

Life Science – stability, profitability and attractive business profile

2012 Life Science Information Day

Matthias Zachert

Chief Financial Officer

Molsheim, France - December 5, 2012

Merck KGaA
Darmstadt · Germany

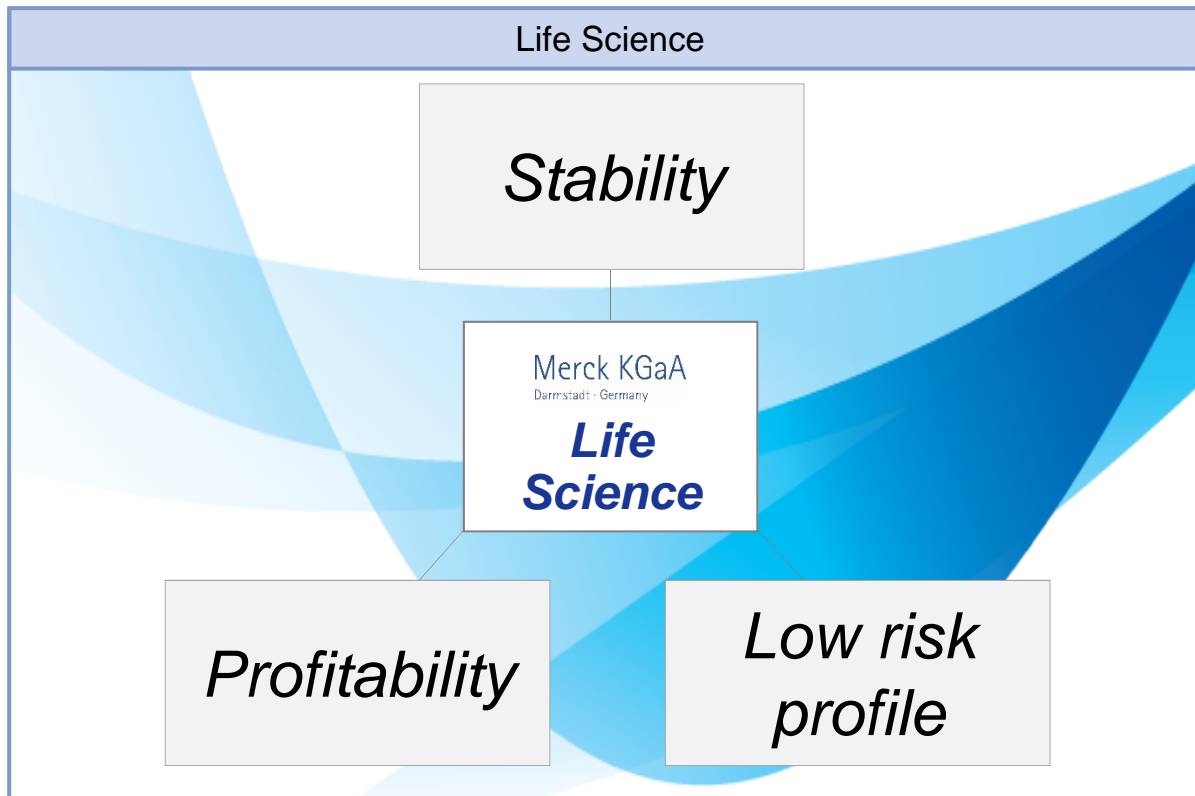


Disclaimer Publication of Merck KGaA, Darmstadt, Germany. In the United States and Canada the subsidiaries of Merck KGaA, Darmstadt, Germany operate under the umbrella brand EMD. To reflect such fact and to avoid any misconception of the reader of the publication certain logos, terms and business descriptions of the publication have been substituted or additional descriptions have been added. This version of the publication, therefore, slightly deviates from the otherwise identical version of the publication provided outside the United States and Canada.

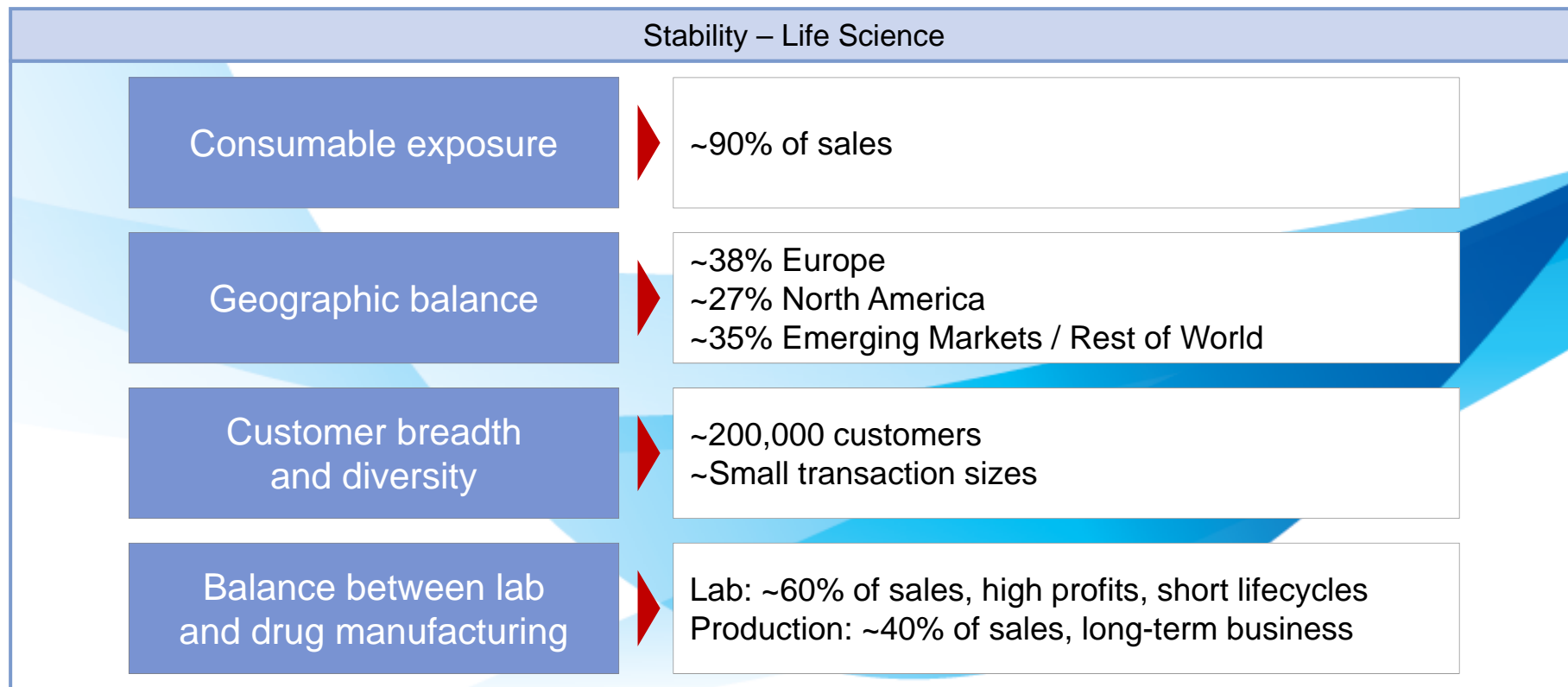
Agenda

- **Stability, profitability, low risk**
- Conclusions

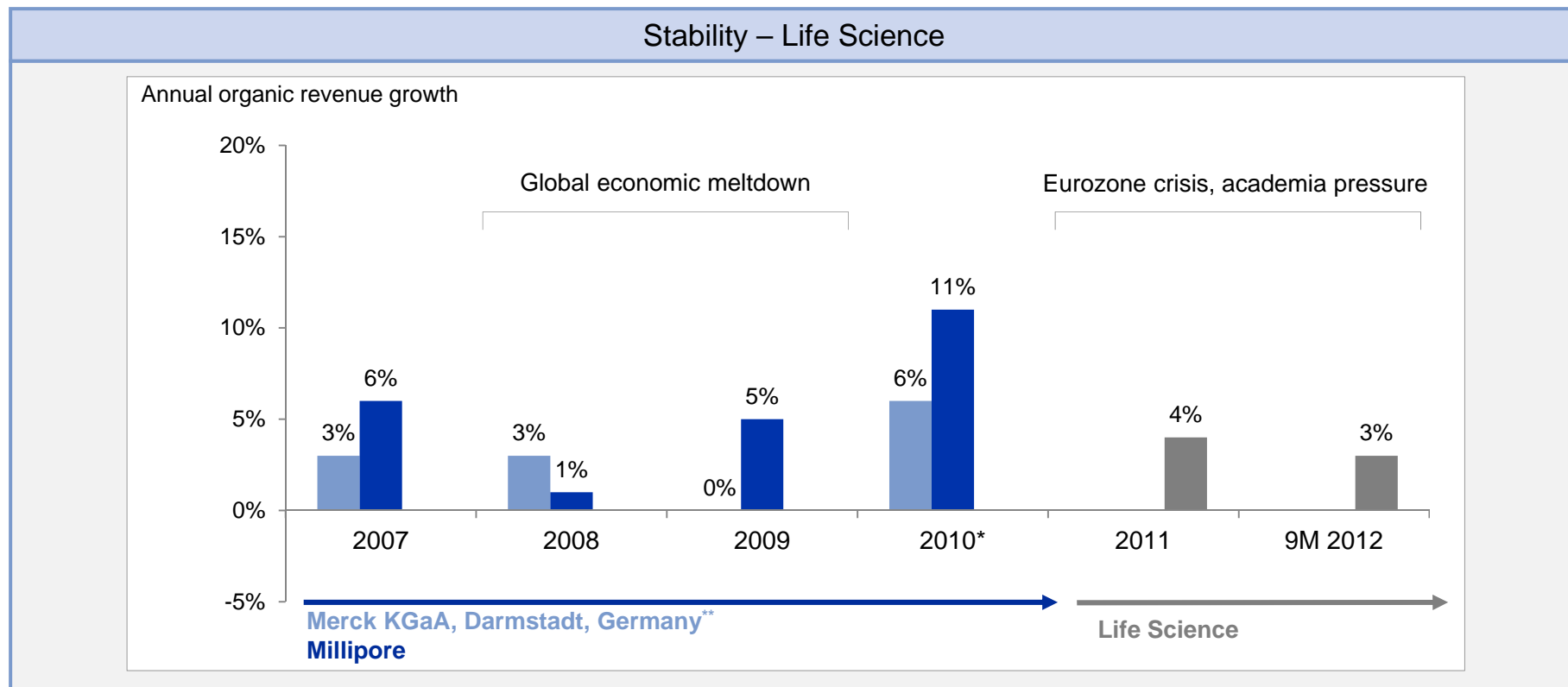
Life Science's business model has attractive fundamentals



Stability – the result of Life Science’s diversification



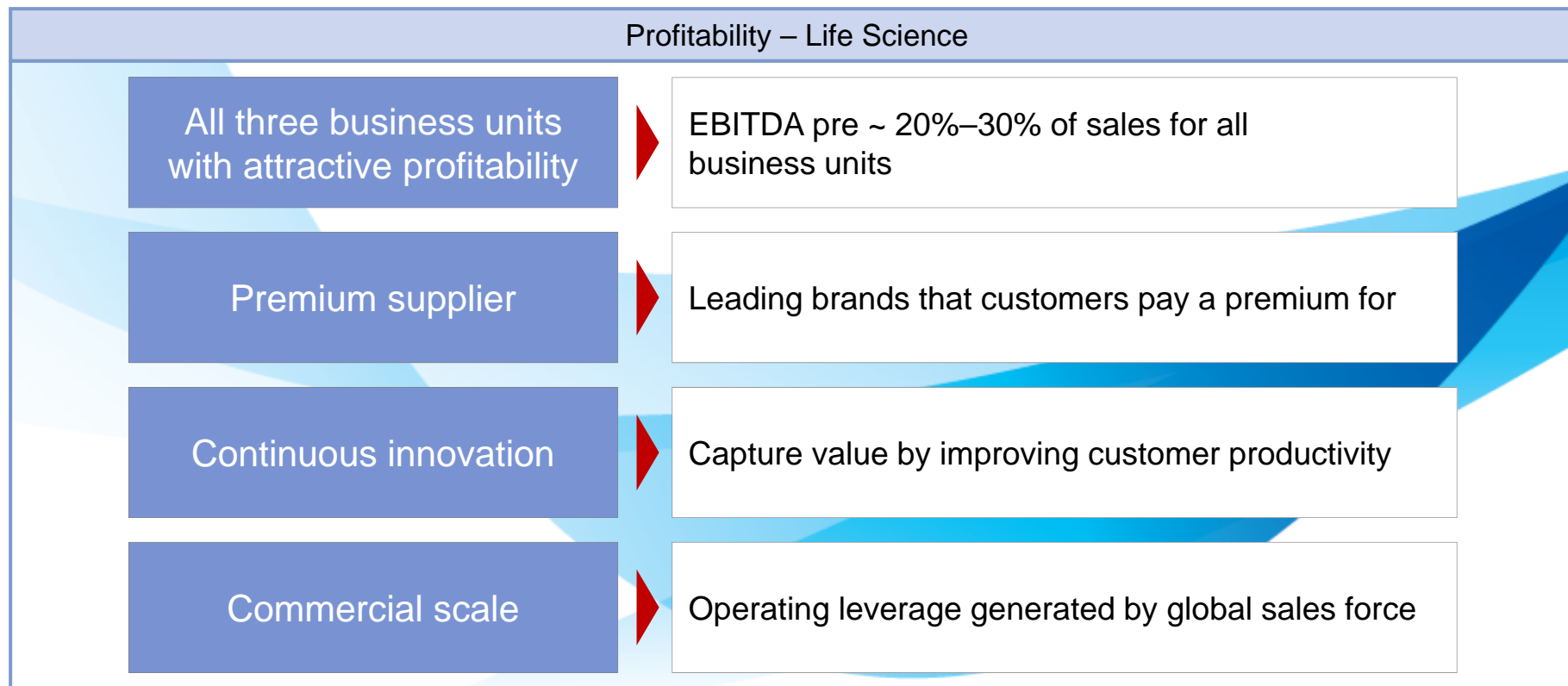
Stable sales performance even during economic or industry downturns






* first six months prior to the completion of the Millipore acquisition

** The Group's legacy life science tools business

Profitability – based on Life Science’s fundamental strengths

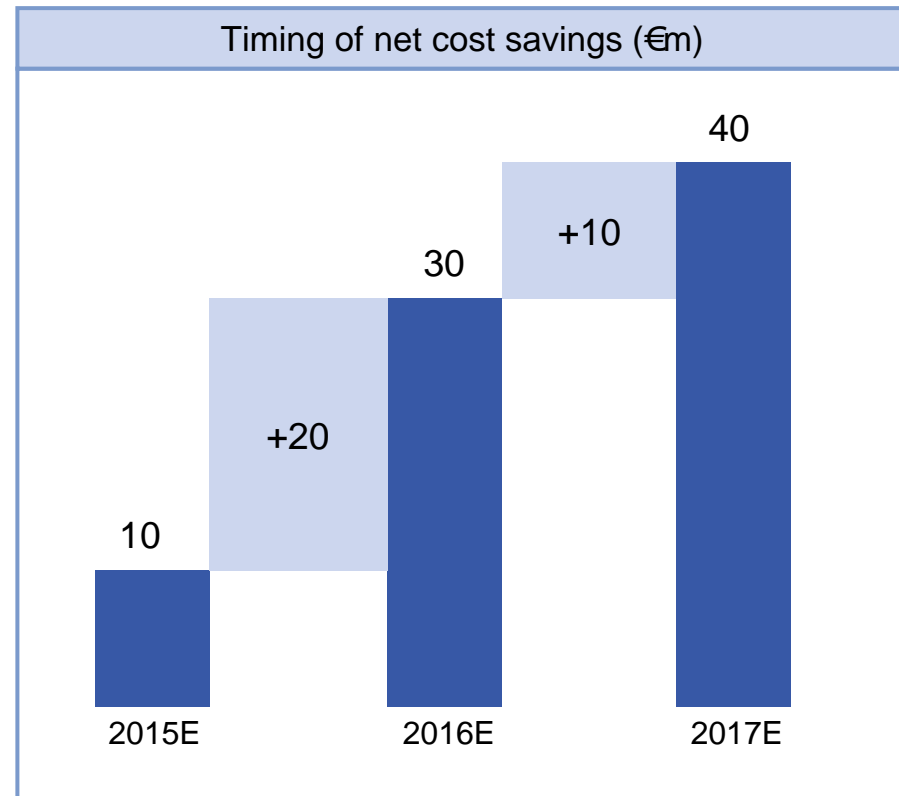
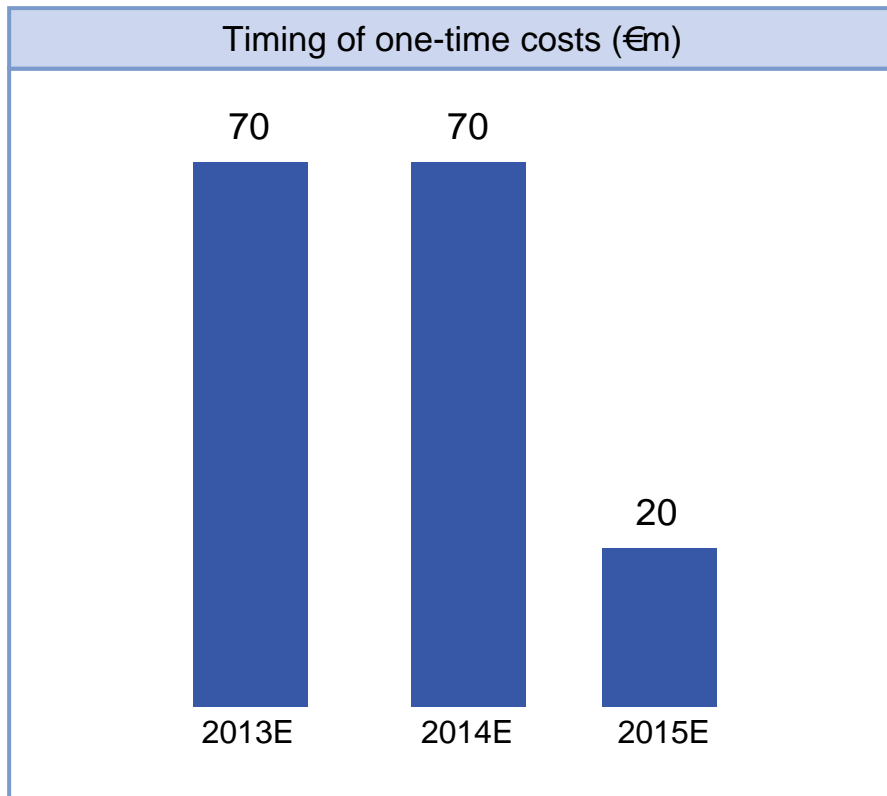


Profitability reflects differentiated products and operational excellence

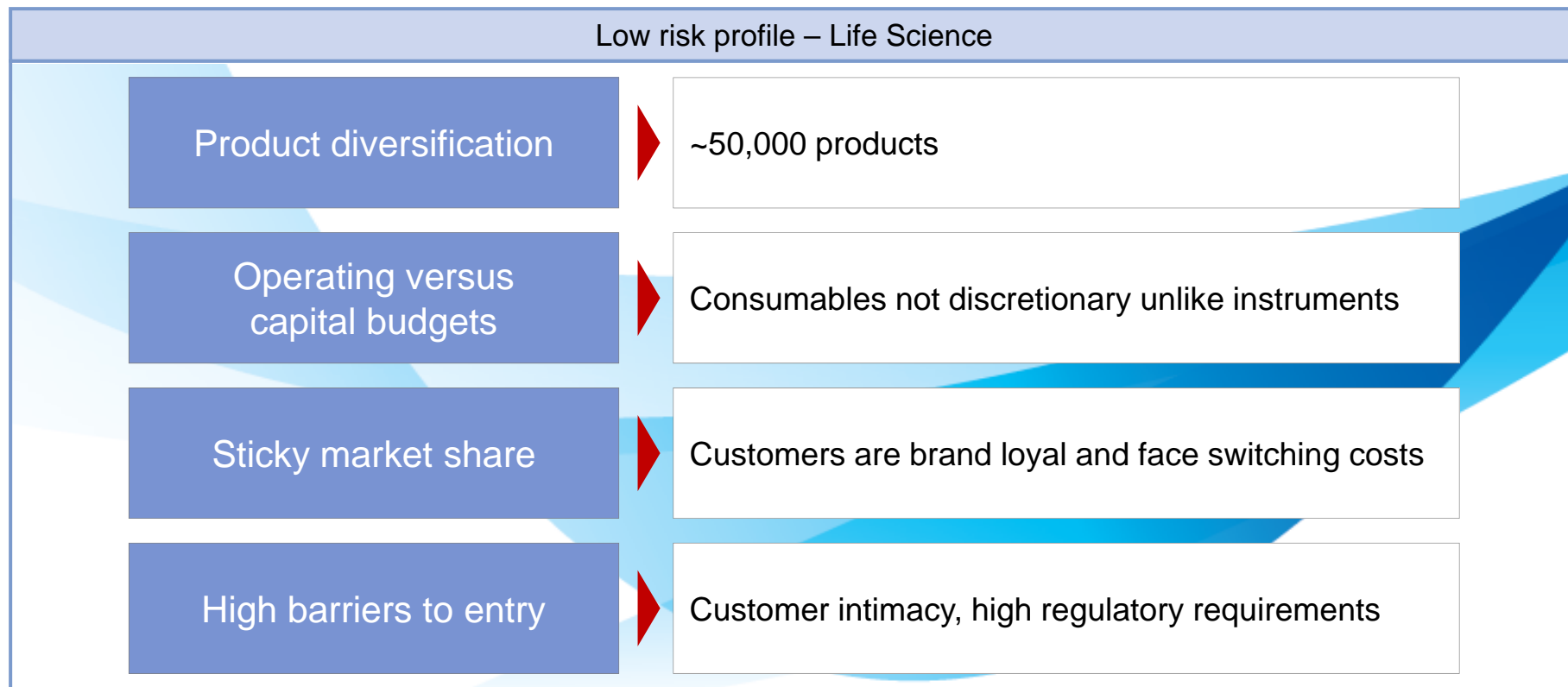
Profitability – Life Science		
Gross margin	Gross margin* of ~59%: shows structural health of business	
Profitability	Attractive profitability: EBITDA pre margin* ~24%	
Cash power	High cash generation, free cash flow yield* ~19%	

* first nine months 2012

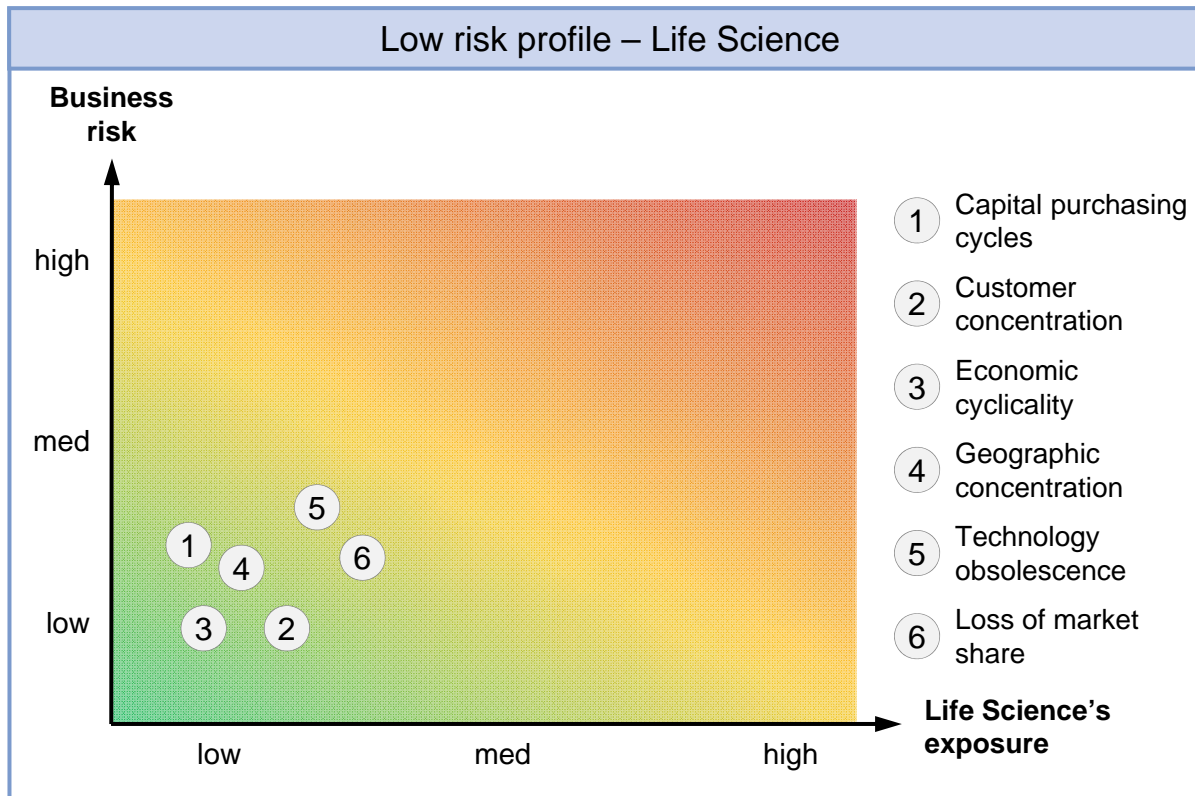
We will incur costs of ~€160 m and deliver ~€40 m of net savings by 2017



Low risk profile reflected by high barriers to entry and low customer/product concentration



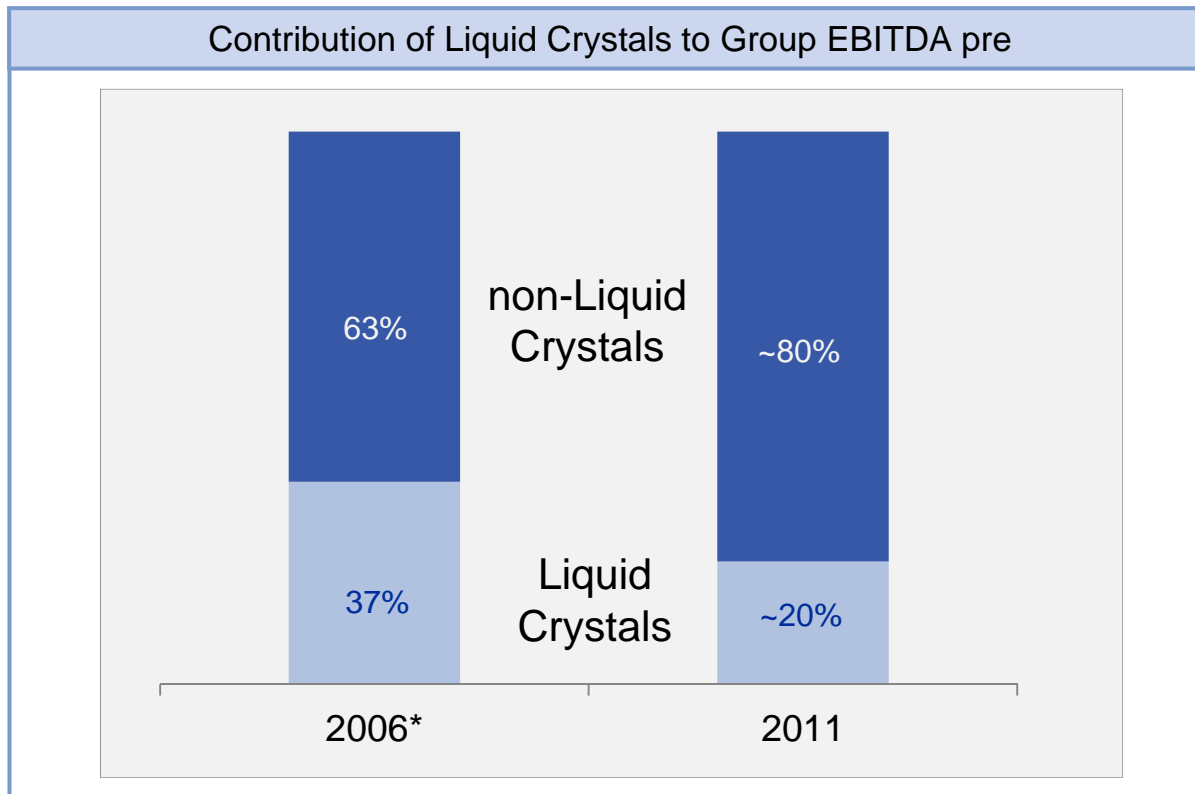
Life Science's business profile bears low risk across various dimensions



Agenda

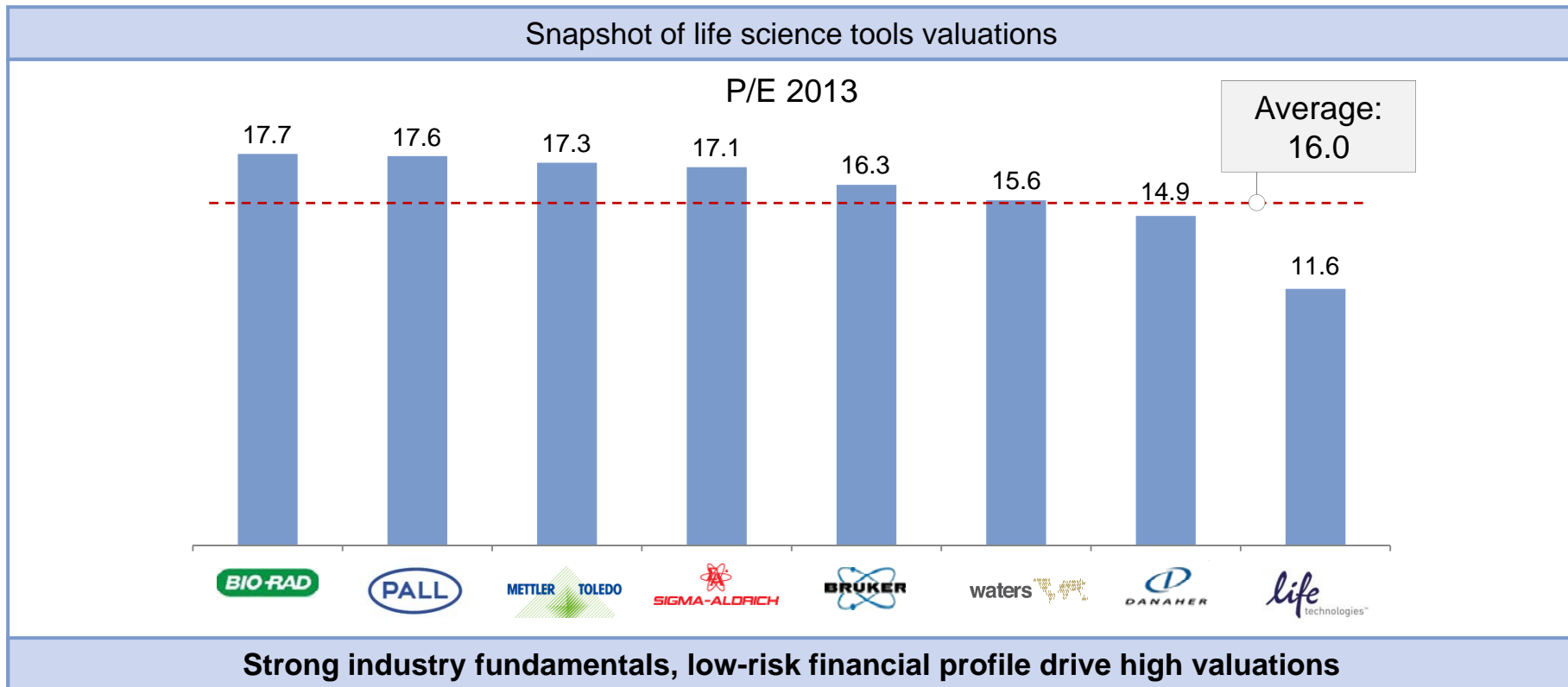
- Stability, profitability, low risk
- **Conclusions**

Life Science has reduced the prominence of Liquid Crystals on the overall Group



*EBITDA before exceptionals

Industry attractiveness leads to high valuation multiples for companies in sector



Source: Jefferies, as of Nov 6, 2012

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

Stability

We serve a broad set of industries with a high share of consumables and attractive growth drivers

Profitability

Differentiated products and operational excellence lead to sustained profitability levels in the future

Attractive risk profile

Business with proven resilience and cash generation across all economic cycles



Merck KGaA

Darmstadt · Germany