



Merck KGaA, Darmstadt, Germany 33rd Annual J.P. Morgan Healthcare Conference

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Merck KGaA
Darmstadt · Germany

San Francisco, January 12, 2015



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The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included elsewhere, including the Report on Risks and Opportunities Section of the most recent annual report and quarterly report of Merck KGaA, Darmstadt, Germany, and the Risk Factors section of Sigma-Aldrich’s most recent reports on Form 10-K and Form 10-Q. Any forward-looking statements made in this communication are qualified in their entirety by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, us or our business or operations. Except to the extent required by applicable law, we undertake no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

Agenda

The Group

Strategy update Biopharmaceuticals

New R&D focus

Conclusion

A balanced portfolio of four divisions

Merck KGaA, Darmstadt, Germany

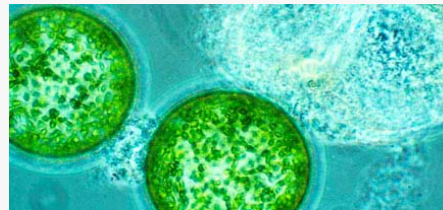
Healthcare



Leading in specialty Biopharma

- Life cycle management
- Biologics
- Emerging markets
- OTC

Life Science



Top 3 in life science tools

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

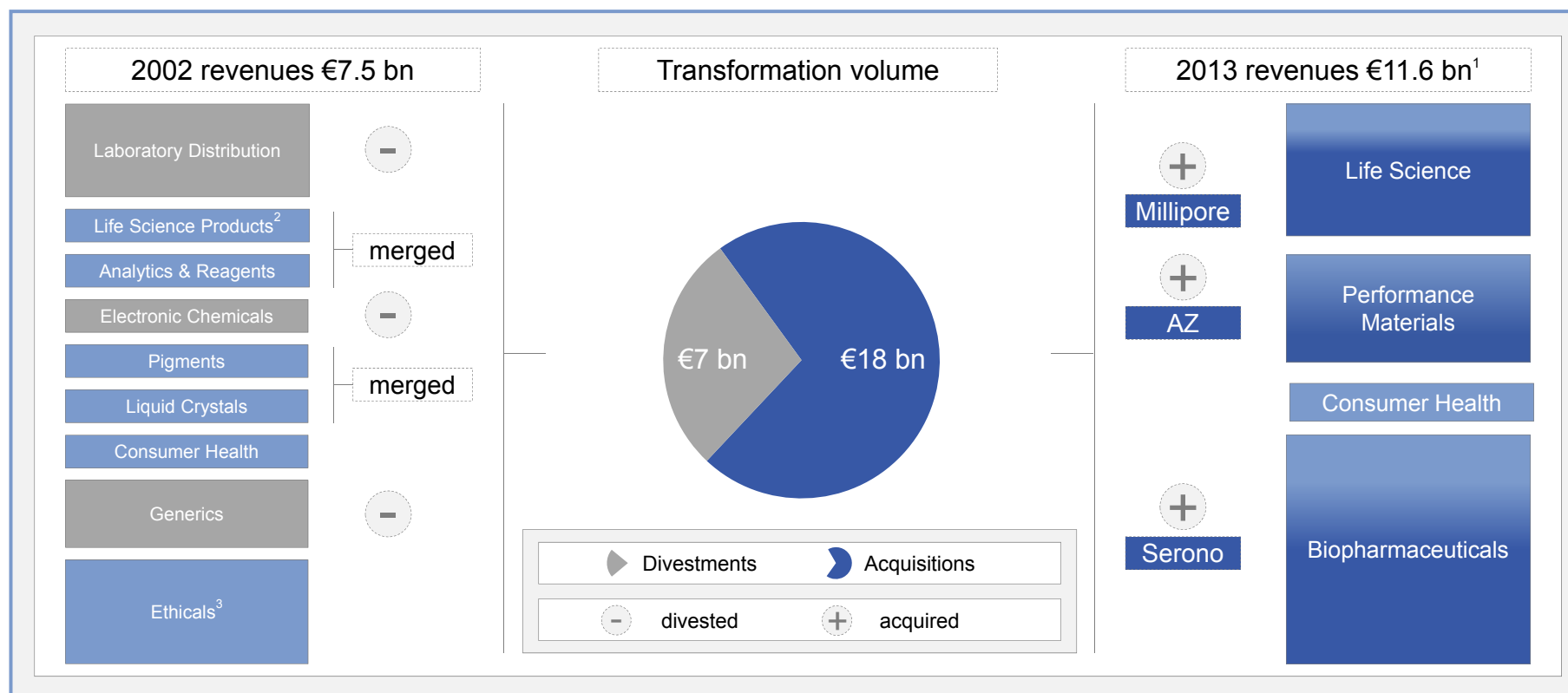
Performance Materials



No. 1 in display materials

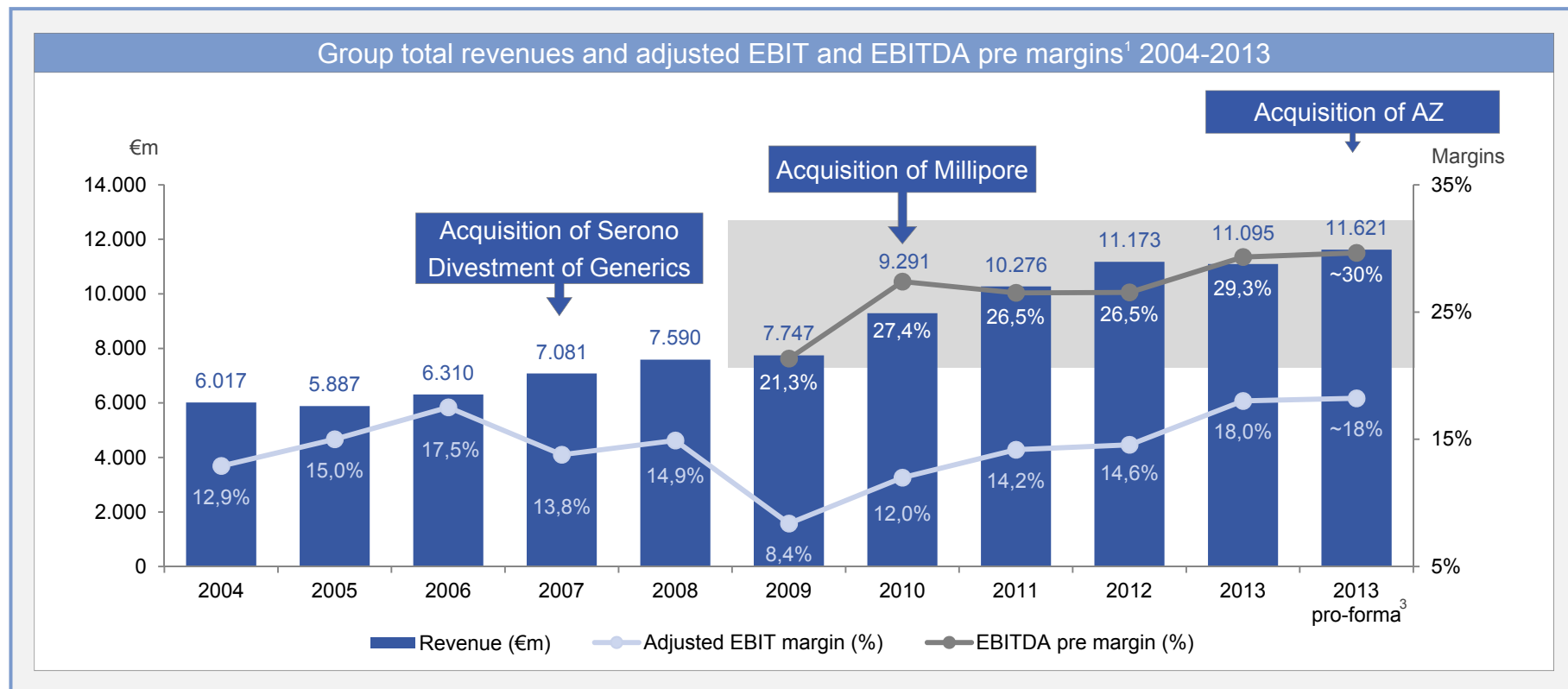
- Customer intimacy
- Innovation power
- Cost and technology leadership

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



¹Proforma figure including FY 2013 sales of AZ Electronic Materials acquired as of 2 May 2014, ²Excluding "Crop Bioscience", which was divested; ³Excluding "Theramex", which was divested

Growth initiatives have fundamentally improved profitability

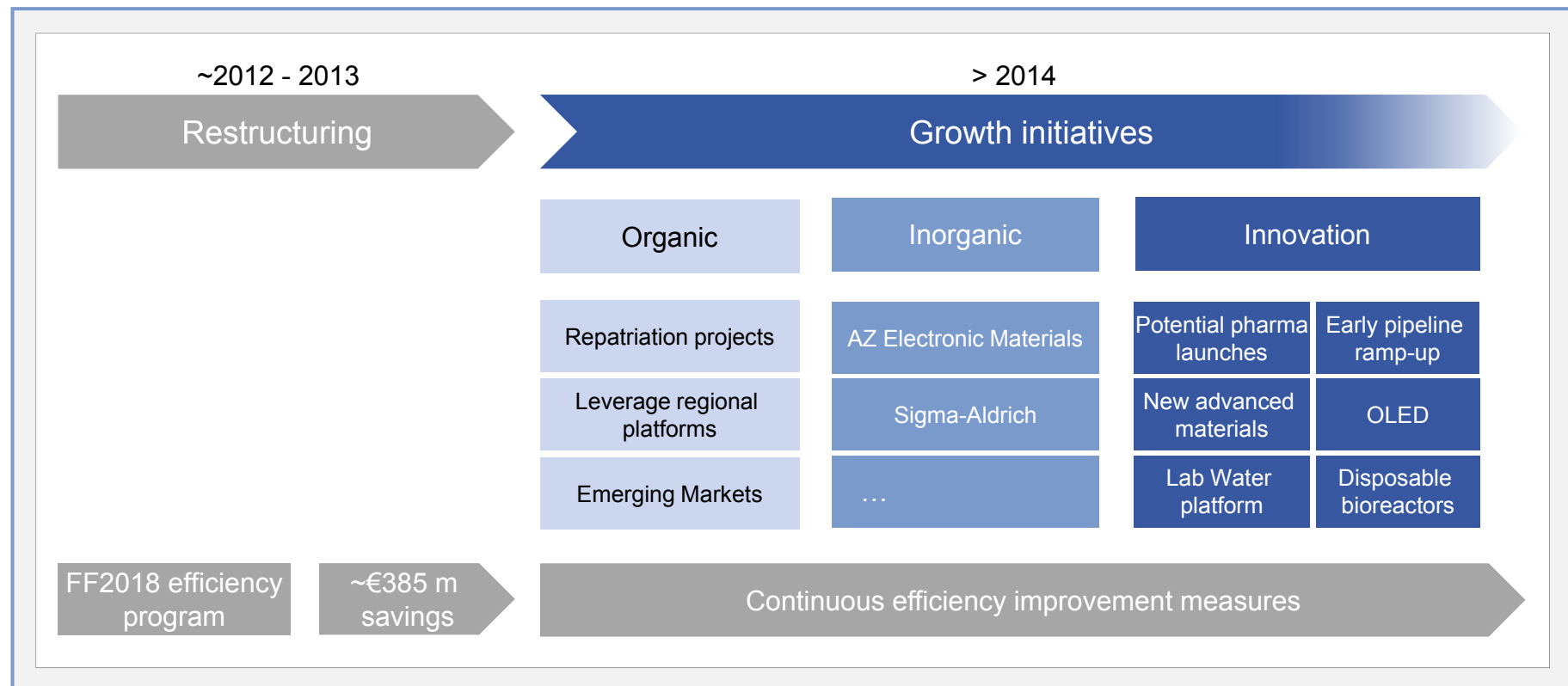


¹adjusted EBIT² and EBITDA pre divided by total revenues; ²adjusted EBIT is EBIT less exceptional items (e.g. impairments, integration costs, restructuring costs)

³Pro-forma calculation based on published FY 2013 results for Merck KGaA, Darmstadt, Germany (including pro-forma AZ); based on 100% expected synergies; including Corporate & Other

Strategic agenda beyond 2014 – Focus on growth

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Sigma Aldrich acquisition - a compelling transaction rationale

Strategic and operational fit

- Increasing scale – expanding position in attractive life science industry
- Enhancing value for our customers
 - Broadens product range and ease of doing business for Laboratories & Academia
 - Complements Process Solutions product offering
- Closing the gap in U.S. – adequate presence in all geographies
- Leveraging existing platforms for global innovation rollout

Financial fit

- Further diversification of revenue stream
- Substantial synergy potential
- Immediately accretive to EPS pre* and EBITDA margin
- Solid investment grade rating will be maintained

*EPS pre one-time items and amortization, especially from purchase price allocation (PPA)

Full-year guidance confirmed

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Group guidance for 2014, including AZ¹

▶	Sales:	~ €11.0 – 11.2 bn	◀
▶	EBITDA pre:	~ €3.3 – 3.4 bn	◀
▶	EPS pre²:	~ €4.50 – 4.75	◀



¹Including AZ Electronic Materials from May to December 2014

²Based on number of shares after the share split, which has been effective since June 30, 2014

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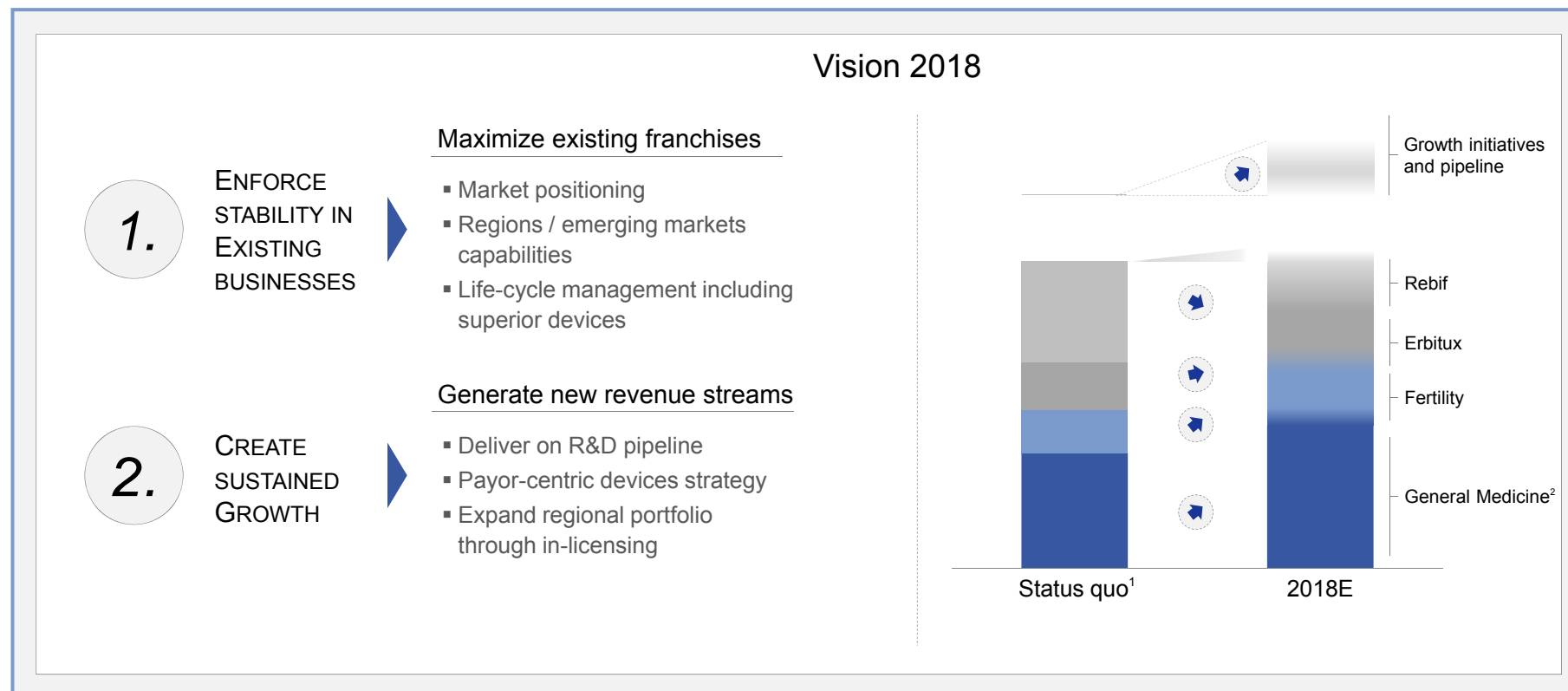
The Group

Strategy update Biopharmaceuticals

New R&D focus

Conclusion

Strategic priorities for sustainable success: New revenue streams and maximizing existing franchises



¹FY 2013; excludes Allergopharma and Biosimilars; ²including Cardiometabolic Care, Endocrinology, General Medicine and Others

The plan to maximize Biopharmaceuticals' core franchises has paid off



Continue to drive front-line mCRC share by increasing patient testing and expanding head and neck coverage



Capitalize on strong efficacy and new smart devices to maximize differentiation and defend franchise



Build on No.1 position and ART¹ channel access with embryo diagnostics and other innovative technologies



Harness strengths of existing business and build a new focus area driven by innovative devices and services for patients

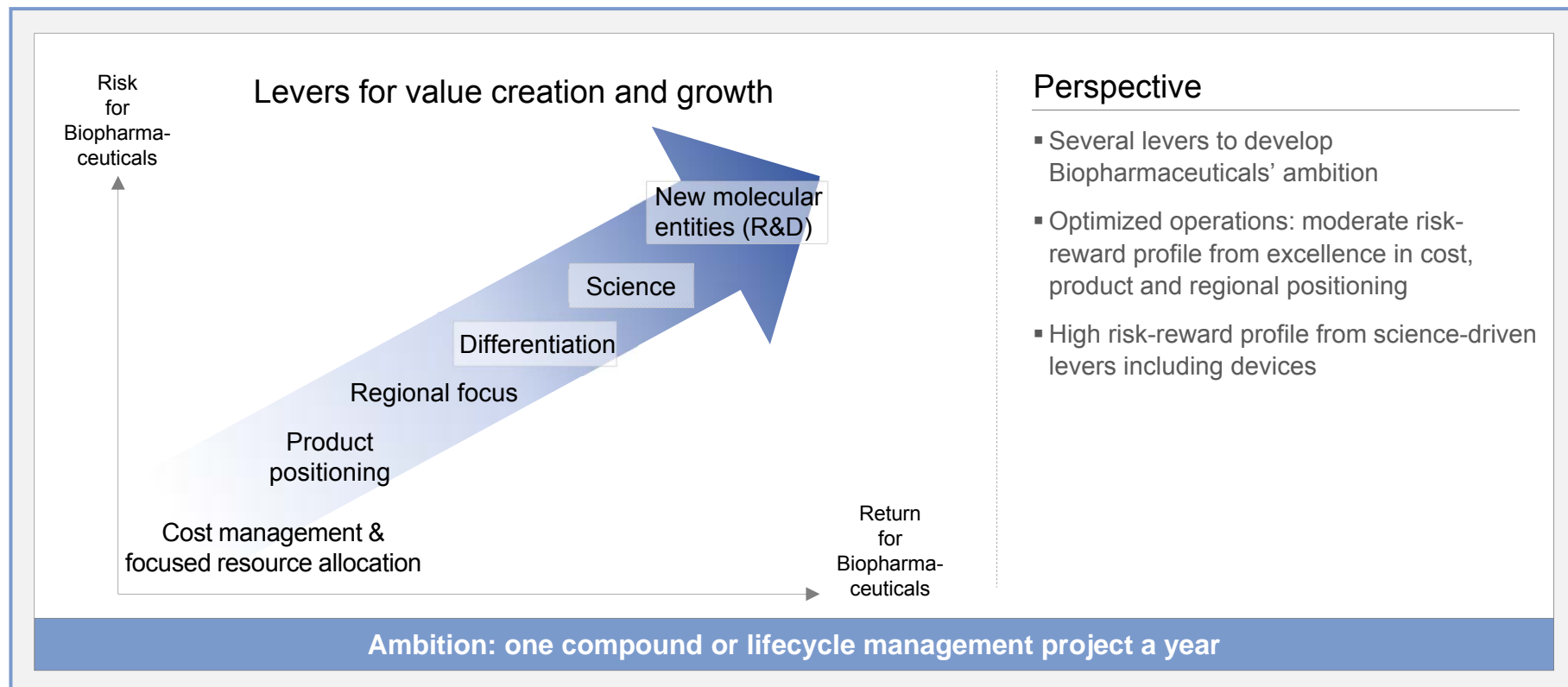


Build on existing track record in Emerging Markets, drive brand and life-cycle management and expand business including asset repatriation



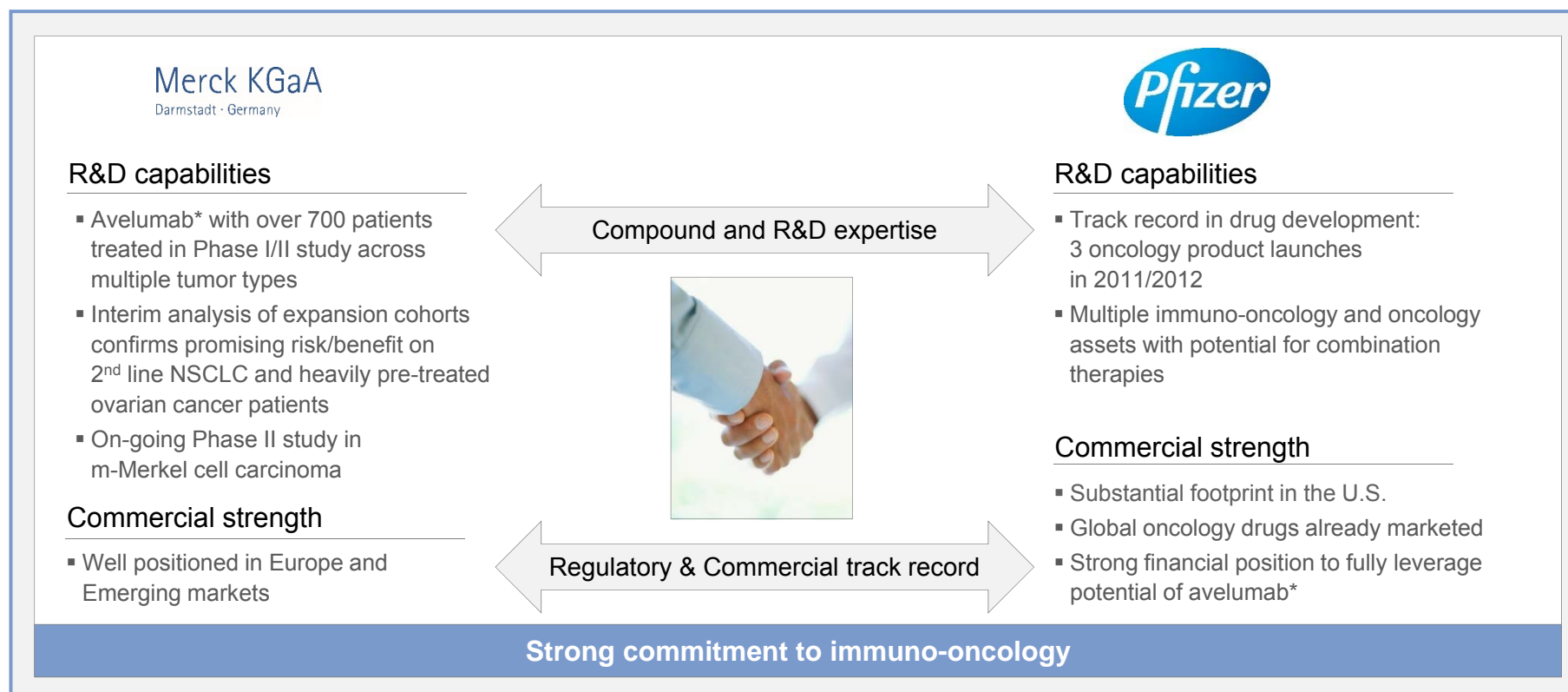
¹ART = Assisted Reproductive Technology

Biopharmaceuticals' goal: Success as a mid-sized specialty pharma player



Illustration

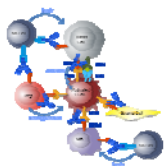
Collaboration with Pfizer – two strong players combining forces in oncology



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

Three strategic drivers for collaboration

Leverage avelumab*



- Combine Biopharmaceuticals' R&D and Pfizer's commercialization capabilities
- Speed up overall development process through joint R&D efforts
- Combine financial resources of two global Biopharma players
- Share development risk



Tackle combination therapies



- Enlarge pool of potential combinations through use of Pfizer's pipeline assets and existing products of Pfizer
- Leverage scientific expertise through joint research efforts
- Increase momentum to bring combinations to the market



Build new commercialization strength



- Co-commercialization of Xalkori in major markets
- Build up Oncology infrastructure and capabilities, especially in North America
- Broaden experience and knowledge base in advance of potential avelumab * launch
- Additional income stream to drive R&D activities



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

Financial implications of the deal with Pfizer

- ▶ \$850 m upfront cash payment, accrual to be released over several years
- ▶ ~50:50 R&D Cost split for drug development
- ▶ Milestone payments of up to \$2.0 bn based on filing/approval and commercialization of the compound across various indications & markets
- ▶ Co-commercialization of Xalkori – 2015 reimbursement for ramping up infrastructure and capabilities; followed by profit sharing agreement
- ▶ Following regulatory approval, first potential sales of avelumab*



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

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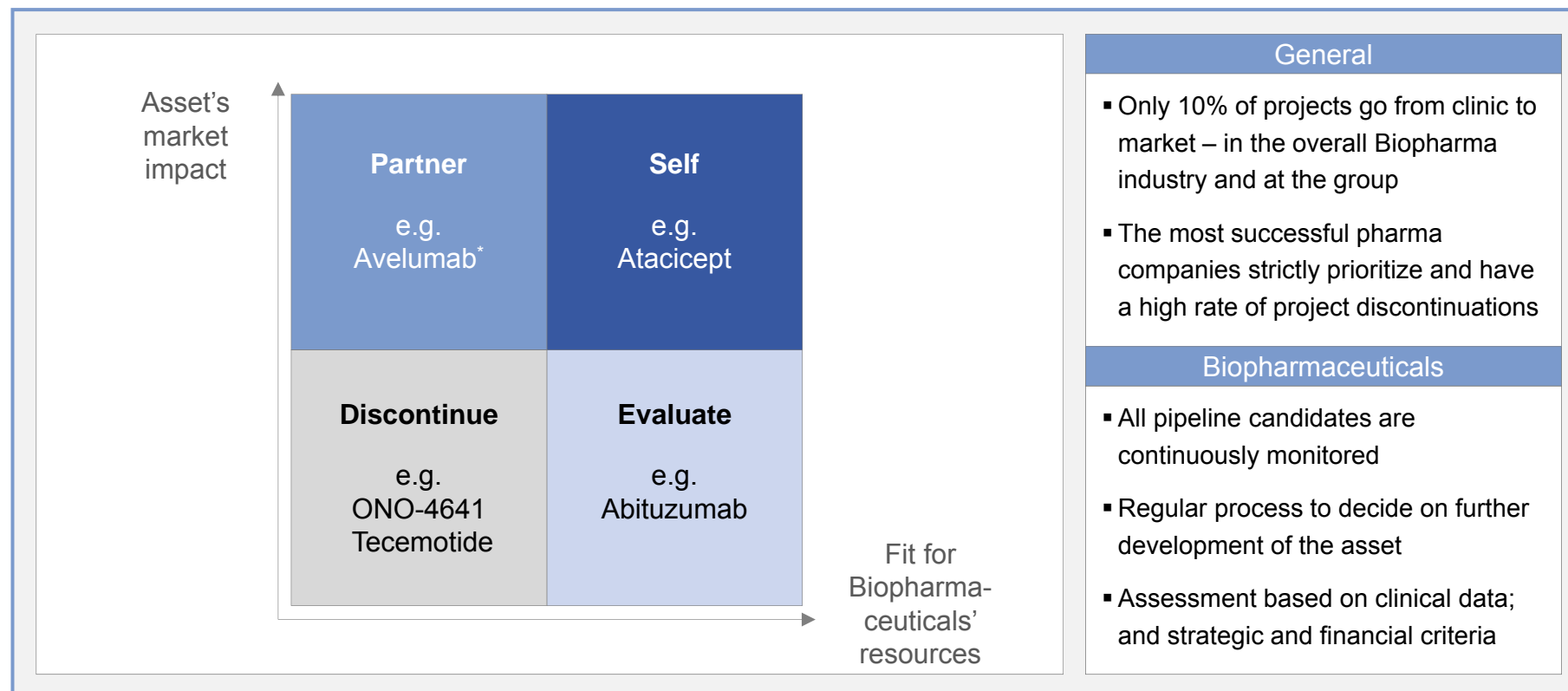
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Strategy update Biopharmaceuticals

New R&D focus

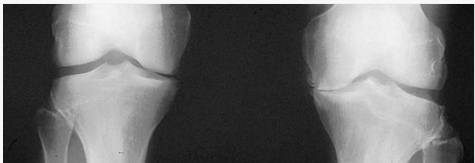
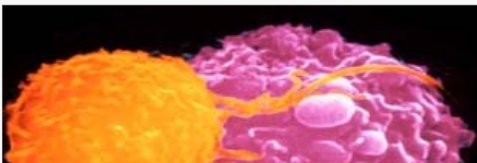

Conclusion

Current view on R&D project prioritization in Phase II and III



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

Commitment to scientific innovation makes a meaningful difference

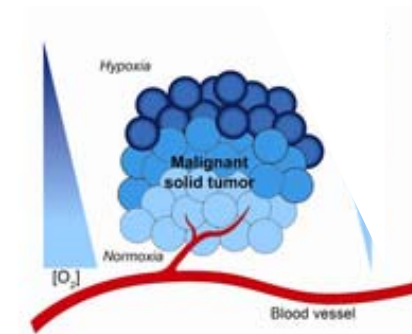
Immunology & Neurology	Oncology	Immuno-Oncology
		
Vision	Vision	Vision
Understand disease-led human immunology to build a competitive drug portfolio	Leverage our presence in oncology to deliver the best benefit possible to patients	Transform cancer into a chronic disease
Key projects*	Key projects*	Key projects*
<ul style="list-style-type: none"> ▪ Atacicept ▪ ATX-MS-1467 ▪ BTK inhibitor 	<ul style="list-style-type: none"> ▪ TH-302 ▪ c-Met inhibitor ▪ p7056K & Akt inhibitor 	<ul style="list-style-type: none"> ▪ Avelumab* ▪ NHS-IL2LT ▪ NHS-IL-12

*Examples

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

The role of hypoxia in cancer

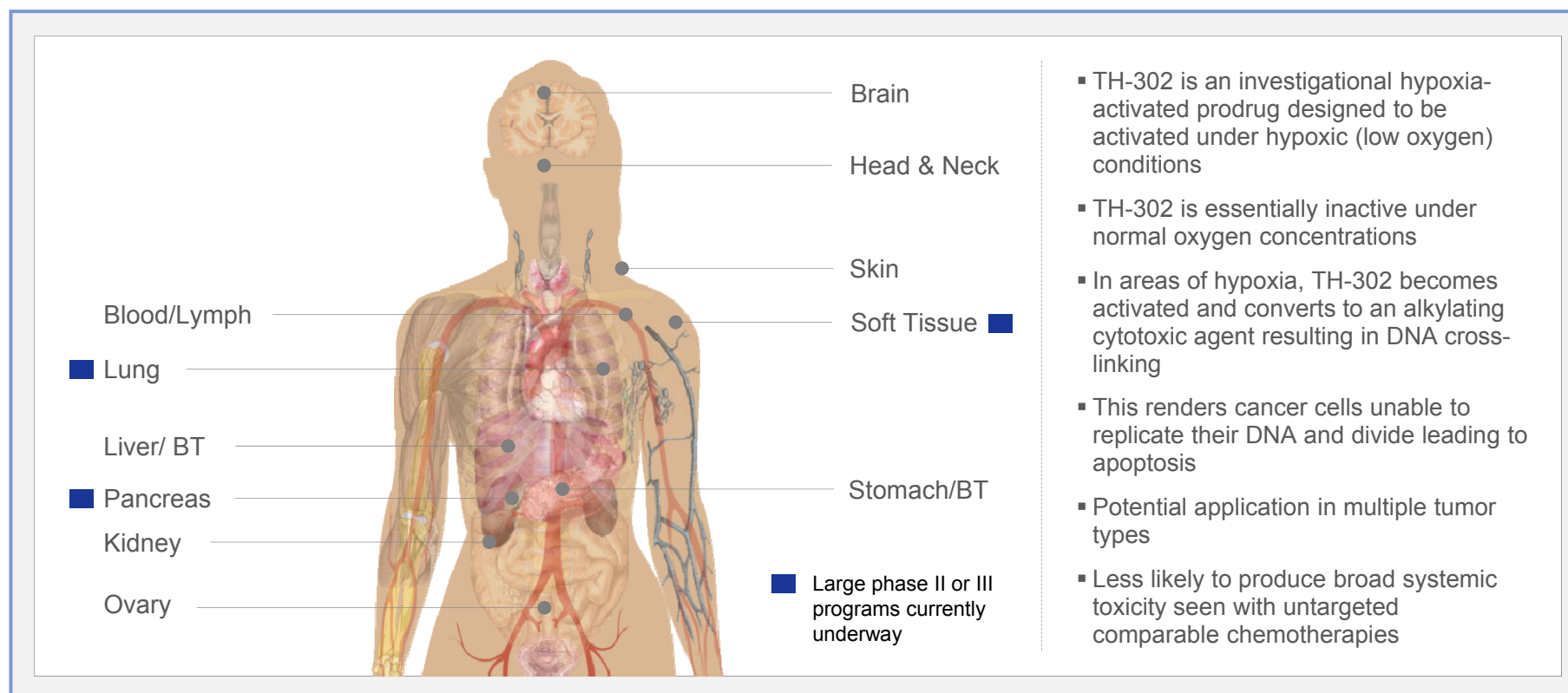
- 1 Hypoxia is a common feature of many solid tumors
- 2 Tumor hypoxia can result from rapid cell proliferation and an inadequate disordered vascular network
- 3 Sustained hypoxia can be associated with an aggressive tumor phenotype
- 4 Hypoxia is associated with resistance to chemotherapy and radiotherapy



Hypoxia is an attractive target for cancer therapy

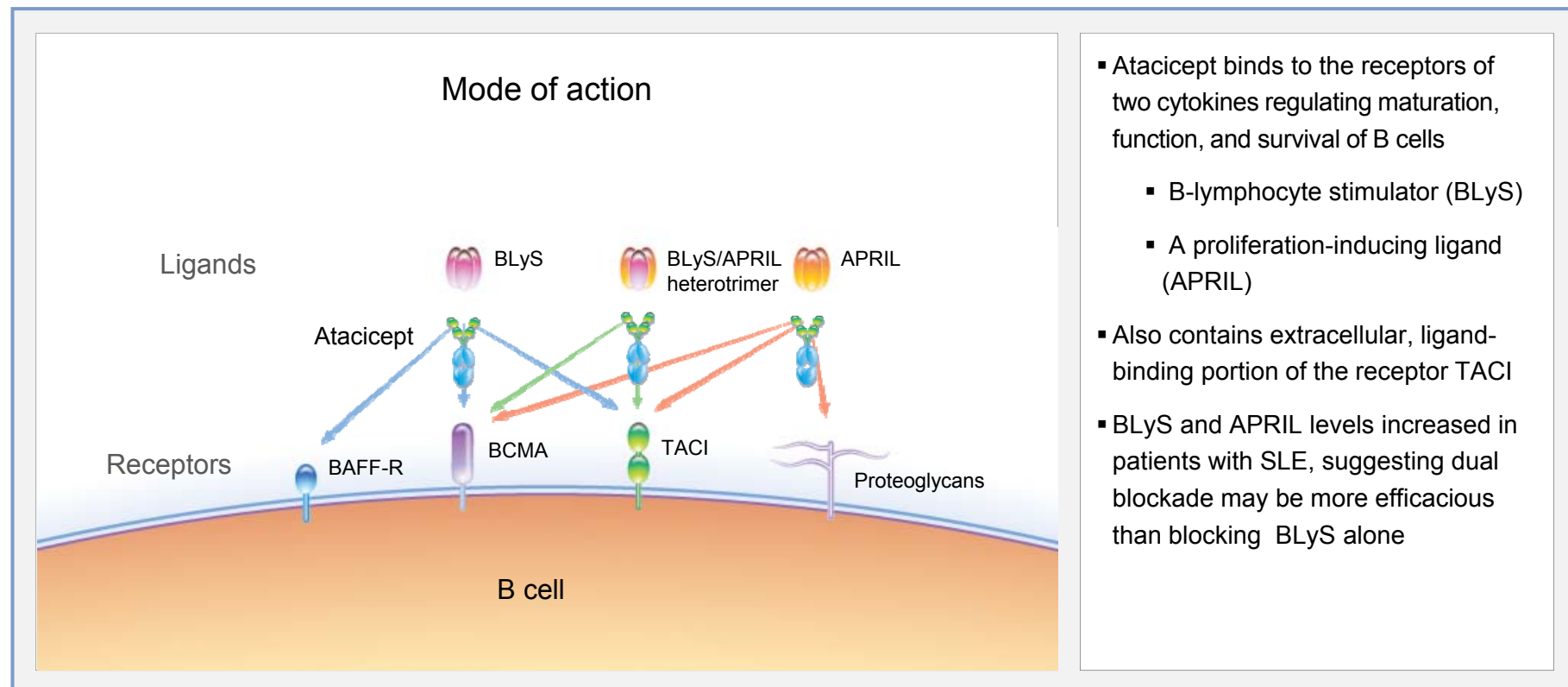
Source: Vaupel P, Mayer A. Cancer Metastasis Rev 2007; 26:225-239; Vaupel P, Höckel M, Mayer A. Antioxid Redox Signal. 2007 Aug;9(8):1221-35. Duan JX, et al. J Med Chem. 2008 Apr 24;51(8):2412-20

TH-302: Potential broad application in many tumor types



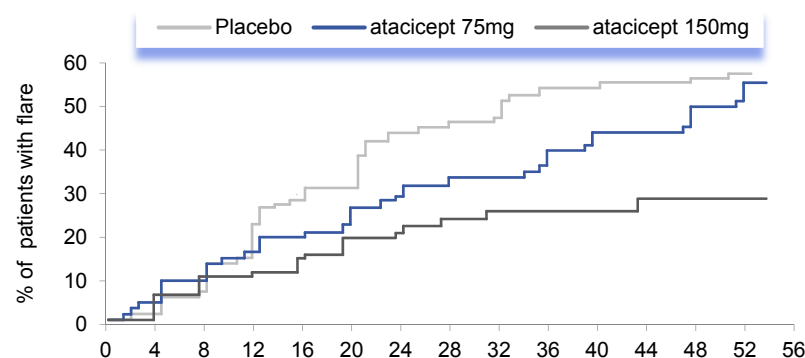
Source: Vaupel P, Höckel M, Mayer A. Antioxid Redox Signal. 2007 Aug;9(8):1221-35. Duan JX, et al. J Med Chem. 2008 Apr 24;51(8):2412-20

Atacicept targets both BLyS and APRIL

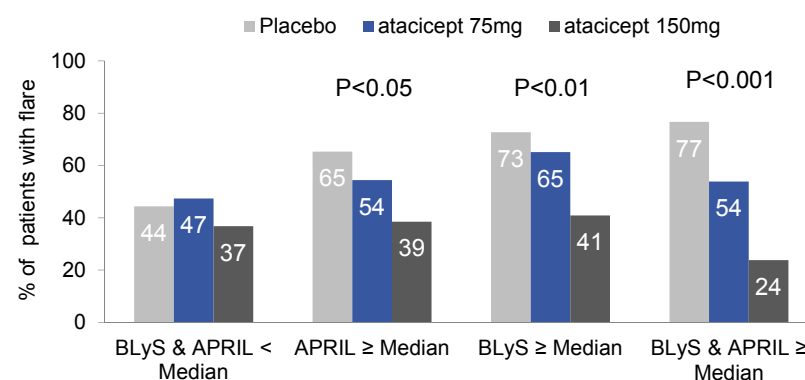


Source: Dillon S, et al. Arthritis Res Ther. 2010. Dillion SR et al, Nature reviews, Drug Discovery , March 2006

APRIL-SLE efficacy: Significantly longer time to first flare and reduced number of flares in 150 mg group



Time to first new flare (BILAG A or B) during treatment, Potential Completer Population



Analysis of potential completer population;
BLYS median = 1.9 ng/mL; APRIL median = 2.24 ng/mL

APRIL-SLE

Post hoc analysis showed that atacicept was associated with a dose-dependent decrease in proportion of patients requiring higher doses of corticosteroids

Treatment group

Placebo
atacicept 75mg
atacicept 150mg

Any increase in steroid

35.6%
29.8%
13.6%

Increase to ≥20 mg prednisone (high dose)

32.1%
27.4%
12.3%

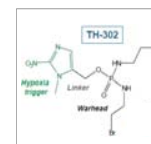
Stringent R&D prioritization of oncology-tilted pipeline to yield first potential results 2016+

Focus on bolstering pharma R&D pipeline

- More focused and better prioritized R&D pipeline to yield one compound and lifecycle management initiative every year
- Keep up stringent prioritization process for R&D projects
- Lower R&D pipeline risk via partnering, risk-sharing
- Continuously develop innovation flow with external know-how

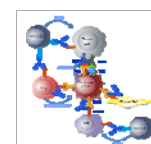
Focus on optimal product development

- Prepare launch readiness in mature markets
- Improved pipeline structure to yield first potential results from 2016+



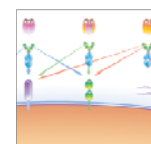
TH-302

- Oncology
- Phase III



Avelumab*

- Oncology
- Phase I



Atacicept

- Systemic lupus erythematosus
- Phase II

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

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Ingredients for success¹

Adequate innovation resources²

Highly focused on specialty indications

Commercial strength

Global and Emerging Markets presence



Biopharmaceuticals' ambition for 2015+

Leverage resilience of existing Franchises to achieve full potential

Access attractive markets and participate in above-average growth

Increasing focus on scientific excellence in R&D

First potential pipeline contributions from 2016+ onwards

¹As measured by sales growth, product launches; ²E.g. mid-sized R&D budget of € 1-1.5 bn

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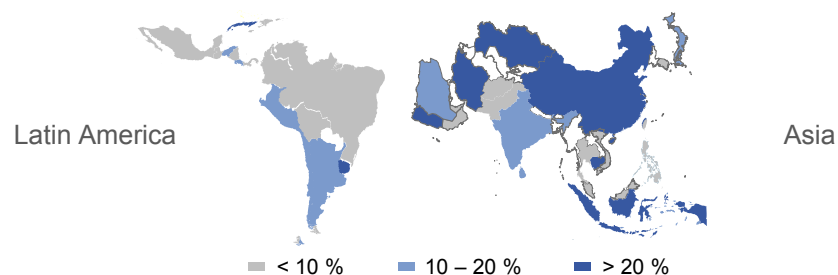
Appendix

Additional divisional information

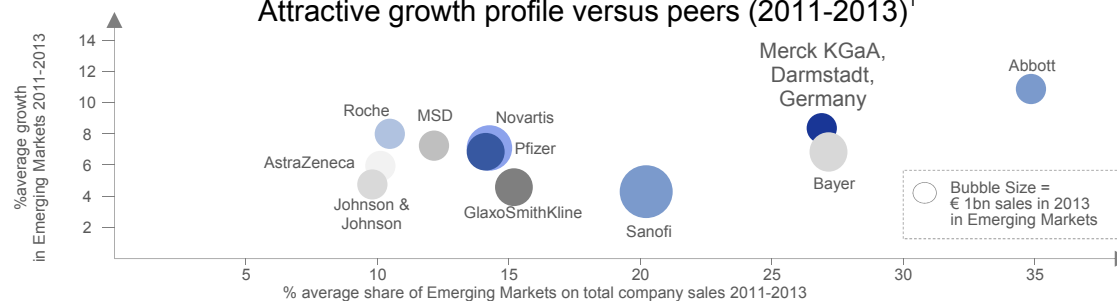
Financials 9M 2014

Emerging Markets are a key pillar of growth for Biopharmaceuticals

2013 Organic growth rates of Biopharmaceuticals in Emerging Markets



Attractive growth profile versus peers (2011-2013)¹



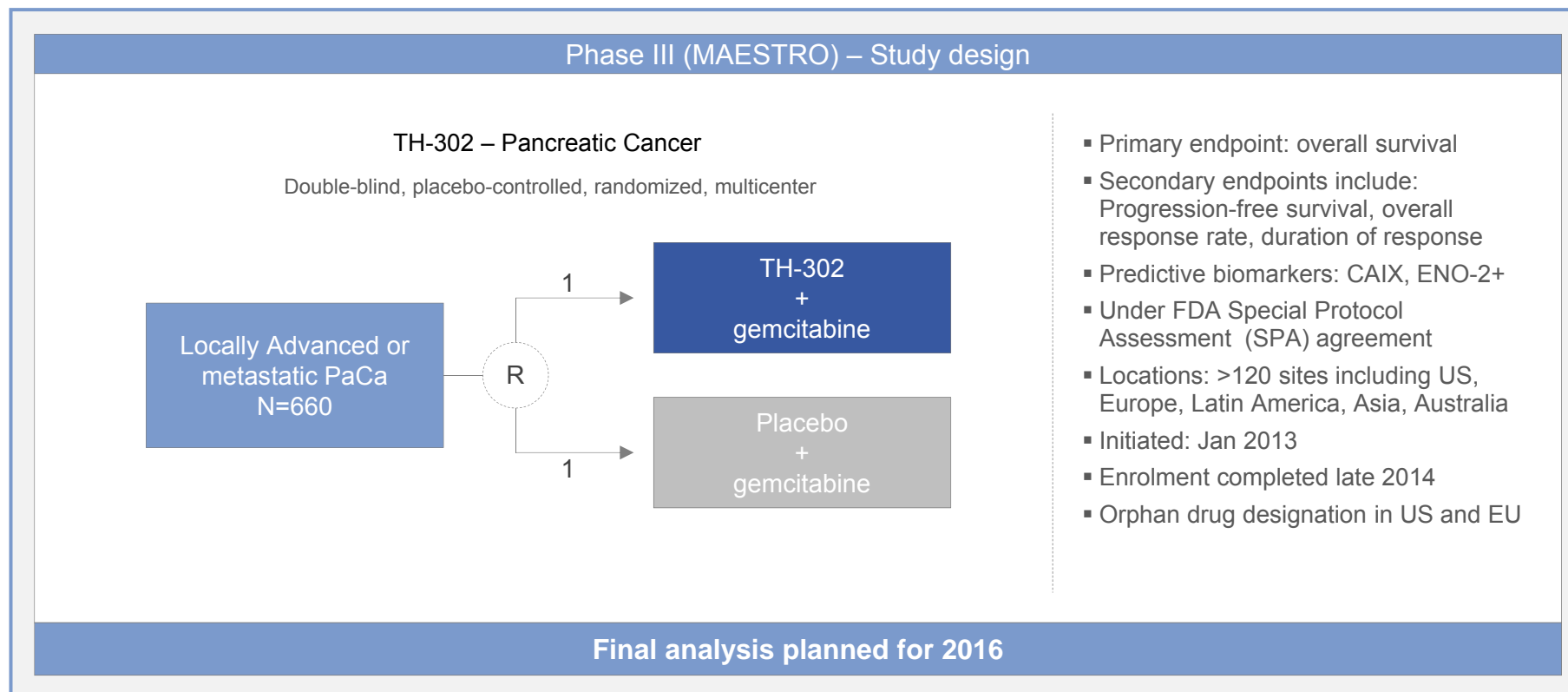
Key facts

- Emerging Markets are a key driver for the branded products as well as for Biopharmaceuticals overall
- ~30% of sales in Emerging Markets
- ~50:50 breakdown between Latin America and Asia
- Emerging Markets account for >60% of organic growth 2011-2013²

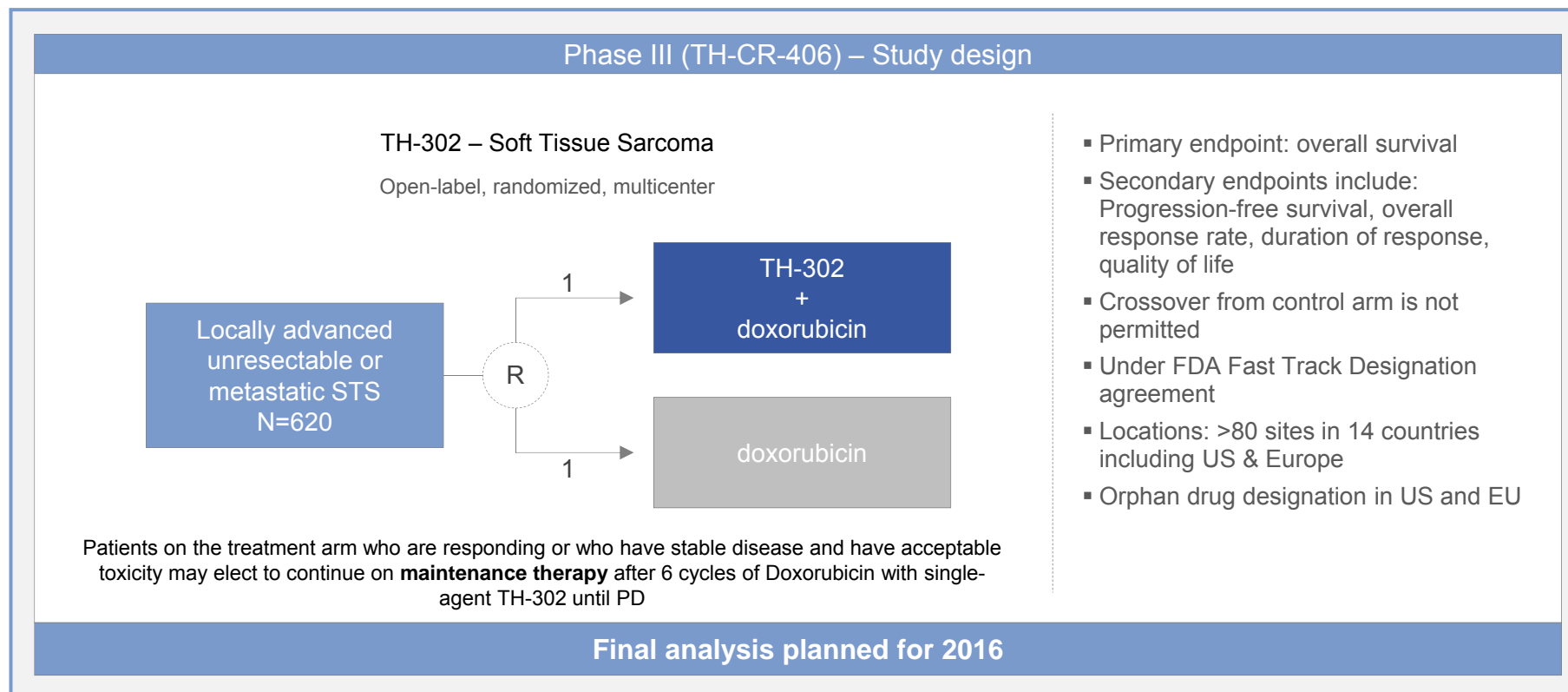
Emerging Markets support existing business and serve as a platform for strategic growth initiatives

¹Source: IMS MIDAS, 2012/2013 constant USD; ²Source: Biopharmaceuticals
 Note: Size of bubble = € bn sales in Emerging Markets (2013)

TH-302: Phase III in pancreatic cancer fully enrolled

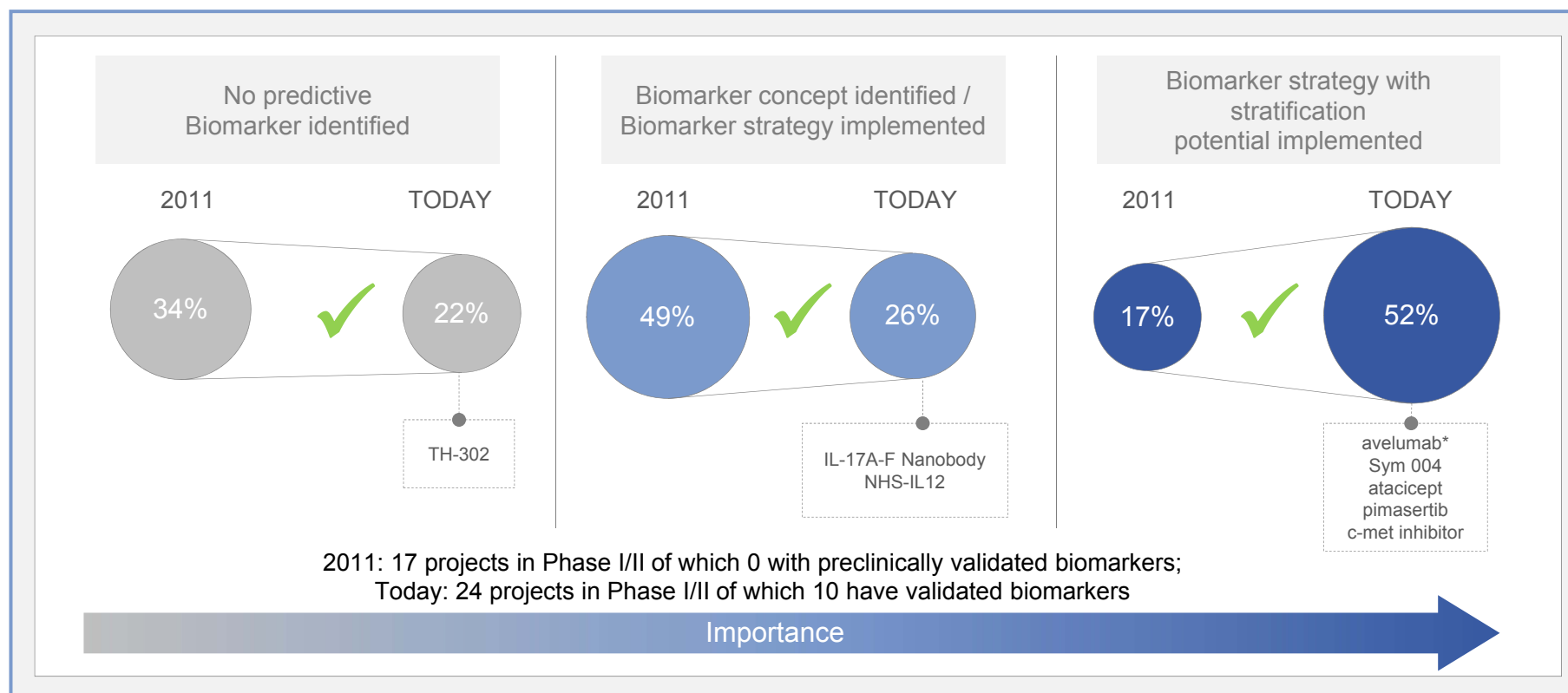


TH-302: Phase III in STS fully enrolled



PD = progressive disease

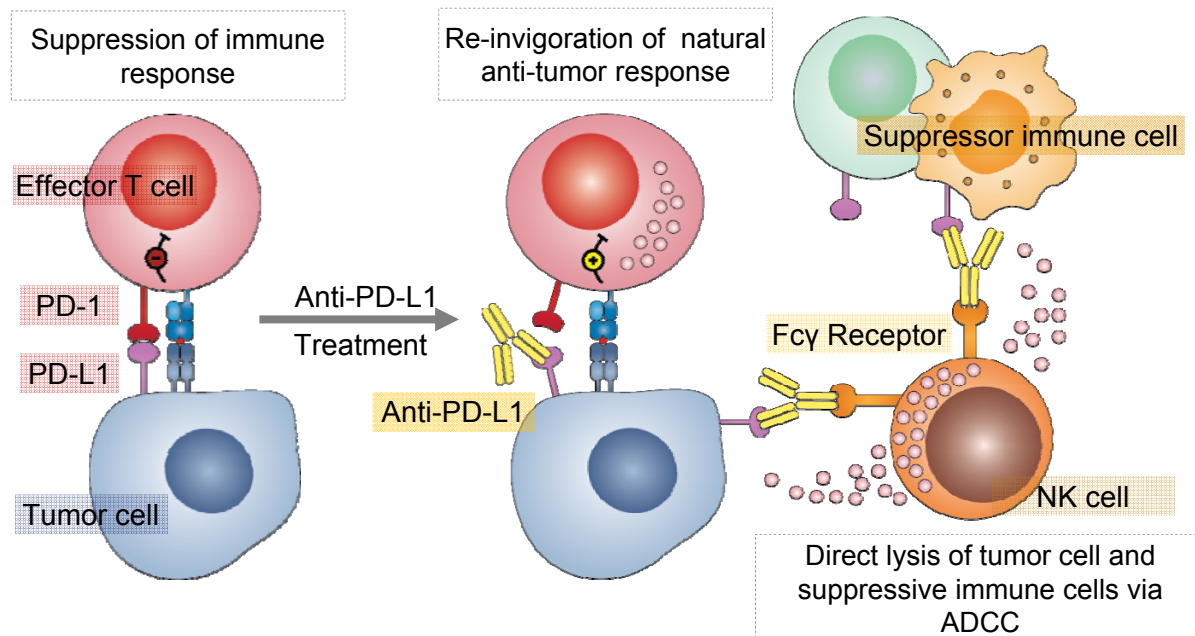
Implementation of biomarker strategy enables treatment of patients, not diseases



*% for all projects in phase I/II/III, selected examples provided

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

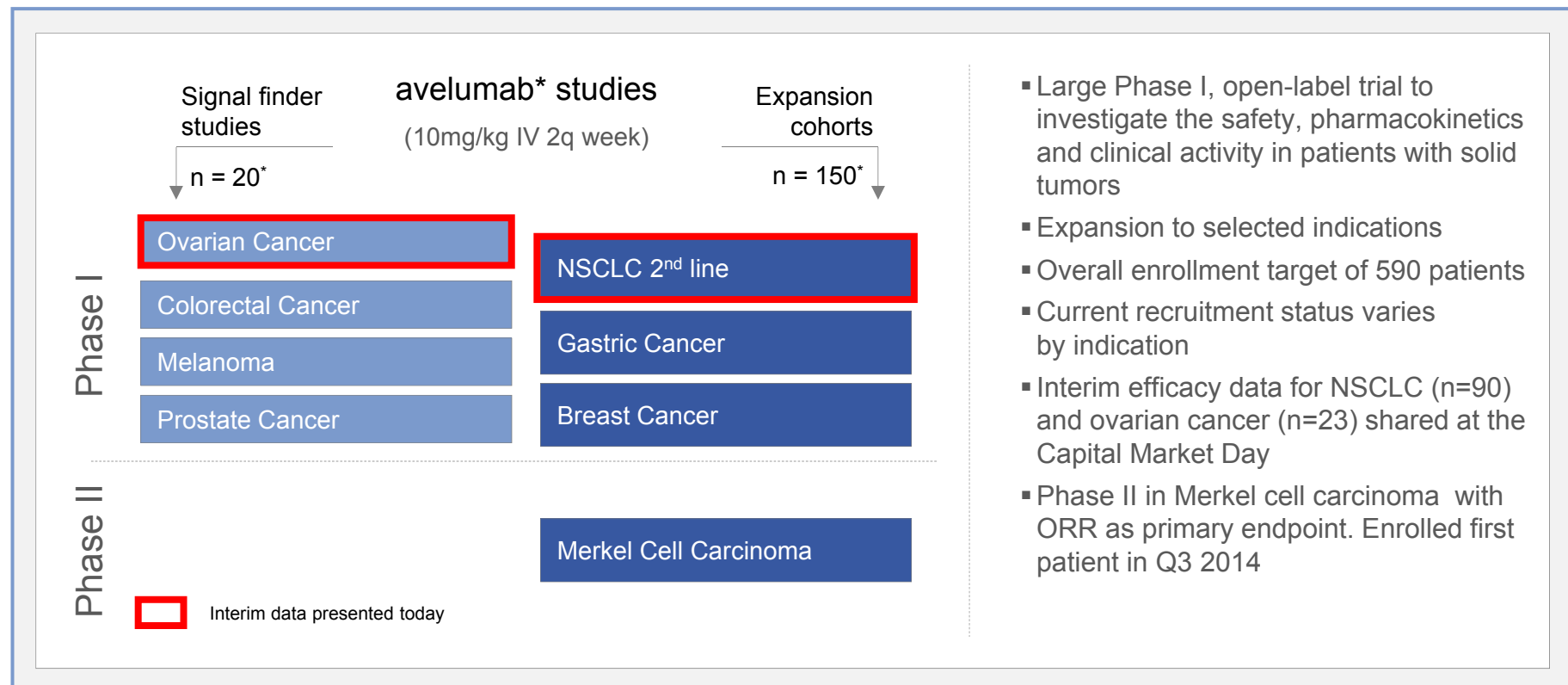
The targeting principle of PD-1/PD-L1 in the tumor microenvironment



- Fully human IgG1
- Blocks interaction of PD-L1 with its known ligands PD-1
- Exhibits Antibody Dependent Cell-Mediated Cytotoxicity (ADCC)
- Binds with high affinity to human, monkey and mouse PD-L1
- Expression of PD-L1 in the tumor microenvironment can inhibit anti-tumor T cell activity

PD = programmed death

Current clinical program of avelumab*



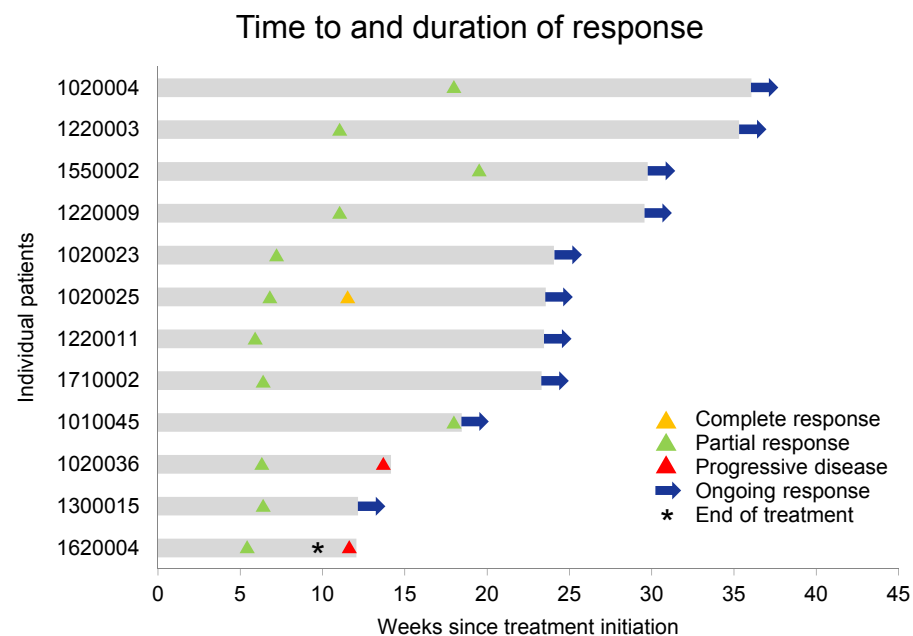
*enrollment target

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

Phase I efficacy result: Response rates in NSCLC

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Best Overall Response by RECIST 1.1 unconfirmed	NSCLC Intent-to-treat, n = 90 (%)
Complete Response (CR)	1 (1.1%)
Partial Response (PR)	11 (12.2%)
Stable Disease (SD)	30 (33.3%)
Progressive Disease (PD)	35 (38.9%)
Non-evaluable (NE)	13 (14.4%)
Objective response rate* (ORR) [95% CI**]	13.3% [7.1%, 22.1%]

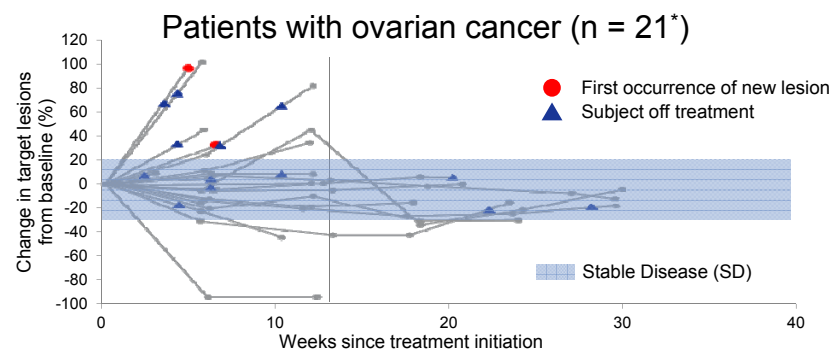


With minimum follow-up time of 3 months, the ORR is similar to other anti-PD-1/PD-L1 agents

Data presented at Merck KGaA, Darmstadt, Germany Capital Markets Day, September 18, 2014, and based on an interim analysis

*Response rate per RECIST v1.1 is based on all treated patients. ORR includes both confirmed and unconfirmed responses (CR and PR); **Confidence interval

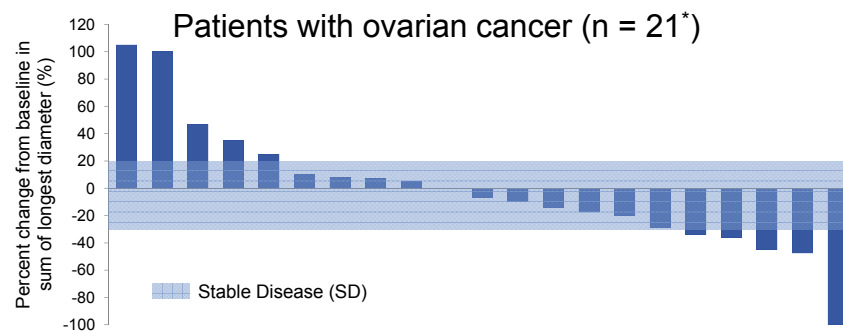
Phase I results in ovarian cancer: Tumor shrinkage and duration of response



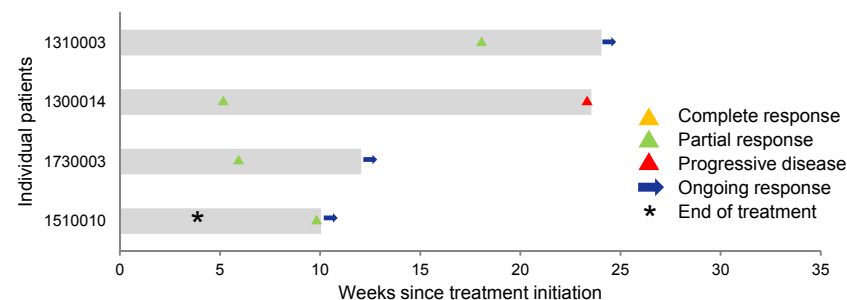
Best Overall Response by RECIST 1.1 unconfirmed

Ovarian cancer
n = 23; n (%)

Complete Response (CR)	0
Partial Response (PR)	4 (17.4%)
Stable Disease (SD)	11 (47.8%)
Progressive Disease (PD)	7 (30.4%)
Non-evaluable (NE)	1 (4.3%)
Objective Response Rate** (ORR) [95% CI***]	17.4% [5.0%, 38.8%]



Time to and duration of response



Data presented at Merck KGaA, Darmstadt, Germany Capital Markets Day, September 18, 2014, and based on an interim analysis

*Based on evaluable patients ; **Response rate per RECIST v1.1 is based on all treated patients. ORR includes both confirmed and unconfirmed responses (CR and PR); ***Confidence interval

Avelumab*: Phase I dose escalation results presented at ASCO 2014

Safety

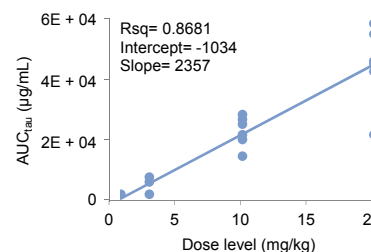
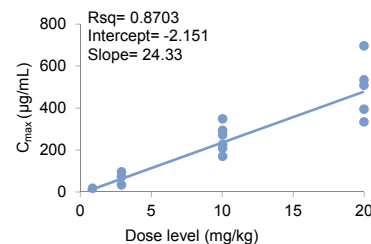
Overall summary of reported anti-PD-L1-related TEAEs

Events, n (%)	n = 28
All grades	20 (71.4)
Most common, all grades	
Fatigue	10 (35.7)
Influenza-like illness	5 (17.9)
Lymphopenia	5 (17.9)
Pyrexia	4 (14.3)
Chills	3 (10.7)
Diarrhea	3 (10.7)
Aspartate aminotransferase increased	3 (10.7)
NCI-CTCAE grade ≥ 3	3 (10.7)
Leading to permanent discontinuation	3 (10.7)
Serious events	1 (3.6)
Leading to death	0

Favourable safety profile

Pharmacokinetics

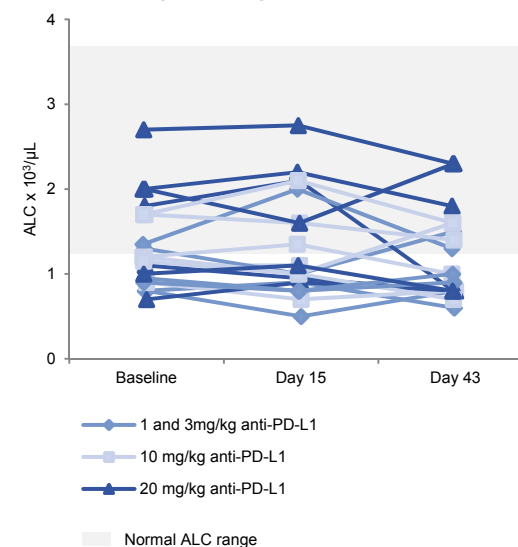
Relation between anti-PD-L1 dose and C_{max} (A) and AUC_{tau} (B)



>90% PD-L1 occupancy in blood at 10 mg/kg

Absolute lymphocyte count (ALC)

ALC changes during anti-PD-L1 treatment



No evidence of ADCC against immune cell subsets

ADCC = Antibody-dependent cell-mediated cytotoxicity; ALC = absolute lymphocyte count; n= number of patients; NCI-CTCAE= National Cancer Institute Common Terminology Criteria for Adverse Events (v 4.0); TEAE= treatment-emergent adverse event; C_{max} = maximum concentration; AUC_{tau} = area under the concentration-time curve for the dosing period; Rsq= square of the Pearson correlation coefficient

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

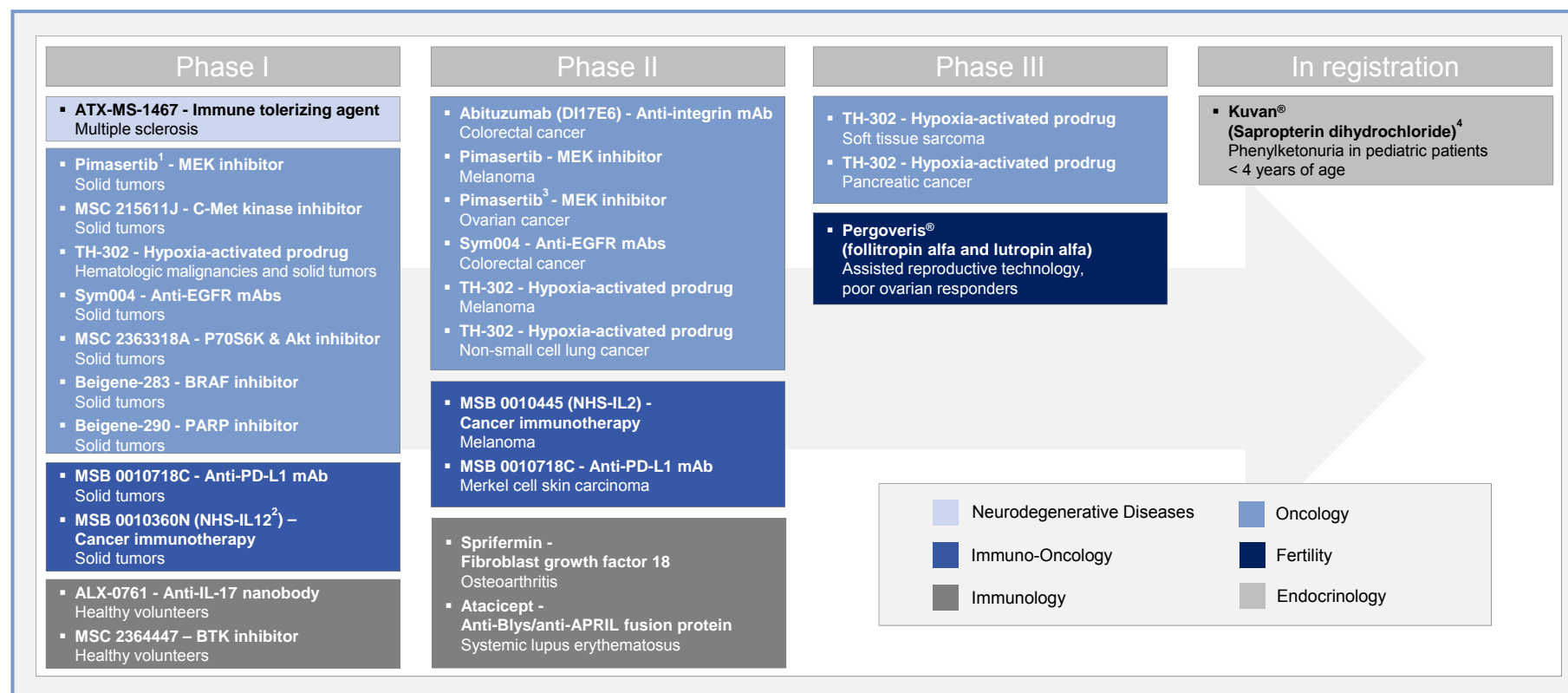
Phase I safety results: Adverse Events

	Pooled expansion cohorts (n = 290) n (%)	NSCLC (n = 127) n (%)	Ovarian cancer (n = 23) n (%)
AEs	262 (90.3)	114 (89.8)	23 (100.0)
Related AEs	198 (68.3)	87 (68.5)	18 (78.3)
AEs, Grade ≥3	124 (42.8)	55 (43.3)	9 (39.1)
Related AEs, Grade ≥3	38 (13.1)	17 (13.4)	2 (8.7)

- Current safety information based on an analysis of 290 subjects (expansion part of study -001)
- Cut-off date: Jul 16, 2014
- Minimum follow-up time: 4 weeks

Data presented at Merck KGaA, Darmstadt, Germany Capital Markets Day, September 18, 2014, and is based on an interim analysis

Biopharmaceuticals pipeline



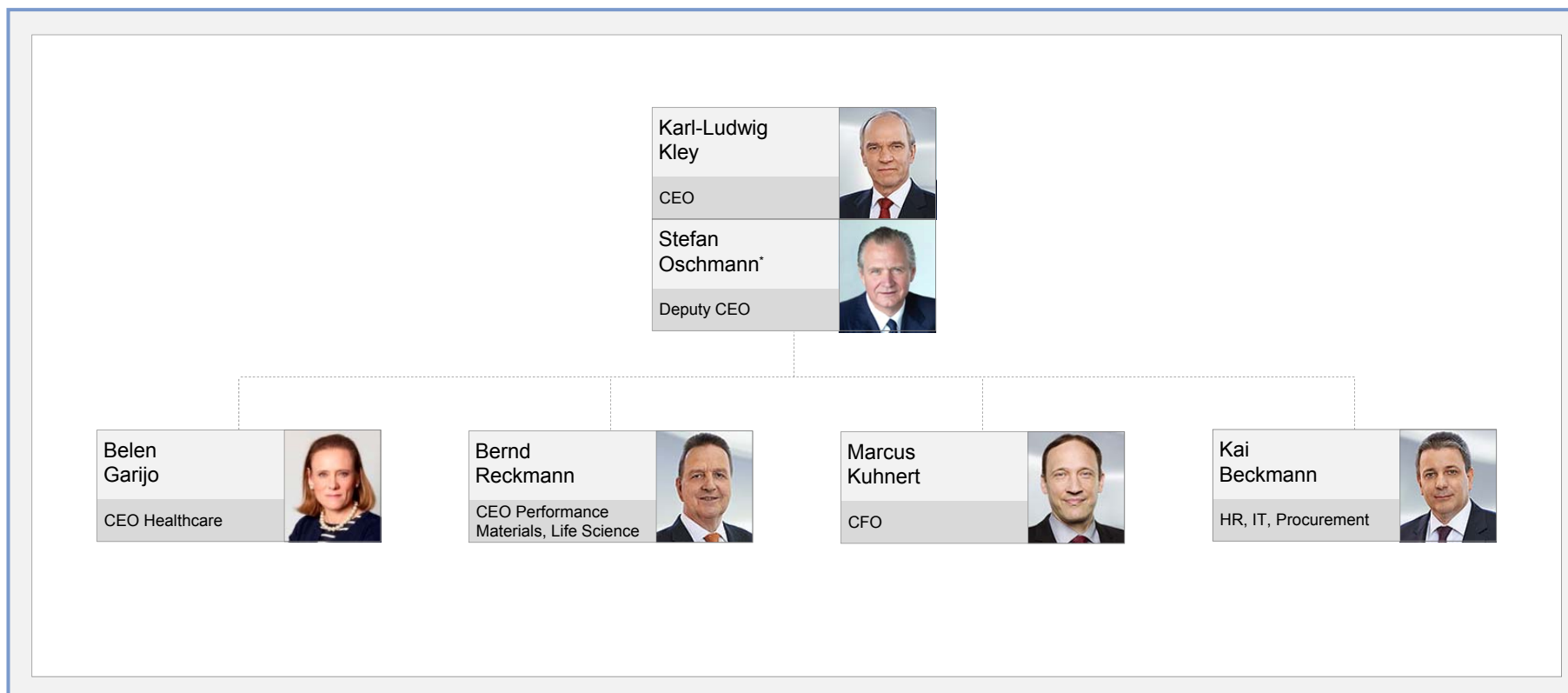
Pipeline as of Oktober 31, 2014; ¹Combined with hDM2 inhibitor (SAR405838) from Sanofi, conducted under the responsibility of Sanofi;

²Sponsored by the National Cancer Institute (USA); ³Combined with PI3K/mTOR inhibitor (SAR245409) from Sanofi, conducted under the responsibility of Merck KGaA, Darmstadt, Germany;

⁴Post-approval request by the European Medicines Agency

Executive Board as of January 1, 2015

Merck KGaA
Darmstadt · Germany



*Responsibilities include Group Strategy & Organization, Regional Strategies, Public Affairs, Patents

Sigma-Aldrich – A leading life science consumables supplier

Merck KGaA
Darmstadt · Germany

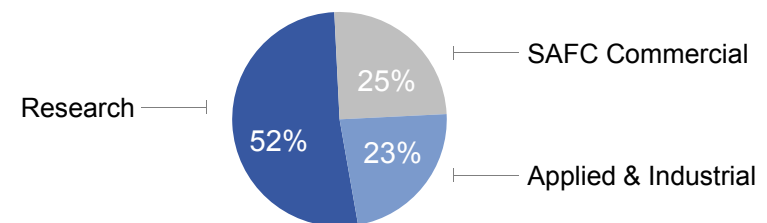
Business

- Total revenues of \$2.7 billion in 2013
- ~9,000 employees including ~3,000 scientists and engineers
- Headquartered in St. Louis, MO
- Chemical and biochemical products, kits and services provider to laboratories and pharma production
- No. 1 eCommerce platform in the industry; ~1,600 sales people

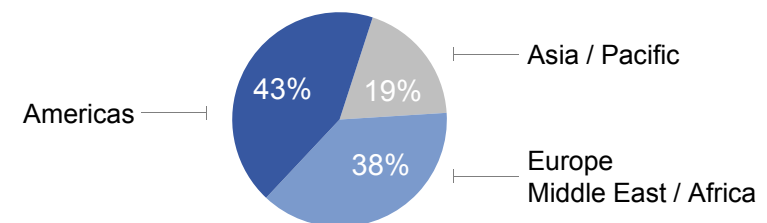
Footprint

- Balanced regional exposure; strength in North America
- Operations in ~40 countries; products available in ~160 countries

Sales by division FY 2013*

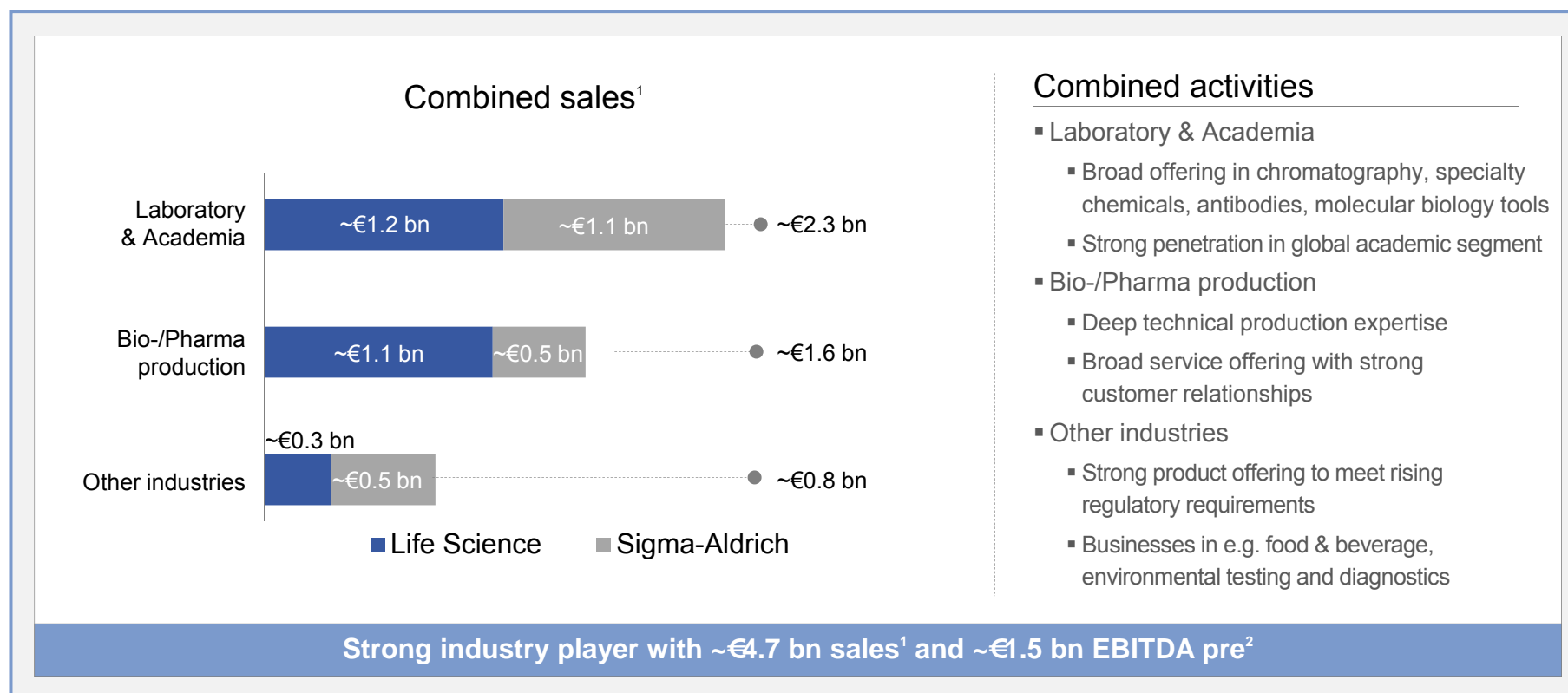


Sales by region FY 2013*



*Company reports FY 2013

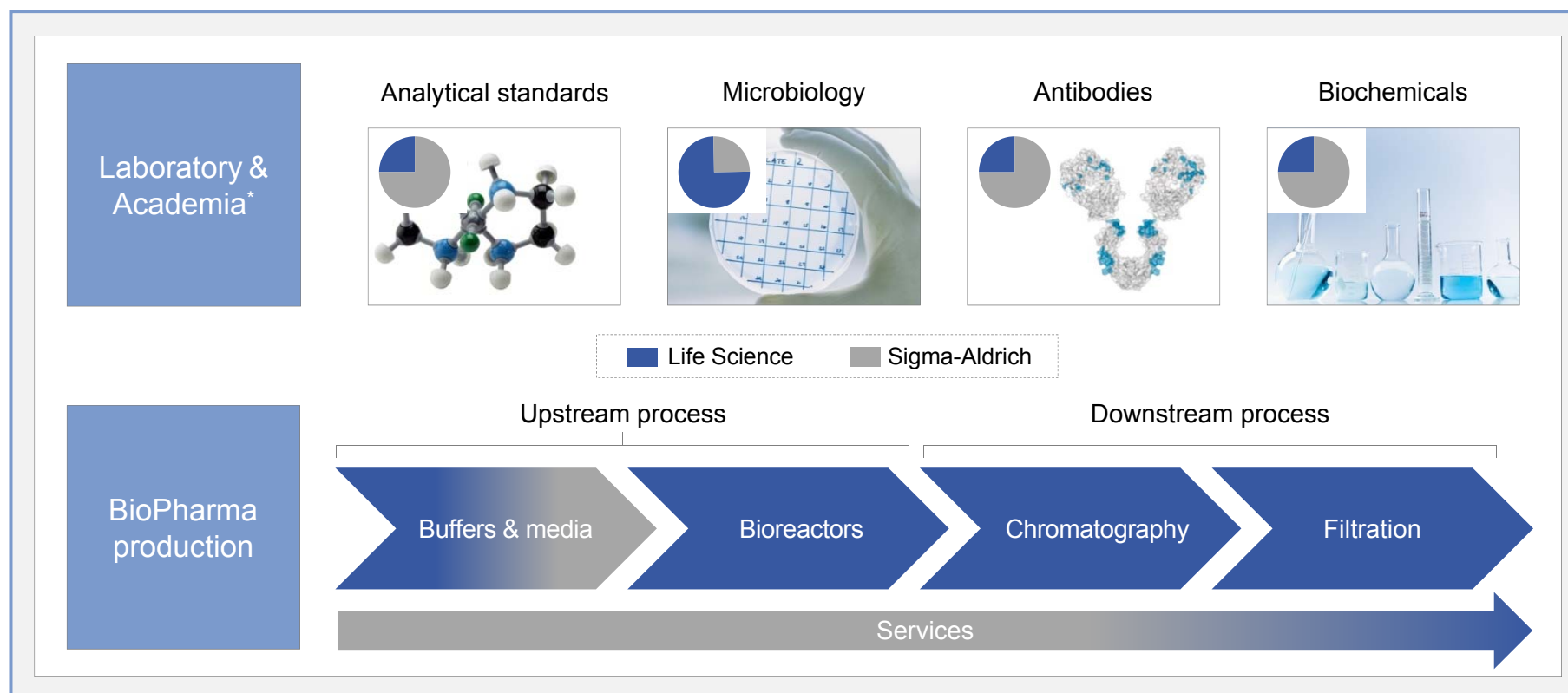
Turning into a leading life science industry player



¹Pro-forma calculation based on published sales for FY 2013 for Life Science and Sigma-Aldrich (FX conversion: EUR/USD 1.30);

²Pro-forma calculation based on 100% expected synergies and published figures for FY 2013 for Life Science and Sigma-Aldrich (FX conversion: EUR/USD 1.30)

Broad and complementary product fit in attractive segments



*Key laboratory and academia areas illustrated

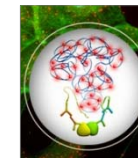
Leveraging operational excellence to deliver superior value to customers

Product innovation

- Delivering innovative workflow solutions to increase customers' efficiency
- Broad technology and platforms
- Recurring winners of renowned innovation awards



Mobius FlexReady



Duolink



Amnis

Process innovation

- Efficient supply chain for >300,000 products
- Best in class customer experience; e.g. 24 hour delivery in major markets
- Top-notch customer interface supported by eCommerce platform



eCommerce platform



Supply chain

Efficient work flow solutions and unique customer experience

Sigma-Aldrich – Business and transaction financials

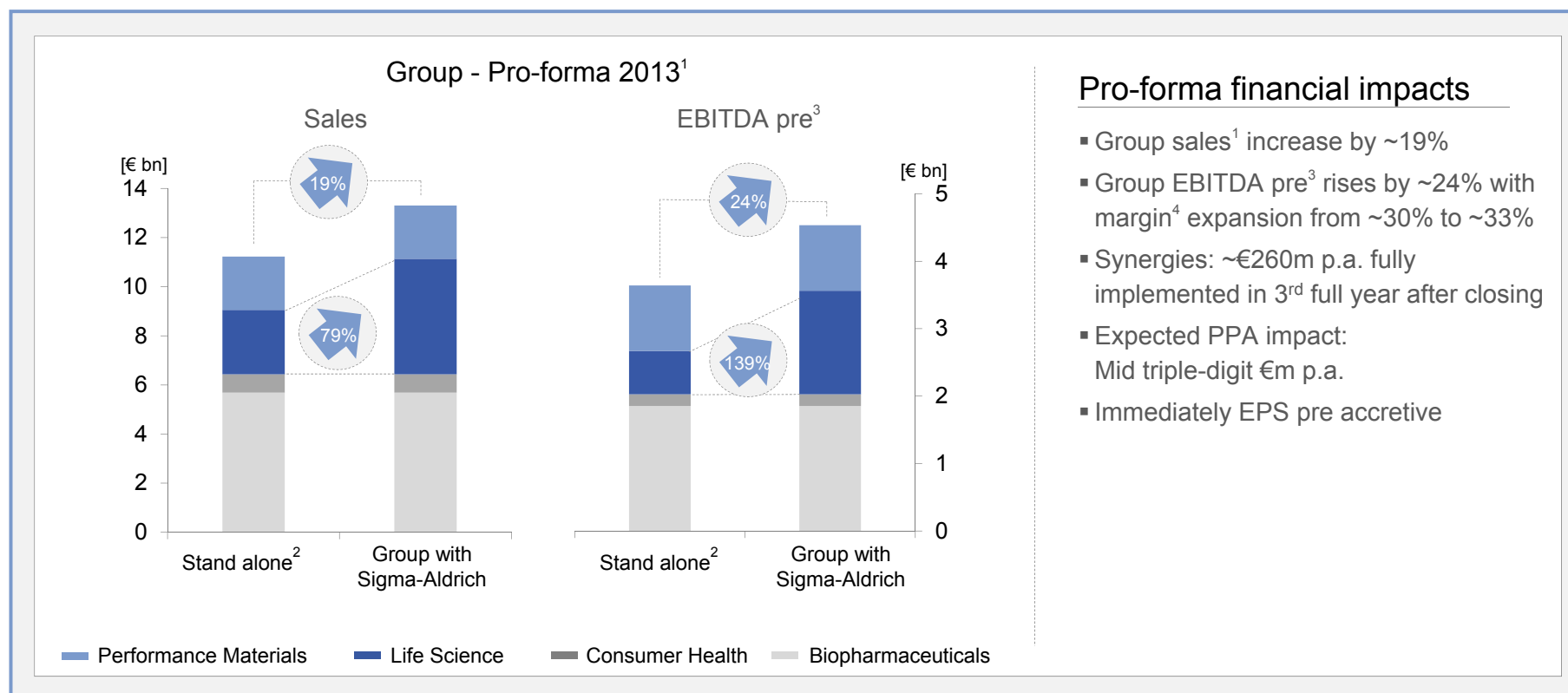
Merck KGaA
Darmstadt · Germany

Overview of financial data ¹				Proposed transaction details ²		
US\$ m	2012	2013	2014E ⁴	<ul style="list-style-type: none"> ▪ Equity value ~US\$17 bn (€13.1 bn) ▪ Enterprise value (EV) ~€12.7 bn including net cash ~€360 m ▪ Financing through cash and debt; no equity ▪ Assumed synergies: ~€260m ▪ In line with core acquisition criteria <ul style="list-style-type: none"> ▪ Immediately accretive to EPS pre ▪ Solid investment grade rating will be maintained 		
Revenue	2,623	2,704	2,796			
% YoY at constant FX	+3%	+3%	n.a.			
EBITDA (adjusted)	809	821	852			
% of sales	31%	30%	30%			
D&A	136	138	132			
% of sales	5%	5%	5%			
Net financial debt (period end)	-41	-357	-466 ⁵			
No. of shares (diluted, m)	122	121	n.a.			
				Implied forward transaction multiples ³		
					2013	2014E ⁴
EV/Sales					6.1x	5.9x
EV/EBITDA					20.1x	19.4x
EV/EBITDA pro-forma incl. synergies ³					14.3x	13.9x

¹Source: Company reports; ²FX conversion: EUR/USD 1.30; ³"Pro-forma" calculation based on 100% expected synergies;

⁴Median consensus estimates from latest broker reports; ⁵Last reported as per H1 2014 report (June 30, 2014)

Transaction enhances our financial profile



¹Pro-forma calculation based on published sales for FY 2013 for Merck KGaA, Darmstadt, Germany (including pro-forma AZ Electronic Materials) and Sigma-Aldrich; ²Pro-forma calculation based on published sales for FY 2013 for Merck KGaA, Darmstadt, Germany (including pro-forma AZ Electronic Materials); ³Pro-forma calculation based on 100% expected synergies; excluding Corporate & Other; ⁴Including Corporate & Other

Support from meaningful synergies

Our experience



- Significant restructuring and integration experience
- Deep knowledge and understanding of the life science industry



Source of synergies



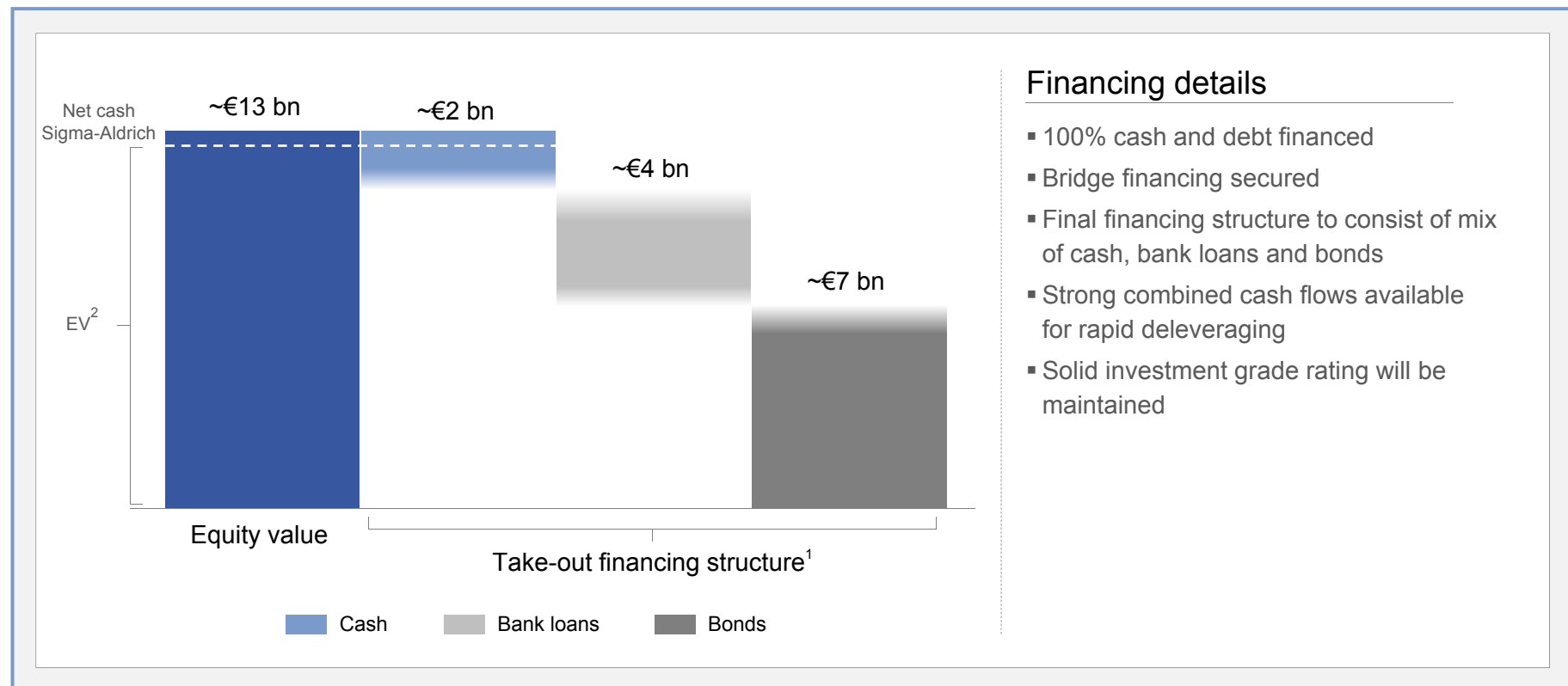
- Consolidate manufacturing footprint
- Increase conversion to eCommerce channels
- Optimize sales & marketing
- Streamline admin functions and infrastructure
- Save U.S. public company costs
- Optimize R&D portfolio

Planned delivery



- Synergies: ~€260 m, i.e. ~12% of Sigma-Aldrich sales
- Fully implemented in third full year after closing
- Expected integration costs: ~€400 m; spread over 2015-2018

Sigma-Aldrich acquisition – Financing secured



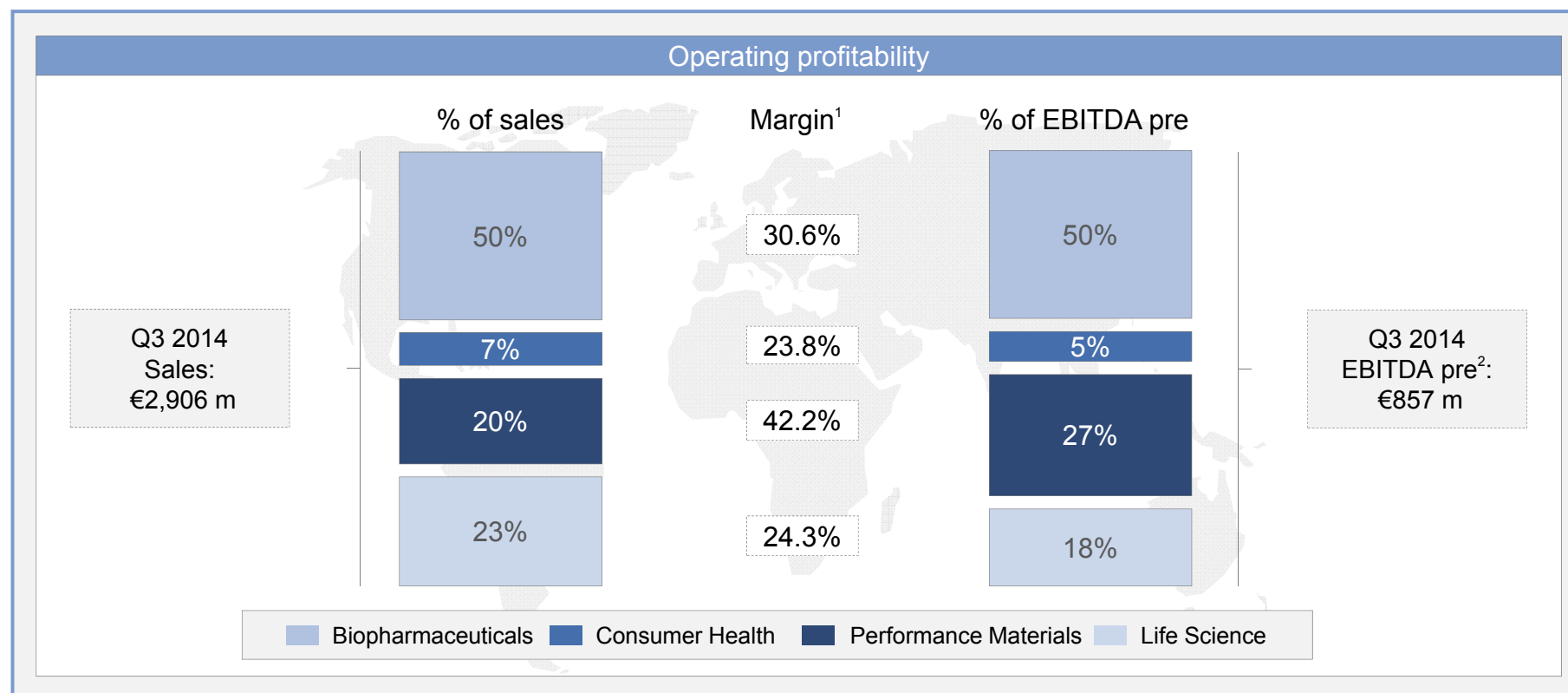
¹Indicative only; ²Enterprise value

Appendix

Additional divisional information

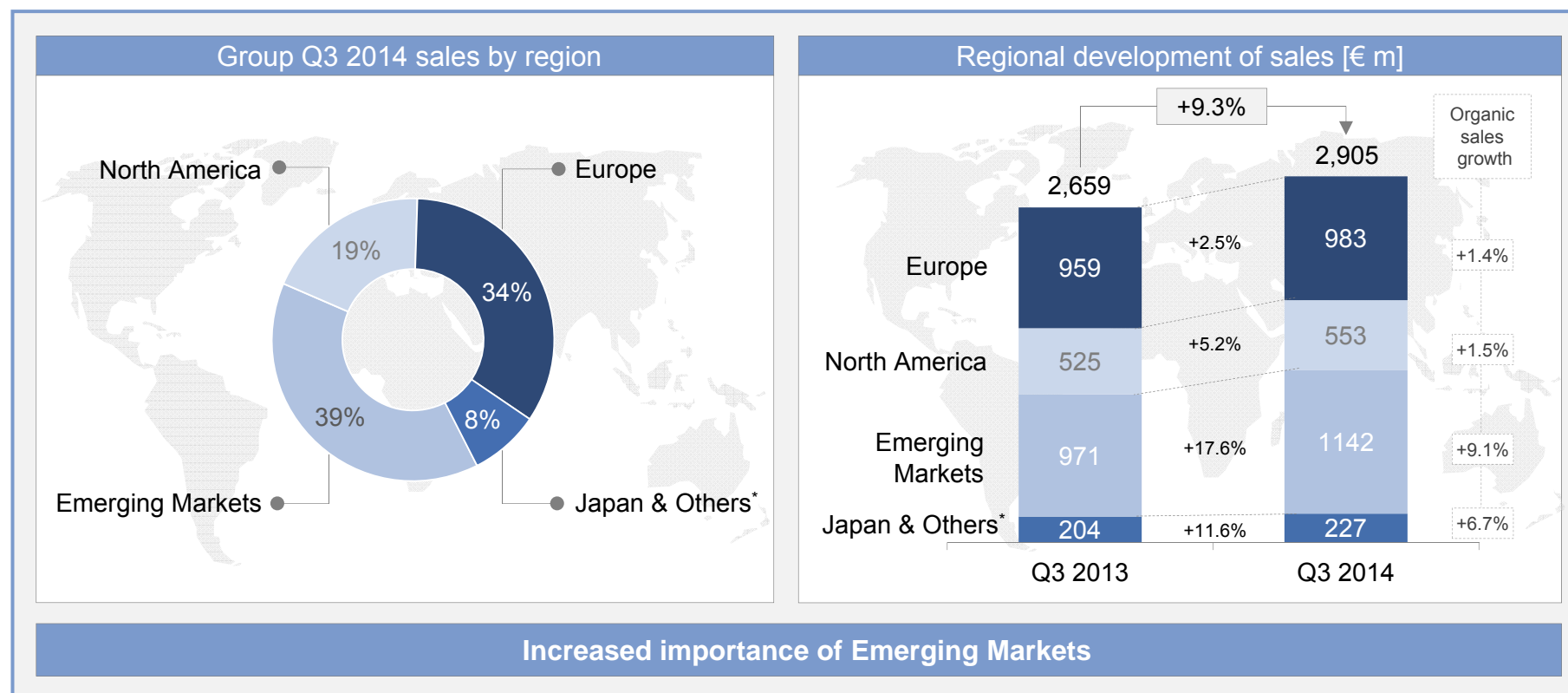
Financials 9M 2014

Strong businesses with attractive margins






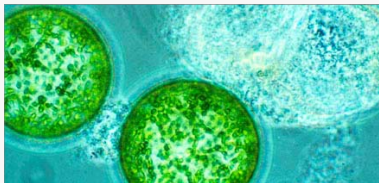
¹EBITDA pre margin in % of sales; ²Including Corporate/Others (-€44.1 m)
Totals may not add up due to rounding

Growth across all regions



*Australia/Oceania, Africa
Totals may not add up due to rounding

Guidance details

Biopharmaceuticals	Consumer Health	Performance Materials	Life Science
			
Sales	Sales	Sales	Sales
Slight to moderate organic growth	Moderate organic growth	Slight organic growth	Moderate organic growth
EBITDA pre	EBITDA pre	EBITDA pre*	EBITDA pre
~ €1,770 – 1,830 m	~ €170 – 180 m	~ €860 – 880 m	~ €640 – 670 m
Group 2014 guidance*: ~ €3.3 to €3.4 billion EBITDA pre			

* Including AZ Electronic Materials from May to December 2014

Additional financial guidance

Further financial details

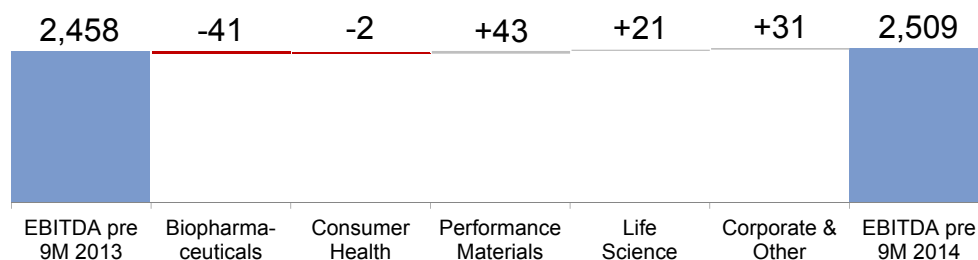
Group royalty, license and commission income in 2015	~€130 – 150 m
Corporate & Other EBITDA pre	~€ -160 – 190 m
Underlying tax rate	~23% to 25%
Capex on PPE and software	~€500 – 550 m
Hedging / USD assumption	2014 & 2015 hedge rate ~30% at EUR/USD ~1.30 to 1.35



All divisions post organic growth, currency headwinds soften

9M YoY sales	Organic	Currency	Portfolio	Total
Biopharmaceuticals	3.9%	-3.5%	0.0%	0.4%
Consumer Health	5.0%	-3.7%	0.0%	1.3%
Performance Materials	3.3%	-3.7%	18.3%	17.9%
Life Science	4.1%	-3.3%	-0.6%	0.1%
The Group	3.9%	-3.5%	2.7%	3.1%

9M YoY EBITDA pre contributors [€ m]



- Portfolio reflects the acquisition of AZ Electronic Materials
- Currency headwinds mainly driven by the U.S. dollar in H1

- Performance Materials includes AZ
- Life Science contributes with solid organic performance
- Biopharmaceuticals affected by loss of royalty income (Avonex, Enbrel, Humira)
- Corporate & Other includes higher hedging gains versus last year

Totals may not add up due to rounding

9M 2014: Stable financials amid royalty income reduction and currency headwinds

[€ m]	9M 2013	9M 2014	Δ	9M 2014
Sales	8,064	8,315	3.1%	<ul style="list-style-type: none"> ▪ Sales increase as organic growth and portfolio offset negative FX effects ▪ EBITDA pre and EPS pre improve on solid organic performance and AZ despite loss of royalty income ▪ Operating cash flow burdened by lower royalties and higher tax payments ▪ Jump in working capital reflects consolidation of AZ ▪ Increase in headcount includes employees from AZ
EBITDA pre	2,458	2,509	2.1%	
<i>Margin (% of sales)</i>	<i>30.5%</i>	<i>30.2%</i>		
EPS pre [€]	3.33	3.46	3.9%	
Operating cash flow	1,785	1,564	-12.4%	
[€ m]	Dec 31, 2013	Sept. 30, 2014	Δ	
Net financial debt	307	1,521	>100%	
Working capital	2,132	2,554	19.8%	
Employees	38,154	39,355	3.1%	
Net financial debt increases on AZ acquisition				

Reported figures impacted by lower royalties and acquisition effects

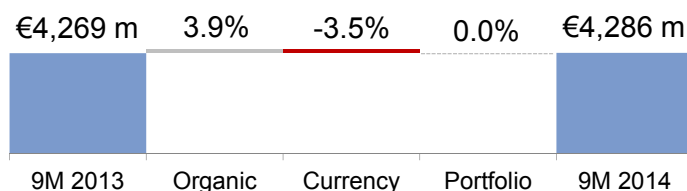
[€ m]	9M 2013	9M 2014	Δ	Reported results
EBIT	1,347	1,338	-0.6%	<ul style="list-style-type: none"> ▪ EBIT flat as organic growth and leaner cost structure are offset by lower royalties, one-time items & FX ▪ Financial result improves on lower interest payments due to bond repayment and CTA* funding ▪ Tax rate impacted by Q3 solely tax-relevant gain from sale of Sigma financing derivatives ▪ Reduction in net income and EPS driven by higher income tax
Financial result	-159	-142	-10.6%	
Profit before tax	1,188	1,196	0.7%	
Income tax	-260	-313	20.5%	
<i>Tax rate (%)</i>	<i>21.9%</i>	<i>26.2%</i>		
Net income	922	877	-4.8%	
EPS (€)	2.12	2.02	-4.7%	

* Contractual Trust Arrangement

Biopharmaceuticals: Solid performance supported by all franchises amid royalty income reduction

[€ m]	9M 2013 *	9M 2014
Sales	4,269	4,286
Marketing and selling	-1,365	-1,322
Admin	-149	-164
R&D	-913	-1,020
EBIT	677	712
EBITDA	1,332	1,308
EBITDA pre	1,380	1,339
<i>Margin (% of sales)</i>	32.3%	31.2%

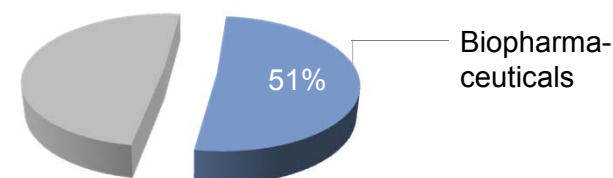
Sales bridge



Comments

- Organic growth partially offset by adverse currency effects
- Rebif organically stable, as U.S. pricing and Q1 wholesaler restocking overcompensate volume declines due to orals
- Solid Erbitux performance driven by growth in Emerging Markets and support from Japan, while Europe is flat
- Strong organic growth of fertility business as a result of good demand for entire portfolio especially from China
- Marketing and selling benefits from efficiency initiatives
- R&D reflects pipeline prioritization initiatives
- Lower profitability owing to royalty decline and FX

9M 2014 share of group sales

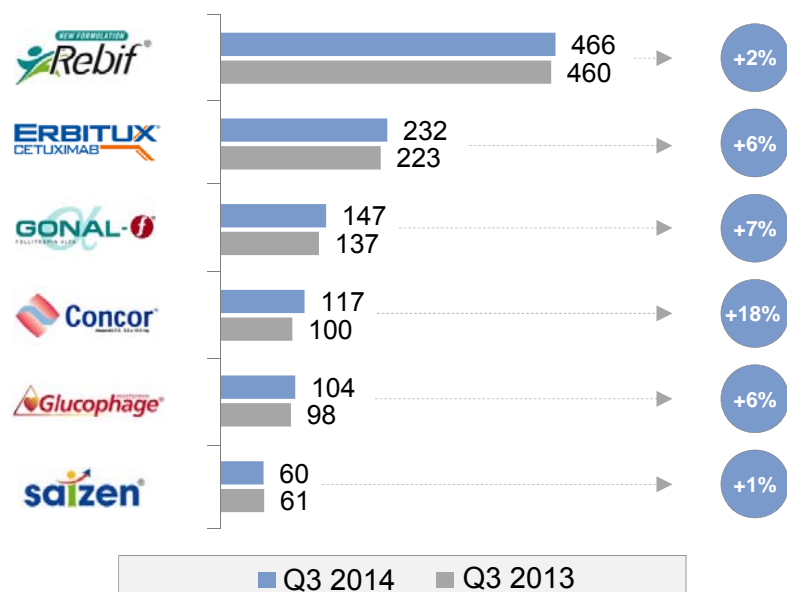


*Restated for product reclassification of Neurobion and Floratil from Biopharmaceuticals to Consumer Health

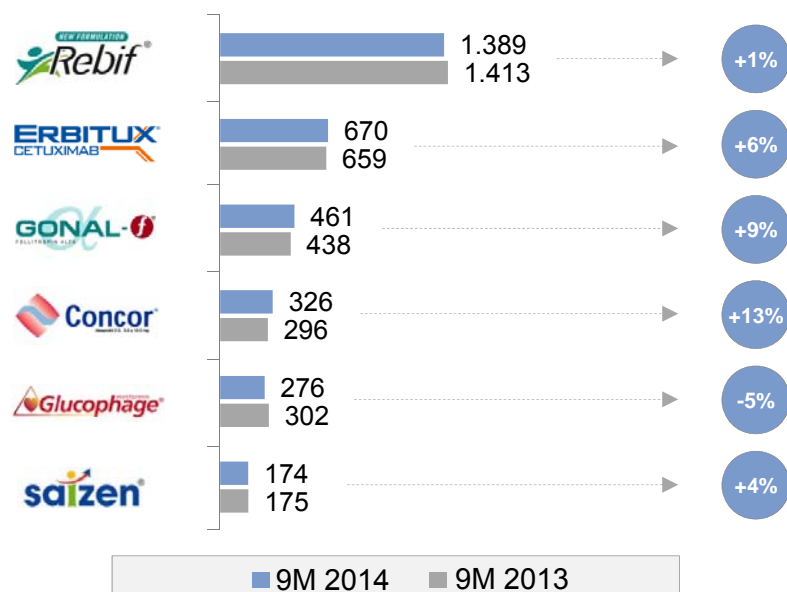
Biopharmaceuticals organic growth by product

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Q3 2014 organic sales growth [%] by key product [€ m]



9M 2014 organic sales growth [%] by key product [€ m]



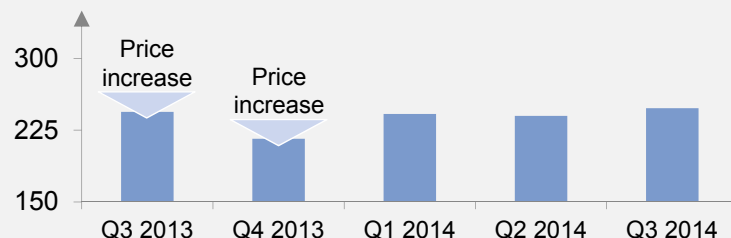
Rebif – defending market leadership in Europe; competitive pressure in the U.S.



- Regional sales evolution [€ m]

Trend

North America



Q3 drivers

+0.5% organic



Price



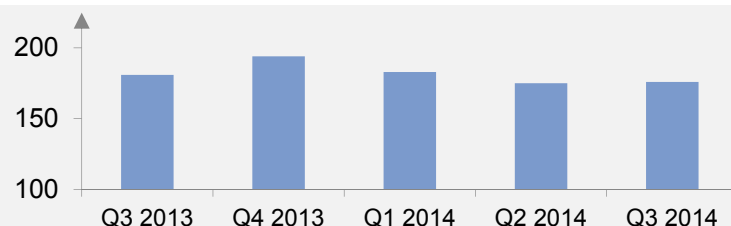
Volume



FX

Trend

Europe



Q3 drivers

-2.5% organic



Price



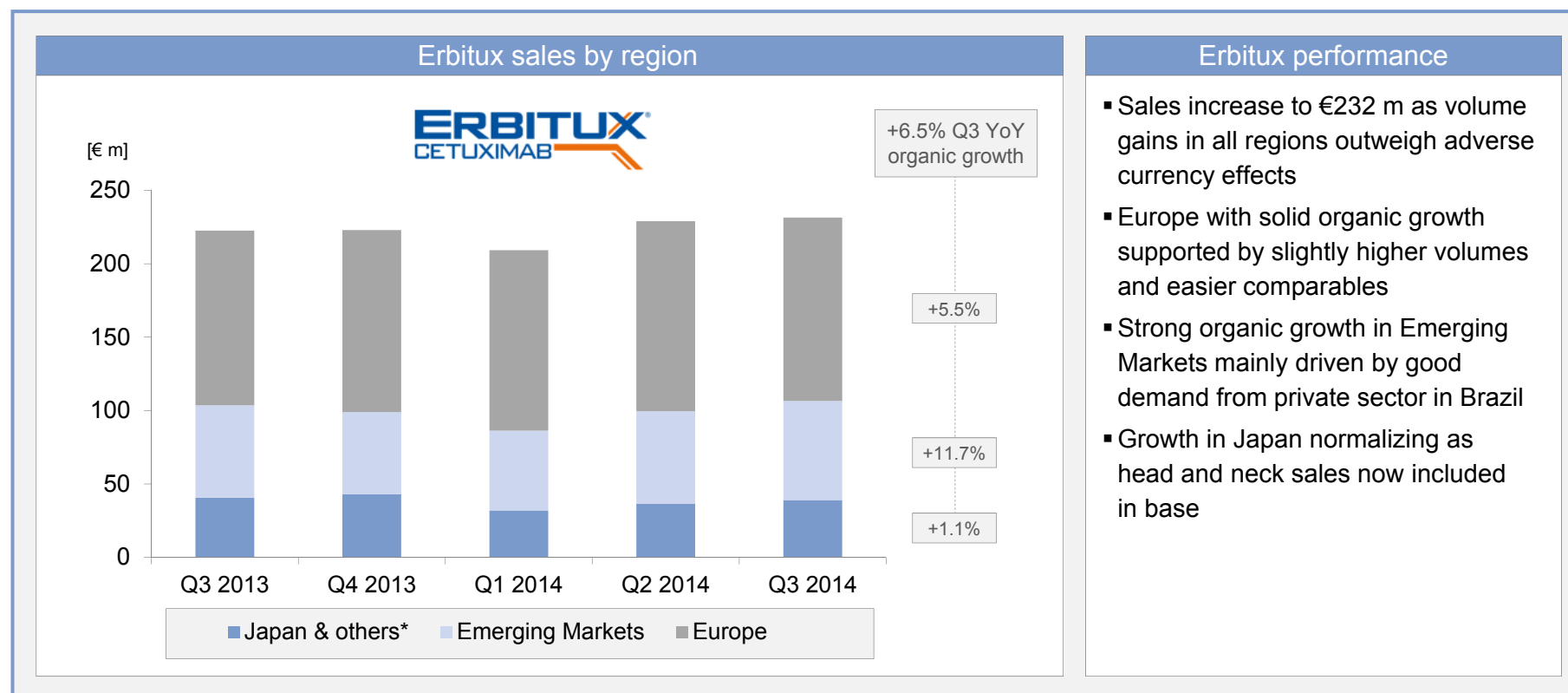
Volume

Rebif performance

- Rebif sales increase to €466 m in Q3
- Organic growth of +1.7% is driven by U.S. pricing and tender business in Russia, offset by volume erosion
- Competition from orals main factor of U.S. and European volume decline
- October price increase will support future U.S. performance
- Despite competition, Rebif remains market-leading injectable on the European market

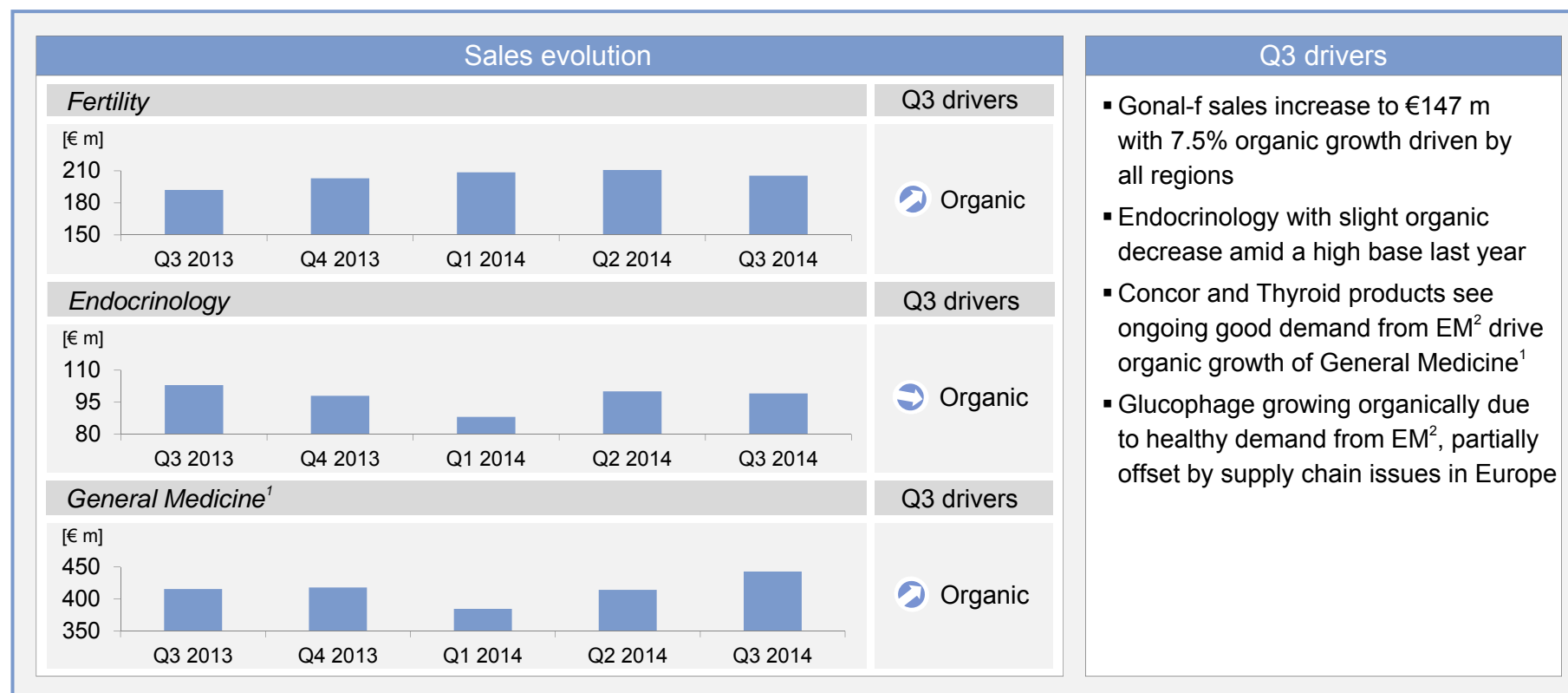
Erbitux – strong in Emerging Markets

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*Australia/Oceania, Africa

Strong growth in Fertility and General Medicine

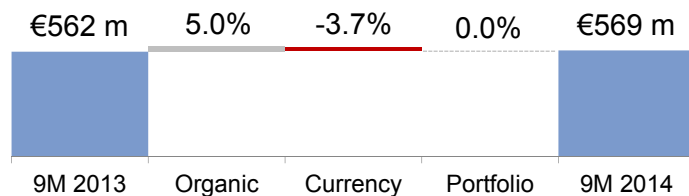


¹includes "Cardiometabolic Care & General Medicine and Others"; ²Emerging Markets

Consumer Health: Focus on strategic brands in Emerging Markets drives performance

[€ m]	9M 2013 *	9M 2014
Sales	562	569
Marketing and selling	-215	-217
Admin	-18	-20
R&D	-17	-15
EBIT	126	116
EBITDA	133	123
EBITDA pre	133	131
<i>Margin (% of sales)</i>	<i>23.7%</i>	<i>23.1%</i>

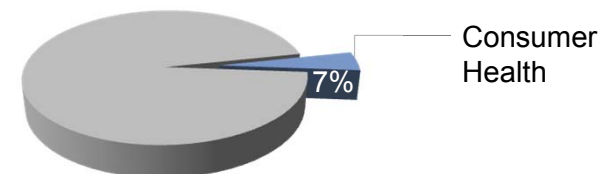
Sales bridge



Comments

- Slight increase in sales as good organic growth driven by Emerging Markets is almost offset by FX headwinds
- New strategic brands Neurobion and Floratil drive organic growth mainly from EM supported by consumer oriented marketing
- Europe solid, as demand for Femibion and some local brands is partially offset by soft demand for cough and cold products
- Marketing and selling slightly increasing, while shift in promotional spending towards strategic brands continues
- Slight decrease in profitability due to investments in marketing and selling as well as higher cost of sales

9M 2014 share of group sales

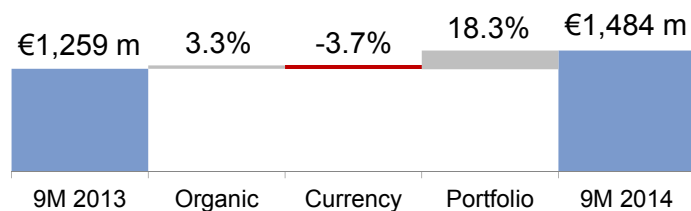


*Restated for product reclassification of Neurobion and Floratil from Pharma to Consumer Health

Performance Materials: Solid performance amid high comparables and currency headwinds

[€ m]	9M 2013	9M 2014
Sales	1,259	1,484
Marketing and selling	-117	-129
Admin	-22	-41
R&D	-107	-120
EBIT	519	441
EBITDA	611	574
EBITDA pre	613	656
<i>Margin (% of sales)</i>	<i>48.7%</i>	<i>44.2%</i>

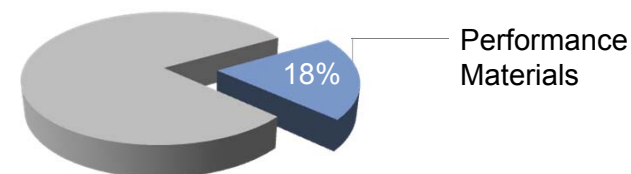
Sales bridge



Comments

- Sales increase as moderate organic growth and portfolio change overcompensate for negative FX effects
- Liquid Crystals with moderate organic growth; last year supported by subsidy program for consumers in China until May 2013
- Liquid Crystals flagship technologies see ongoing good demand
- Pigments benefits from coating industry demand for Xirallic products
- Cost base reflects portfolio effects from AZ
- EBITDA pre increase contains organic growth and contribution from AZ; margin reflects inclusion of AZ

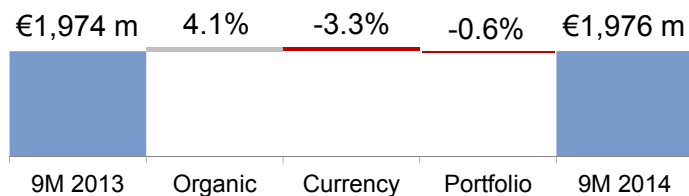
9M 2014 share of group sales



Life Science: Growth in Process Solutions improves profitability

[€ m]	9M 2013	9M 2014
Sales	1,974	1,976
Marketing and selling	-629	-613
Admin	-75	-81
R&D	-121	-119
EBIT	211	234
EBITDA	444	464
EBITDA pre	475	496
<i>Margin (% of sales)</i>	<i>24.1%</i>	<i>25.1%</i>

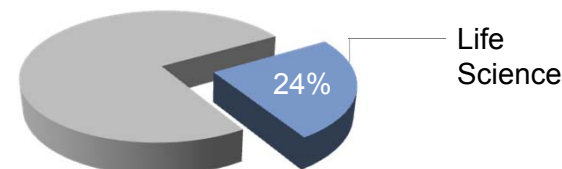
Sales bridge



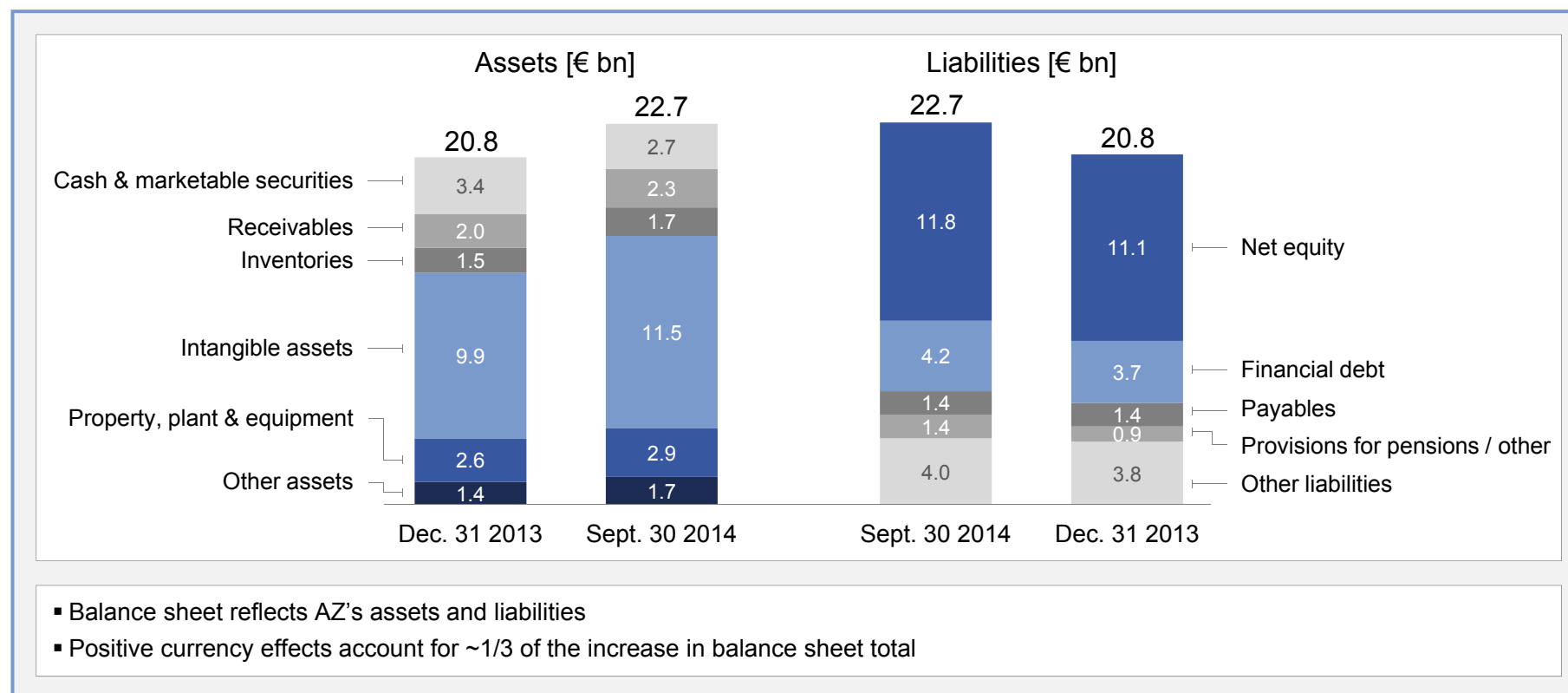
Comments

- Sales stable as organic growth is offset by FX mainly driven by U.S. dollar and Japanese yen as well as DDS* divestiture
- Process Solutions growth driven by biopharma demand for filtration and single-use products mainly stemming from EM and Europe
- Bioscience organically flat, as solid demand for cell culture and analysis systems mitigates soft U.S. academia demand
- Demand for consumables and water purification solutions in Emerging Markets drives organic growth in Lab Solutions
- Profitability increases due to solid volumes and pricing as well as ongoing cost discipline in marketing and selling

9M 2014 share of group sales



Balance sheet: Financial strength



Totals may not add up due to rounding

Underlying cash flow strength

[€ m]	9M 2013	9M 2014	Δ	Cash flow drivers
Profit after tax	928	883	-45	<ul style="list-style-type: none"> ▪ Profit after tax decreases on lower royalty income and higher income tax ▪ Changes in provisions mainly impacted by release for litigation and build-up for pipeline terminations ▪ Increase in changes in other assets and liabilities is mainly due to higher tax payments ▪ Operating cash flow decreases on lower royalties & higher tax payments ▪ Investing & financing cash flows reflect AZ and €750 m bond repayment in 2013
D&A	997	980	-16	
Changes in provisions	35	0	-35	
Changes in other assets / liabilities	-56	-133	-77	
Other operating activities	-47	-8	39	
Changes in working capital	-72	-159	-87	
Operating cash flow	1,785	1,564	-221	
Investing cash flow	-612	-497	114	
thereof Capex*	-235	-270	-35	
Financing cash flow	-966	-758	208	

*Only PPE, not including software
Totals may not add up due to rounding

One-time items in 9M 2014

One-time items in EBIT				
[€ m]	9M 2013		9M 2014	
	One-time items	thereof D&A	One-time items	thereof D&A
Biopharmaceuticals	93	45	34	4
Consumer Health	0	0	8	0
Performance Materials	3	1	81	0
Life Science	31	0	32	0
Corporate & Other	34	0	42	4
Total	161	46	198	8

Totals may not add up due to rounding

Financial calendar

Merck KGaA
Darmstadt · Germany

Date	Event
March 03, 2015	Q4 2014 Earnings release
April 17, 2015	Annual General Meeting 2015
May 19, 2015	Q1 2015 Earnings release
August 06, 2015	Q2 2015 Earnings release
November 12, 2015	Q3 2015 Earnings release



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