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Agenda

Business overview

Transforming the company

Acquisition of AZ Electronic Materials

Business and financial review Q3 2013

Guidance

A balanced portfolio of four divisions

Merck KGaA, Darmstadt, Germany

Biopharmaceuticals



Leading in certain specialty pharma markets

- Life cycle management
- Biologics
- Emerging markets

Consumer Health



Present in OTC niche markets

- Vitamins
- Supplements
- Strong presence in Latin America and Europe

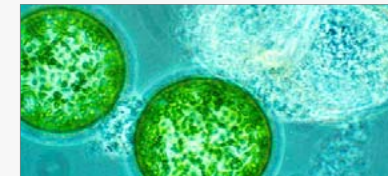
Performance Materials



No. 1 in display materials

- Customer intimacy
- Innovation power
- Cost and technology leadership

Life Science

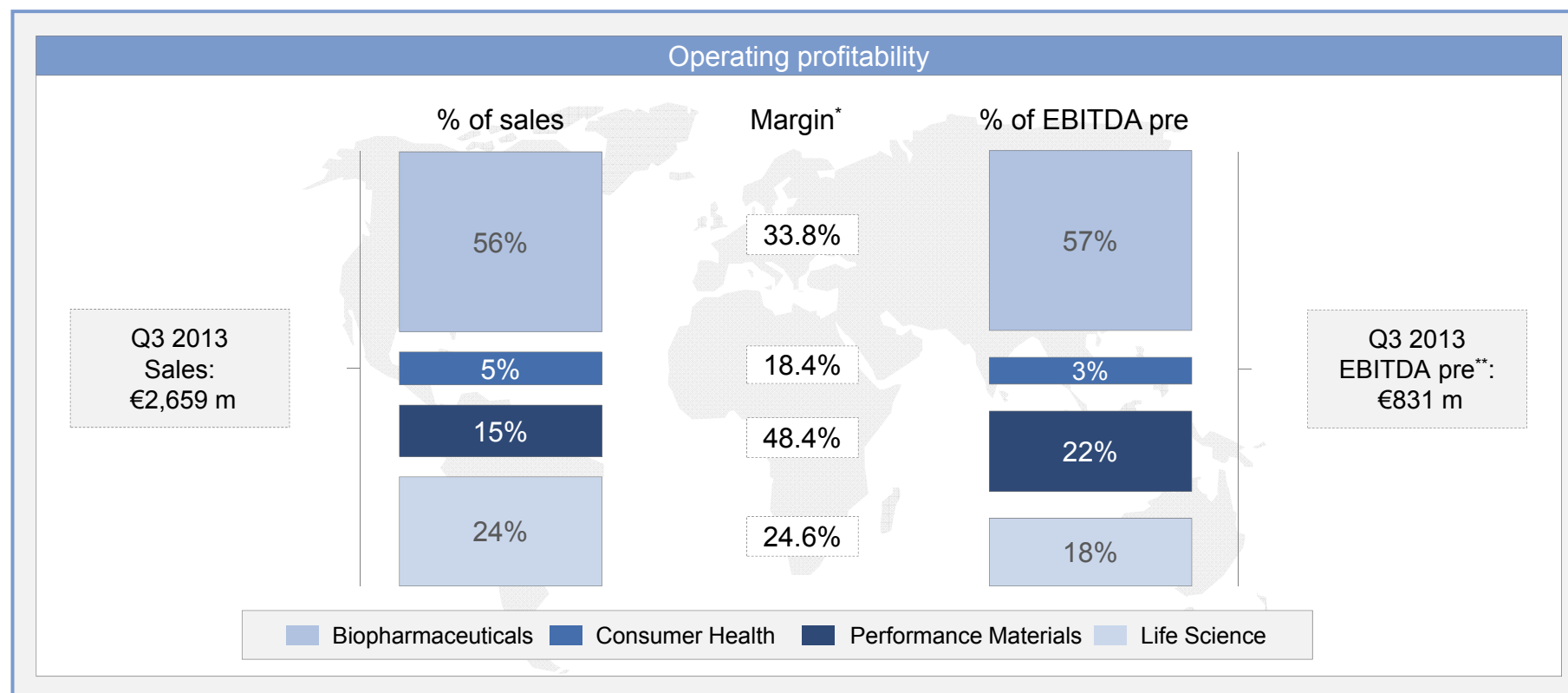


Top 3 in life science tools

- Global presence
- Innovation
- End-to-end solutions for pharma industry

Strong businesses with attractive margins

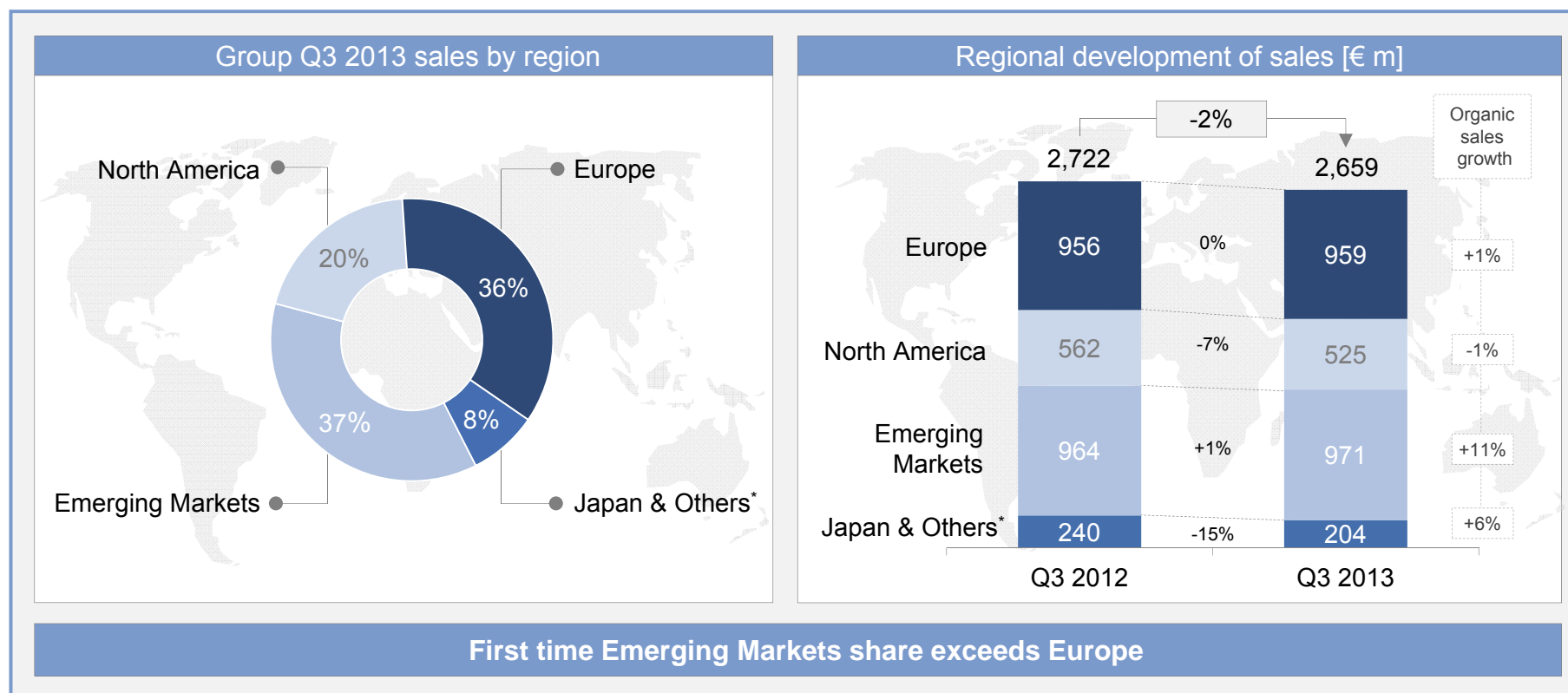
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*EBITDA pre margin in % of sales

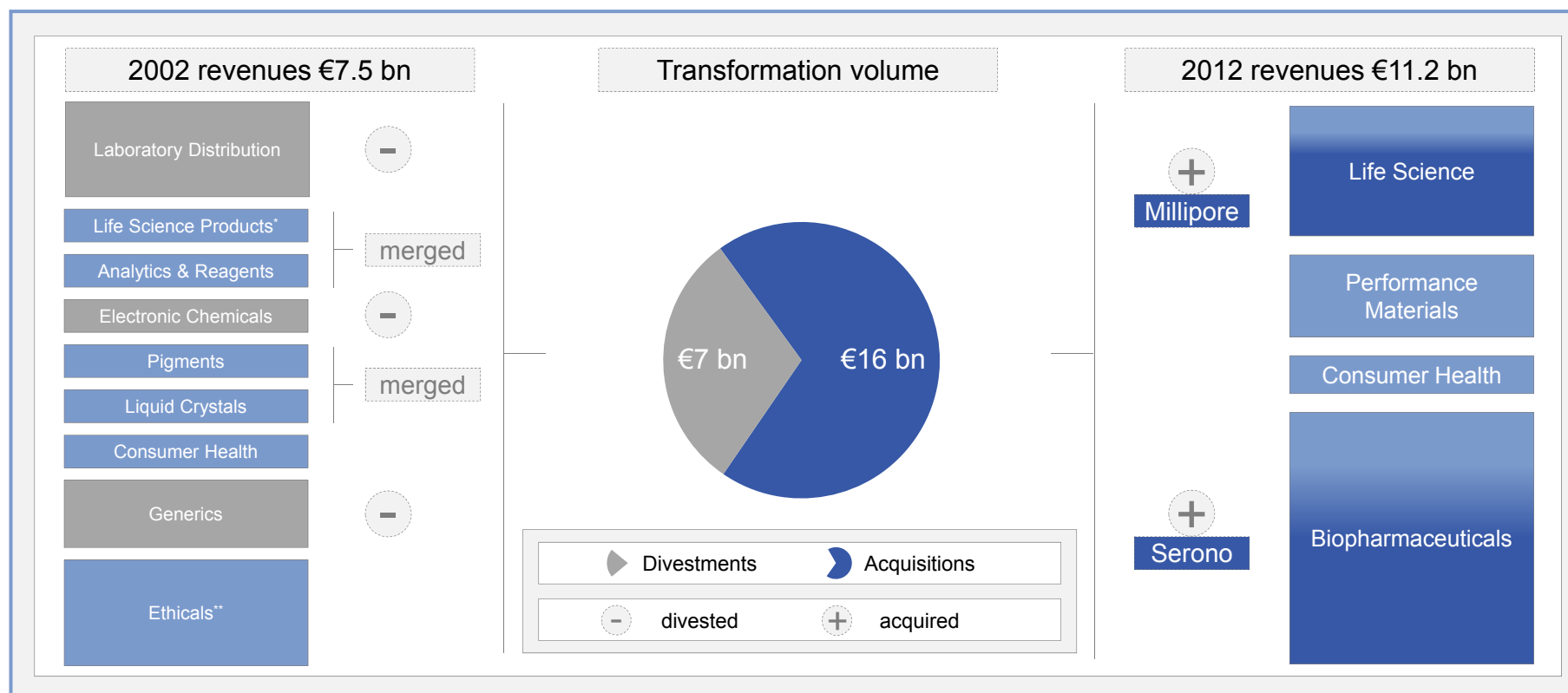
**Including Corporate/Others (-€48.9 m)

Emerging Markets and Japan drive organic growth, reported sales burdened by strong FX headwinds



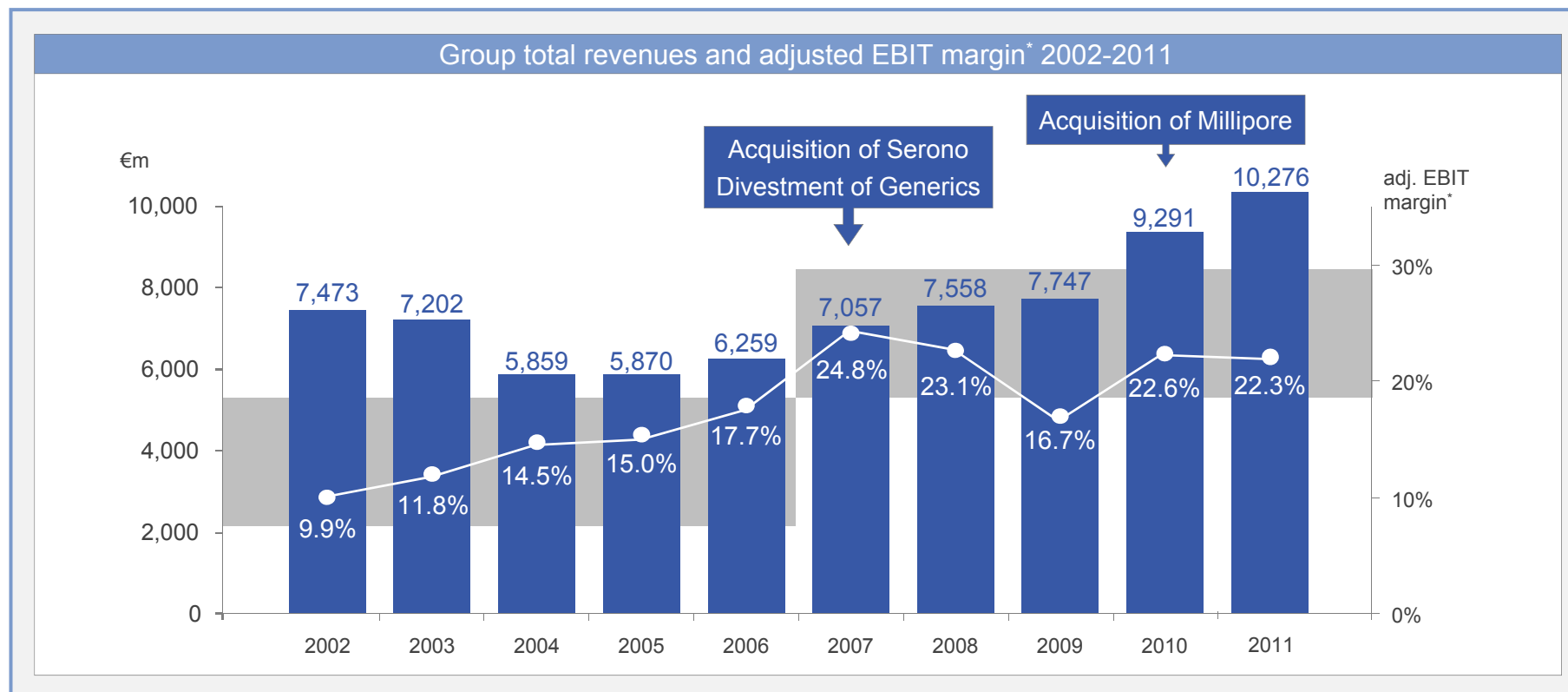
*Australia/Oceania, Africa

We have added scale while strengthening the attractiveness of assets in our portfolio



*Except "Crop Bioscience", which was divested
**Except "Theramex", which was divested

Our stronger portfolio has enabled us to fundamentally improve our profitability



*adjusted EBIT** divided by total revenues

**adjusted EBIT is EBIT less costs related to acquisitions (amortization and impairments of intangible assets, and integration costs) and less exceptionals

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Portfolio evolution improved our profitability structure, but further potential remains

Assessment of long-term financial performance relative to peers				
	Sales growth	Gross margin	SG&A	R&D productivity
Biopharmaceuticals	●	●	●	●
Consumer Health	●	●	●	●
Performance Materials	●	●	●	●
Life Science	●	●	●	●

● above peers
● in-line with peers
● below peers

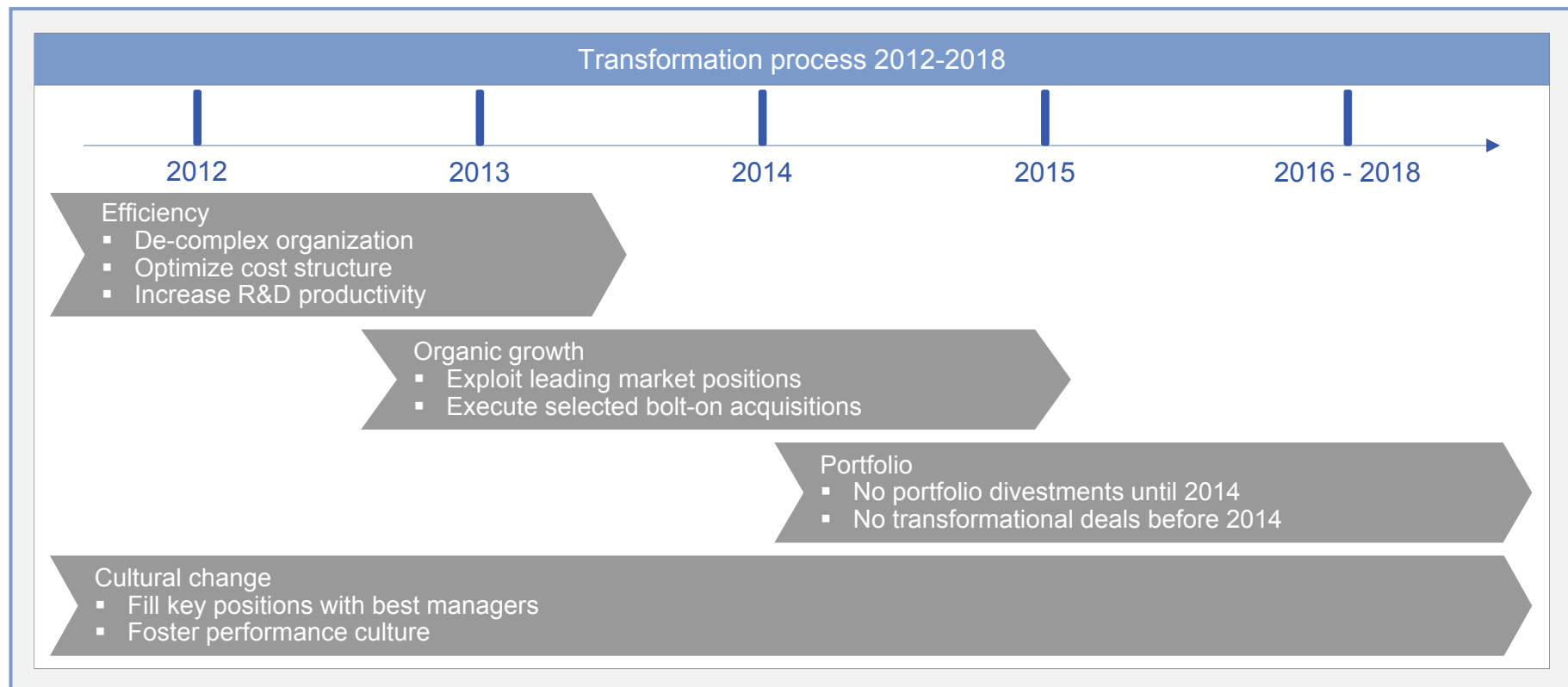
Fit for 2018: Strict implementation to yield ~€385 m savings until 2018

Net annual savings							
Savings	2012	2013	2014	2015	2016	2017	Total
Biopharmaceuticals	100	250	300				300
Consumer Health	10	15	25				25
Performance Materials	5	10	20				20
Life Science		5	10	20	30	40	40
Total	115	280	355	365	375	385	385
Costs*	463	229	110	15			817

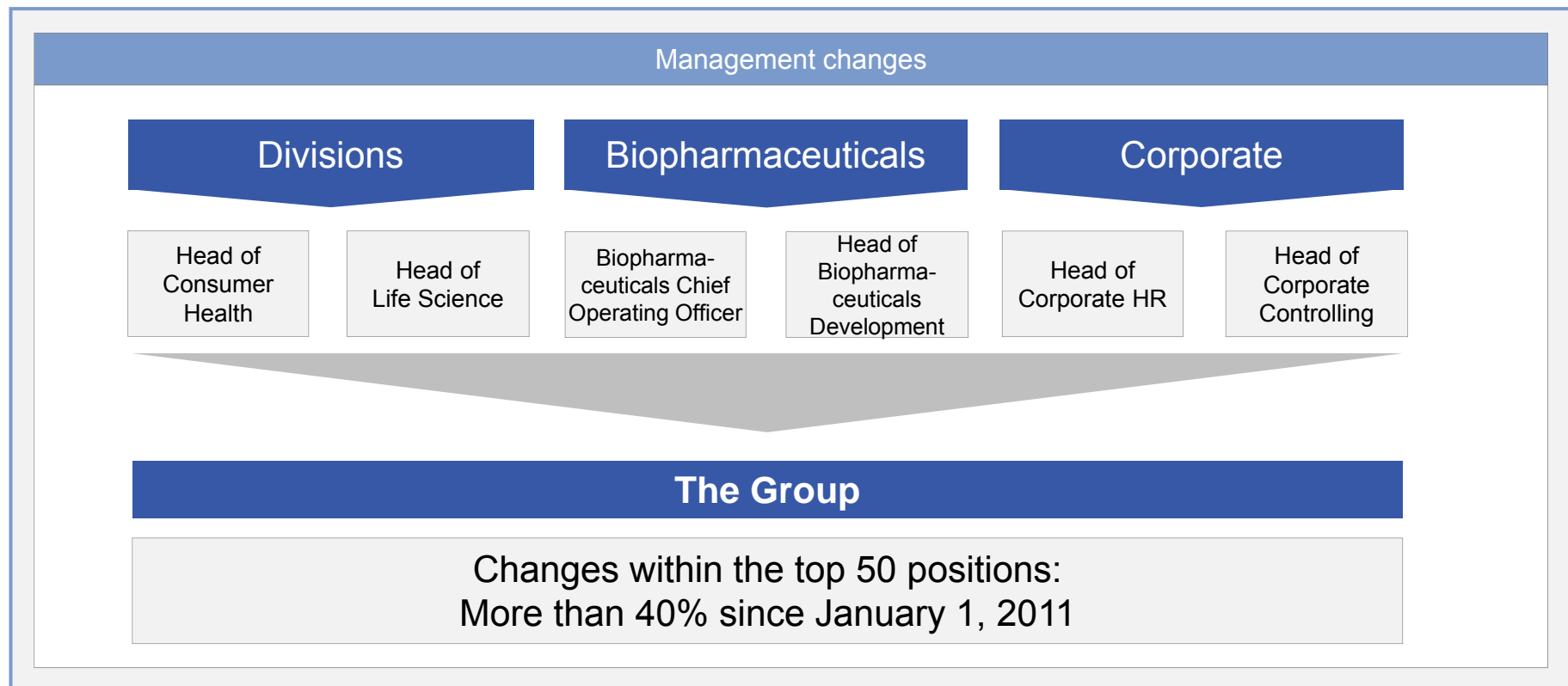


* Fit for 2018 one-time costs on EBIT (also including related one-time D&A = Fit for 2018 impairments)

We now focus on growth



New management in key positions and across the entire organization



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Acquisition of AZ Electronic Materials – an excellent fit for our company

Strategic rationale of the AZ Electronic Materials acquisition

Strengthening portfolio

- Adds a premium specialty chemicals business to our existing business of high-margin liquid crystals (LC)
- Expands presence in Asian growth markets

Building on core competencies

- AZ Electronic Materials (AZ) complements our existing activities in displays
- Adds attractive high-purity electronics chemicals with similar business model (customer proximity / high innovation content)














Meeting core acquisition criteria

- Adds a strong position in specialty growth markets
- Focus on innovation and R&D
- Immediately accretive to EPS pre¹



¹EPS pre = EPS pre one-time items and amortization from purchase price allocation (PPA)

Liquid Crystals and AZ – two leading premium solution providers joining forces

	Liquid Crystals 	AZ Electronic Materials 	
Strong position in specialty segments			
Superior profitability and cash conversion			
Megatrends drive growth			
Tailor-made solutions with high innovation content			
Chemicals for electronics and display industry			
AZ Electronic Materials and Liquid Crystals – a strong strategic fit			

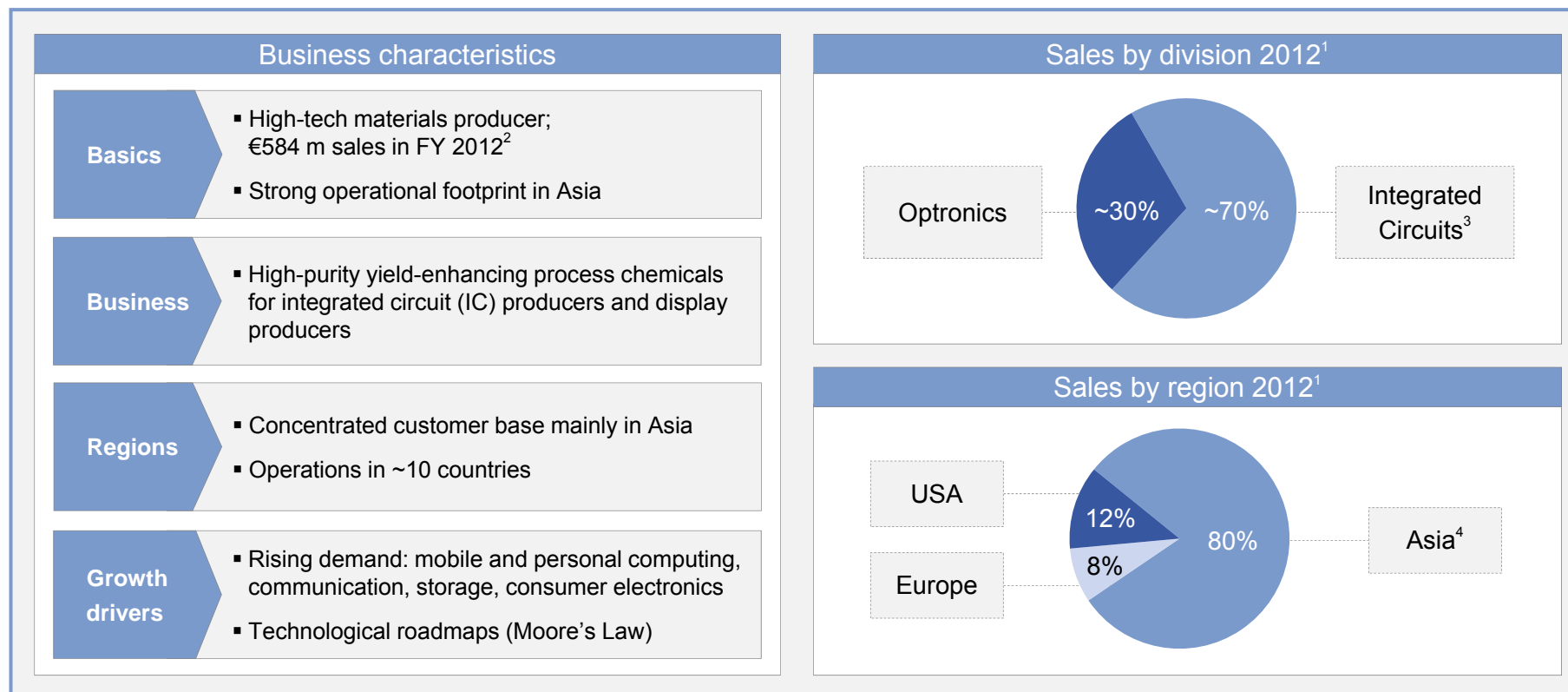
Combined business strengthens portfolio

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Illustration

AZ Electronic Materials – a leader in process chemicals to the electronics industry



¹Source: Company reports FY 2012 and H1 2013 (including FY 2012 restatements)

³Including Printing and Others

²FY 2012 reported sales US\$794 m = €584 m; FX conversion as of December 4, 2013: EUR/USD 1.36

⁴Includes Taiwan, South Korea, Japan, China, Singapore, India

AZ Electronic Materials – attractive business characteristics

Key strengths	
Segment position	<ul style="list-style-type: none">▪ No. 1 or 2 in ~80% of sales; high share of patent protection▪ Chemicals only ~3% of procurement costs
Chemical products	<ul style="list-style-type: none">▪ For displays: e.g. photoresists▪ For ICs: dielectrics, colloidal silica
EBITDA margins	<ul style="list-style-type: none">▪ IC Materials ~40%¹▪ Optronics ~30%¹
R&D spend	<ul style="list-style-type: none">▪ Above-average 7% of sales¹▪ New products drive and support margins

Overview of financial data ¹			
US\$ m ²	2011	2012	LTM H1 2013
Revenue	792	794	774
% yoy at constant FX	+10%	+2%	n.a.
EBITDA	261	262	248
% of sales	33%	33%	32%
D&A	110	112	106
% of sales	14%	14%	14%
Employees (period end)	1,060	1,092	n.a.
Net financial debt (period end)	343	289	301
No. of shares (basic, m)	380.9	380.9	380.9

¹Source: Company reports

²Reporting currency is US\$

Transaction details

Offer price

- GBp 403.5 per share in cash or equity value
~GBP 1.6 bn (€1.9 bn)¹
- Premium 41% over 3-month volume-weighted average price (VWAP);
33% over 6-month VWAP²



Transaction multiples³

	2012	LTM H1 2013
EV/Sales	3.6x	3.7x
EV/EBITDA	10.9x	11.5x
EV/EBITDA pro-forma cum synergies ⁴	9.6x	10.1x

Transaction size and financing

- Enterprise value (EV) ~€2.1 bn incl. net debt⁵ ~€238 m
- 100% cash-financed
- Offer is recommended by AZ's Board of Directors

Timing

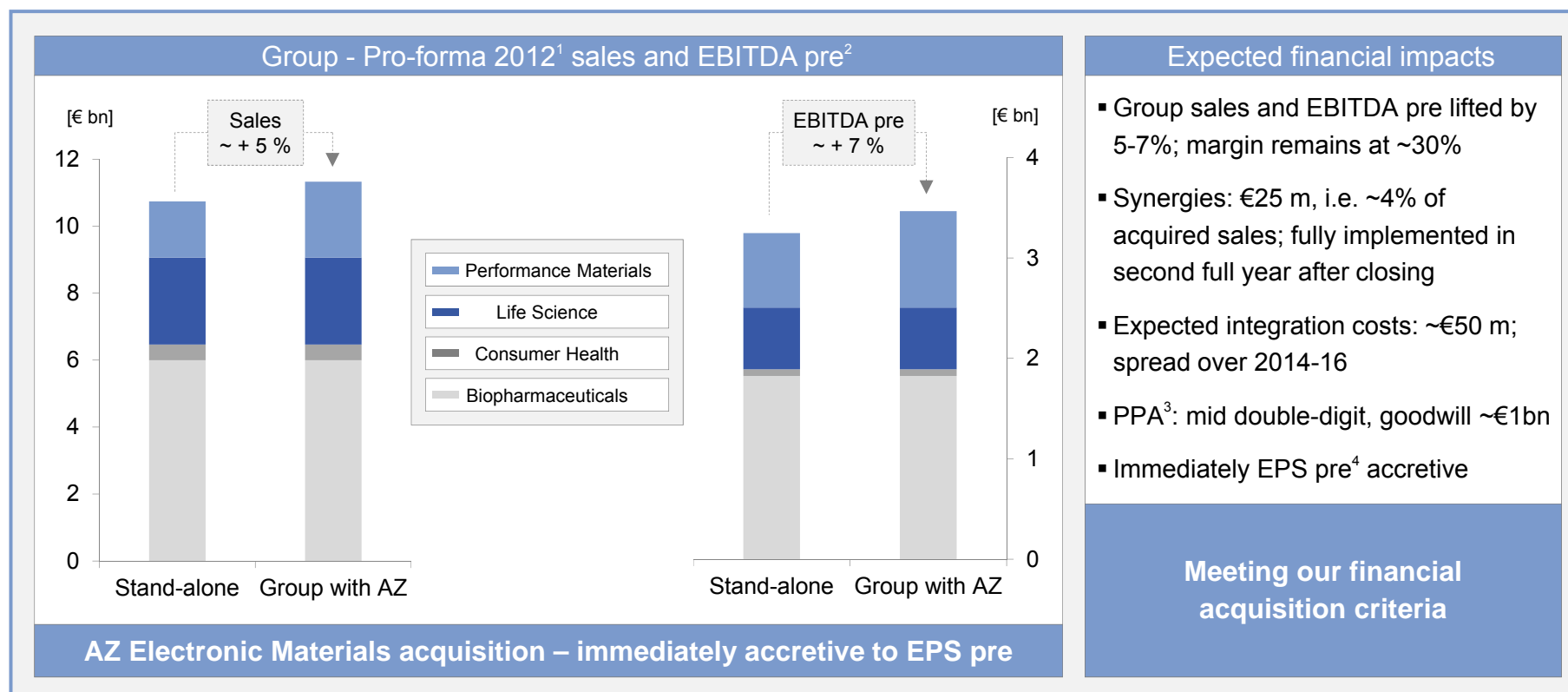
- UK Takeover Code applies
- Expected publication of offer document: December 2013
- Expected closing of the transaction: H1 2014

Conditions

- Merger control approvals
- Minimum acceptance level: 95%

¹Based on fully diluted shares; ²As of December 4, 2013; ³Based on company reports and adjusted for option proceeds; ⁴"Pro-forma" calculation for 2012 assumes 100% of expected synergies: transaction EV € 2.1 bn / (AZ's 2012 EBITDA US\$262 m + 100% pro-forma synergies €25 m) = 9.6x (FX conversion as of December 4, 2013: EUR/USD 1.36); more details on next page; ⁵Including pensions

AZ Electronic Materials acquisition – immediately financially accretive



¹Pro-forma calculation based on published sales for FY 2012 for Merck KGaA, Darmstadt, Germany and AZ

²Pro-forma calculation including 100% of expected synergies; excluding Corporate/Others

³Incremental annual amortization from purchase price allocation in € m

⁴EPS pre = EPS pre one-time items and amortization from PPA

AZ Electronic Materials acquisition is a strong strategic fit

Leverage business model	▶ Like our Liquid Crystals business, AZ has an attractive business model based on innovation, high customer proximity, solid market share and superior profitability
Enhance leadership	▶ Broadening our product offering to the display industry and diversifying into high value-added specialty chemicals for integrated circuits
Expand growth profile	▶ Accessing additional source for future growth in adjacent electronics chemicals applications
Further strengthen customer interaction	▶ Together with AZ's knowledge, the LC unit will be in an even better position to develop future innovative solutions for its customers



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Guidance

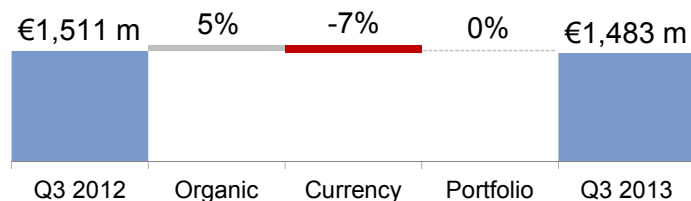
Q3 2013: Strong margin and profitability expansion amid significant FX headwinds

[€ m]	Q3 2013	Q3 2012	Δ	Q3 2013 dynamics
Sales	2,659	2,722	-2%	<ul style="list-style-type: none"> ▪ Sales decline slightly as solid organic growth of 5% is being more than offset by FX ▪ EBITDA pre increase driven by cost control and gains from proactive hedging approach ▪ Strong operating cash flow despite restructuring cash-outs of ~€45 m; previous year driven by exceptional improvements in working capital management ▪ Cash generating nature of portfolio drives net debt reduction
EBITDA pre	831	754	10%	
<i>Margin (% of sales)</i>	<i>31.2%</i>	<i>27.7%</i>		
EPS pre [€]	2.29	1.98	16%	
Operating cash flow	827	908	-9%	
[€ m]	Sept 30, 2013	Dec 31, 2012	Δ	
Net financial debt	536	1,926	-72%	
Working capital	2,290	2,360	-3%	
Employees	37,976	38,847	-2%	
Over ~€1.4 bn net financial debt reduction in nine months				

Biopharmaceuticals: Good organic growth combined with strong margin improvement

[€ m]	Q3 2013	Q3 2012
Sales	1,483	1,511
Marketing and selling	-301	-339
Admin	-51	-59
R&D	-297	-287
EBIT	274	152
EBITDA	480	383
EBITDA pre	501	466
<i>Margin (% of sales)</i>	<i>33.8%</i>	<i>30.8%</i>

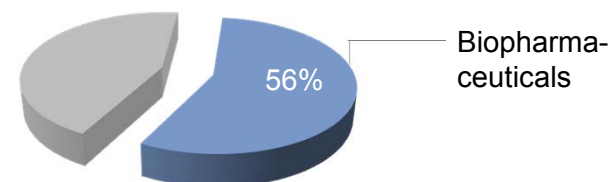
Sales bridge



Comments

- Solid organic sales growth of 5% driven by Emerging Markets and Japan; FX overshadows underlying growth
- Rebif - U.S. volume decline as guided
- Strong Erbitux performance driven by Emerging Markets & Japan
- Branded mature products outperforming in Emerging Markets
- Cost savings accelerated especially in marketing and selling
- Slight R&D increase due to investments in life-cycle management and increase in early stage projects
- Solid profitability improvement despite significant FX headwinds and loss of Avonex royalty income of ~€30 m in Q3

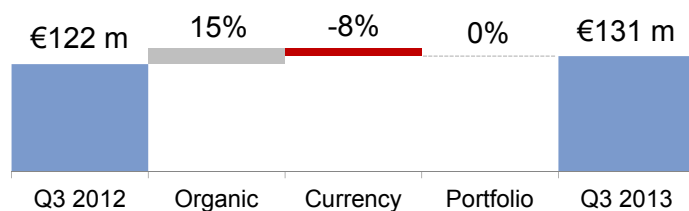
Q3 2013 share of group sales



Consumer Health: Turnaround fully on track

[€ m]	Q3 2013	Q3 2012
Sales	131	122
Marketing and selling	-55	-53
Admin	-4	-5
R&D	-4	-5
EBIT	21	8
EBITDA	23	11
EBITDA pre	24	19
<i>Margin (% of sales)</i>	<i>18.4%</i>	<i>15.7%</i>

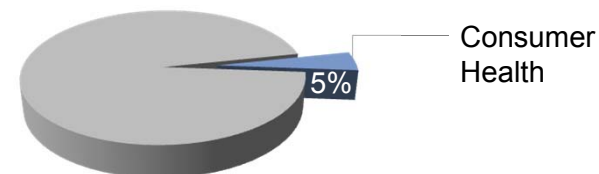
Sales bridge



Comments

- High organic sales growth driven by Germany, France & Emerging Markets as well as a soft comparable base, mitigated by FX
- Strategic brands (Kytta, Bion 3, Nasivin) show strong growth due to improved resource allocation and tightly managed expenses
- Restructuring efforts of product pruning and market exits continue to improve the business model
- Profitability improvement driven by sales growth while costs are kept under control

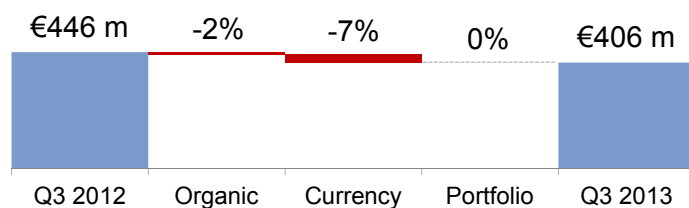
Q3 2013 share of group sales



Performance Materials: Liquid crystal mix and leaner Pigments & Cosmetics drive margin expansion

[€ m]	Q3 2013	Q3 2012
Sales	406	446
Marketing and selling	-35	-38
Admin	-7	-9
R&D	-37	-35
EBIT	177	164
EBITDA	202	194
EBITDA pre	197	197
<i>Margin (% of sales)</i>	<i>48.4%</i>	<i>44.2%</i>

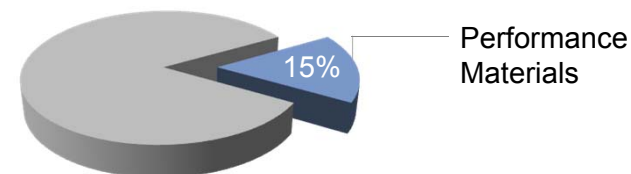
Sales bridge



Comments

- Sales down due to strong FX and moderate inventory destocking
- Healthy demand for continuously improved flagship technologies PS-VA and IPS support volumes and profitability
- Market shares kept at high levels due to product innovation and trend to larger displays
- Faster implementation of Pigments efficiency measures, leading to visible improvement of profitability versus previous years
- EBITDA pre stable due to favorable mix in liquid crystals and improved Pigments cost structure offsetting FX headwinds
- Inventory destocking expected to become more visible in Q4

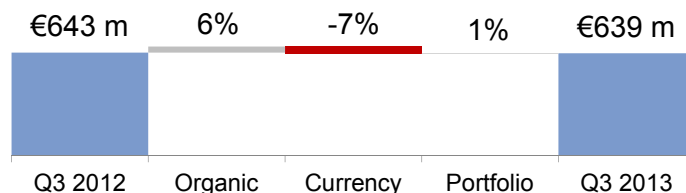
Q3 2013 share of group sales



Life Science: Resilient portfolio delivers solid sales and profitability despite difficult environment

[€ m]	Q3 2013	Q3 2012
Sales	639	643
Marketing and selling	-171	-166
Admin	-25	-26
R&D	-40	-43
EBIT	67	68
EBITDA	145	145
EBITDA pre	157	152
<i>Margin (% of sales)</i>	<i>24.6%</i>	<i>23.7%</i>

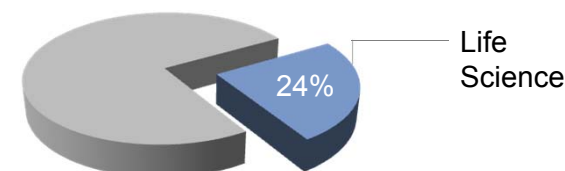
Sales bridge



Comments

- Volume and price increases in Process and Lab Solutions compensate for U.S. sequestration pressure in Bioscience (-8%*)
- Solid organic performance and portfolio effects are offset by FX headwinds (Japanese yen and U.S. dollar)
- All business units with double-digit organic growth in Emerging Markets and ongoing solid performance in Europe
- Continued biopharma demand drives volume and price increases in Process Solutions
- Despite difficult economic environment business proves resilient maintaining high profit and cash contribution

Q3 2013 share of group sales



*reported

Balance sheet: Deleveraging continues

[€ m]	Sept 30, 2013	Dec 31, 2012		Sept 30, 2013	Dec 31, 2012
Current assets	7,374	6,626	Net equity	10,781	10,415
Cash and cash equivalents	915	730	Current liabilities	4,080	4,562
Marketable securities and financial assets	2,392	1,798	Current financial liabilities	568	1,091
Trade accounts receivable	2,053	2,115	Trade accounts payable	1,329	1,288
Inventories	1,566	1,534	Other current liabilities	1,072	1,096
Other current assets	361	272	Income tax liabilities	535	401
Income tax receivables	87	179	Current provisions	576	684
Non-current assets	13,953	15,017	Non-current liabilities	6,465	6,667
Intangible assets	10,281	10,945	Non-current financial liabilities	3,274	3,362
Property, plant and equipment	2,592	2,954	Other non-current liabilities	6	9
Non-current financial assets	75	97	Non-current provisions	1,002	892
Other non-current assets	95	75	Prov. for pensions / other	1,240	1,212
Deferred tax assets	909	947	Deferred tax liabilities	943	1,192
Total assets	21,326	21,643	Total liabilities and equity	21,326	21,643

- Cash position increases, despite redemption of €750 m eurobond in September
- Ongoing deleveraging leading to comfortable gearing ratios

Another quarter of strong cash generation

[€ m]	Q3 2013	Q3 2012	Δ	Cash flow drivers
Profit after tax	343	189	154	▪ High profit after tax due to strong underlying business performance and lower restructuring charges
D&A	315	343	-28	▪ Lower amortization from Avonex and Enbrel reduced D&A
Changes in provisions	32	121	-88	▪ Operational cash flow down as prior year benefitted from new working capital management
Changes in other assets / liabilities	76	54	21	▪ Financing activities reflect €750m bond repayment in September 2013
Other operating activities	-8	-2	-6	▪ Q4 expected sequentially at more moderate level due to seasonal cash items
Operating cash flow before changes in WC	758	705	53	
Changes in working capital	69	203	-134	
Operating cash flow	827	908	-81	
Investing cash flow	-20	-397	377	
thereof Capex*	-78	-64	-14	
Financing cash flow	-745	-76	-669	

*Only PPE without intangibles

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Business overview

Transforming the company

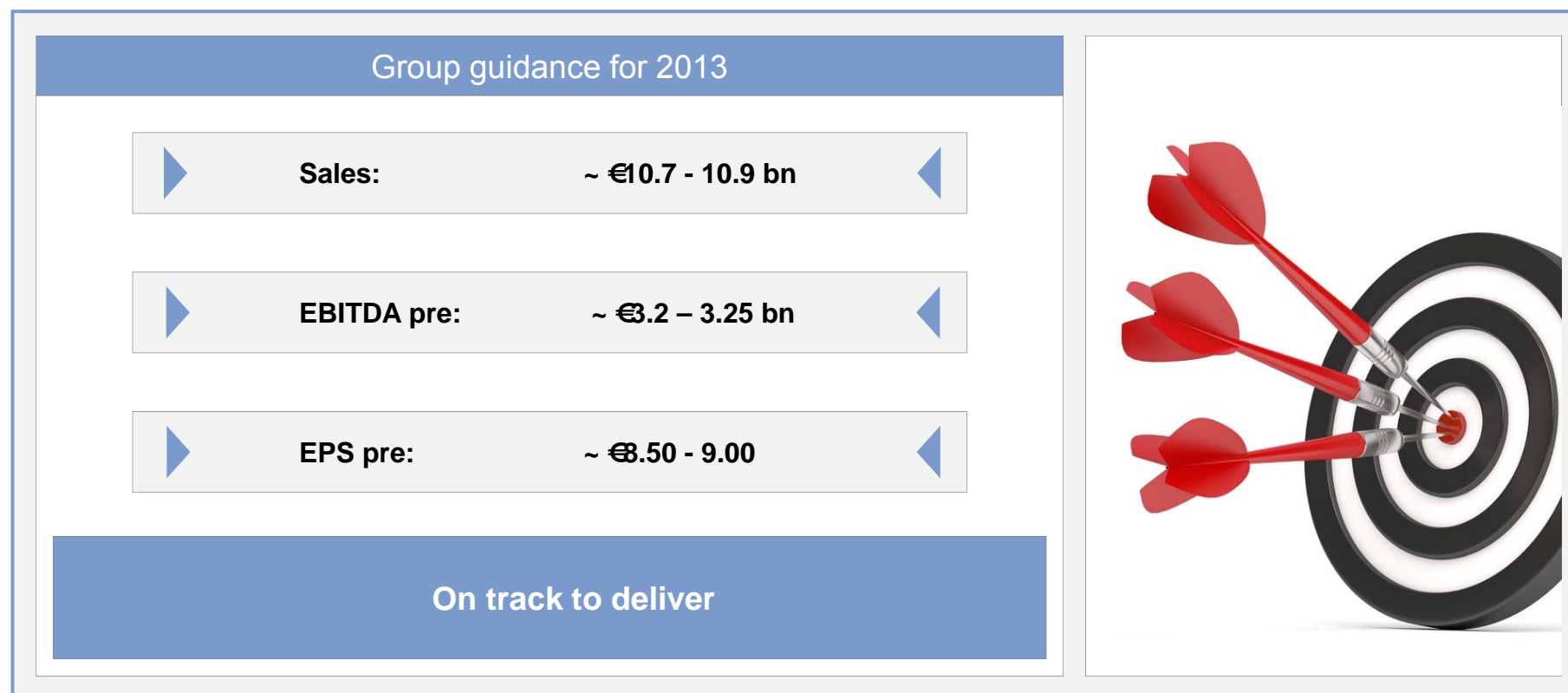
Acquisition of AZ Electronic Materials

Business and financial review Q3 2013




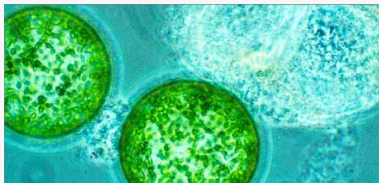
Guidance

Upgrade of EBITDA pre group guidance

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Precision of divisional 2013 guidance – Performance Materials and Consumer Health to come out stronger

Biopharmaceuticals	Consumer Health	Performance Materials	Life Science
			
Sales	Sales	Sales	Sales
Moderate organic growth	Moderate organic growth	Stable	Moderate organic growth
EBITDA pre	EBITDA pre	EBITDA pre	EBITDA pre
~ €1.9 – 2.0 bn	~ €73 - 77 m	~ €750 - 770 m	~ €620 – 640 m
Group 2013 guidance: ~ €3.2 – 3.25 billion EBITDA pre			

Appendix

Additional financial guidance

Further financial details	
Royalty, license and commission income in 2014	To decline to: ~€180-200 m
Corporate EBITDA pre	~€-210 m
Underlying tax ratio	~25% to 26%
Capex on PPE	~€450 m
Hedging / USD assumption	2013 & 2014 hedge ratio around 40% at EUR/USD ~1.30 to 1.35

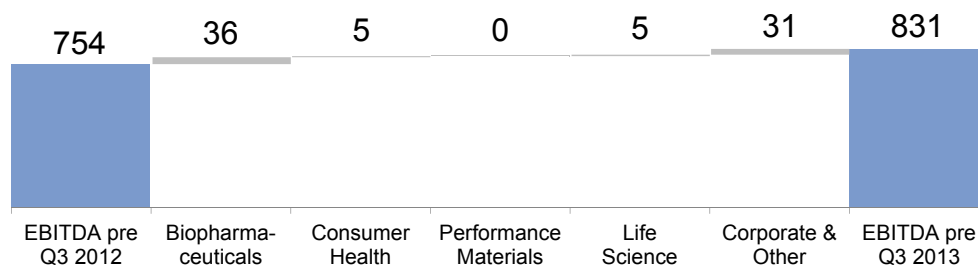


EBITDA pre improves while currency headwinds hurt

Merck KGaA
Darmstadt · Germany

Q3 yoy sales	Organic	Currency	Portfolio	Total
Biopharmaceuticals	5%	-7%	0%	-2%
Consumer Health	15%	-8%	0%	7%
Performance Materials	-2%	-7%	0%	-9%
Life Science	6%	-7%	1%	-1%
The Group	5%	-7%	0%	-2%

Q3 yoy EBITDA pre contributors [€ m]



- Biopharmaceuticals and Life Science strongest absolute contributors to organic growth
- All divisions continue to experience significant currency headwinds, stemming mainly from the U.S. dollar and the Japanese yen
- Cost efficiencies and resource allocation in marketing and selling fuel Biopharmaceuticals improvement
- Corporate & Other reflects hedging gains and cost efficiencies

Reported earnings strong, driven by operational and financial improvements

Merck KGaA
Darmstadt · Germany

[€ m]	Q3 2013	Q3 2012	Δ	Reported results
EBIT	482	318	51%	<ul style="list-style-type: none"> ▪ EBIT increases due to good business performance and lower one-time costs ▪ Strong debt deleveraging drives financial result improvement ▪ Lower tax rate, due to one-time tax benefits ▪ Increase of reported EPS reflects operational and financial improvements
Financial result	-52	-58	11%	
Profit before tax	430	260	65%	
Income tax	-87	-71	-23%	
<i>Tax ratio (%)</i>	<i>20%</i>	<i>27%</i>		
Net income	340	185	83%	
EPS (€)	1.56	0.85	83%	

9M 2013: Jump in profitability fueled by company restructuring

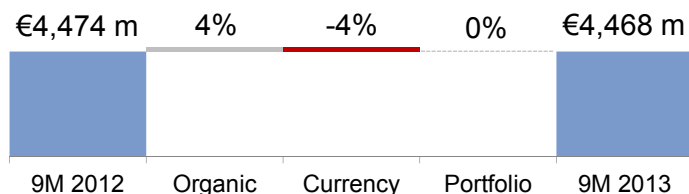
[€ m]	9M 2013	9M 2012	Δ
Sales	8,064	8,029	0%
EBITDA pre	2,458	2,175	13%
<i>Margin (% of sales)</i>	<i>30.5%</i>	<i>27.1%</i>	
EPS pre [€]	6,66	5.56	20%
Operating cash flow	1,785	2,074	-14%
[€ m]	Sept 30, 2013	Dec 31, 2012	Δ
Net financial debt	536	1,926	-72%
Working capital	2,290	2,360	-3%
Employees	37,976	38,847	-2%
EBITDA and margin upgraded to a new level			

- 9M 2013**
- Good organic sales growth of 4% is being offset by FX leading to stable top line development
 - 340 bps EBITDA pre margin uplift reflects strong restructuring execution
 - 2012 operating cash flow driven by exceptional working capital improvement
 - Continuous net financial debt reduction reflecting strong cash-generating nature of business

Biopharmaceuticals: Good organic growth and swift cost savings implementation boost margin

[€ m]	9M 2013	9M 2012
Sales	4,468	4,474
Marketing and selling	-965	-1,030
Admin	-154	-166
R&D	-918	-916
EBIT	752	328
EBITDA	1,407	1,034
EBITDA pre	1,455	1,318
<i>Margin (% of sales)</i>	<i>32.6%</i>	<i>29.5%</i>

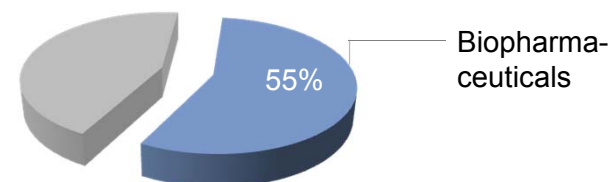
Sales bridge



Comments

- Sales virtually stable as ongoing good organic momentum in Emerging Markets is being offset by adverse currency effects
- Rebif price increases in U.S. trigger organic growth - being mitigated by softening volumes
- Erbitux performs at 5% organic growth driven by Emerging Markets and strong support from head and neck launch in Japan
- Visible cost containment in marketing & selling and administration
- R&D contains investments in life-cycle management as well as early oncology projects
- Profitability increases on savings and yield variances

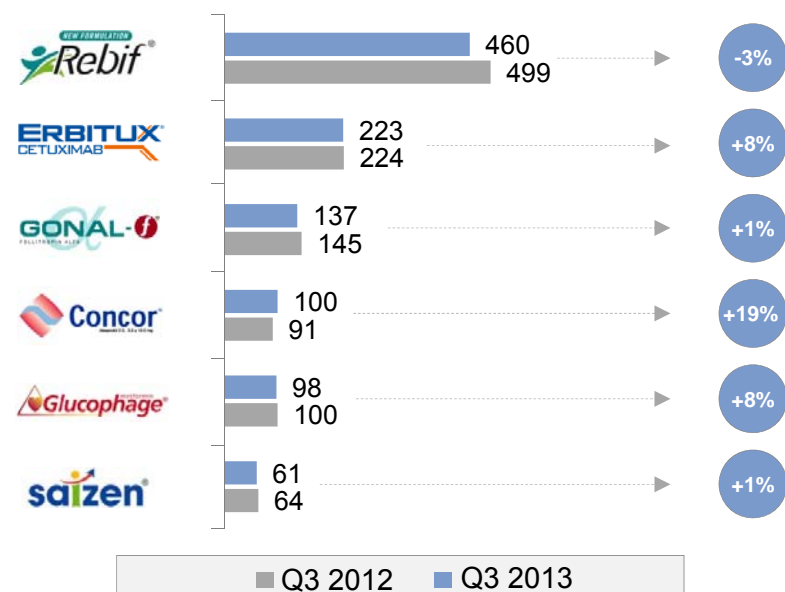
9M 2013 share of group sales



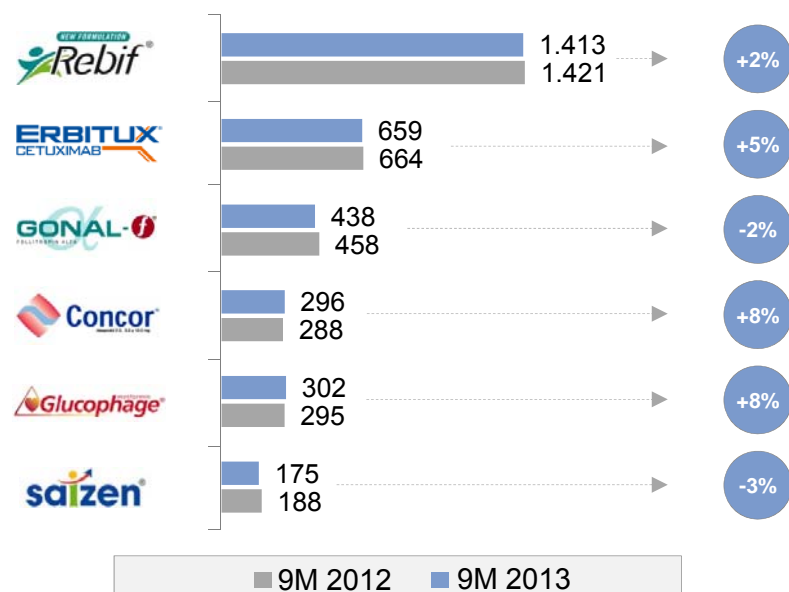
Biopharmaceuticals organic growth by product

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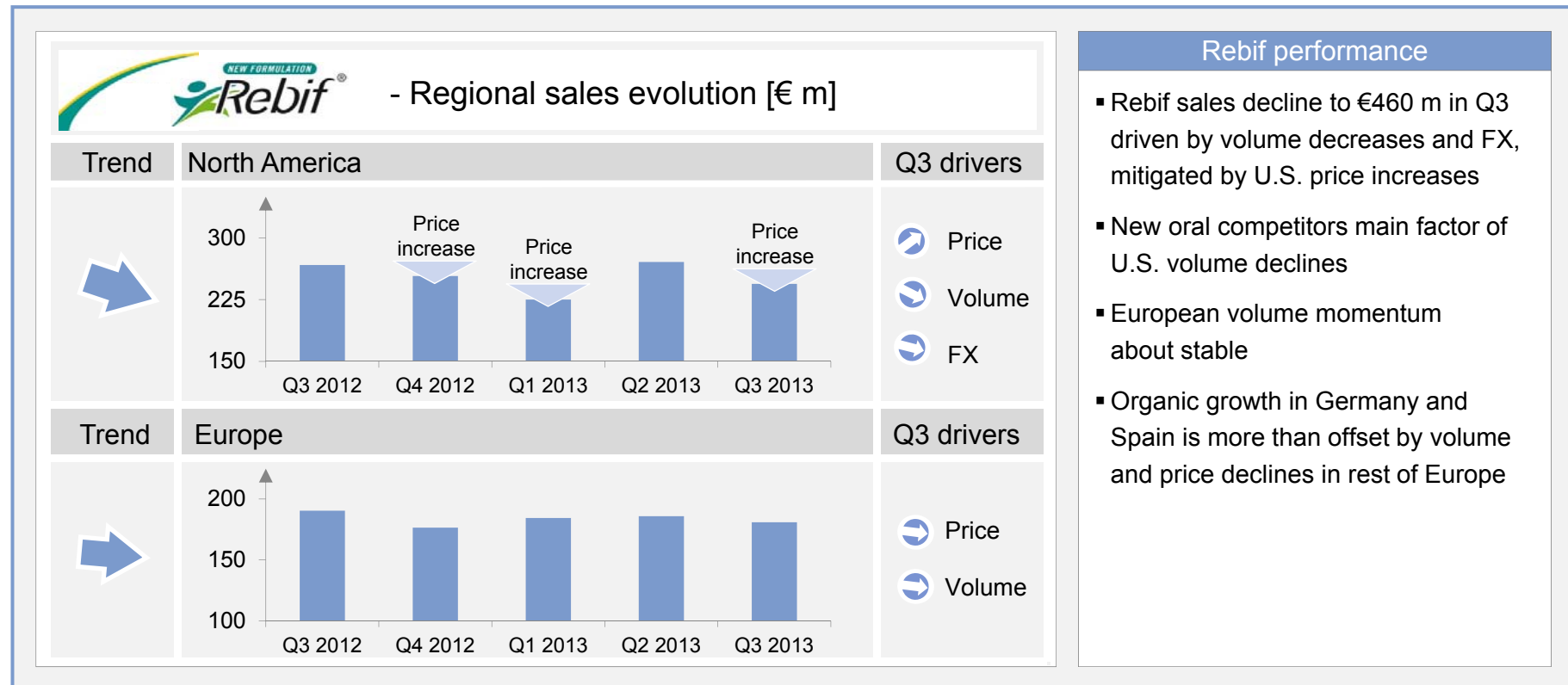
Q3 2013 organic sales growth [%] by key products [€ m]



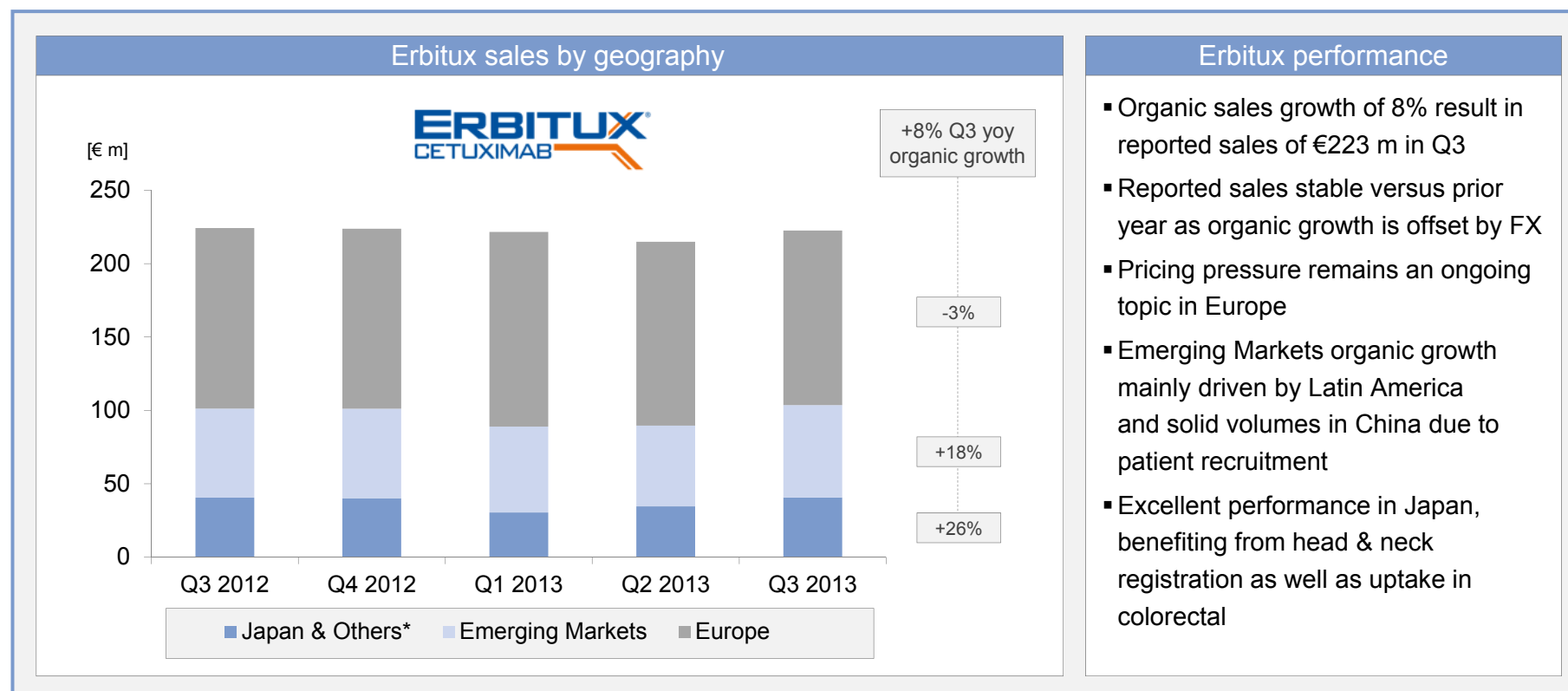
9M 2013 organic sales growth [%] by key products [€ m]



Rebif – no change in guidance, organically stable compared to previous year

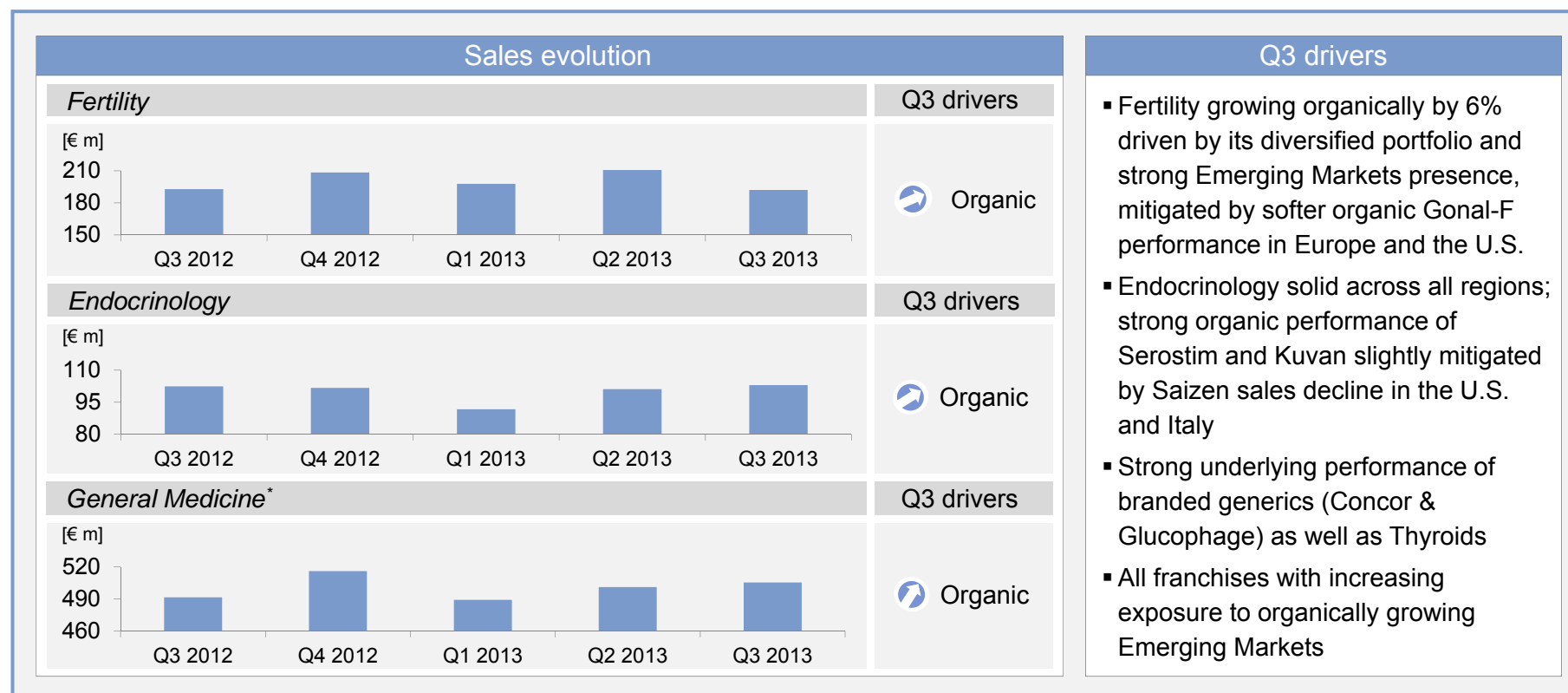


Erbitux – outstanding performance in Emerging Markets and Japan drive organic growth



*Australia/Oceania, Africa

General Medicine continues to expand in Emerging Markets while Fertility and Endocrinology remain flat

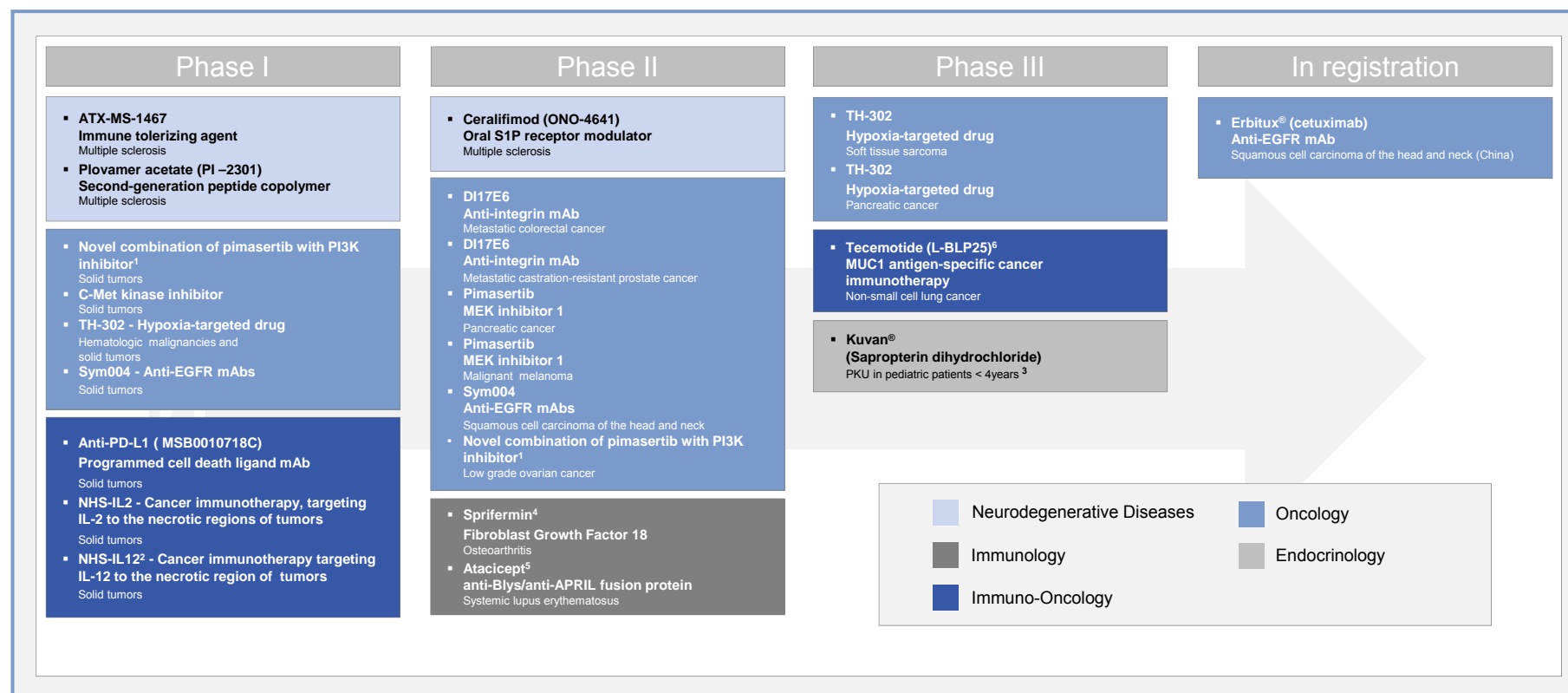


- Fertility growing organically by 6% driven by its diversified portfolio and strong Emerging Markets presence, mitigated by softer organic Gonol-F performance in Europe and the U.S.
- Endocrinology solid across all regions; strong organic performance of Serostim and Kuvan slightly mitigated by Saizen sales decline in the U.S. and Italy
- Strong underlying performance of branded generics (Concor & Glucophage) as well as Thyroids
- All franchises with increasing exposure to organically growing Emerging Markets

*formerly "Cardiometabolic Care & General Medicine and Others"

Biopharmaceuticals pipeline

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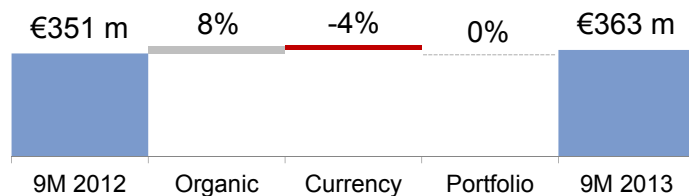


Pipeline as of Sept, 2013; ¹Combined with PI3K/mTOR inhibitor of Sanofi (SAR245409), conducted under the responsibility of Merck KGaA, Darmstadt, Germany
²Sponsored by the National Cancer Institute (NCI), USA; ³Phase IIIb post-approval request by EMA; ⁴FORWARD study on-going; ⁵ADDRESS II study in preparation
⁶START2 study in preparation. INSPIRE study ongoing

Consumer Health: Healthy organic growth and execution of efficiency measures drive profitability

[€ m]	9M 2013	9M 2012
Sales	363	351
Marketing and selling	-159	-159
Admin	-13	-15
R&D	-12	-14
EBIT	51	24
EBITDA	58	33
EBITDA pre	58	47
<i>Margin (% of sales)</i>	<i>15.9%</i>	<i>13.5%</i>

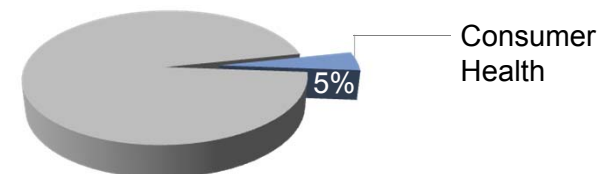
Sales bridge



Comments

- Higher sales on strong organic increase mitigated by adverse currency effects
- Solid organic growth in Emerging Markets and Europe, as key elements of top-line increase
- Strong performance of cough and cold and vitamin products, especially Bion 3 and Nasivin, mainly stemming from Europe
- Foster growth of core products through focused resource allocation
- Improved profitability driven by focus on strategic products, cost containment and exit from unprofitable markets lacking scale

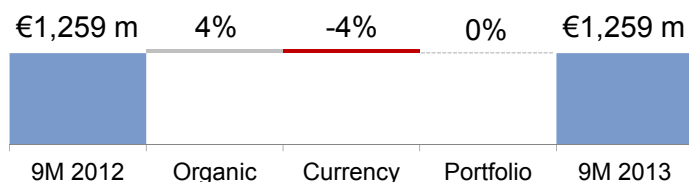
9M 2013 share of group sales



Performance Materials: Pigments restructuring and liquid crystals leadership increase profitability

[€ m]	9M 2013	9M 2012
Sales	1,259	1,259
Marketing and selling	-107	-106
Admin	-22	-24
R&D	-107	-102
EBIT	519	477
EBITDA	611	565
EBITDA pre	613	553
<i>Margin (% of sales)</i>	<i>48.7%</i>	<i>44.0%</i>

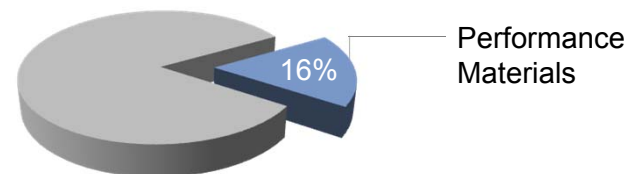
Sales bridge



Comments

- Sales stable as organic growth and currency headwinds offset each other
- Focus on improving existing and developing future technologies to maintain high market shares are elements of R&D increase
- Global display trends drive demand for large TVs and tablets resulting in shift towards PS-VA and IPS technologies
- Pigments supporting business with strong Xirallic volumes in Europe as well as implementation of efficiency measures
- Changes in product mix, good capacity utilization and cost control drive margin improvement

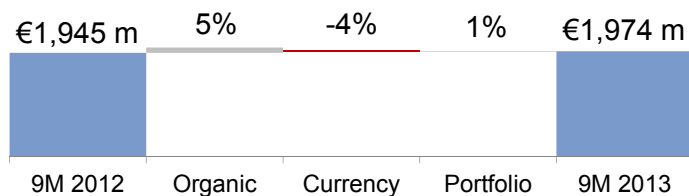
9M 2013 share of group sales



Life Science: Proven resilience amid U.S. sequestration and FX headwinds

[€ m]	9M 2013	9M 2012
Sales	1,974	1,945
Marketing and selling	-514	-502
Admin	-75	-78
R&D	-121	-122
EBIT	211	221
EBITDA	444	449
EBITDA pre	475	471
<i>Margin (% of sales)</i>	<i>24.1%</i>	<i>24.2%</i>

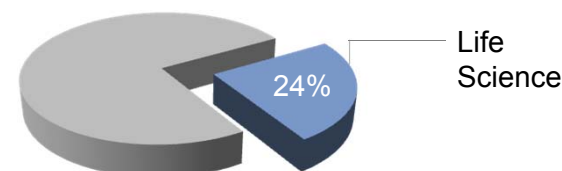
Sales bridge



Comments

- Price and volume increases are mitigated by FX mainly due to the devaluation of the Japanese yen
- Ongoing healthy demand from biopharmaceutical industry especially for single use products drive Process Solutions growth
- Mid-single digit Lab Solutions growth led by Biomonitoring and strong Lab Water performance in the U.S.
- Bioscience performance impacted by U.S. healthcare budget constraints, overshadowing good performance in Europe
- Slight increase in EBITDA pre on higher volumes and prices despite higher costs in marketing & selling as field force enlarges

9M 2013 share of group sales



Solid operating cash flow in 9M 2013

[€ m]	9M 2013	9M 2012	Δ	Cash flow drivers
Profit after tax	928	303	624	<ul style="list-style-type: none"> ▪ Higher profit after tax due to good operational business performance; prior year included restructuring
D&A	997	1,037	-41	
Changes in provisions	35	551	-516	<ul style="list-style-type: none"> ▪ Changes in provisions for 9M 2012 including provisions for restructuring measures
Changes in other assets / liabilities	-56	-217	161	
Other operating activities	-47	-26	-21	<ul style="list-style-type: none"> ▪ Other assets and liabilities decrease due to lower tax payments
Operating cash flow before changes in WC	1,857	1,649	208	<ul style="list-style-type: none"> ▪ Improvement in working capital management drives 2012 operating cash flow
Changes in working capital	-72	425	-497	
Operating cash flow	1,785	2,074	-289	<ul style="list-style-type: none"> ▪ Investing cash flow up due to higher investment in marketable securities, despite cash-in from Geneva HQ sale
Investing cash flow	-612	-584	-27	
thereof Capex*	-235	-181	-54	<ul style="list-style-type: none"> ▪ Financing cash flow contains bond repayments in 2012 and 2013
Financing cash flow	-966	-944	-23	

External growth criteria

Strategic criteria

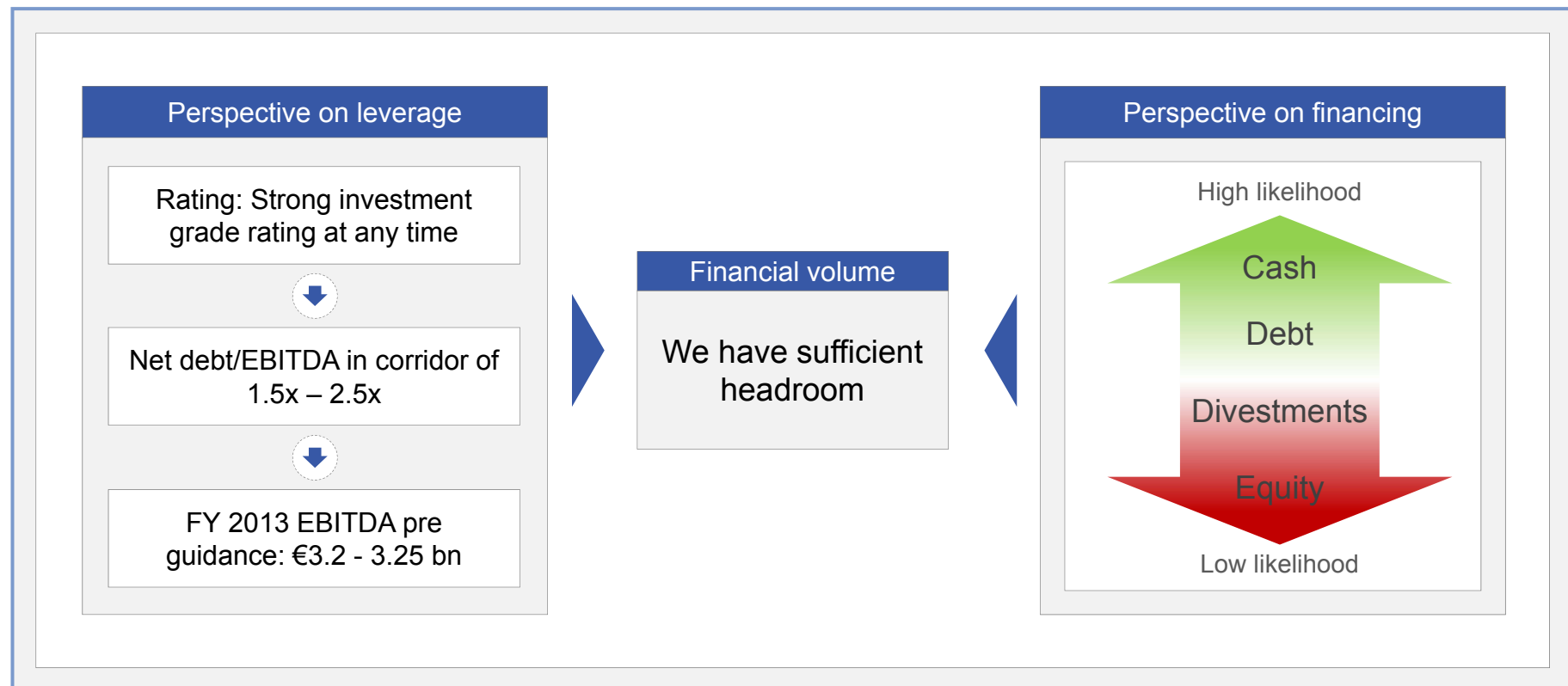
- ▶ Portfolio fit: Innovations for specialty markets
- ▶ Complementary to business model: Customer intimacy and leading positions
- ▶ Cultural fit

Financial criteria



- ▶ EPS accretive in one to three years for commercial asset acquisitions
- ▶ Strong investment grade rating maintained
- ▶ Adherence to conservative financial policy



Financial M&A framework

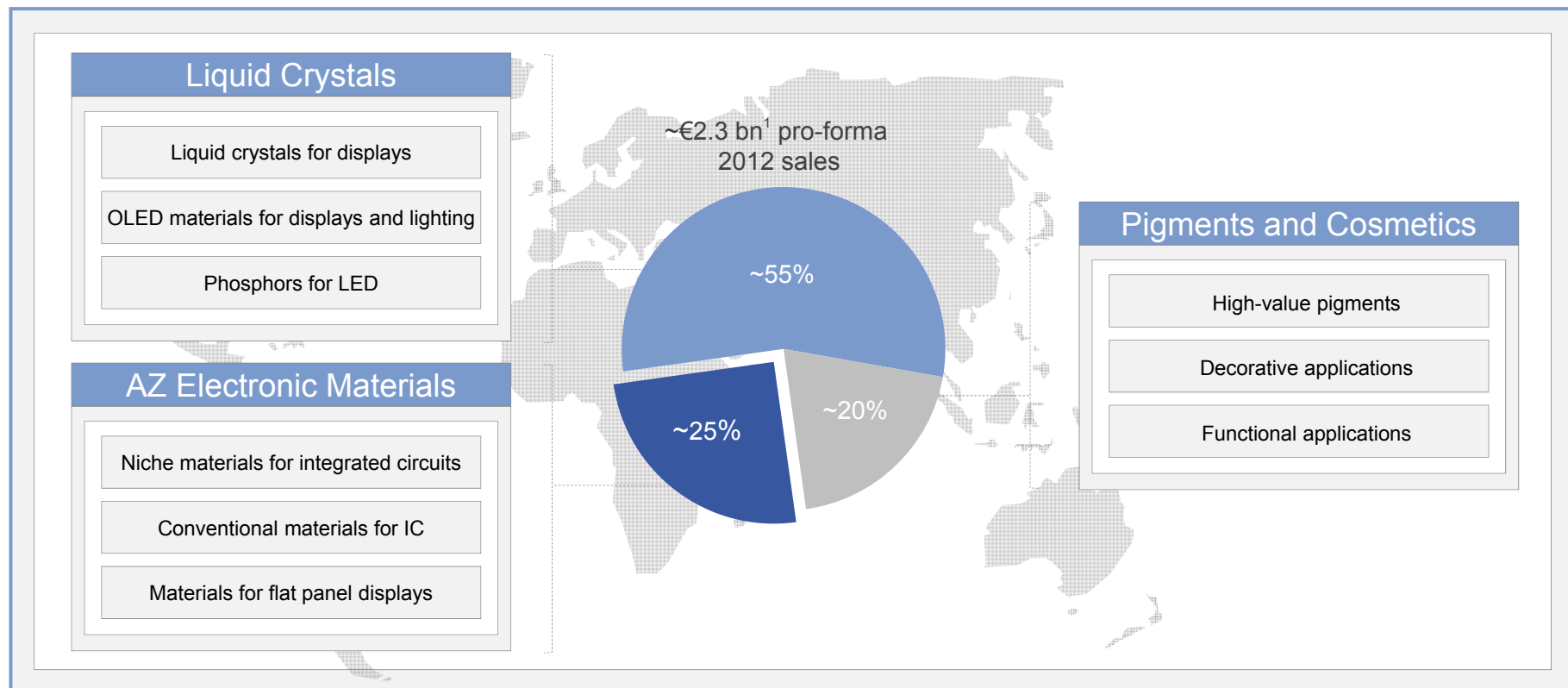


Our chemicals activities stand apart from typical players in the chemical industry

Bulk chemicals	Companies	Players like BASF ¹ , Bayer Materials Science, Dow	Volumes	kt	Margins ²	10-15%
Specialty chemicals	Companies	Companies like DSM, Evonik, AkzoNobel, DuPont	Volumes	t	Margins ²	15-20%
High value-added chemicals	Companies	Specialty chemicals firms like Symrise, Givaudan, Croda	Volumes	kg	Margins ²	20-30%
 	Companies	€ bn business with small volumes at high value per gram/litre and decisive function for customer	Volumes	g/l	Margins ²	Premium
Differentiation of our chemical activities is driven forward						

¹BASF without Oil and Gas; ²On EBITDA

Performance Materials raises exposure to global megatrends in electronics materials



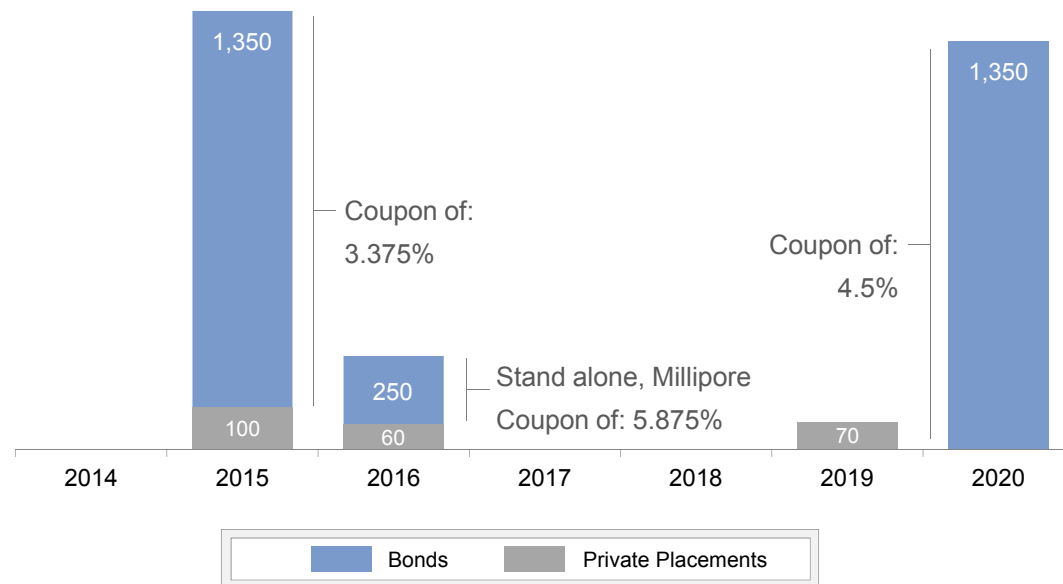
¹Pro-forma calculation based on published sales for FY 2012 for Performance Materials and AZ Electronic Materials

Comfortable liquidity situation through broad mixture of financing sources

Financial profile

- A ratings: Moody's A3 (stable outlook) and S&P A (stable outlook)
- Cash and marketable securities of ~€3.3 bn
- Completely undrawn syndicated loan facility of €2 bn, due in 2018
- Updated Debt Issuance Program with frame of €15 bn, of which ~€3 bn are utilized
- Commercial Paper Program of €2 bn, only used for funding peaks

Bond Maturity Profile as of 31 October 2013 [€ m]



Changes in FX rates impact top and bottom lines

Sensitivities* of top 3 foreign currencies - The Group, unhedged			Currency management
U.S. \$	Deviation 0.01 U.S. dollar increase versus euro	Impact Group Sales: decrease by ~€15 m Group EBITDA: decrease by ~€7 m	<ul style="list-style-type: none"> Exposure from booked revenues and invoices, receivables and liabilities, are hedged 100% Exposure from planned revenues hedged up to three years on a rolling basis Instruments are forward contracts affecting EBITDA pre of Corporate / Other and options affecting financial result
CH ₣	Deviation 0.01 Swiss franc increase versus euro	Impact Group Sales: negligible Group EBITDA: increase by ~€4 m	
JPN ¥	Deviation 1 Japanese yen increase versus euro	Impact Group Sales: decrease by ~€4 m Group EBITDA: decrease by ~€2 m	

*approximate numbers

Corporate Responsibility has always been an integral part of our corporate culture



We continue to improve our culture of Corporate Responsibility

Targets on responsibility measure for products and people



Product safety

Goal

Establish a global hazard and risk communication system

Status

Implementation of REACH, GHS/CLP and GPS ongoing



Diversity

Goal

Increase % of women in management to at least 25-30%

Status

- 2010 = 22%
- 2011 = 23%
- 2012 = 24%



Supply chain management

Goal

Sustainability in the supply chain

Status

Responsible Sourcing Principles - program ongoing



Occupational health and safety

Goal

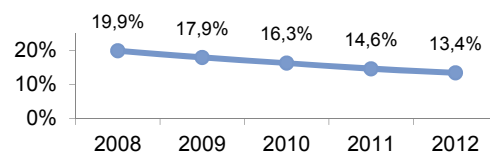
Reduce work accidents in entire Group; LTIR = 2.5

Status

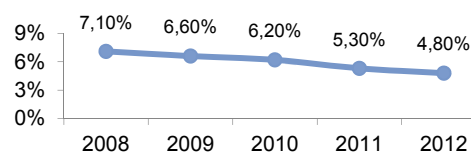
- “BeSafe!” program 2011
- 2011 LTIR = 2.0
 - 2012 LTIR = 2.3

Environmental metrics

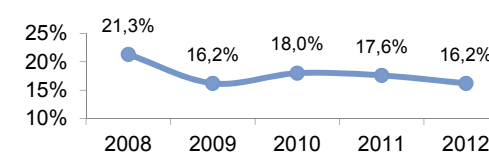
Energy consumption [GWh] / Sales [€m]



CO₂ [metric kilotons] / Sales [€m]



Water consumption [million m³] / Sales [€m]



Acronyms: REACH = Registration, Evaluation, Authorization and Restriction of Chemicals; GHS/CLP = Globally Harmonized System/Classification, Labeling and Packaging; GPS = Global Product Strategy; LTIR = Long Term Injury Rate

One-time items in Q3 2013

One-time items on EBIT				
[€ m]	Q3 2013		Q3 2012	
	One-time items	thereof D&A	One-time items	thereof D&A
Biopharmaceuticals	36	15	94	11
Consumer Health	1	0	8	0
Performance Materials	-5	0	3	0
Life Science	13	0	7	0
Corporate & Other	4	0	-8	0
Total	49	15	104	11

One-time items in 9M 2013

One-time items on EBIT				
[€ m]	9M 2013		9M 2012	
	One-time items	thereof D&A	One-time items	thereof D&A
Biopharmaceuticals	93	45	326	42
Consumer Health	0	0	14	0
Performance Materials	3	1	-11	0
Life Science	31	0	22	0
Corporate & Other	34	0	177	0
Total	161	46	528	42

Financial Calendar

Merck KGaA
Darmstadt · Germany

Date	Event
March 6, 2014	Q4/FY 2013 Earnings Release
May 9, 2014	Annual General Meeting
May 15, 2014	Q1 2014 Earnings Release
August 7, 2014	Q2 2014 Earnings Release
November 13, 2014	Q3 2014 Earnings Release



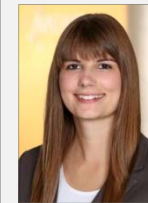
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