



Merck KGaA, Darmstadt, Germany

Commerzbank German Investment Seminar 2015

Marcus Kuhnert
CFO

Merck KGaA
Darmstadt · Germany

New York, January 2015



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.

Disclaimer

Cautionary Note Regarding Forward-Looking Statements

This communication may include “forward-looking statements.” Statements that include words such as “anticipate,” “expect,” “should,” “would,” “intend,” “plan,” “project,” “seek,” “believe,” “will,” and other words of similar meaning in connection with future events or future operating or financial performance are often used to identify forward-looking statements. All statements in this communication, other than those relating to historical information or current conditions, are forward-looking statements. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond control of Merck KGaA, Darmstadt, Germany, which could cause actual results to differ materially from such statements.

Risks and uncertainties relating to the proposed transaction with Sigma-Aldrich Corporation (“Sigma-Aldrich”) include, but are not limited to: the risk that regulatory or other approvals required for the transaction are not obtained or are obtained subject to conditions that are not anticipated; competitive responses to the transaction; litigation relating to the transaction; uncertainty of the expected financial performance of the combined company following completion of the proposed transaction; the ability of Merck KGaA, Darmstadt, Germany, to achieve the cost-savings and synergies contemplated by the proposed transaction within the expected time frame; the ability of Merck KGaA, Darmstadt, Germany, to promptly and effectively integrate the businesses of Sigma-Aldrich and Merck KGaA, Darmstadt, Germany; the effects of the business combination of Merck KGaA, Darmstadt, Germany, and Sigma-Aldrich, including the combined company’s future financial condition, operating results, strategy and plans; the implications of the proposed transaction on certain employee benefit plans of Merck KGaA, Darmstadt, Germany, and Sigma-Aldrich; and disruption from the proposed transaction making it more difficult to maintain relationships with customers, employees or suppliers.

Additional risks and uncertainties include, but are not limited to: the risks of more restrictive regulatory requirements regarding drug pricing, reimbursement and approval; the risk of stricter regulations for the manufacture, testing and marketing of products; the risk of destabilization of political systems and the establishment of trade barriers; the risk of a changing marketing environment for multiple sclerosis products in the European Union; the risk of greater competitive pressure due to biosimilars; the risks of research and development; the risks of discontinuing development projects and regulatory approval of developed medicines; the risk of a temporary ban on products/production facilities or of non-registration of products due to non-compliance with quality standards; the risk of an import ban on products to the United States due to an FDA warning letter; the risks of dependency on suppliers; risks due to product-related crime and espionage; risks in relation to the use of financial instruments; liquidity risks; counterparty risks; market risks; risks of impairment on balance sheet items; risks from pension obligations; risks from product-related and patent law disputes; risks from antitrust law proceedings; risks from drug pricing by the divested Generics Group; risks in human resources; risks from e-crime and cyber attacks; risks due to failure of business-critical information technology applications or to failure of data center capacity; environmental and safety risks; unanticipated contract or regulatory issues; a potential downgrade in the rating of the indebtedness of Merck KGaA, Darmstadt, Germany, or Sigma-Aldrich; downward pressure on the common stock price of Merck KGaA, Darmstadt, Germany, or Sigma-Aldrich and its impact on goodwill impairment evaluations; the impact of future regulatory or legislative actions; and the risks and uncertainties detailed by Sigma-Aldrich with respect to its business as described in its reports and documents filed with the U.S. Securities and Exchange Commission (the “SEC”).

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

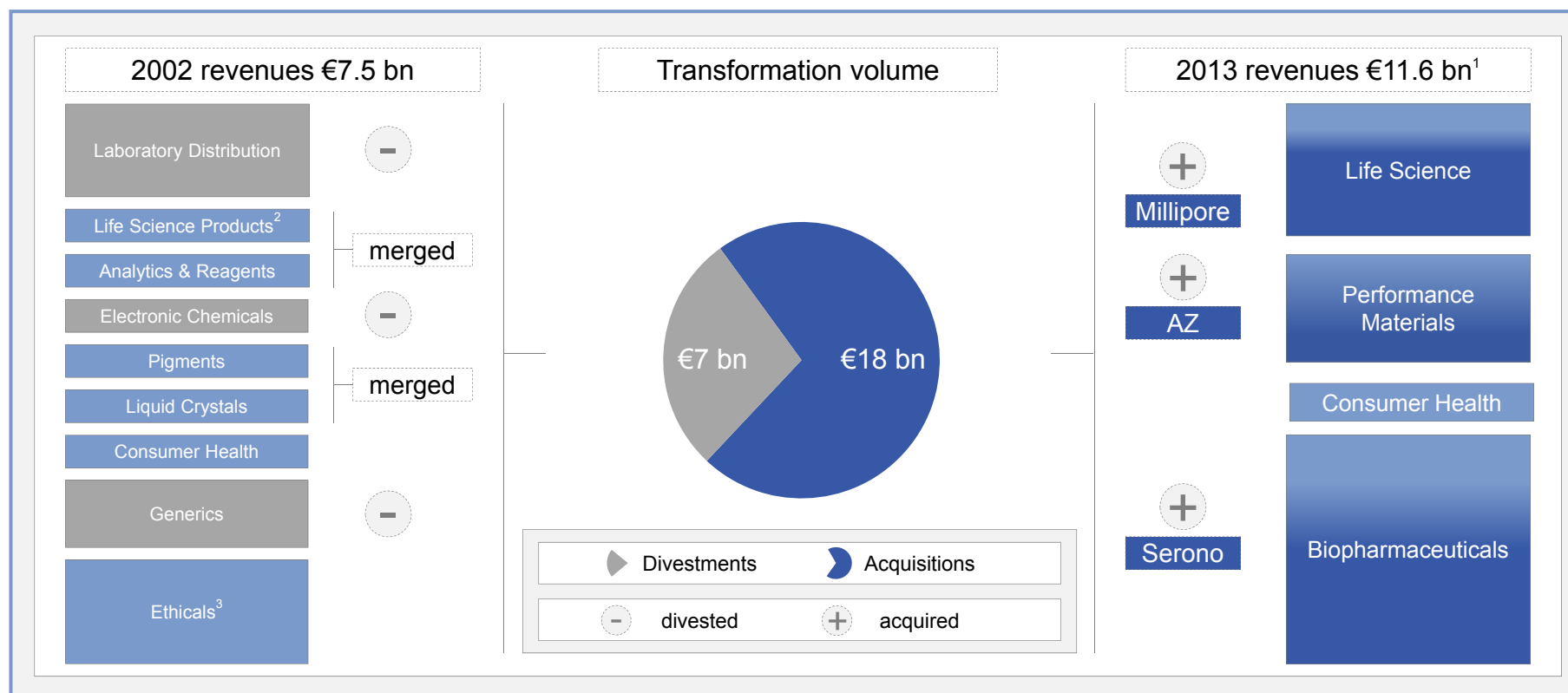
Business overview

Transforming the company

Strategic update on Biopharmaceuticals

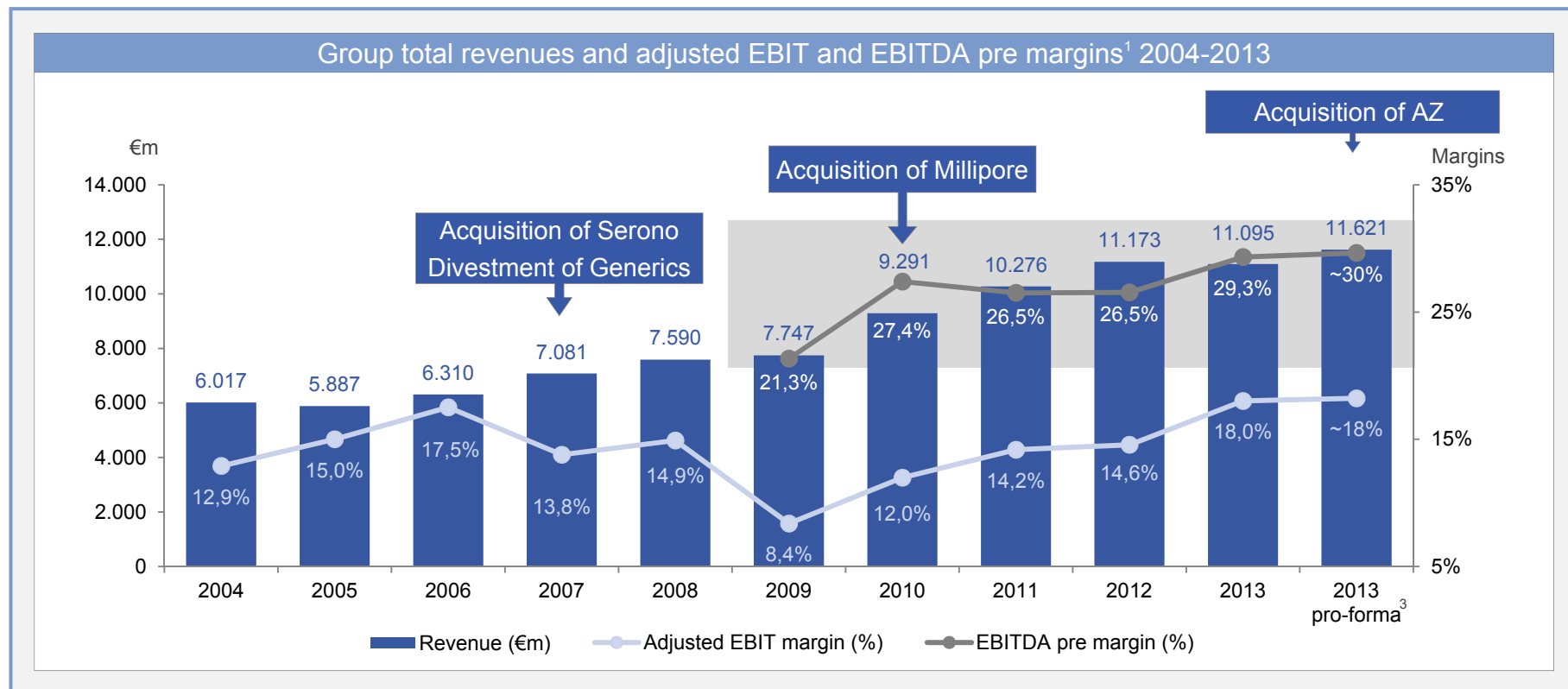
Financial review and guidance

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

A balanced portfolio of three segments

Merck KGaA, Darmstadt, Germany

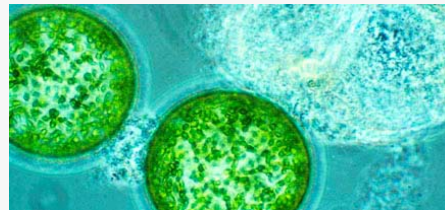
Healthcare



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

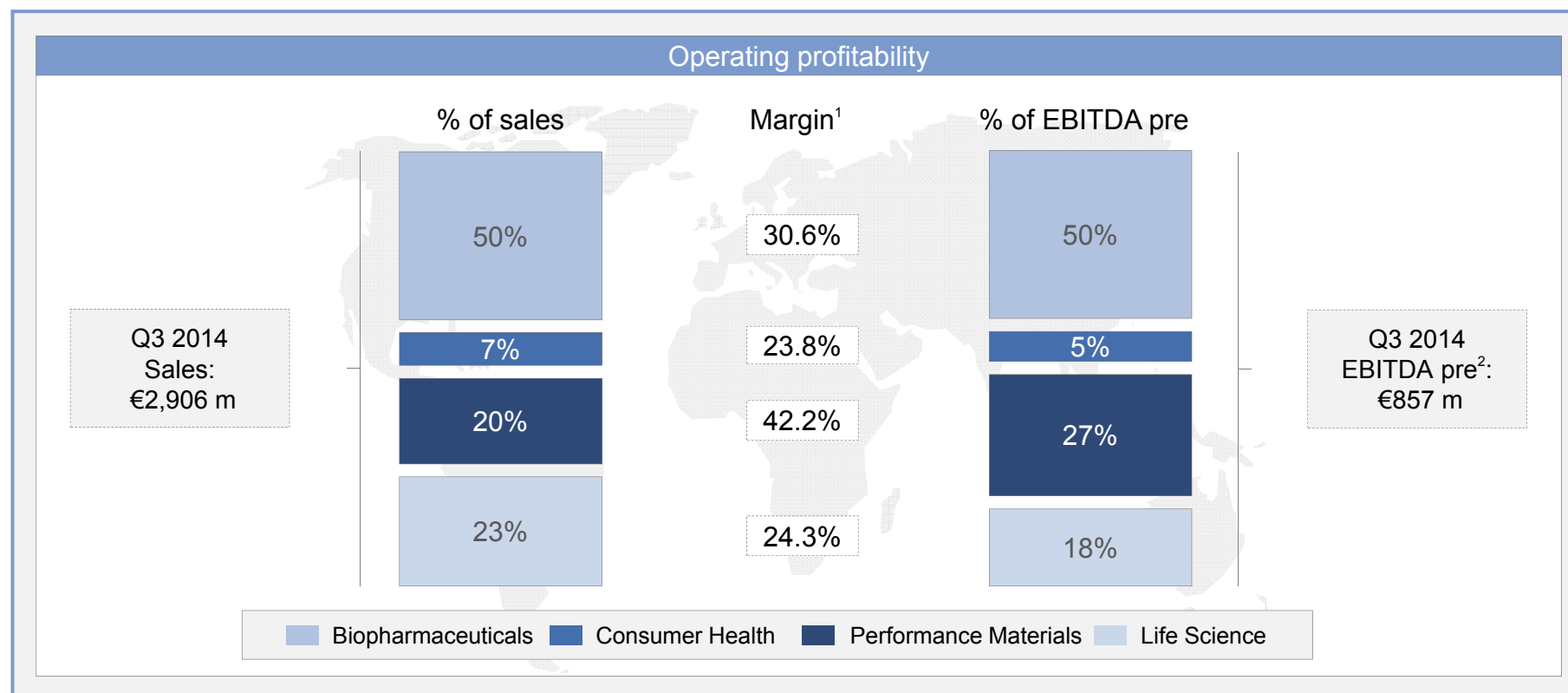


No. 1 in display materials

- Customer intimacy
- Innovation power
- Cost and technology leadership

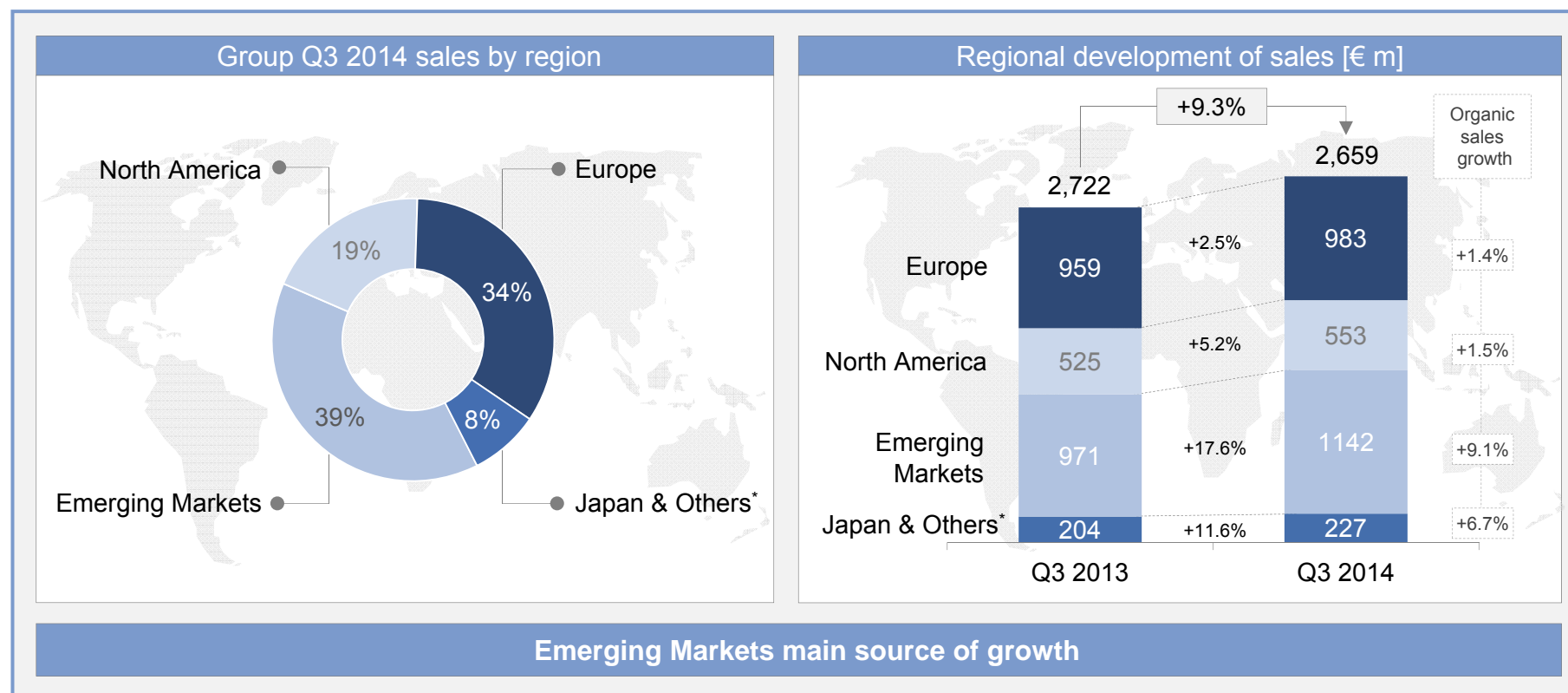
Strong businesses with attractive margins

Merck KGaA
Darmstadt · Germany



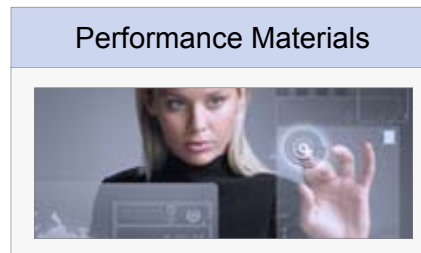
¹EBITDA pre margin in % of sales; ²Including Corporate/Others (-€44.1 m)
Totals may not add up due to rounding

Growth across all regions

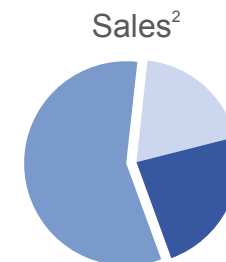


*Australia/Oceania, Africa
Totals may not add up due to rounding

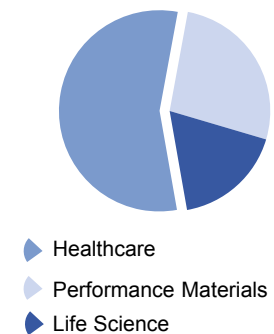
Our portfolio will remain diversified



- Diversification and risk management
- Attractive markets
- High-margin businesses
- Overlapping core competencies (meeting customer needs, innovation, regulated markets, quality, lifecycle management, handling of portfolio and product complexity)
- Company heritage



EBITDA pre³



¹Healthcare includes Biopharmaceuticals and Consumer Health; ²Proforma calculation based on published figures for FY 2013 for Merck KGaA, Darmstadt, Germany and AZ Electronic Materials

³Proforma calculation including AZ Electronic Materials and 100% expected synergies; excluding Corporate+Other

All businesses in portfolio have to meet stringent criteria

Leaders



Life Science



Display Materials



Leading in niches



Healthcare



Pigments and Functional Materials



IC* Materials



Strategic requirements

- Critical mass
- Growth potential ~5% (for each segment)
- Sustainable business model
- Potential to expand into adjacent activities

Financial requirements

- Sustainable margin > 30%
- Strong cash flow generation
- Low capex requirements

*Integrated Circuit

Agenda

Business overview

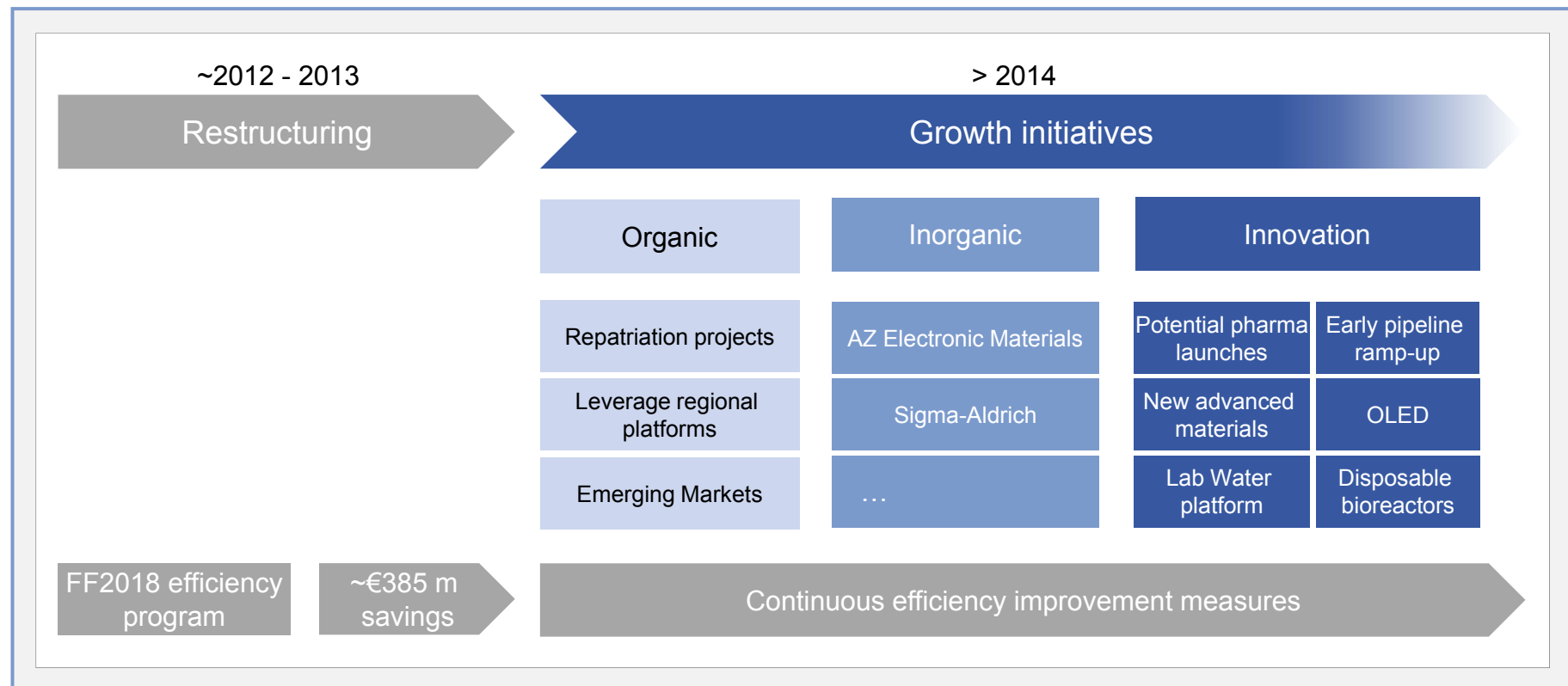
Transforming the company

Strategic update on Biopharmaceuticals

Financial review and guidance

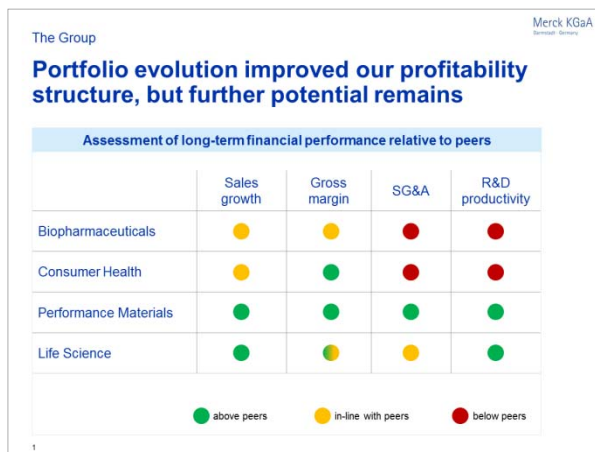
Strategic agenda beyond 2014 – Focus on growth

Merck KGaA
Darmstadt · Germany

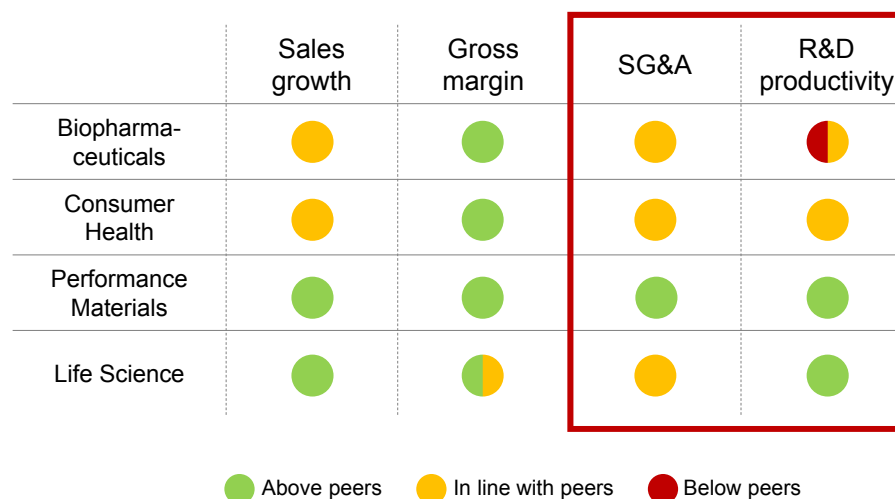


Strong progress since 2012 but further room for efficiency improvements

May 2012



November 2014



Ongoing efficiency initiatives to reduce costs and to support our growth strategy

Structures and processes



- Harmonization of IT systems
- Standardization of processes
- Leverage and upscale shared services

Costs



- Further reduction of operating leverage
- Additional focus on non-headcount-related costs
- Permanent cost control as part of our DNA

Scalable business model enabling swift M&A integration and synergy generation

Sigma-Aldrich – Next step to enhance Life Science segment

Attractive life science industry



- Attractive industry driven by sustainable underlying market trends
- Stable growth pattern, offering additional growth opportunities
- Strong companies with healthy margins

Taking our life science business to the next level



- Strong track record of delivering profitable growth
- Adding scale with step change acquisition

Sigma Aldrich acquisition - a compelling transaction rationale

Strategic and operational fit

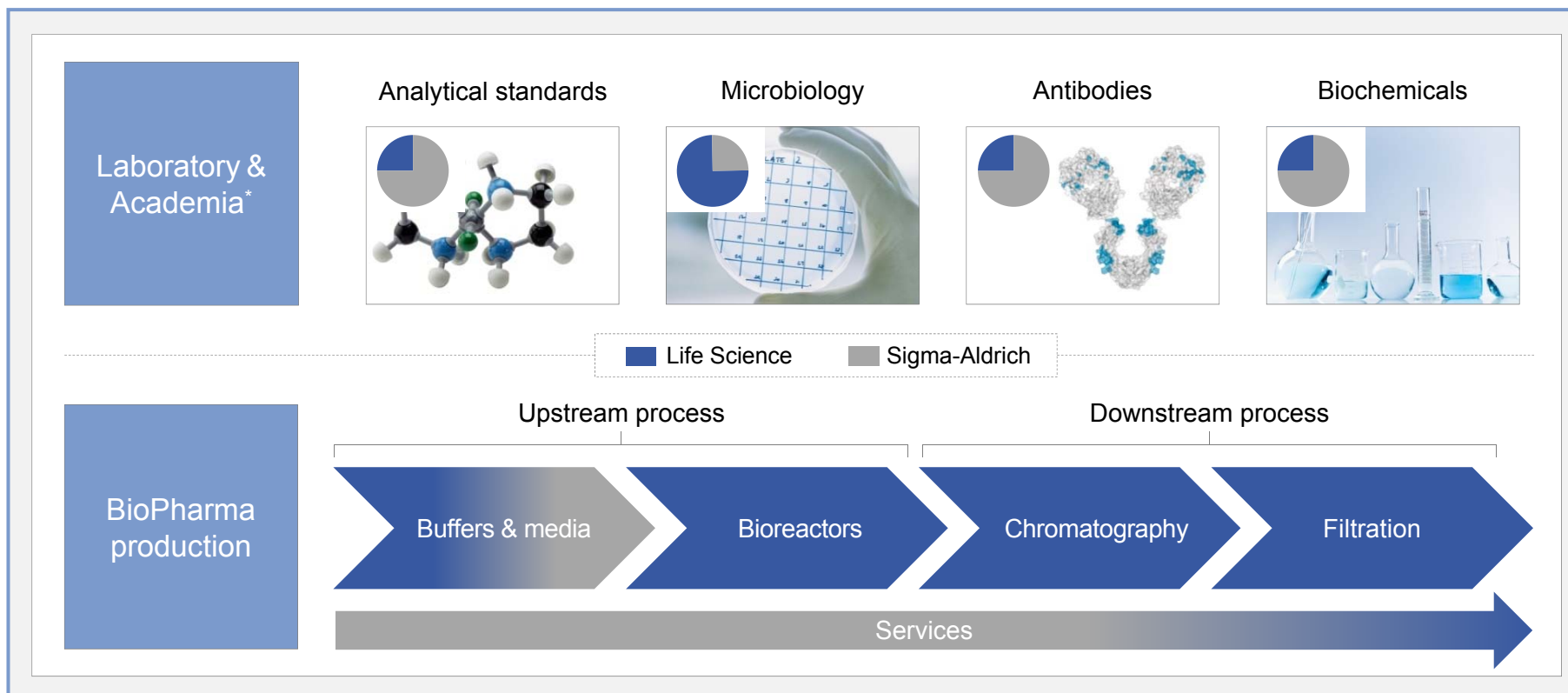
- Increasing scale – expanding position in attractive life science industry
- Enhancing value for our customers
 - Broadens product range and ease of doing business for Laboratories & Academia
 - Complements Process Solutions product offering
- Closing the gap in U.S. – adequate presence in all geographies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

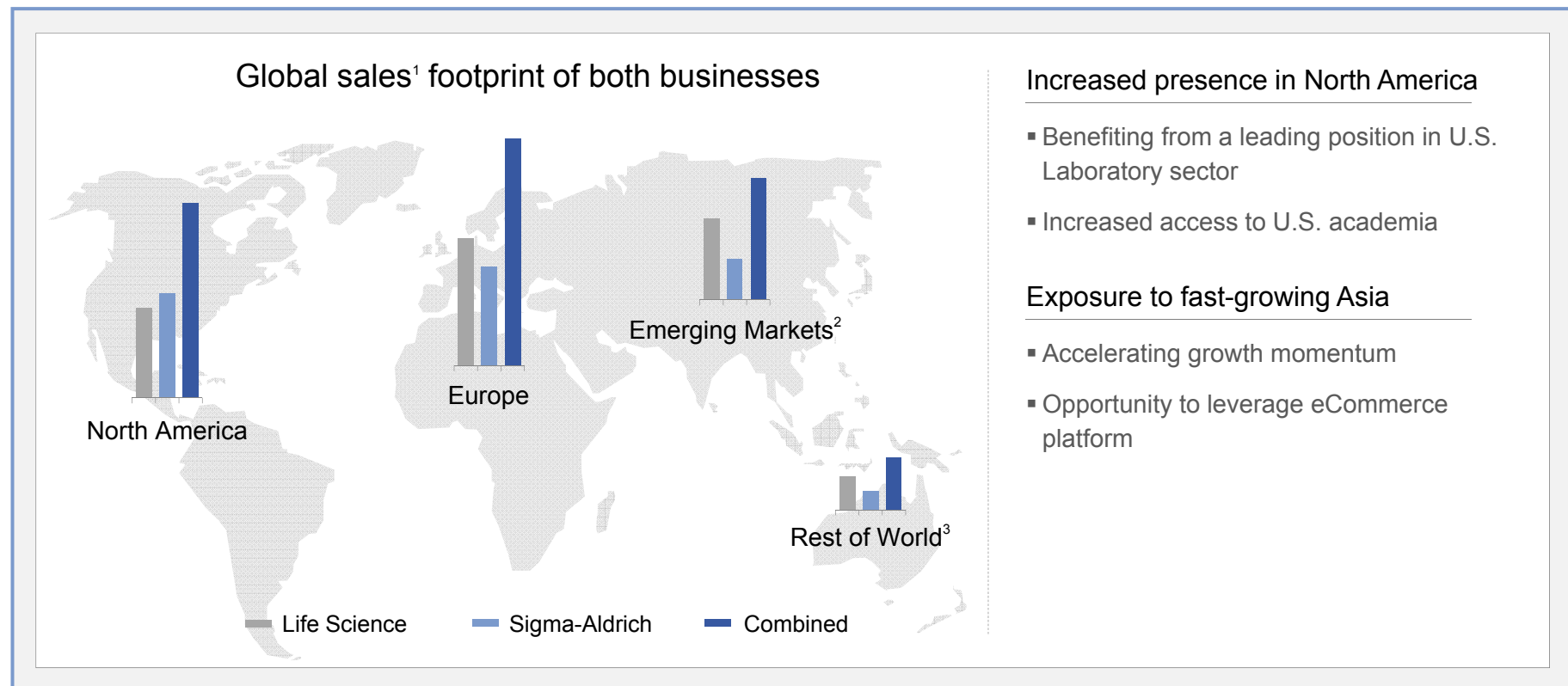
*EPS pre one-time items and amortization, especially from purchase price allocation (PPA)

Broad and complementary product fit in attractive segments



*Key laboratory and academia areas illustrated

Expanding global reach and scale



¹Based on FY 2013 data in €m; ²Latin America, Asia w/o Japan; ³Japan, Australia/Oceania, Africa

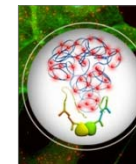
Leveraging operational excellence to deliver superior value to customers

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



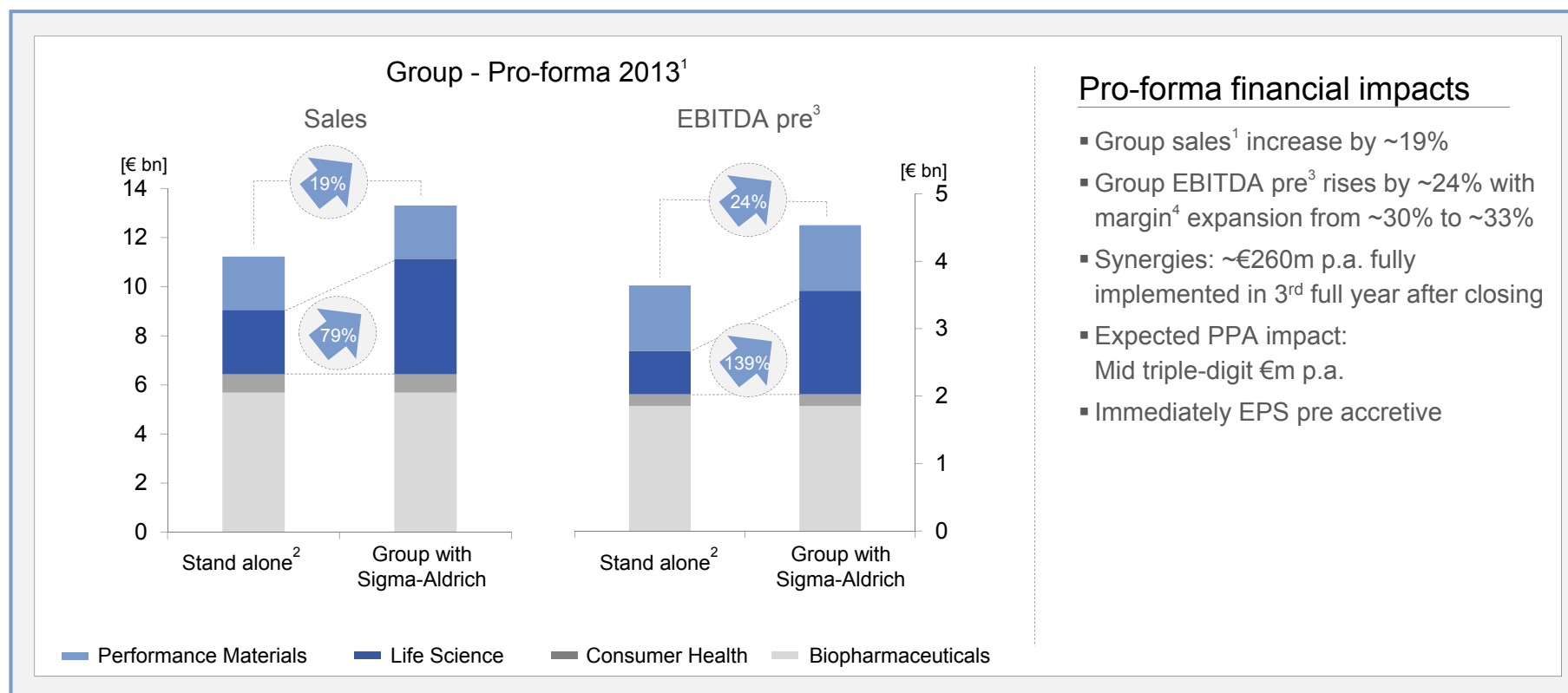
eCommerce platform



Supply chain

Efficient work flow solutions and unique customer experience

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

Agenda

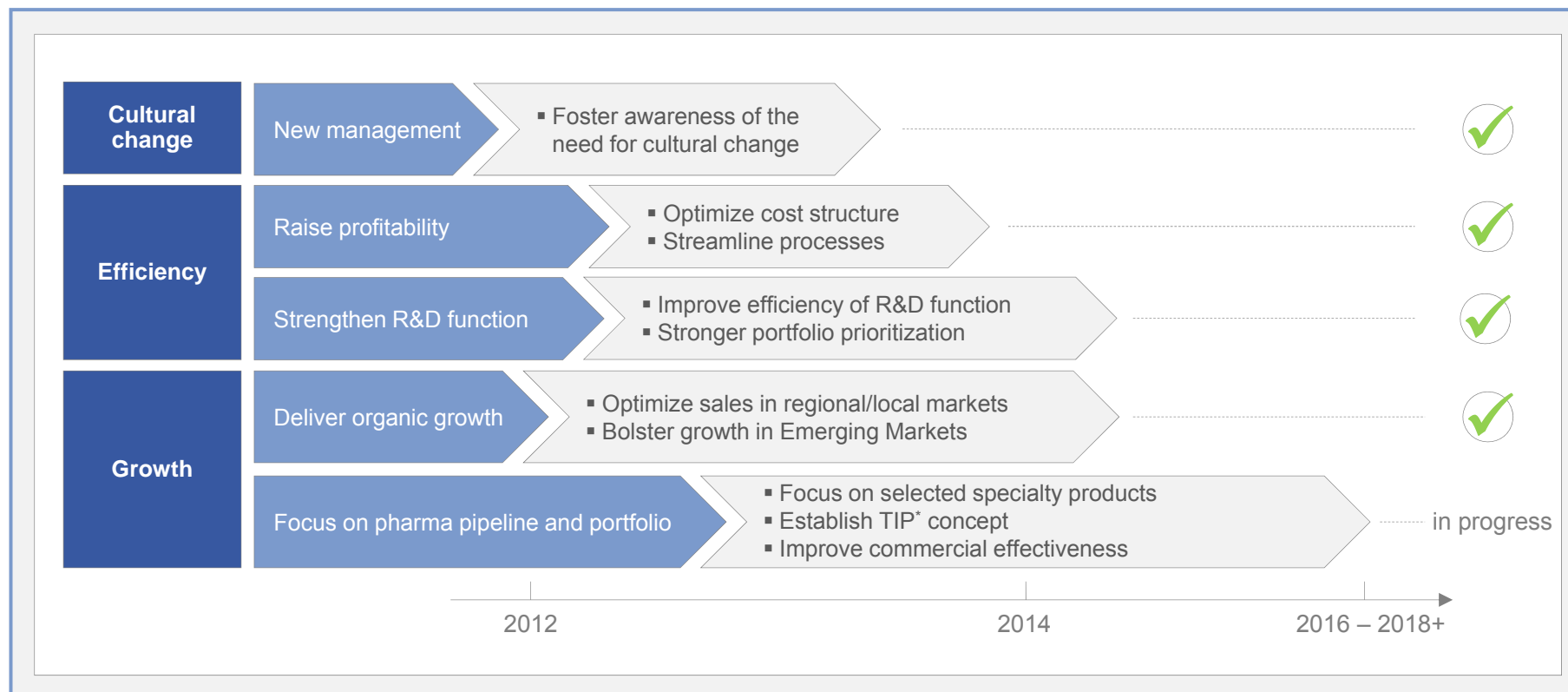
Business overview

Transforming the company

Strategic update on Biopharmaceuticals

Financial review and guidance

A substantial number of “Fit for 2018” measures have already been implemented



*TIP = Translational Innovation Platform

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 has three different business models with specific strengths and requirements

General Medicine



- Limited risk with high cash generation
- Sustainable steady growth fueled by Emerging Markets



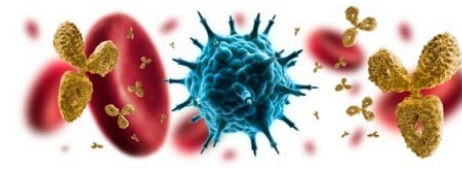
Biologicals



- Moderate risk and reward profile
- Economies of scale due to state-of-the-art production capabilities
- Emerging Markets gain importance



Oncology & Immunology innovation



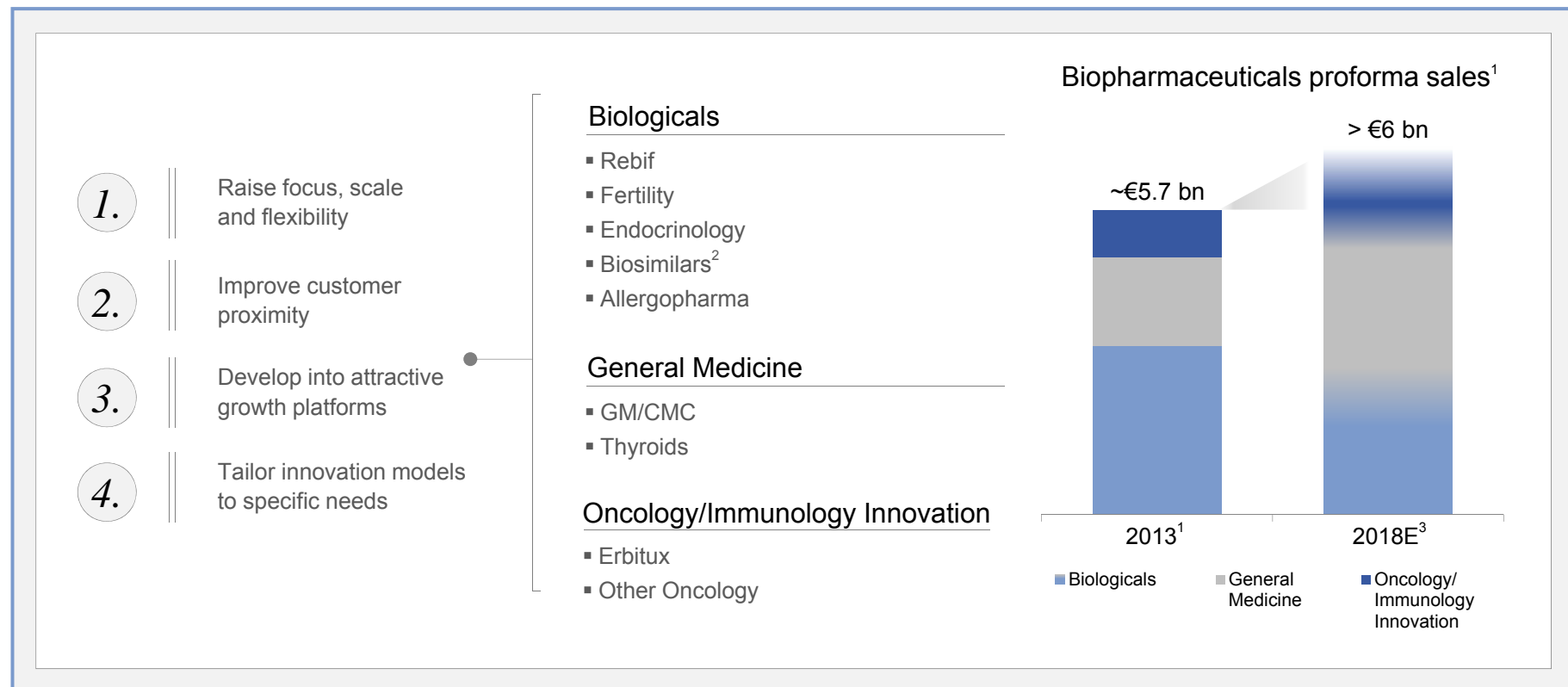
- High reward at high risk
- Innovation key success factor – high R&D spend
- Promising pipeline projects



Mid-term, all parts of the portfolio need to earn their cost of capital

Portfolio management: Differentiating across diverse business models

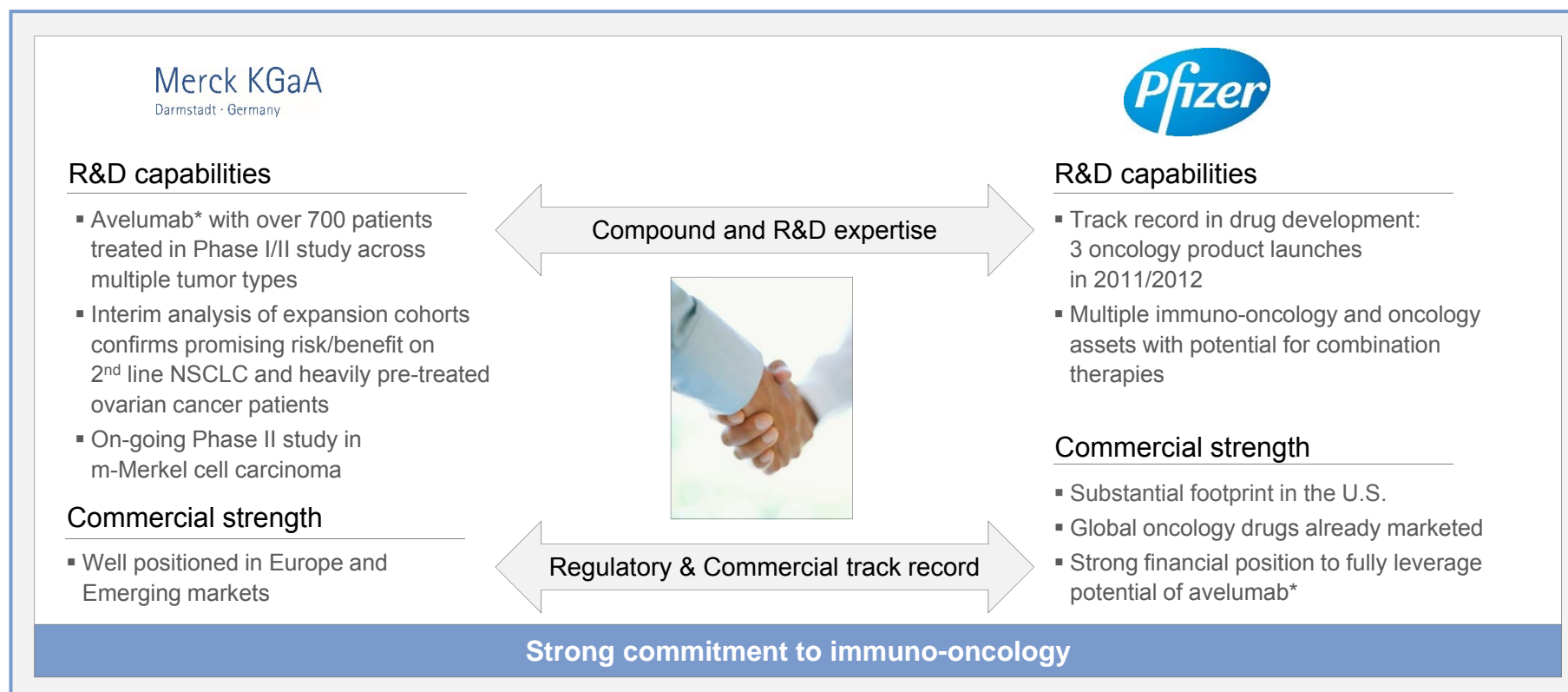
Merck KGaA
Darmstadt · Germany



¹Source: Proforma re-calculation based on 2013 data for Biopharmaceuticals; excluding Consumer Health; ²Gradual sales ramp-up expected from 2017 onwards

³Excluding contributions from R&D pipeline

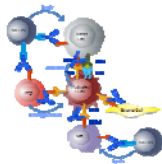
Collaboration with Pfizer – two strong players combining forces in oncology



*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)

Agenda

Business overview

Transforming the company

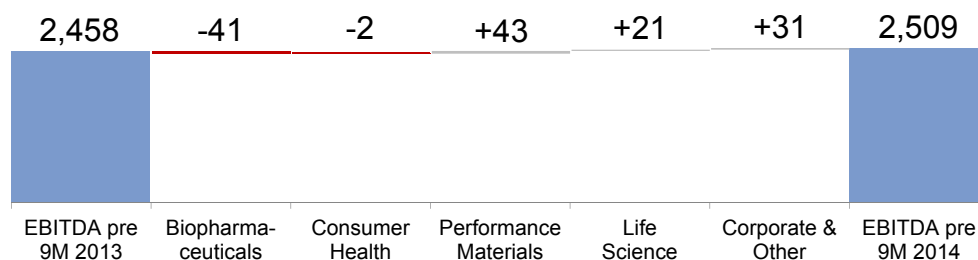
Strategic update on Biopharmaceuticals

Financial review and guidance

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

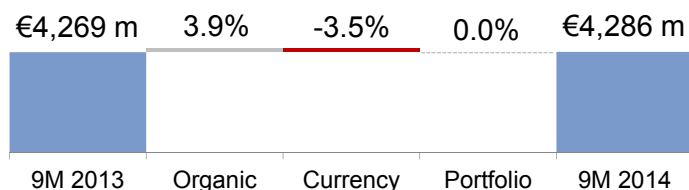
[€ m]	9M 2013	9M 2014	Δ	Reported results
EBIT	1,347	1,338	-0.6%	<ul style="list-style-type: none"> ▪ EBIT flat as organic growth and leaner cost structure are offset by lower royalties, one-time items & FX ▪ Financial result improves on lower interest payments due to bond repayment and CTA* funding ▪ 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%

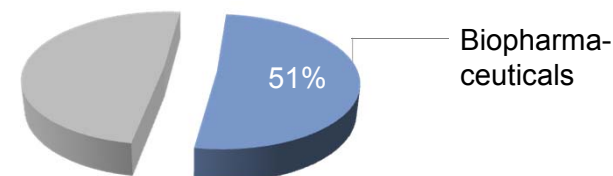
Sales bridge



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

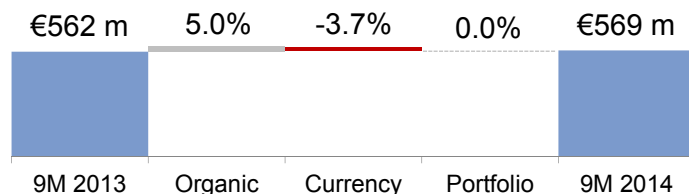


*Restated for product reclassification of Neurobion and Floratil from Biopharmaceuticals to Consumer Health

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>

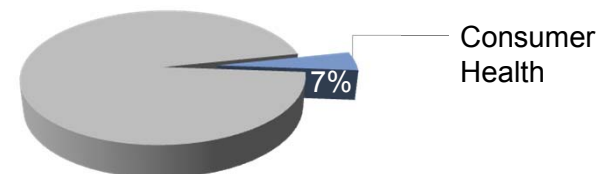
Sales bridge



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

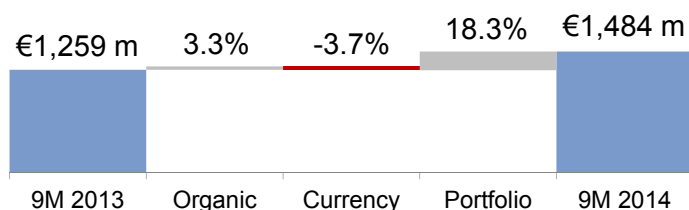


*Restated for product reclassification of Neurobion and Floratil from Pharma to Consumer Health

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>

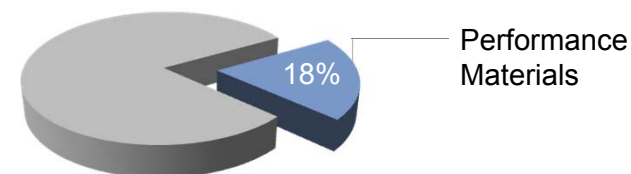
Sales bridge



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

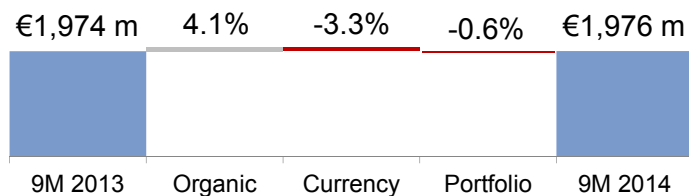
9M 2014 share of group sales



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>

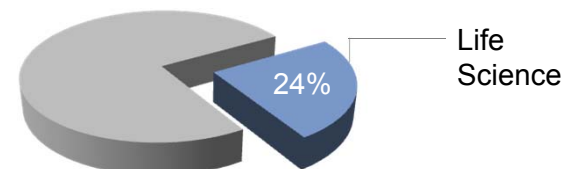
Sales bridge



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



Full-year guidance confirmed

Merck KGaA
Darmstadt · Germany

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




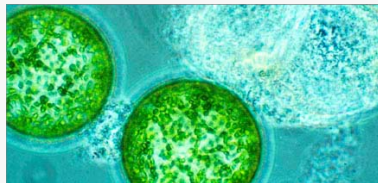
²Based on number of shares after the share split, which has been effective since June 30, 2014

Merck KGaA

Darmstadt · Germany

Appendix

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

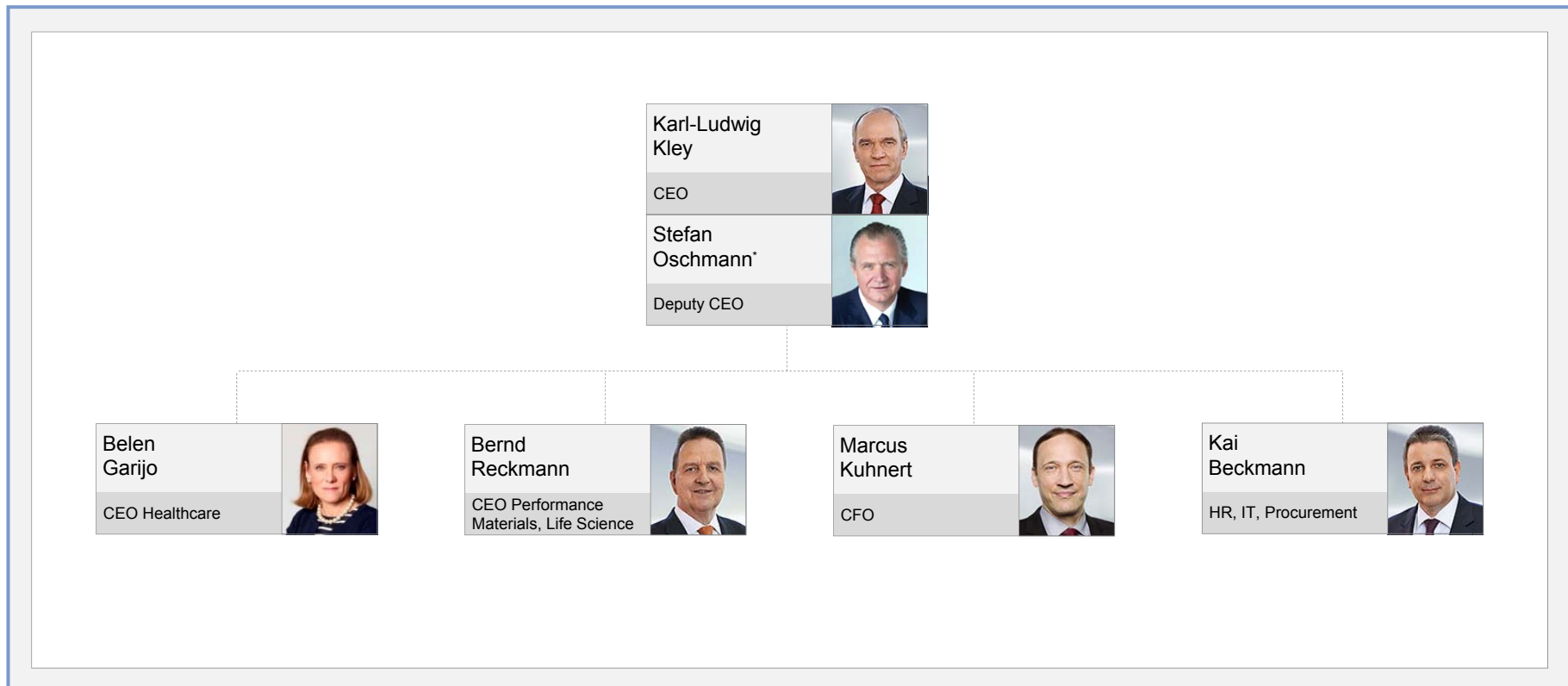
Further financial details

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



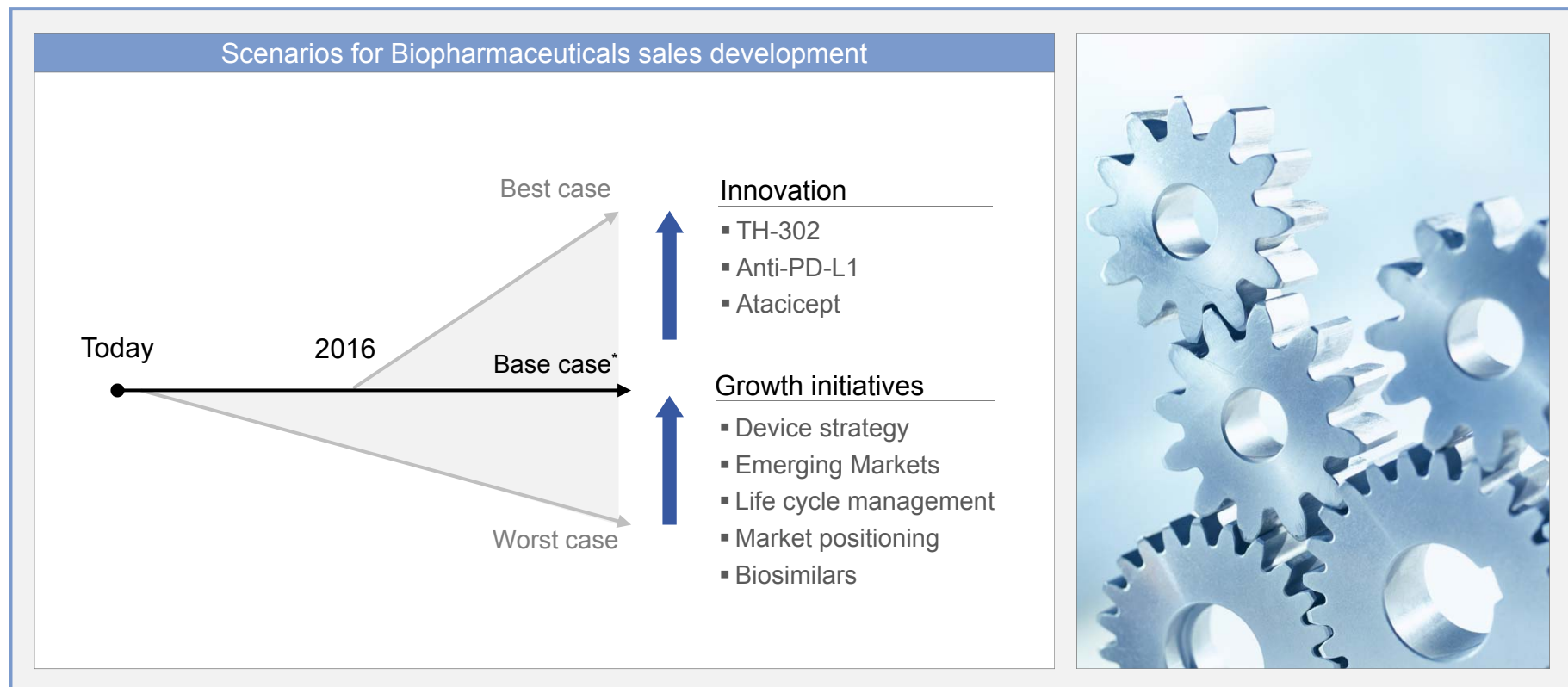
Executive Board as of January 1, 2015

Merck KGaA
Darmstadt · Germany



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

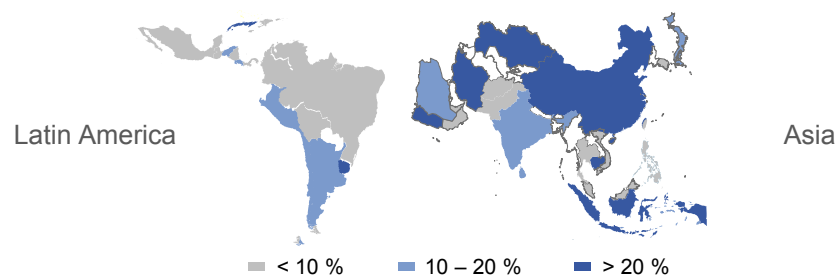
Growth initiatives will balance rising Rebif pressure – 'Innovation projects' provide upside potential



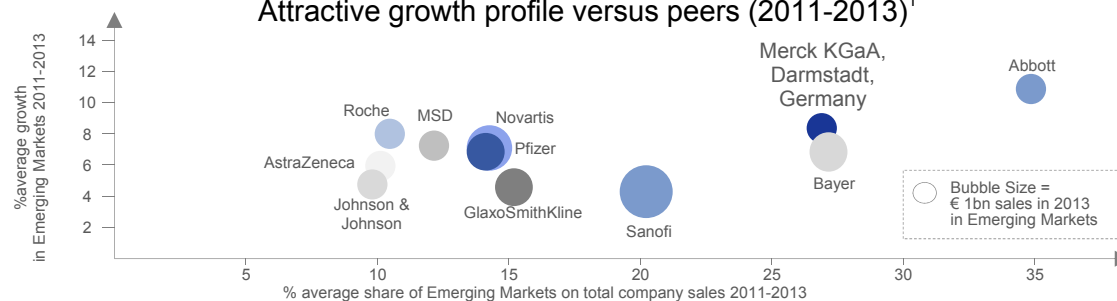
Illustration; * without pipeline contribution

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

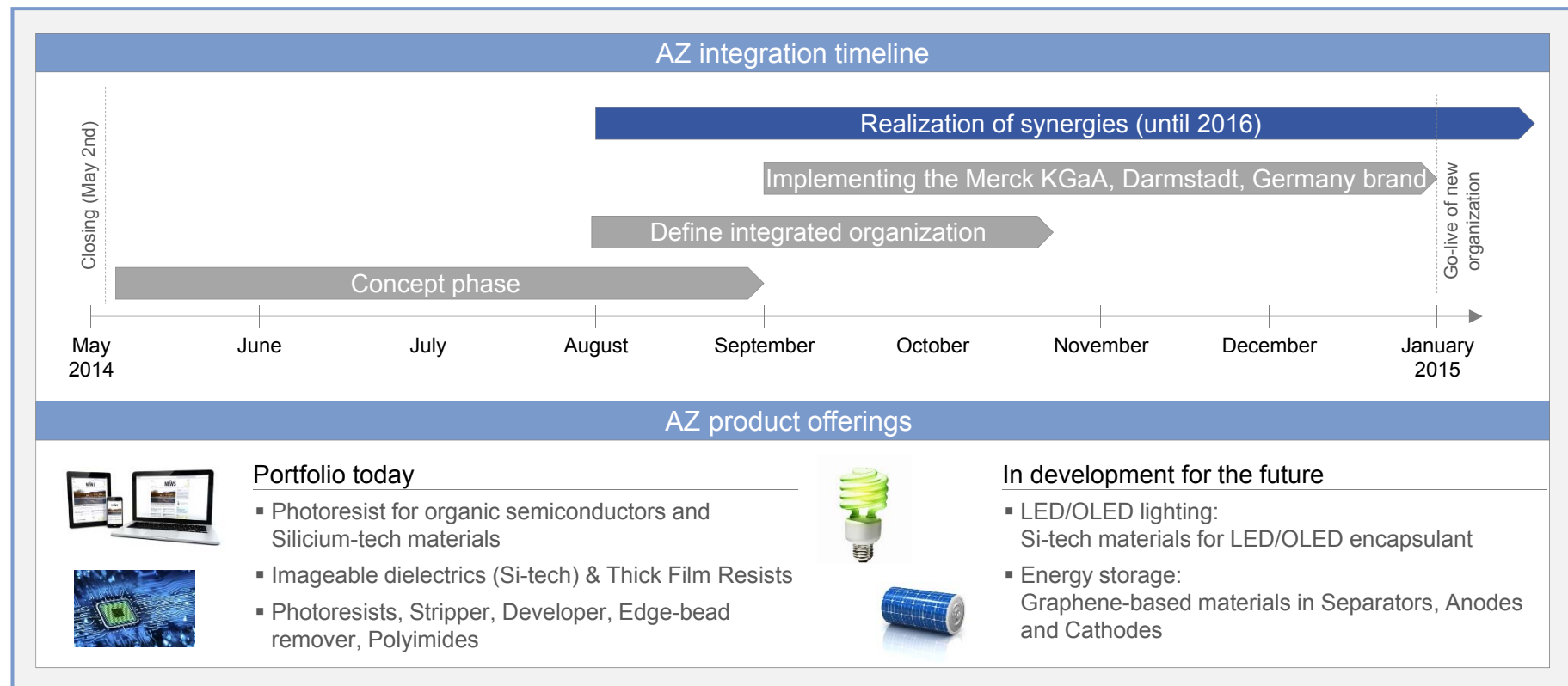
- Emerging Markets are a key driver for the branded products as well as for Biopharmaceuticals overall
- ~30% of sales in Emerging Markets
- ~50:50 breakdown between Latin America and Asia
- Emerging Markets account for >60% of organic growth 2011-2013²

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)

AZ integration well on track

Merck KGaA
Darmstadt · Germany



Transaction overview

PRICE	US\$ 140 per share, all-cash offer
PREMIUM	Premium of 37% to unaffected share price; 36% to one-month volume-weighted average price (VWAP)
CERTAINTY	Recommended by Sigma-Aldrich Board of Directors; No Merck KGaA, Darmstadt, Germany shareholder vote required
FINANCING	Bridge financing secured; Final structure: cash, bank loans and bonds; Strong combined cash flows for rapid deleveraging; solid investment grade rating will be maintained
TIMING	Subject to regulatory approvals; expected closing mid-year 2015

*Closing share price as of September 19, 2014

Sigma-Aldrich – A leading life science consumables supplier

Merck KGaA
Darmstadt · Germany

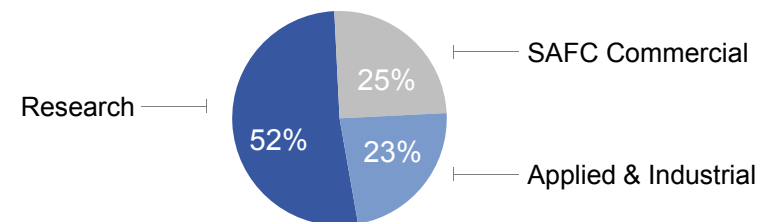
Business

- 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

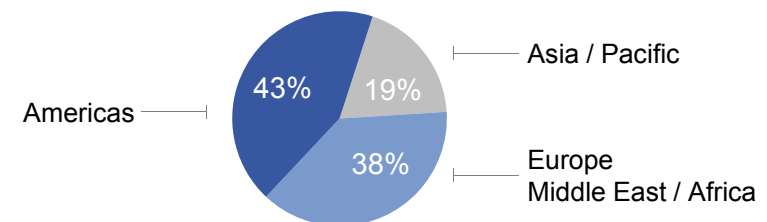
Footprint

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

Sales by division FY 2013*



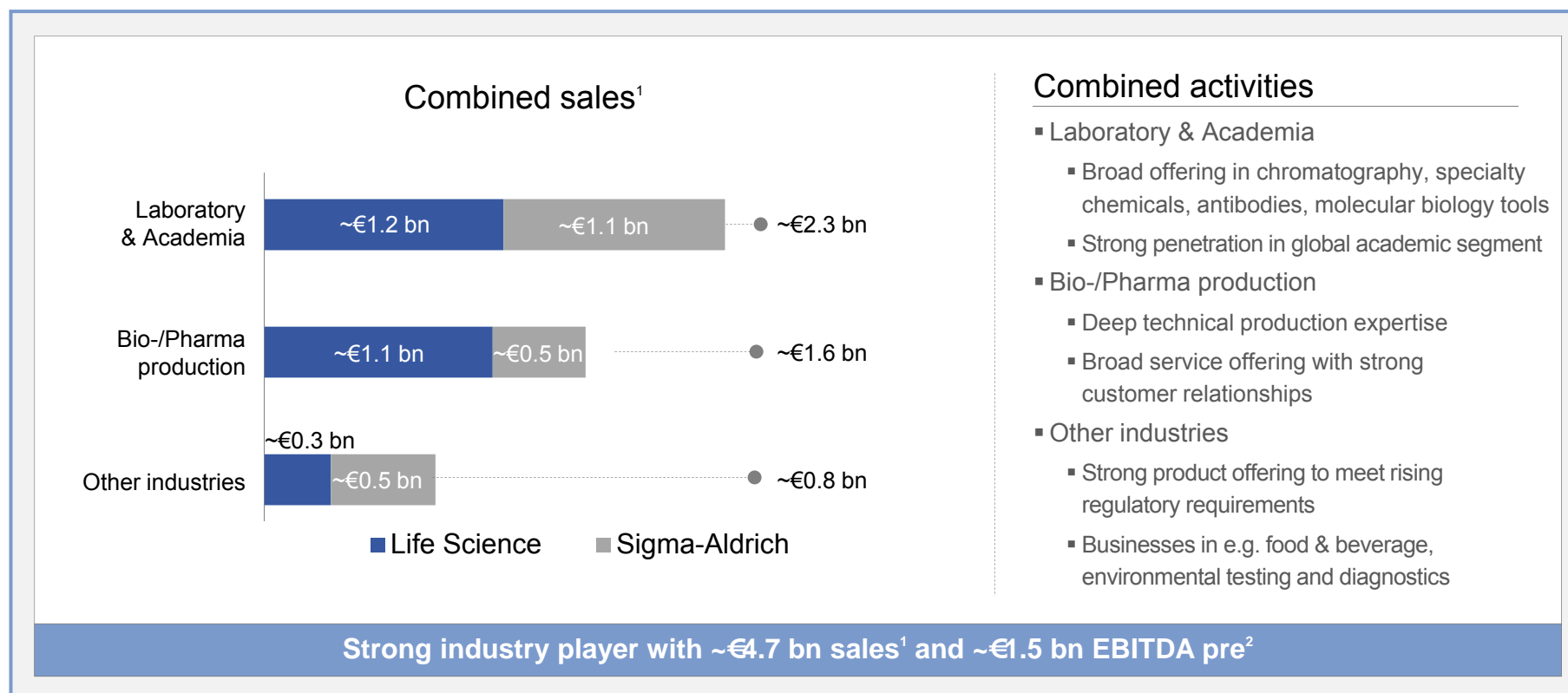
Sales by region FY 2013*



*Company reports FY 2013

Merck KGaA, Darmstadt, Germany and Sigma-Aldrich

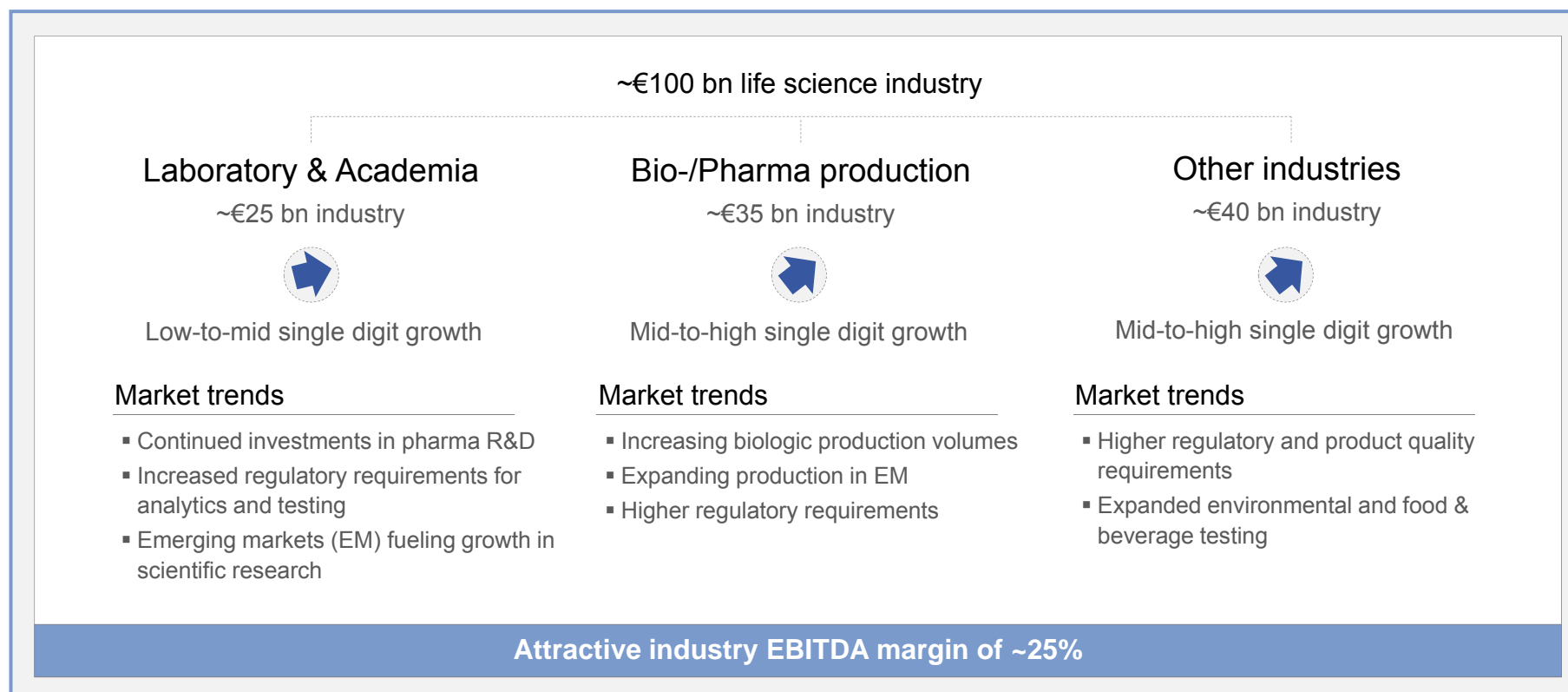
– Presenting a leading life science industry player



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)

Sigma-Aldrich & Merck KGaA, Darmstadt, Germany together serve attractive €100bn life science industry



Source: Merck KGaA, Darmstadt, Germany

Sigma-Aldrich – Business and transaction financials

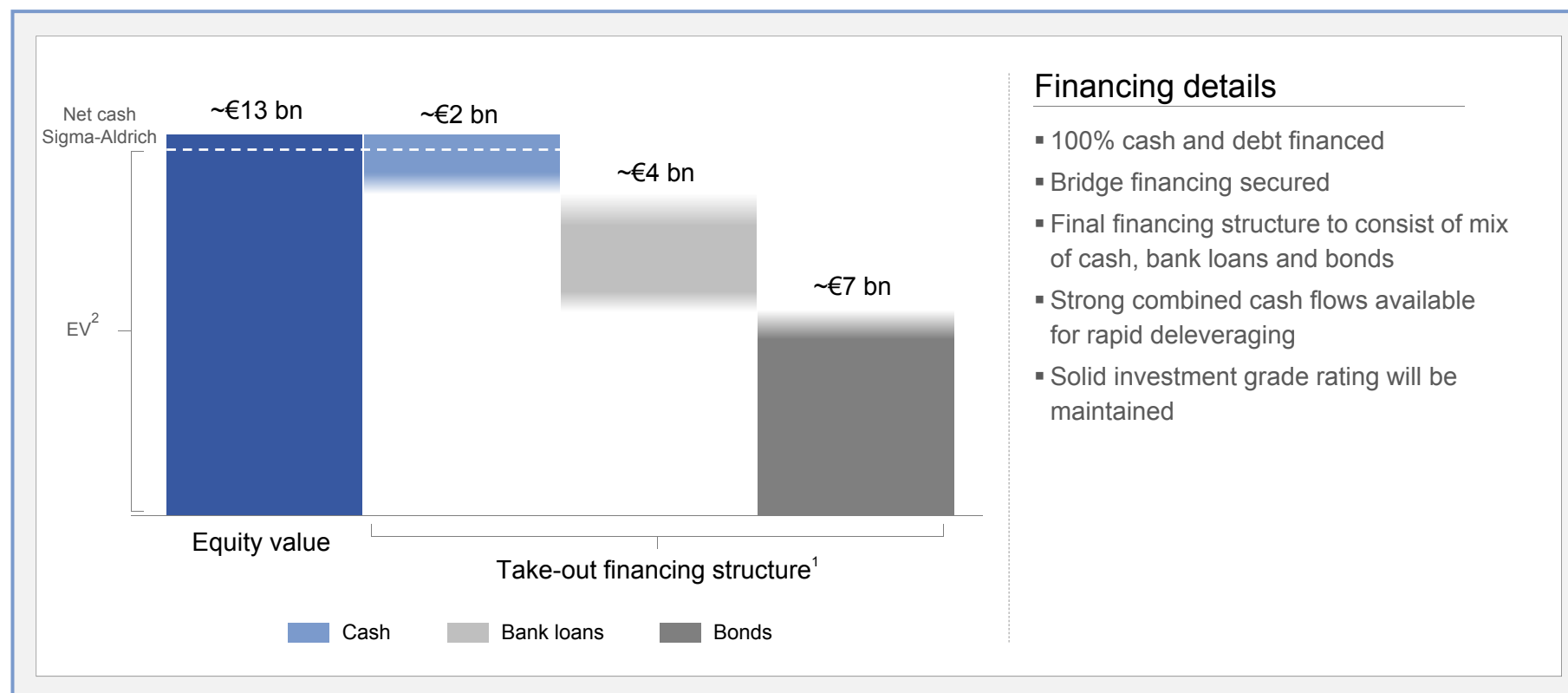
Merck KGaA
Darmstadt · Germany

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)

Sigma-Aldrich acquisition – Financing secured



¹Indicative only; ²Enterprise value

Sigma-Aldrich acquisition – Taking Life Science to the next level



Expanding position in the attractive life science industry, poised for sustainable growth



Enhancing value for customers via strengthened offering, reach, and operational excellence



Sigma-Aldrich & Life Science will be group core earnings contributors and generate sustainable and growing cash flow



Consistent with core acquisition criteria and corporate transformation journey

Indicative timeline of next steps

Announcement
(Sept. 22, 2014)

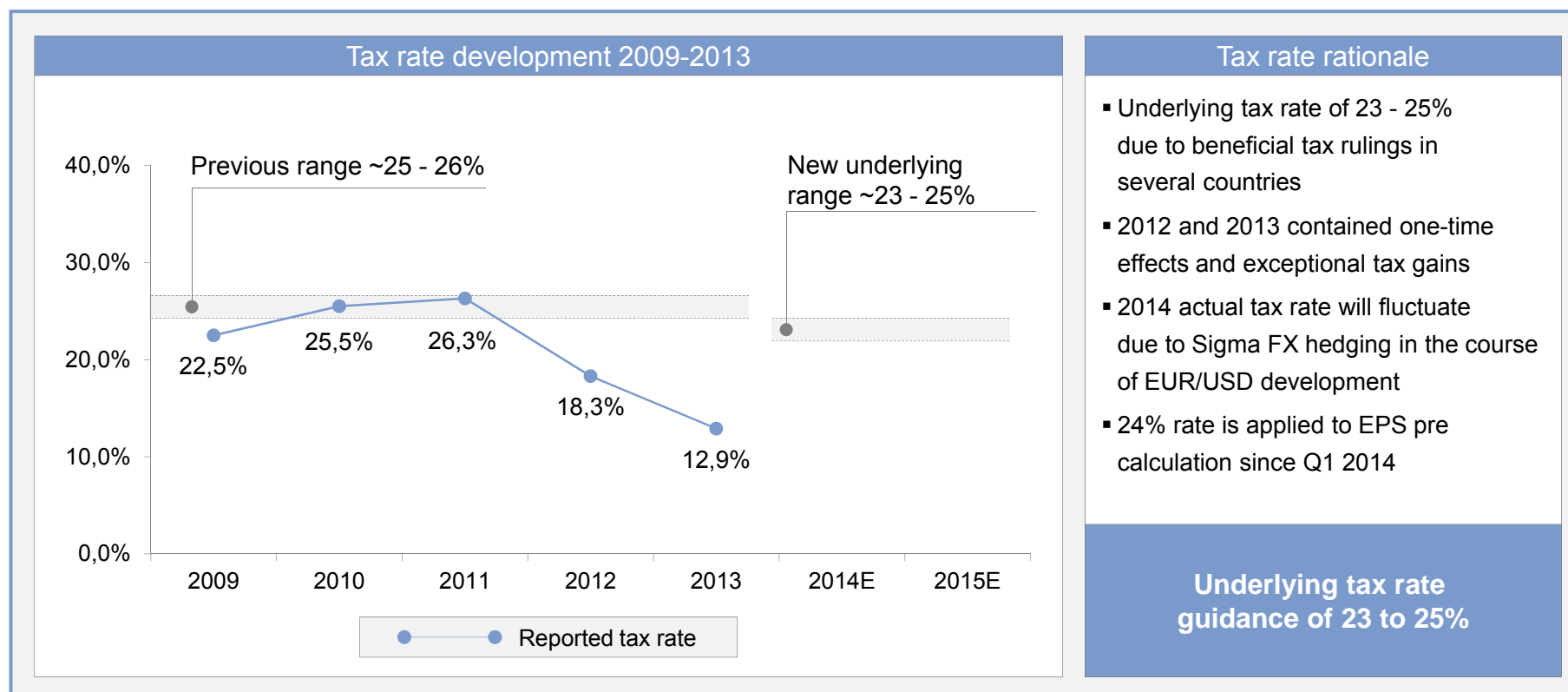


Closing
(Expected mid-year 2015)

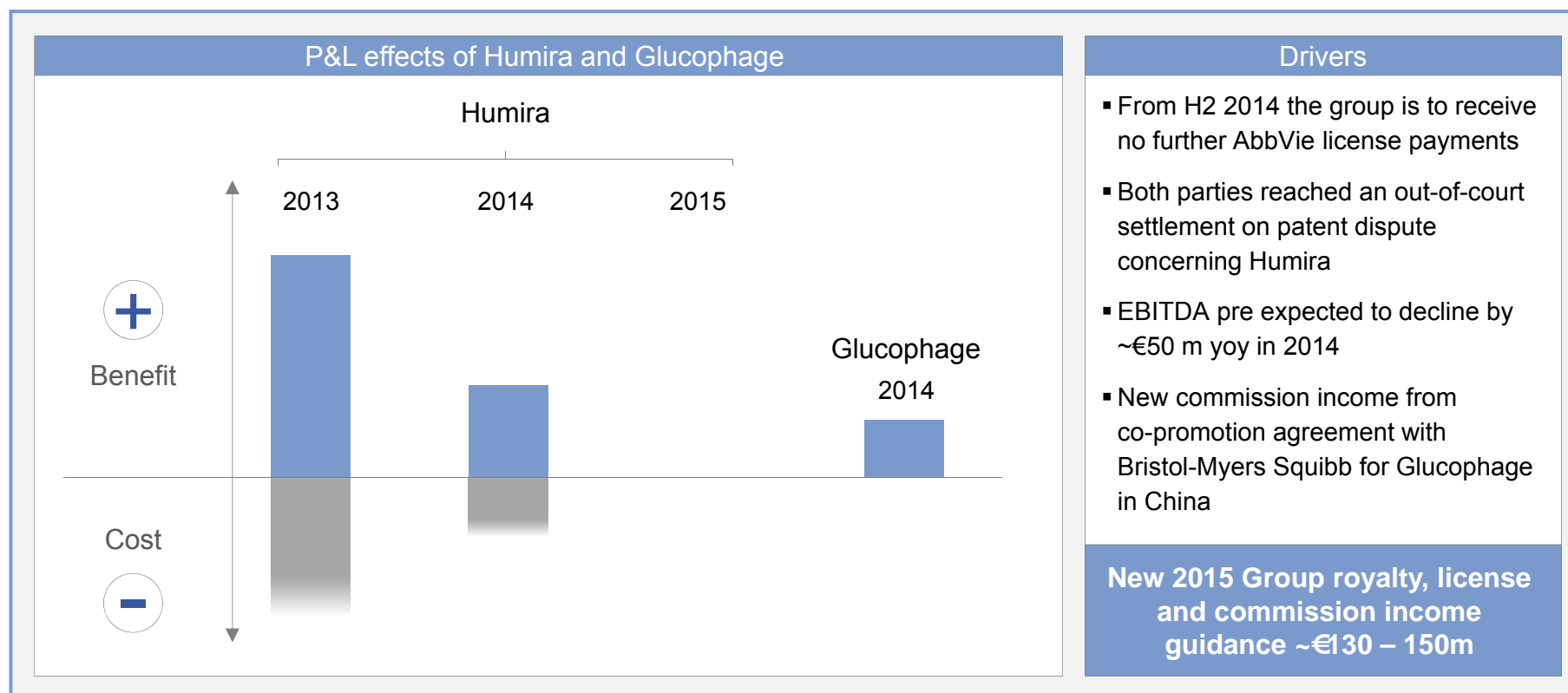
- Closing after:
 - Regulatory filings
 - Sigma-Aldrich shareholder approval at special meeting of shareholders
 - Fulfillment of other customary closing conditions



Underlying tax rate remains unchanged, while actual tax rate will fluctuate due to Sigma FX hedging



Settlement on patent dispute with AbbVie, while BMS co-promotion will yield first results



Illustration

Group 2014 industry outlook

Merck KGaA
Darmstadt · Germany

Biopharmaceuticals

- ▶ Growth will be driven by emerging markets, especially China and Brazil
- ▶ Mature markets will continue to be affected from austerity measures

Consumer Health

- ▶ Industry growth of ~5% in Consumer Health end markets
- ▶ Emerging markets grow mid to high-single digit, European growth lower

Performance Materials

- ▶ LC display market growth fueled by trend to larger displays
- ▶ World automotive market forecasted to grow low-single digit

Life Science

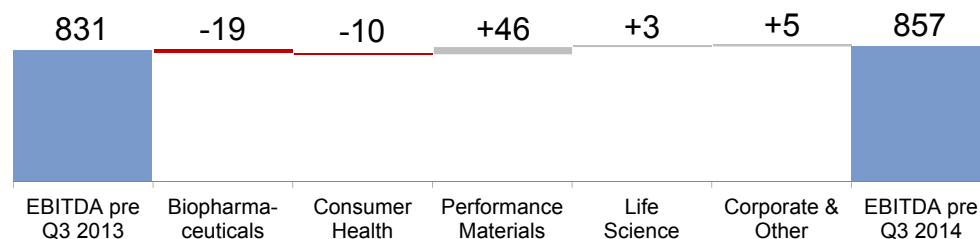
- ▶ Biotech R&D investments increase, benefiting Process Solutions
- ▶ Lab supply market grows 1-2%; austerity measures affect Bioscience



All businesses drive organic growth, while currency headwinds abate

Q3 YoY sales	Organic	Currency	Portfolio	Total
Biopharmaceuticals	4.5%	-0.8%	0.0%	3.7%
Consumer Health	1.4%	0.0%	0.0%	1.5%
Performance Materials	7.0%	-0.2%	35.0%	41.7%
Life Science	4.5%	-0.1%	-1.0%	3.4%
The Group	4.6%	-0.5%	5.1%	9.3%

Q3 YoY EBITDA pre contributors [€ m]



- All key Biopharmaceuticals franchises deliver organic growth
- Good volumes in Liquid Crystals drive Performance Materials
- Life Science benefits from strong performance of Process Solutions

- Biopharmaceuticals affected by Humira and Enbrel royalty income loss and higher production costs
- Consumer Health shows solid trend, but high comparables and investments in marketing
- Performance Materials includes a full quarter of AZ contribution

Totals may not add up due to rounding

Q3 2014: Sound financials

[€ m]	Q3 2013	Q3 2014	Δ	Q3 2014
Sales	2,659	2,906	9.3%	<ul style="list-style-type: none"> ▪ Sales up on organic improvement and full AZ contribution ▪ EBITDA pre increases on organic growth and AZ, margin reflects royalty income losses ▪ EPS pre flat amid higher D&A and lower financial result ▪ Operating cash flow impacted by lower royalty income and increase in working capital ▪ Higher headcount includes employees from AZ
EBITDA pre	831	857	3.1%	
<i>Margin (% of sales)</i>	<i>31.2%</i>	<i>29.5%</i>		
EPS pre [€]	1.15	1.15	0%	
Operating cash flow	827	726	-12.2%	
[€ 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 earnings contain AZ adjustments

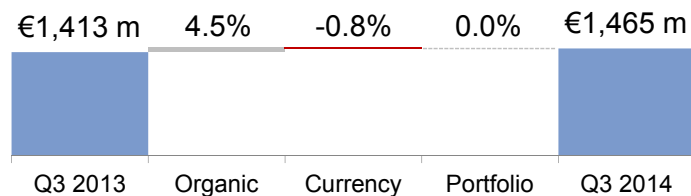
[€ m]	Q3 2013	Q3 2014	Δ	Reported results
EBIT	482	429	-11.0%	<ul style="list-style-type: none"> ▪ EBIT down mainly due to royalty terminations and some remaining inventory adjustments from AZ ▪ Financial result impacted by higher time value for LTIP*, mitigated by lower interest payments ▪ Tax rate increases due to solely tax-relevant gain from Sigma-Aldrich acquisition-related FX hedging
Financial result	-52	-57	10.4%	
Profit before tax	430	372	-13.6%	
Income tax	-87	-122	39.7%	
<i>Tax rate (%)</i>	<i>20.3%</i>	<i>32.9%</i>		
Net income	340	249	-26.7%	
EPS (€)	0.78	0.57	-26.9%	

*Long Term Incentive Plan

Biopharmaceuticals: Emerging Markets drive organic growth

[€ m]	Q3 2013*	Q3 2014
Sales	1,413	1,465
Marketing and selling	-428	-433
Admin	-49	-55
R&D	-296	-410
EBIT	240	237
EBITDA	446	436
EBITDA pre	467	449
<i>Margin (% of sales)</i>	33.1%	30.6%

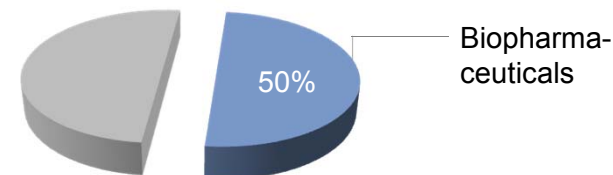
Sales bridge



Comments

- Sales improve due to solid organic growth, slightly impacted by FX
- Rebif with organic growth as U.S. pricing outweighs volume loss
- Erbitux with good organic performance driven by all regions
- Increase in R&D due to pipeline prioritization (tecemotide and plovamer discontinuations) and Biosimilars initiatives
- Higher R&D expense balanced by reduction in litigation provision reported under other operating income/expenses line
- EBITDA pre burdened by lower royalties (Humira, Enbrel) and higher production costs

Q3 2014 share of group sales



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

Consumer Health: Q3 compares to a strong base

[€ m]	Q3 2013*	Q3 2014	Comments
Sales	201	204	<ul style="list-style-type: none"> ▪ Slight organic sales growth despite tough comparables, country exits and destocking ▪ Emerging Markets main driver of organic growth, especially driven by Neurobion and Floratil in Brazil ▪ Femibion continues to grow organically, especially in Germany ▪ Higher marketing and selling costs due to investments in global marketing initiatives ▪ EBITDA pre impacted by higher marketing and selling costs, last year benefited from strong contribution of new brands ▪ Margin maintained at sustainable level
Marketing and selling	-72	-77	
Admin	-6	-7	
R&D	-6	-5	
EBIT	55	42	
EBITDA	57	45	
EBITDA pre	58	49	
<i>Margin (% of sales)</i>	28.9%	23.8%	
Sales bridge			Q3 2014 share of group sales
<p>€201 m 1.4% 0.1% 0.0% €204 m</p> <p>Q3 2013 Organic Currency Portfolio Q3 2014</p>			<p>Consumer Health 7%</p>

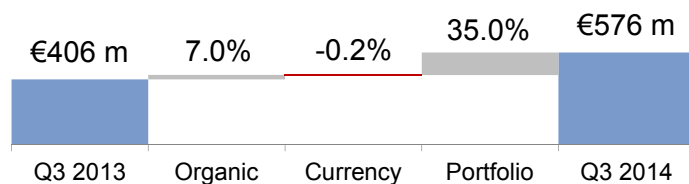
*Restated for product reclassification of Neurobion and Floratil from Biopharmaceuticals to Consumer Health

Performance Materials: IPS and PS-VA fuel divisional performance

Merck KGaA
Darmstadt · Germany

[€ m]	Q3 2013	Q3 2014
Sales	406	576
Marketing and selling	-38	-45
Admin	-7	-18
R&D	-37	-45
EBIT	177	152
EBITDA	202	218
EBITDA pre	197	243
<i>Margin (% of sales)</i>	<i>48.4%</i>	<i>42.2%</i>

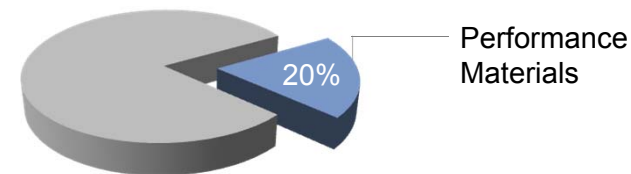
Sales bridge



Comments

- Sales increase on portfolio effect and good organic growth
- Liquid Crystals largest contributor to organic growth driven by good volumes
- Excellent performance of PS-VA and IPS due to strong demand for premium TV's, supported by new UB-FFS mode for mobile devices
- EBIT impacted by AZ inventory step-up
- EBITDA pre rises visibly due to AZ and good organic growth; AZ contributes lower average margins
- AZ integration well on track

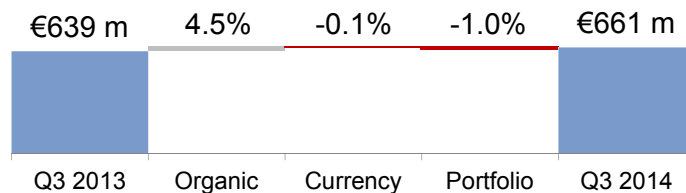
Q3 2014 share of group sales



Life Science: Process Solutions drives growth

[€ m]	Q3 2013	Q3 2014
Sales	639	661
Marketing and selling	-209	-206
Admin	-25	-26
R&D	-40	-42
EBIT	67	72
EBITDA	145	150
EBITDA pre	157	161
<i>Margin (% of sales)</i>	<i>24.6%</i>	<i>24.3%</i>

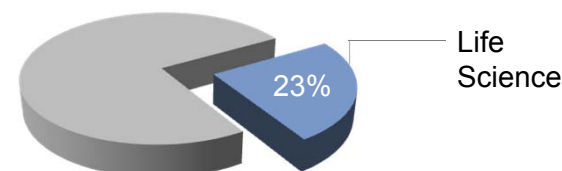
Sales bridge



Comments

- Sound organic growth slightly reduced by FX and portfolio
- Process Solutions drives divisional growth mainly due to strong demand from biopharma industry for purification & sterilization
- Lab Solutions flat as Emerging Markets demand for water purification solutions is almost offset by softness in Europe
- Impact of U.S. sequestration as well as lower demand for antibodies in Europe and North America weigh on Bioscience
- Profitability remains on healthy level owing to solid volumes

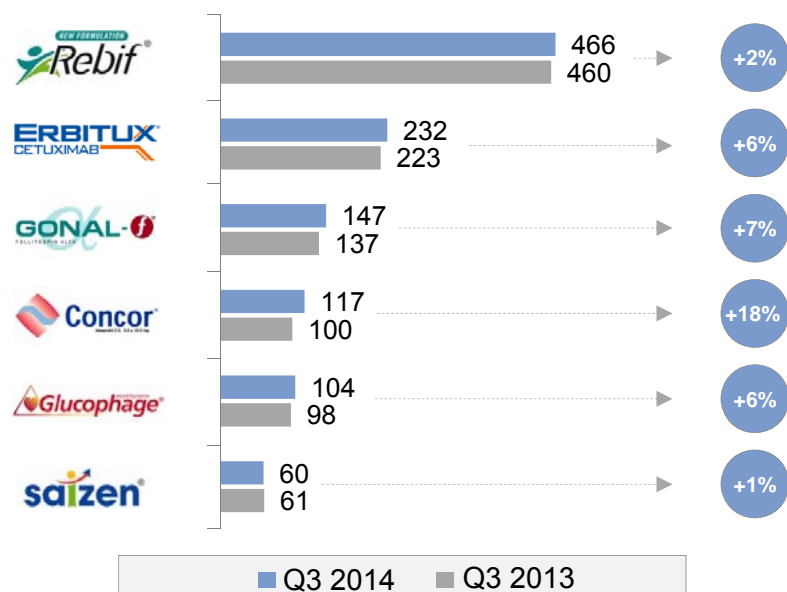
Q3 2014 share of group sales



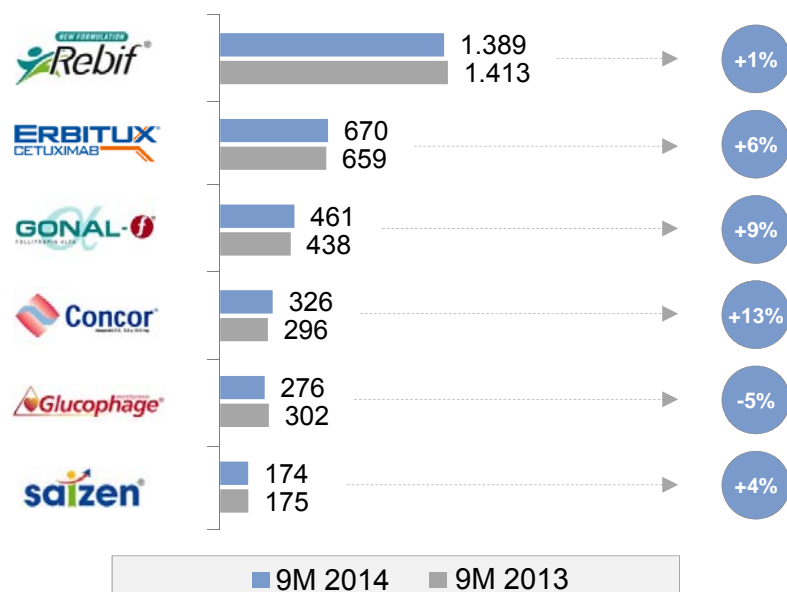
Biopharmaceuticals organic growth by product

Merck KGaA
Darmstadt · Germany

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



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



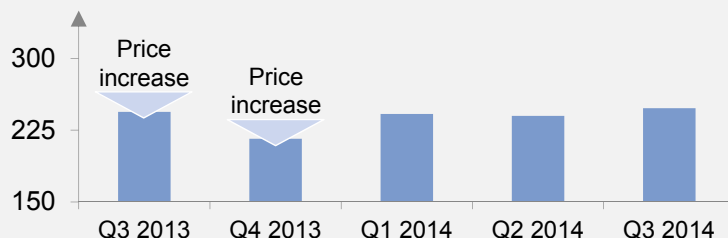
Rebif – defending market leadership in Europe; competitive pressure in the U.S.



- Regional sales evolution [€ m]

Trend

North America



Q3 drivers

+0.5% organic



Price



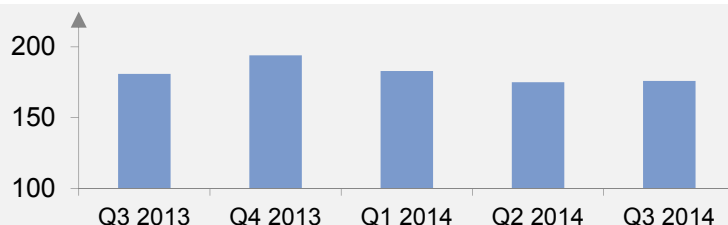
Volume



FX

Trend

Europe



Q3 drivers

-2.5% organic



Price



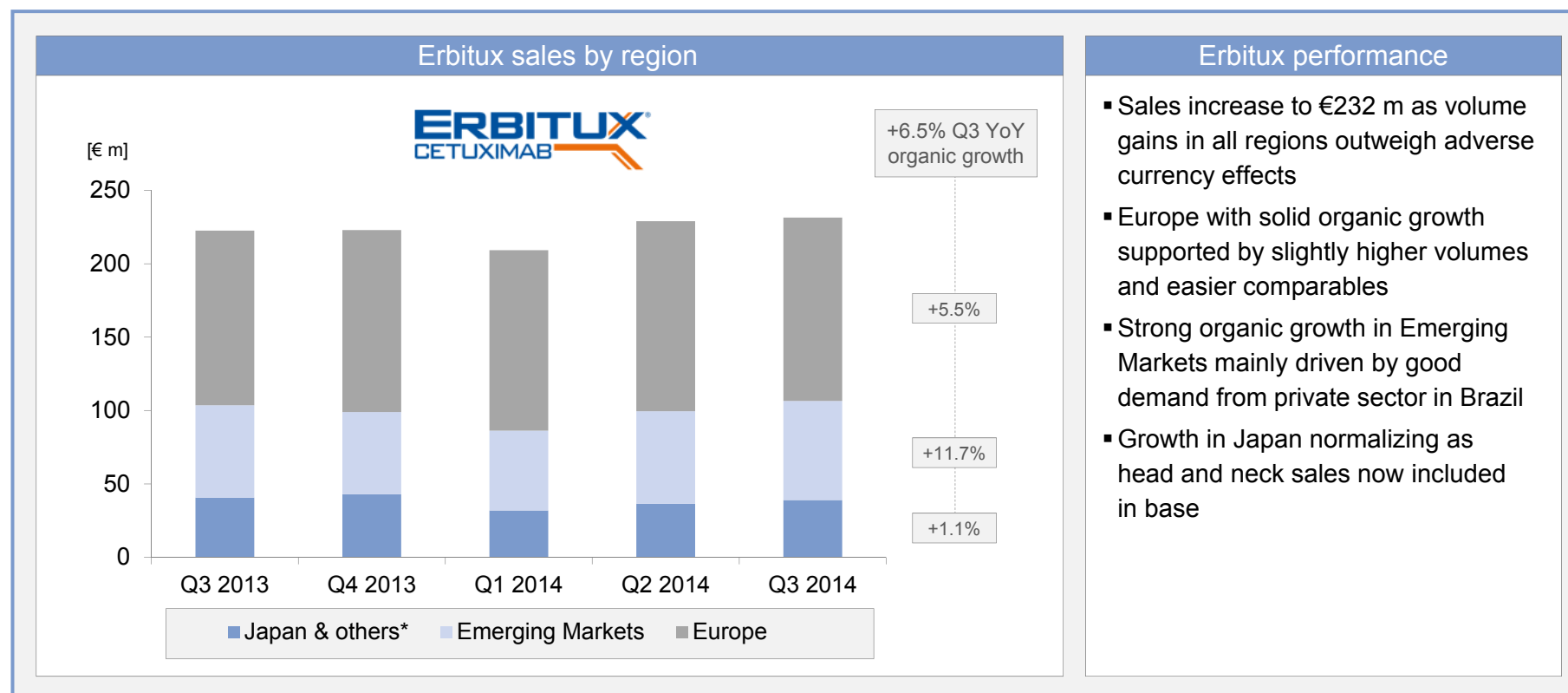
Volume

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

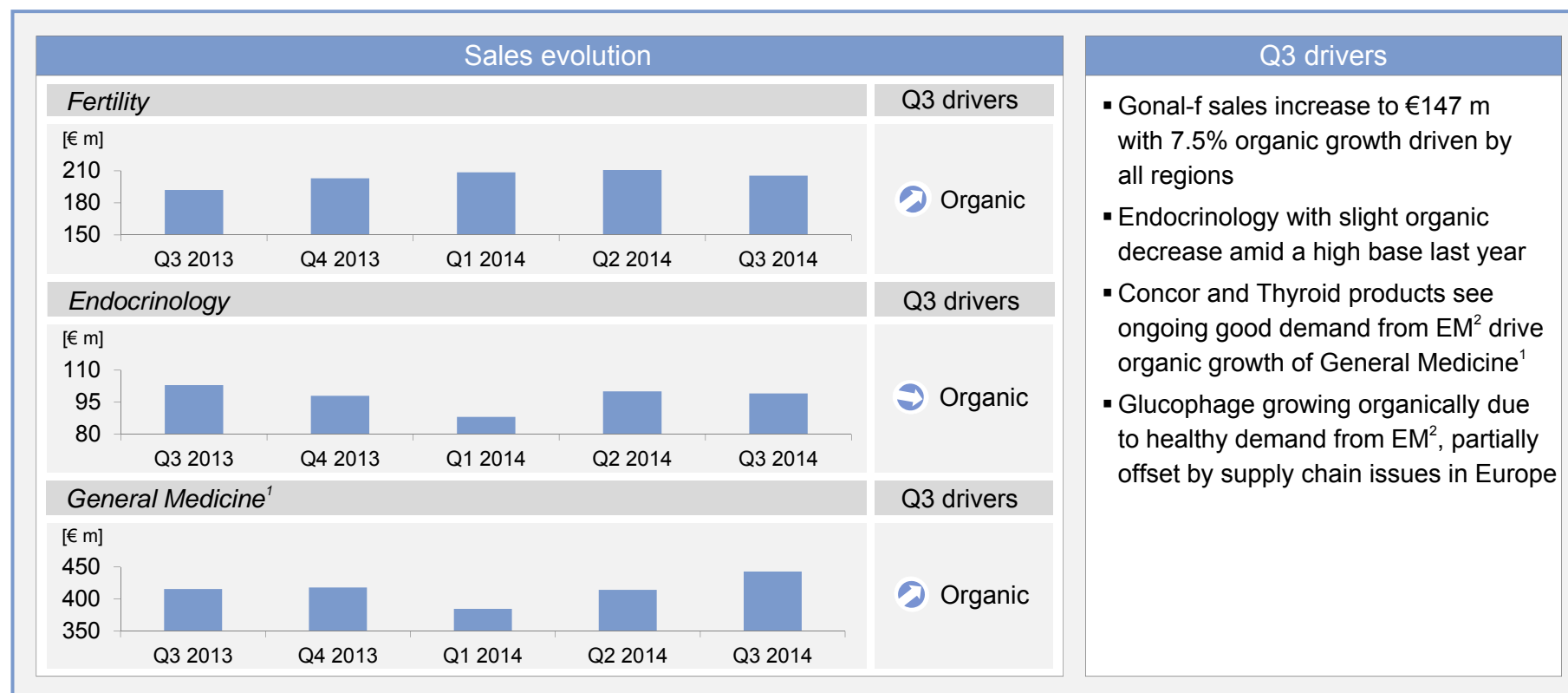
Erbitux – strong in Emerging Markets

Merck KGaA
Darmstadt · Germany



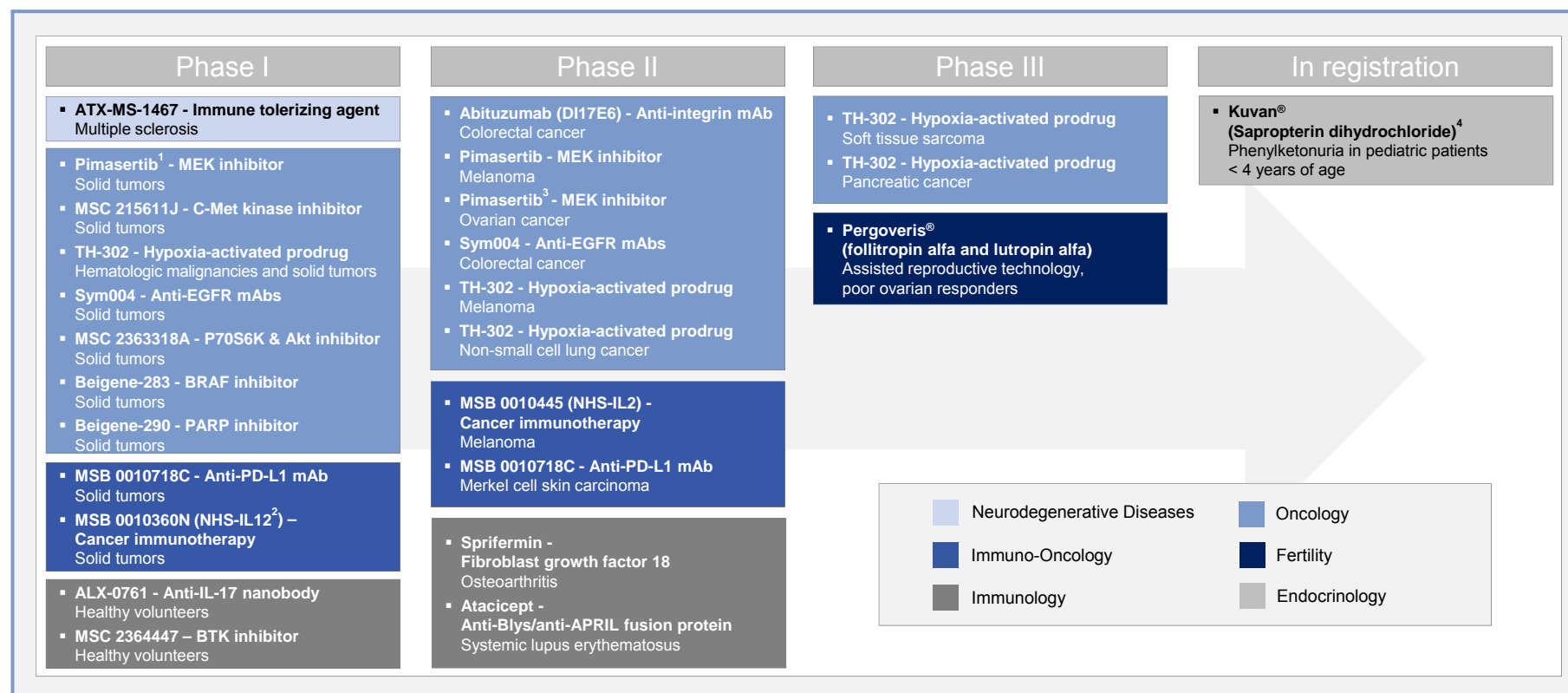
*Australia/Oceania, Africa

Strong growth in Fertility and General Medicine



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

Biopharmaceuticals pipeline

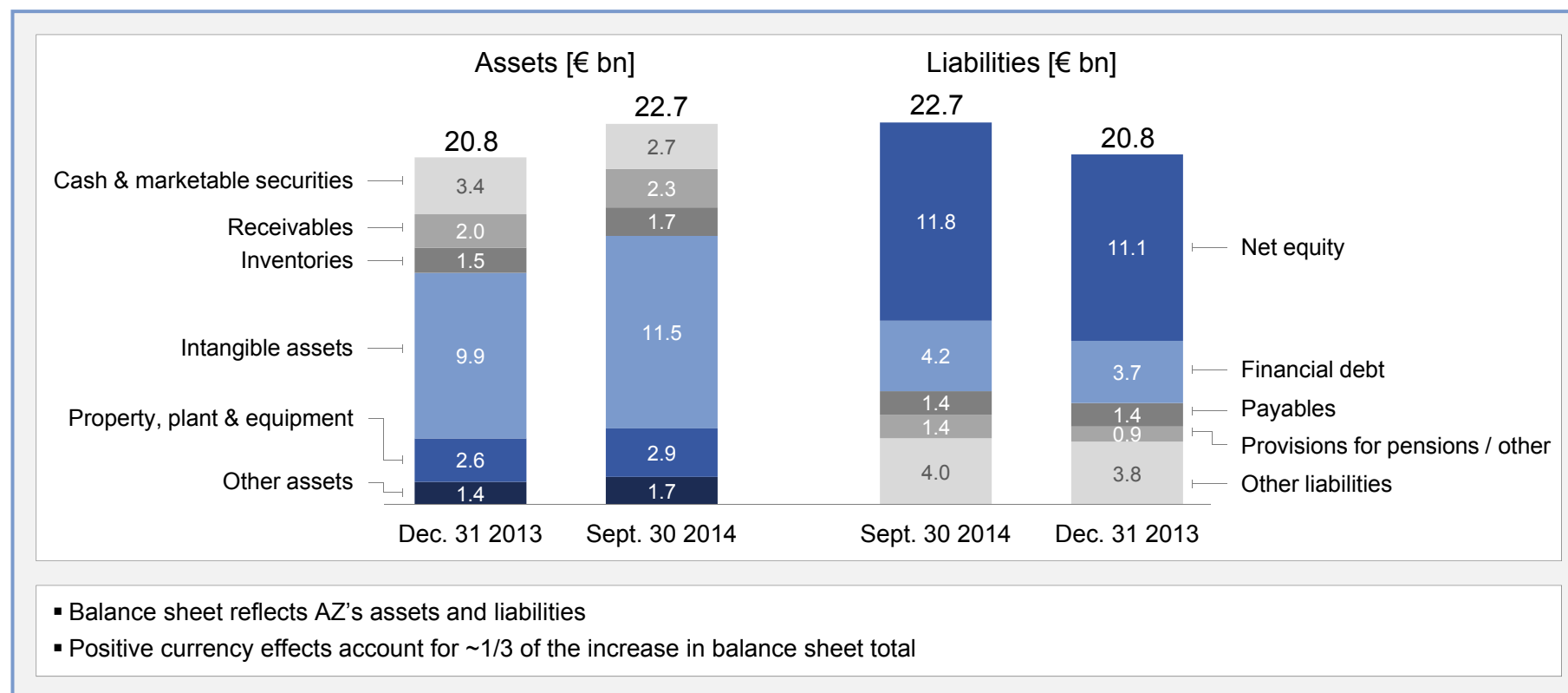


Pipeline as of Oktober 31, 2014; ¹Combined with hDM2 inhibitor (SAR405838) from Sanofi, conducted under the responsibility of Sanofi;

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

Balance sheet: Financial strength



Totals may not add up due to rounding

Solid cash flow amid royalty income reduction

[€ m]	Q3 2013	Q3 2014	Δ	Cash flow drivers
Profit after tax	343	250	-93	<ul style="list-style-type: none"> ▪ Profit after tax decreases on lower royalty income and higher income tax
D&A	315	353	38	<ul style="list-style-type: none"> ▪ D&A reflects AZ impact
Changes in provisions	32	89	57	<ul style="list-style-type: none"> ▪ Changes in provisions affected by release of litigation provision which is more than offset by build-up from pipeline terminations and LTIP²
Changes in other assets / liabilities	76	83	7	
Other operating activities	-8	-4	4	<ul style="list-style-type: none"> ▪ Factoring LY vs. increase in receivables this year as well as higher inventories drive changes in working capital
Changes in working capital	69	-44	-114	<ul style="list-style-type: none"> ▪ Investing cash flow reflects investments in short-term financial assets
Operating cash flow	827	726	-101	<ul style="list-style-type: none"> ▪ Capex rising after slow H1 2014
Investing cash flow	-20	-364	-344	<ul style="list-style-type: none"> ▪ Financing cash flow delta reflects €750 m bond repayment last year
thereof Capex ¹	-78	-128	-50	
Financing cash flow	-745	90	835	

¹Only PPE, not including software; ²Long Term Incentive Plan
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 Q3 2014

One-time items in EBIT				
[€ m]	Q3 2013		Q3 2014	
	One-time items	thereof D&A	One-time items	thereof D&A
Biopharmaceuticals	36	15	13	0
Consumer Health	1	0	4	0
Performance Materials	-5	0	25	0
Life Science	12	0	11	0
Corporate & Other	4	0	26	4
Total	49	15	79	4

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



Investor Relations contact details

Merck KGaA
Darmstadt · Germany



Constantin Fest
Head of Investor Relations
+49 6151 72-5271
constantin.fest@emdgroup.com



Alessandra Heinz
Assistant Investor Relations
+49 6151 72-3321
alessandra.heinz@emdgroup.com



Annett Weber
Institutional Investors / Analysts
+49 6151 72-63723
annett.weber@emdgroup.com



Svenja Bundschuh
Assistant Investor Relations
+49 6151 72-3744
svenja.bundschuh@emdgroup.com



Julia Schwientek
Institutional Investors / Analysts
+49 6151 72-7434
julia.schwientek@emdgroup.com



Eva Sterzel
AGM, Capital Market Events, IR-Media
+49 6151 72-5355
eva.sterzel@emdgroup.com



Oliver Lettau
Analysts, Fixed Income, Private Investors
+49 6151 72-34409
olliver.lettau@emdgroup.com

Email: investor.relations@emdgroup.com Web: www.emdgroup.com Fax: +49 6151 72-913321