

Exploiting opportunities in a competitive market

2012 Life Science Information Day

Robert Yates

Head of business division Life Science

Molsheim, France - December 5, 2012

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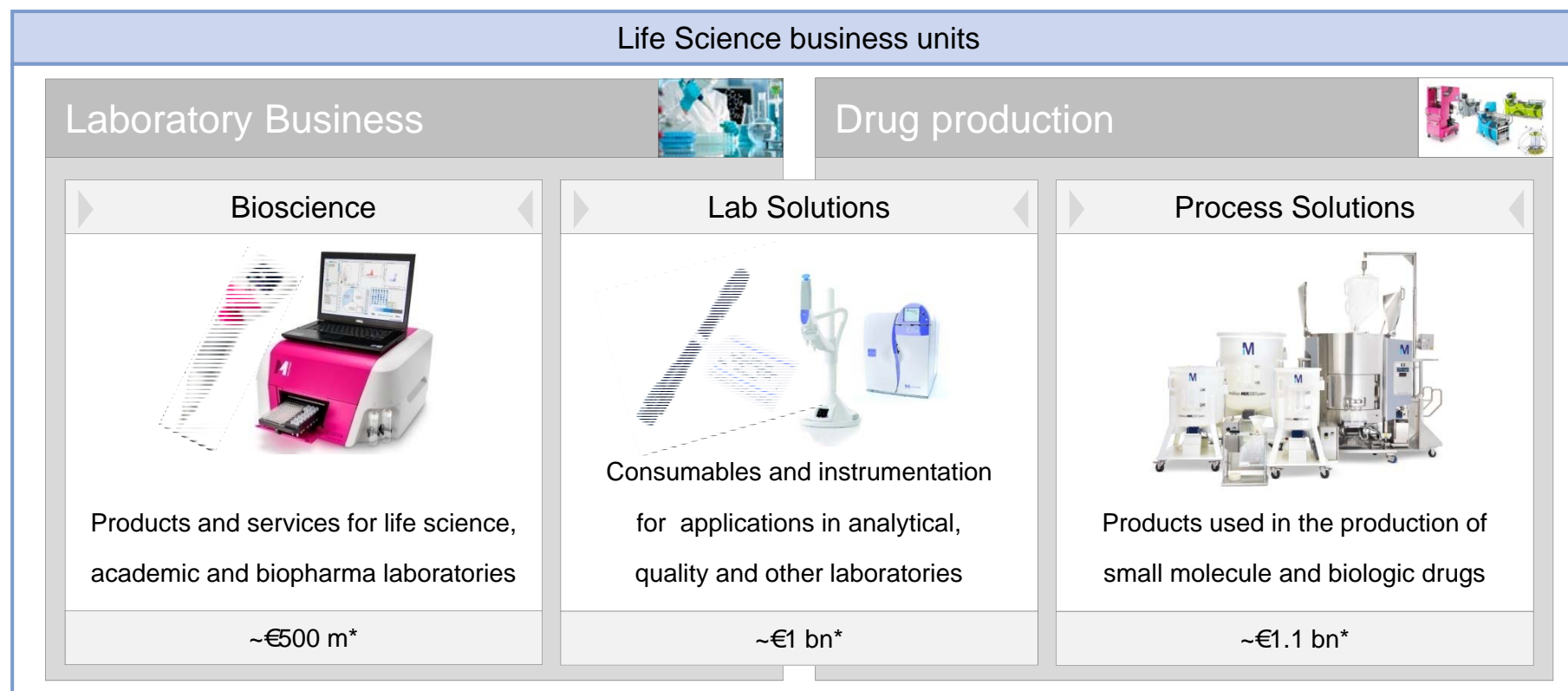
Agenda

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- **The Life Science portfolio**
- What makes Life Science unique
- How Life Science will create value

We organize our business around meeting the needs of our customers

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* 2012E


Bioscience focuses on serving the needs of cell biologists and protein researchers

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Bioscience – selected product applications

How do customers use our products?

Bioscience



Products and services for life science,
academic and biopharma laboratories

~€500 m*

To isolate and purify samples they intend to study

To investigate and analyze proteins and
other biomolecules

To analyze the role that healthy and unhealthy cells
play in disease progression

*2012E

Lab Solutions serves a broad spectrum of customers in analytical and research labs

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Lab Solutions – selected product applications

How do customers use our products?

Lab Solutions



Consumables and instrumentation
for applications in life science,
quality and other labs

~€1 bn*

To isolate and/or quantify a molecule or substance
that you are trying to analyze

To purify water that is needed as a reagent in
nearly all lab analysis

To test for presence of contaminants in food,
drugs and other materials

*2012E

Process Solutions addresses needs of both small and large molecule drug manufacturers

Process Solutions – selected product applications

How do customers use our products?

Process Solutions



Products used in the production of
small molecule and biologic drugs

~€1.1 bn*

To create active pharmaceutical ingredients and
ensure proper drug absorption in body

To remove bacteria, viruses and other contaminants
from biologic drugs during the manufacturing process

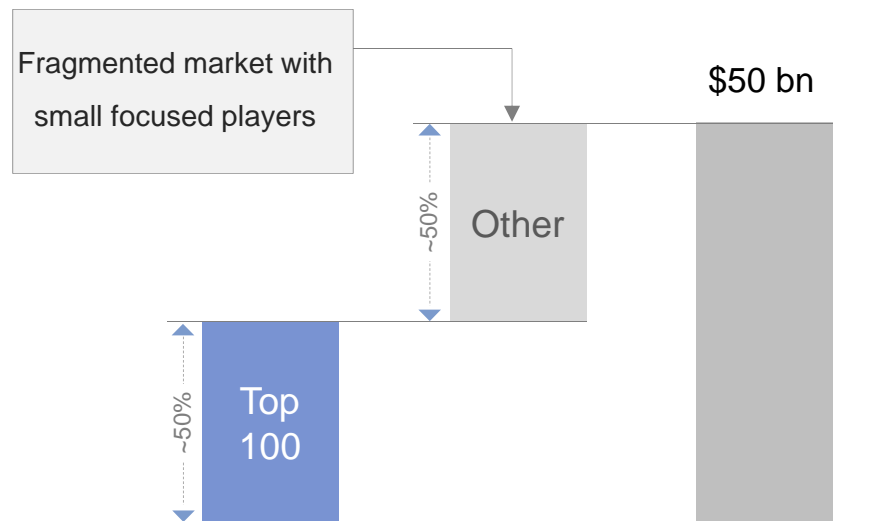
To test drug for purity and ensure drug remains stable
during fill and finish operations

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The diverse needs of these customers creates a large and fragmented market

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Life science tools market concentration*



Market characteristics

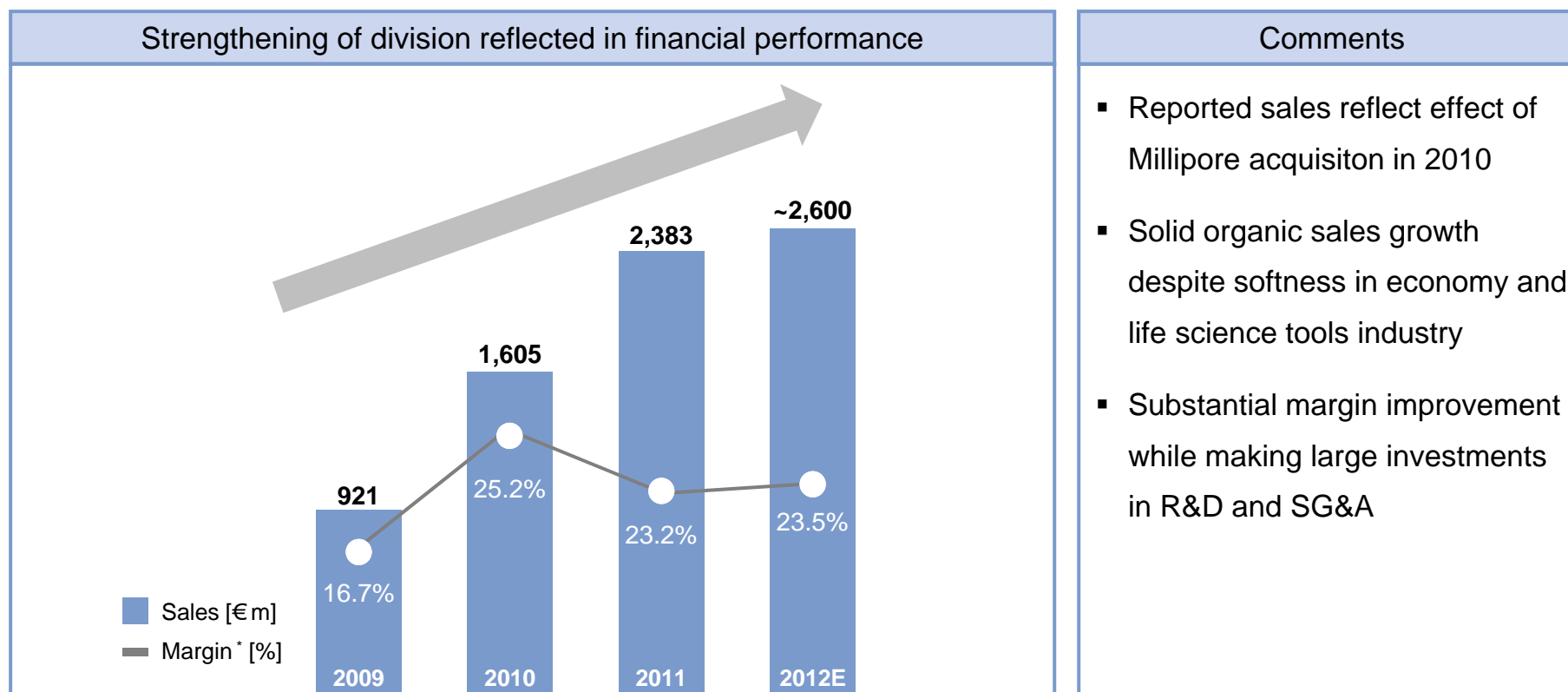
- Industry comprised of many small markets with specific needs
- 50% of industry represented by companies that generate ~\$50M or less in sales
- Need to compete effectively against both large and small companies

Diversity of customer needs creates broad product portfolios and competitive landscape

* Excludes clinical in-vitro diagnostics, distributors and CROs/CMOs

Our focus and leadership in targeted markets has led to strong financial performance

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* Margin on EBITDA pre one-time items

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Life Science is differentiated by several characteristics that make us unique

1

Consumables-driven revenue stream

2

Global geographic reach & balance

3

Biopharma manufacturing leadership

4

Customer intimacy

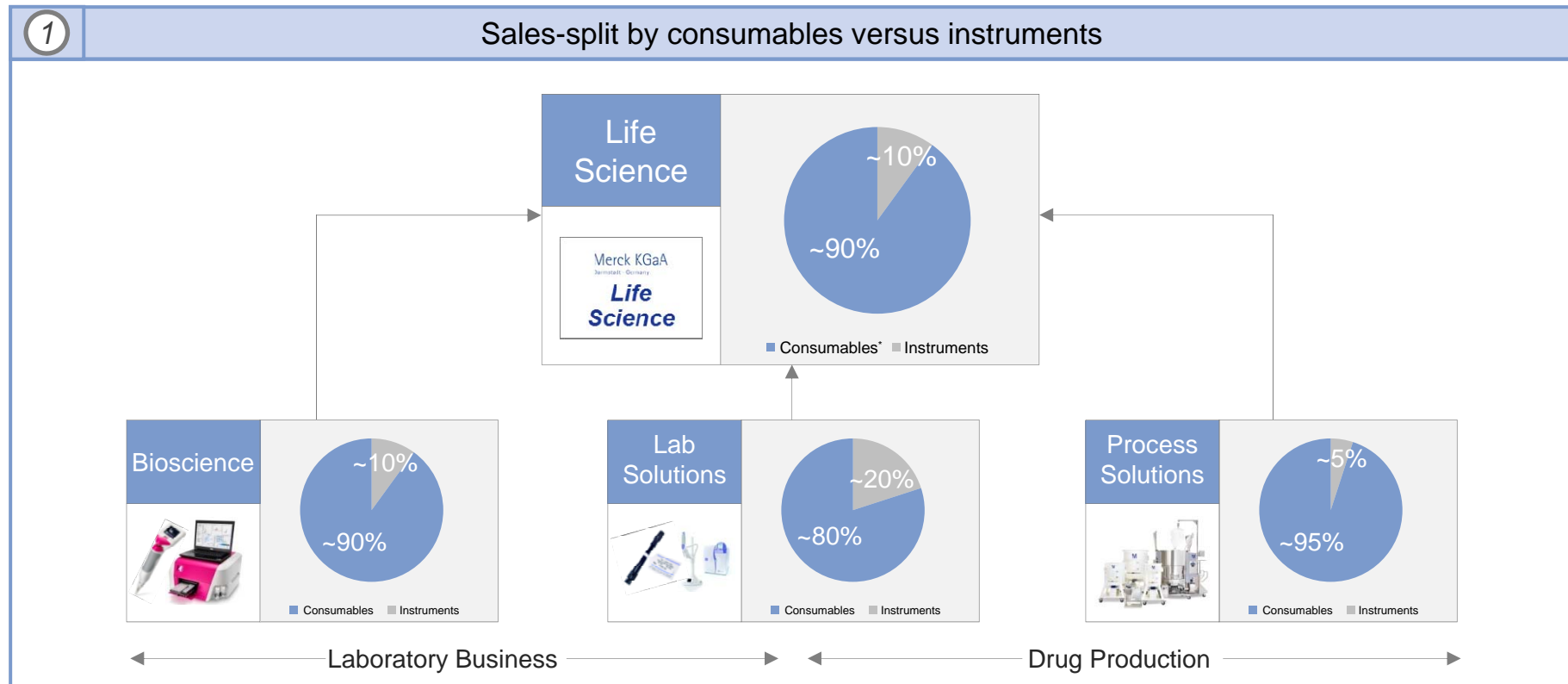
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Brand loyalty and premium



Consumables provide the division with a stable and predictable revenue stream...

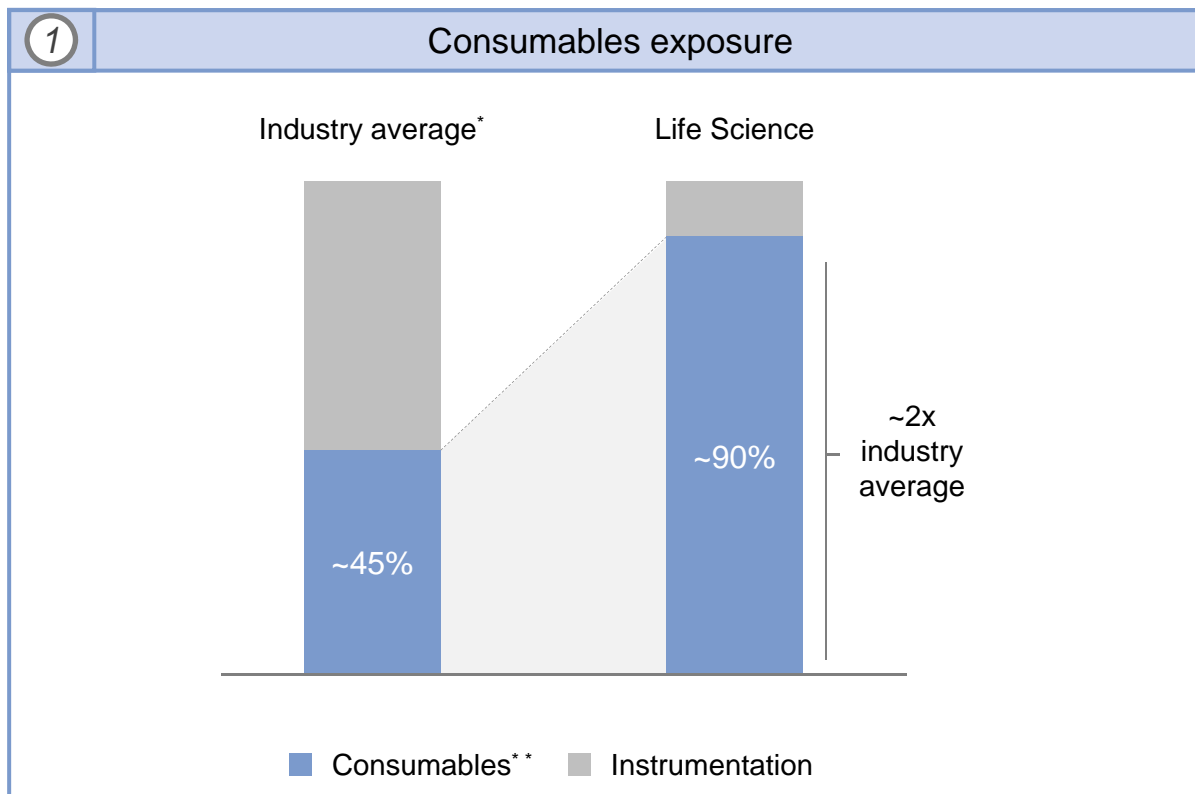
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All data company estimates; *Includes services

...which makes us unique compared to peers in the life science tools industry

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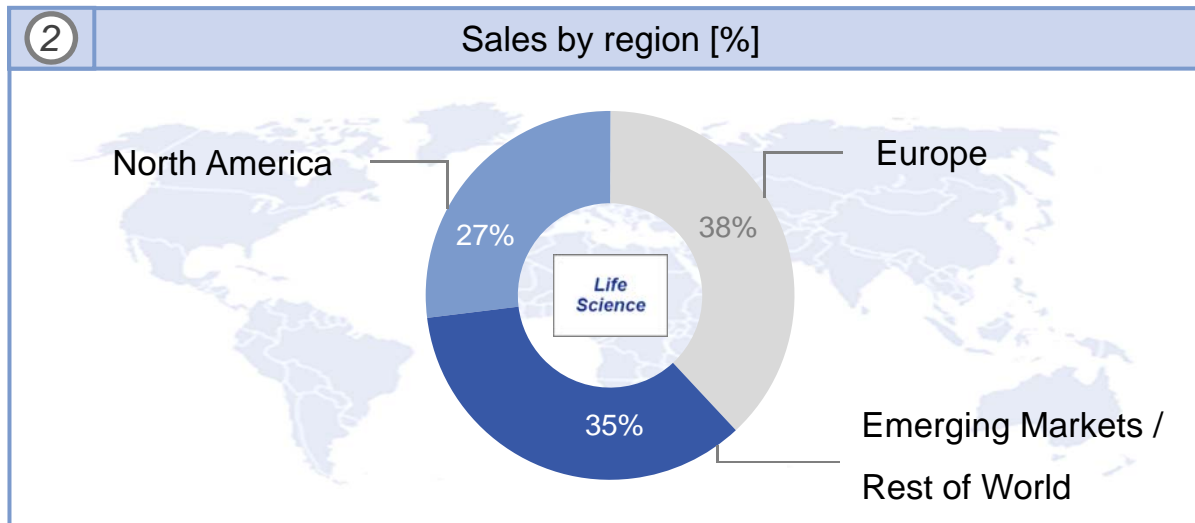


Advantages
<ul style="list-style-type: none">Products are used once and then discardedConsumables paid out of operating versus capex budgetsProducts are often not discretionary and must be used to conduct research or manufacture drugs
Stable and recurring revenue streams

*Source: capital market research, company analysis

** Includes services

We are a global business with excellent geographic reach and balance



**We have the best geographic balance
of any company in the industry**

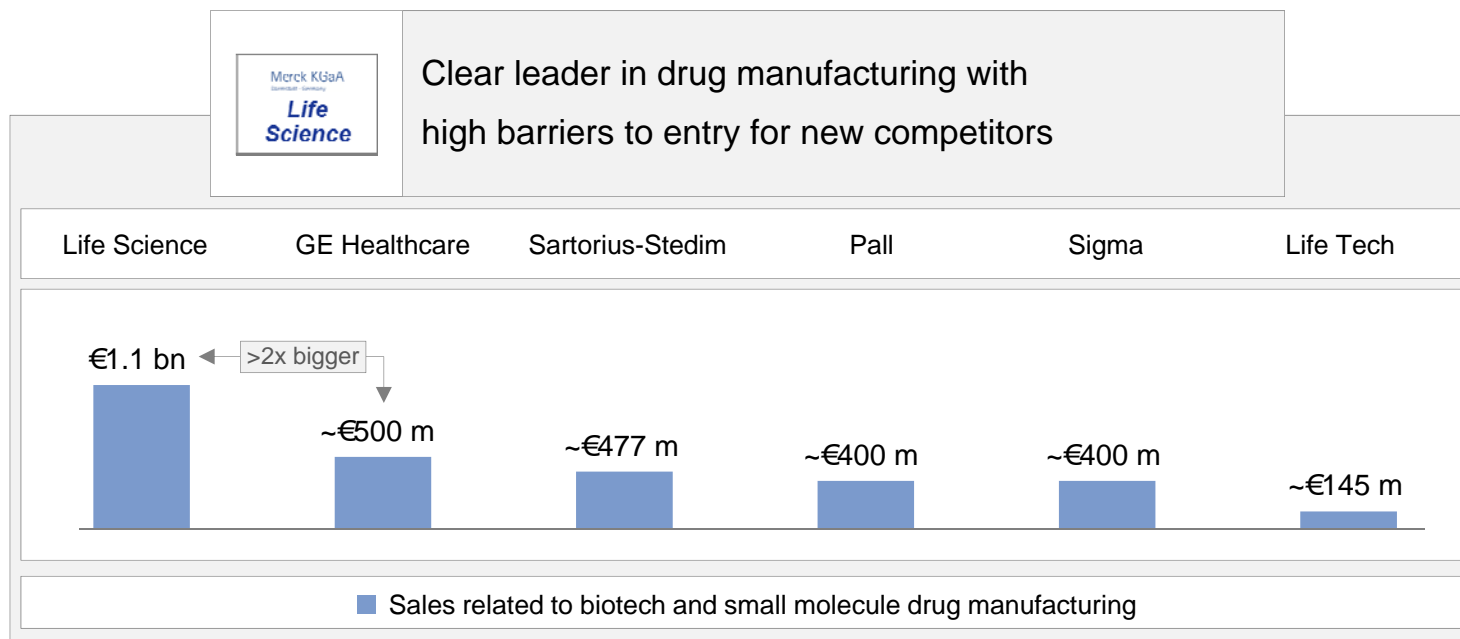


We are the clear leader in supplying services & consumable products to drug manufacturers

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3

Market* share and drug production exposure – Process Solutions

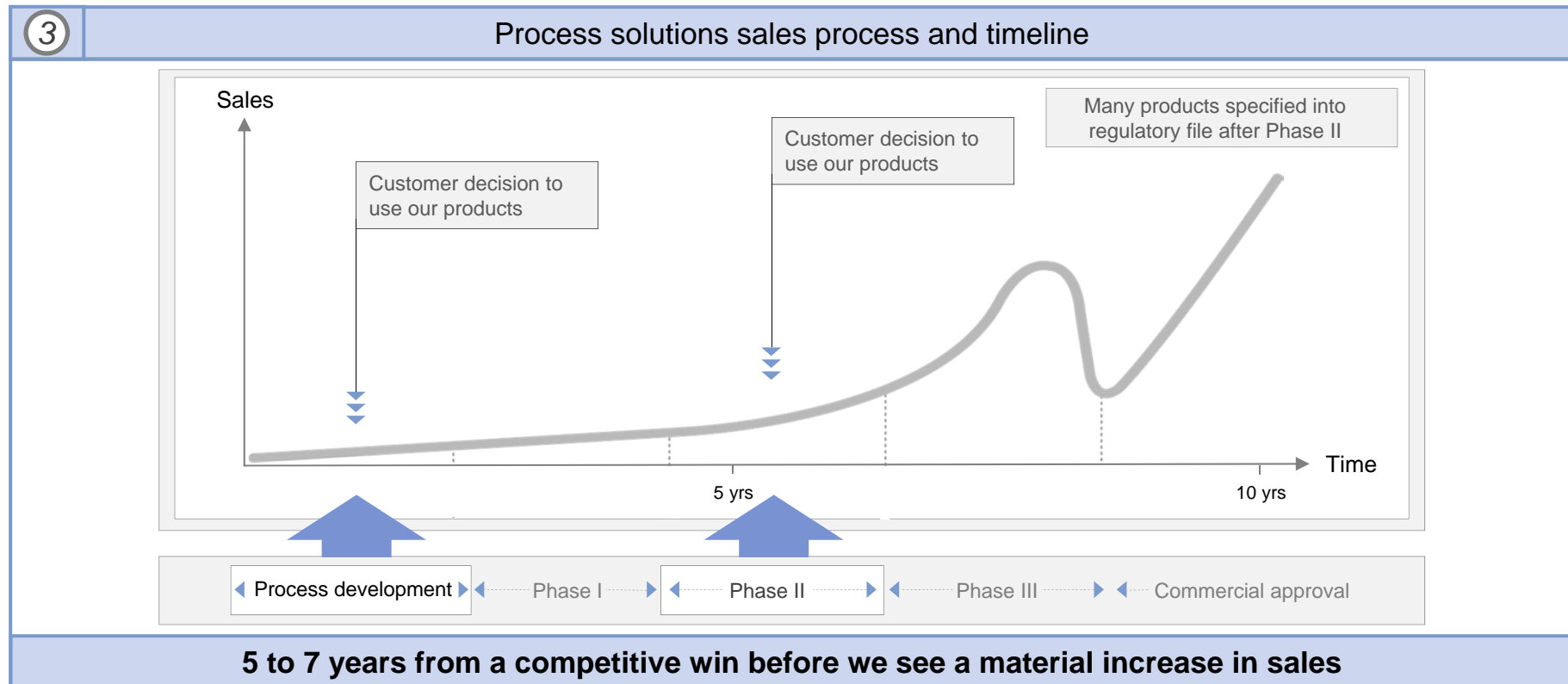


We operate in a small competitive universe and are >2x bigger than our next competitor

*Source: 2011 sales, company estimates, based on average EUR-USD 2011 exchange rate of 1.39

Drug production: a long-term business model for customers manufacturing biologic drugs

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Customer intimacy, delivering value to our customers to drive sustained competitiveness

4

Life Science – partnering with our customers

Competency

Process, regulatory and application expertise

Engagement at all levels of customer operations

Integrate process, application and testing expertise into our products

Customer intimacy



Benefit

Competitive differentiation

On-site collaboration and insight

Early access to decision makers, new sales

Working side-by-side with our customers to bring solutions that strengthen their business

Life Science brand has been built over 50 years and helps us to win business

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5

Life Science – a strong brand



Quality is the most important factor when customers choose suppliers

Customers pay a premium to suppliers due to how critical quality is to their business

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Cost of poor product quality

Laboratory Business

Months of expensive research wasted

Integrity of scientific outcomes affected,
inability to reproduce results

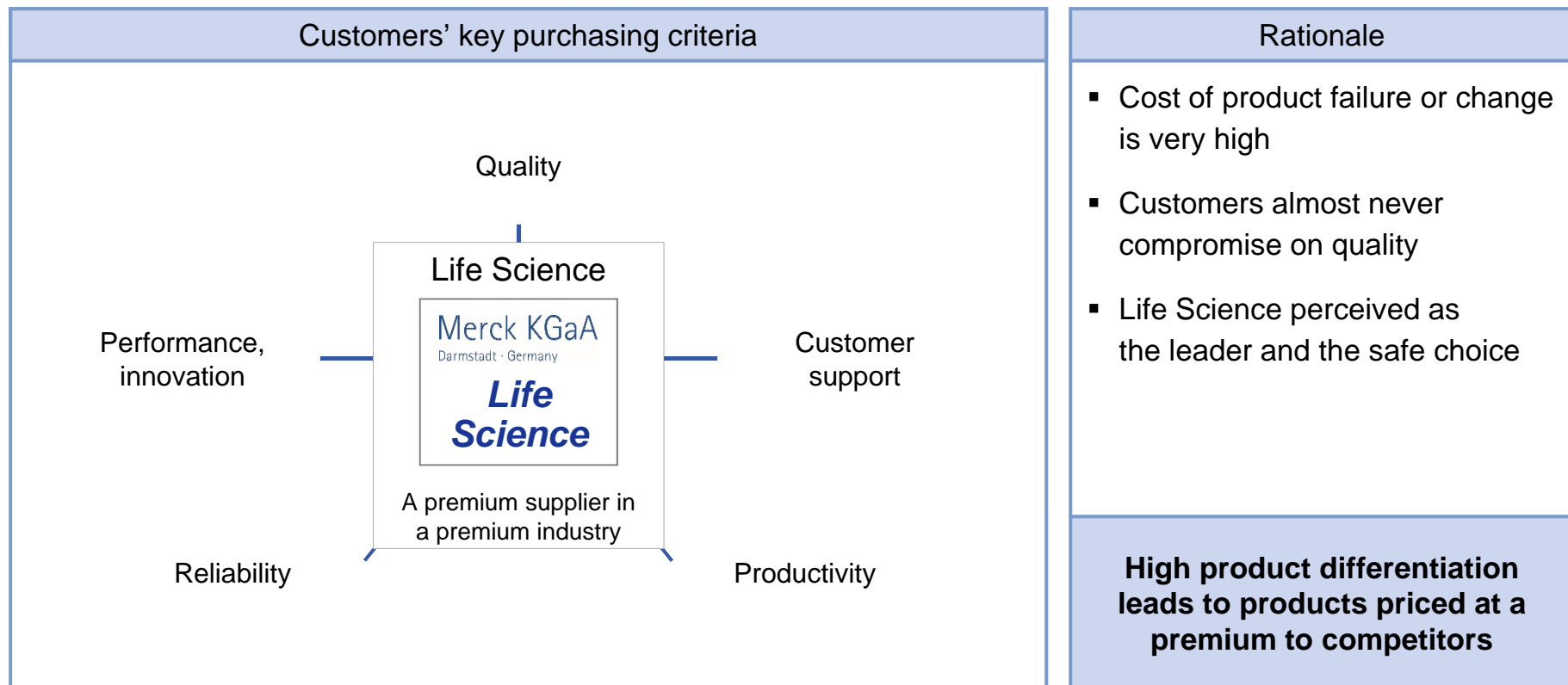
Missed or inaccurate identification
of contaminants

Longer timelines to move potential drugs
into clinical trials



Expensive research
and lab analysis
wasted due to poor
product quality

Price is not the key decision criteria for customers choosing life science suppliers



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- **How Life Science will create value**

We will benefit from market drivers and internal initiatives to drive growth & profitability

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External value drivers

Emerging Markets

Volume growth of Biologics

Increasing quality and regulatory standards

Internal value drivers

Innovation investment

New product launches

Simplifying global operations



Emerging Markets driving higher demand for laboratory and drug manufacturing business

Emerging Markets business trends



More Ph.D scientists in Emerging Markets than in any other geographic region, growth in volume and complexity of research



China is a global R&D player with rapidly expanding drug manufacturing capabilities



India developing into a global player for generic drug production and biotech



Multinationals investing in region as growth stalls in developed markets



Increasing pressure on quality and regulatory standards leading to demands for higher quality products

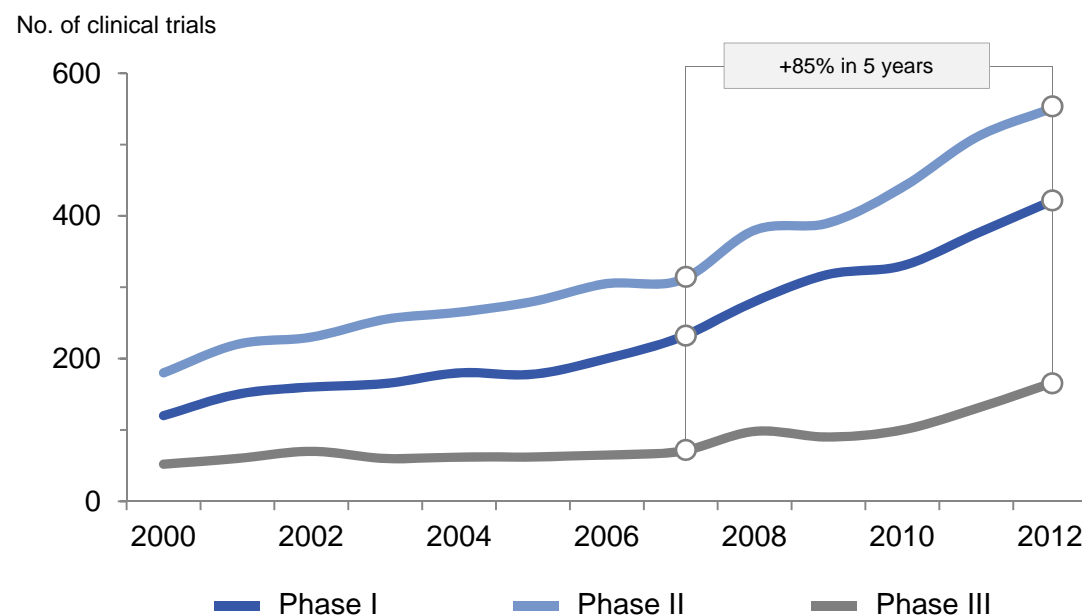
Value to Life Science

- Emphasis on quality and premium suppliers
- Higher biotech production, new state-of-the art plants
- Increasing number of tests for food and drugs due to government pressure

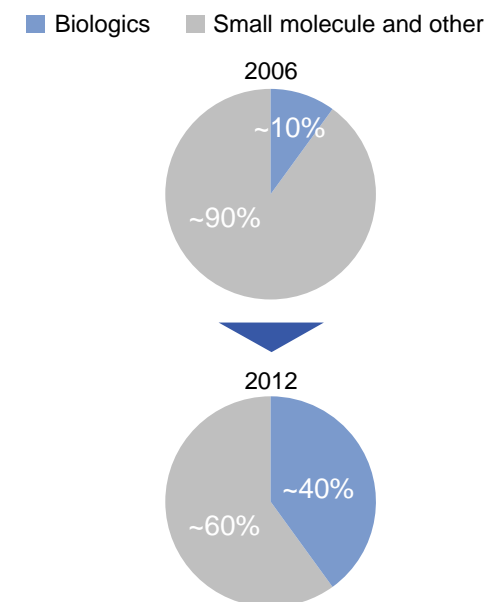
Pharma pipelines continue to shift toward biologic drugs...

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Biotech drug pipeline*



% biologics in pharma pipelines*

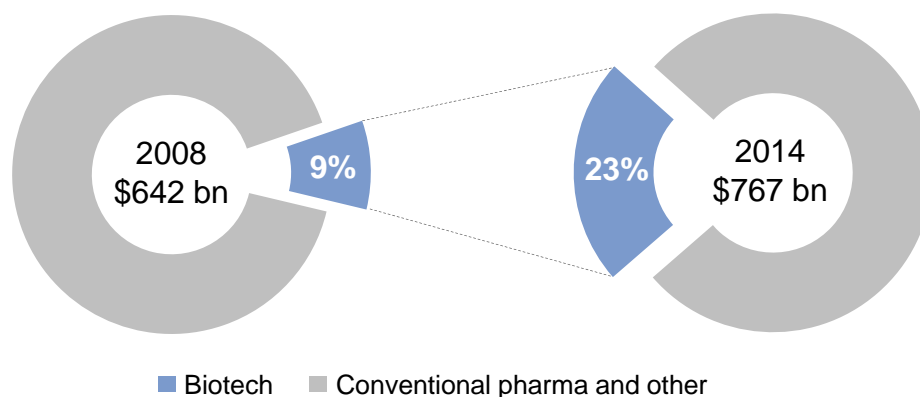


Average exposure to biologics in pharma companies' pipelines has increased from 10% to 40%

* Source: IMS health

... which will lead to higher volumes of biologics and a changing industry landscape

Total pharmaceutical market*



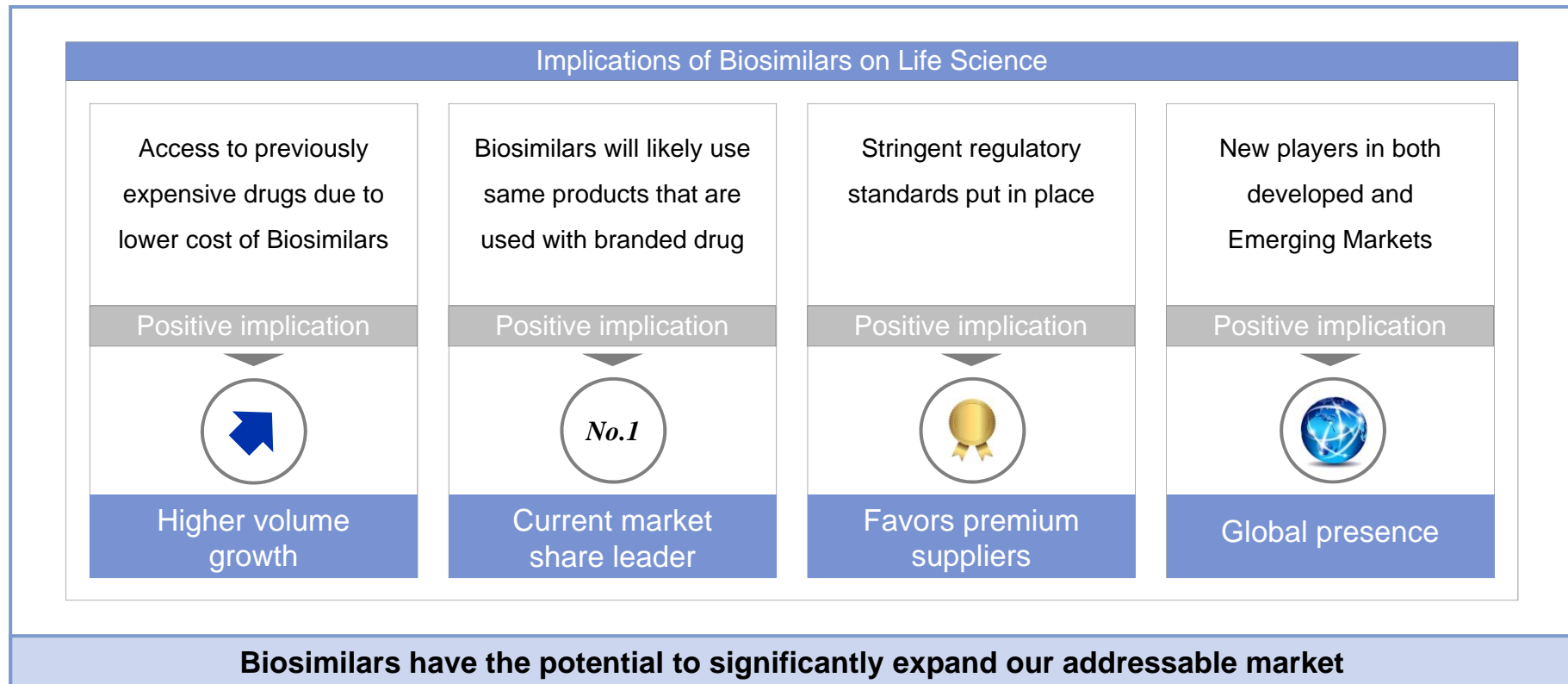
**Expansion of biologic drug volumes
will be the biggest growth driver for the division**

Value to Life Science

- Fundamental demand for our consumable products will remain robust
- New innovation opportunities for nascent biosimilars market
- Division has 5x greater sales opportunity in biologics compared to small molecule drugs

*Source: Evaluate pharma

The regulatory pathways for Biosimilars have been established



Regulatory authorities become more stringent in all geographies, increasing requirements

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Regulatory business trends



All regulators have placed a greater emphasis on manufacturing compliance over past five years



High-profile consumer deaths from contaminated food and drugs



Emerging market participants expected to meet same quality standards as developed markets

Value to Life Science

- Customers placing higher emphasis on both global presence and local support
- Higher number of purification steps and sterility tests
- Customer preference to work with market leader to ensure quality and compliance

Costs of not meeting quality standards in drug manufacturing can be devastating

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Cost of poor quality

Drug production

Inability to supply drugs to patients

Regulatory fines and reputation damage

Plant shutdowns

Loss of inventory



Value to Life Science

- Customers rely on our expertise to solve the most complex problems
- Preference to work with industry leader since losses can amount to hundreds of millions

Life Science with additional momentum from internal value drivers

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External value drivers

Emerging Markets

Volume growth of Biologics

Increasing quality and regulatory standards

Internal value drivers

Innovation investment

New product launches

Simplifying global operations



Our innovation investment requires a unique approach for our various business units

R&D investment by Business Unit



- Highly competitive and fast moving market
- 10% of sales invested in R&D
- 30% of annual sales targeted from products launched in past 3 years
- Licensing and M&A augment internal R&D

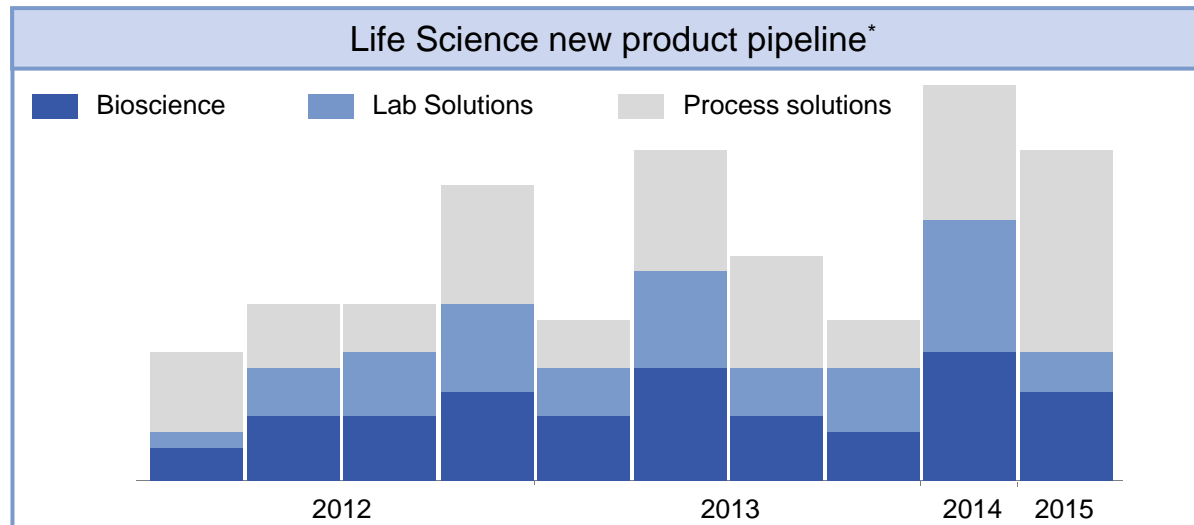


- Market leadership in all three business fields
- Broadest portfolio in division
- Portfolio requires lower R&D investment as a percentage of sales



- 5 to 7 years between new product launch and meaningful sales
- Longer timeline for R&D returns, but longer product lifecycles
- Customers unlikely to adjust commercially processes

We have a strong pipeline to continuously drive innovation and new product sales



Comments
<ul style="list-style-type: none"> ▪ We aim each year to move a higher percentage of our portfolio into a differentiated, high margin category ▪ Success of new product launches are critical to the growth and profitability of the division

**~€100 m of targeted sales
each year from R&D pipeline projects**

*Shown quarterly by number and sales potential of projects

Recent product launches reflect commitment to innovation

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New product launches

MUSE



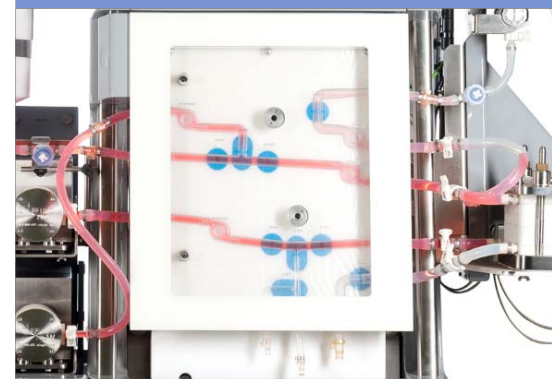
- Simplified cell counting, viability and health profiling

Direct Detect



- Accurate protein quantification and expanded biomolecule detection

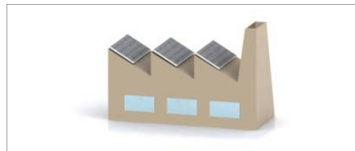
Smart Flexware



- Simplified tubing for single-use production - chromatography
- Easier to scale production, greater flexibility

Value creation by reducing the complexity of our global operations and channel distribution

Simplifying global operations



Plant consolidation

From 27 to 20 plants



Simplified logistics

Consolidate activities into major hubs



Improved channel distribution

Strengthen web and e-business presence

We expect to deliver ~€40m in net cost savings between 2015-2017



Life Science – a leader in one of the most attractive segments of the healthcare market

Strong portfolio

We have a strong portfolio of leading brands that are sold into healthy industries

Unique business

Our consumables-driven business model and drug production business make us unique in the industry

Poised for value creation

Strong market trends and continued innovation will drive profitable growth in the future

