab² and other focus programs as well as promising earlier stage pipeline candidates
- Profitability decreases due to loss of Humira royalties, Rebif decline and investments in R&D

Life Science

- **Process Solutions fuels organic growth**
- Net sales deviation YoY: organic +6.2%, FX +11.2%, portfolio 0%
- Process Solutions with strong organic growth mainly driven by biopharma demand for viral clearance and purification products
- Lab water consumables and biomonitoring remain main drivers of solid organic performance of Lab Solutions
- Bioscience slightly negative as research content business remains soft across all regions
- Increase in cost base is mainly attributable to FX
- EBITDA pre benefits from volume growth in Process Solutions and price increases across the portfolio

Performance Materials

- **Strong FX tailwinds support profitability**
- Net sales deviation YoY: organic -0.4%, FX +16.8%, portfolio +10.7%
- Strong sales reflect FX tailwinds and portfolio effect
- Liquid Crystals with solid volumes in flagship technologies (PS-VA, IPS and UB-FFS), partially offset by shrinking TN-TFT market
- Integrated Circuits shows sound volume development driven by trend towards miniaturization & number of chips produced
- Significant EBITDA pre increase driven by FX, AZ and product mix

¹Healthcare includes Biopharmaceuticals, Consumer Health, Biosimilars and Allergopharma;

²Avelumab = proposed International Non-proprietary Name (INN), formerly referred to as Anti-PD-L1 mAb (MSB0010718C)

Guidance for 2015, without Sigma-Aldrich

Group:

- EBITDA pre: ~ €3,450 – 3,550 m
- Net sales: ~ €12.3 – 12.5 bn
- EPS pre: ~ €4.60 – 4.80

Outlook by business sector:

Healthcare

- Net sales organically stable
- EBITDA pre ~ €1.9 – 2.0 bn

Life Science

- Net sales moderate organic growth
- EBITDA pre ~ €740 - 760 m

Performance Materials

- Net sales slight organic growth
- EBITDA pre ~ €1.06 – 1.1 bn

Additional financial guidance

- Group royalty, license and commission income in 2015 ~€300 m
- Corporate & Other EBITDA pre ~ -€300 – -350 m
- Underlying tax rate ~23% to 25%
- Capex on PPE ~€550 m
- Hedging / USD assumption 2015 & 2016 hedge rate ~30% at EUR/USD ~1.22 to 1.26
- 2015 Ø EUR/USD assumption ~1.10 – 1.15

Group Q2

€ m	Group			Healthcare			Life Science			Performance Materials			Corporate/Others		
	Q2 2014	Q2 2015	% YoY	Q2 2014	Q2 2015	% YoY	Q2 2014	Q2 2015	% YoY	Q2 2014	Q2 2015	% YoY	Q2 2014	Q2 2015	% YoY
Net sales	2.815	3.219	14%	1.651	1.803	9%	659	773	17%	506	643	27%			
% organic			2%			1%			6%			0%			
% FX			10%			8%			11%			17%			
% portfolio			2%			0%			0%			11%			
EBIT	441	501	14%	277	267	-3%	75	87	15%	137	238	73%	-48	-90	87%
Depreciation and amortization	326	343	5%	207	194	-7%	75	83	10%	41	61	50%	3	6	77%
EBITDA	767	845	10%	484	461	-5%	150	170	13%	178	299	68%	-45	-84	88%
One-time items on EBITDA	79	55	-31%	10	19	94%	15	30	95%	48	-3	n.m.	5	9	70%
EBITDA (pre-one time items)	846	899	6%	493	480	-3%	166	200	21%	226	295	31%	-40	-76	90%
Net financial debt*	559	-567	n.m.												

* as per 31 December

Totals may not add up due to rounding

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Corporation with General Partners

Commercial Register AG Darmstadt HRB 6164

Registered Office: Darmstadt

Chairman of the Supervisory Board:

Wolfgang Büchele

Executive Board

and General Partners:

Karl-Ludwig Kley (Chairman),

Kai Beckmann, Belén Garijo, Marcus Kuhnert,

Stefan Oschmann, Bernd Reckmann

Group

P&L Group	Q2 2014	Q2 2015	% YoY
Net sales	2.815	3.219	14%
Cost of sales	-842	-1.015	21%
thereof: intangibles amortization	-13	-42	>100%
Gross profit	1.974	2.204	12%
Marketing and selling expenses	-912	-1.027	13%
thereof: intangibles amortization	-184	-189	3%
Administration	-151	-174	15%
Other operating income/expenses	-75	-46	-38%
Research and development	-395	-456	15%
EBIT	441	501	14%
Depreciation and amortization	326	343	5%
EBITDA	767	845	10%
One-time items on EBITDA	79	55	-31%
EBITDA (pre-one time items)	846	899	6%
Financial result	-50	-41	-19%
Profit before tax	391	461	18%
Income tax	-85	-115	35%
Income tax rate	22%	25%	
Profit after tax	306	346	13%
Non-controlling interest	-3	-2	-12%
Net income	303	343	13%
Number of theoretical shares in million	434,8	434,8	
EPS in €	0,70	0,79	13%
EPS (pre one-time items) in €	1,16	1,30	12%

Totals may not add up due to rounding

Healthcare

P&L HC	Q2 2014	Q2 2015	% YoY
Net sales	1.651	1.803	9%
Cost of sales	-309	-403	30%
thereof: intangibles amortization	0	0	n.m.
Gross profit	1.342	1.401	4%
Marketing and selling expenses	-660	-730	11%
thereof: intangibles amortization	-144	-145	1%
Administration	-63	-69	10%
Other operating income/expenses	-26	23	n.m.
Research and development	-316	-358	13%
EBIT	277	267	-3%
Depreciation and amortization	207	194	-7%
EBITDA	484	461	-5%
One-time items on EBITDA	10	19	94%
EBITDA (pre-one time items)	493	480	-3%

Totals may not add up due to rounding

Life Science

P&L LS	Q2 2014	Q2 2015	% YoY
Net sales	659	773	17%
Cost of sales	-286	-326	14%
thereof: intangibles amortization	-12	-12	5%
Gross profit	373	447	20%
Marketing and selling expenses	-205	-244	19%
thereof: intangibles amortization	-37	-41	11%
Administration	-26	-28	10%
Other operating income/expenses	-27	-40	45%
Research and development	-39	-49	24%
EBIT	75	87	15%
Depreciation and amortization	75	83	10%
EBITDA	150	170	13%
One-time items on EBITDA	15	30	95%
EBITDA (pre-one time items)	166	200	21%

Totals may not add up due to rounding

Performance Materials

P&L PM	Q2 2014	Q2 2015	% YoY
Net sales	506	643	27%
Cost of sales	-246	-287	17%
thereof: intangibles amortization	-1	-29	>100%
Gross profit	260	356	37%
Marketing and selling expenses	-49	-53	10%
thereof: intangibles amortization	-3	-3	26%
Administration	-15	-14	-5%
Other operating income/expenses	-20	-3	-88%
Research and development	-39	-49	26%
EBIT	137	238	73%
Depreciation and amortization	41	61	50%
EBITDA	178	299	68%
One-time items on EBITDA	48	-3	n.m.
EBITDA (pre-one time items)	226	295	31%

Totals may not add up due to rounding