



FY 2013 Results Conference Call

Another year of strong delivery

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Merck KGaA

Darmstadt · Germany

Darmstadt, Germany – March 6, 2014



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Agenda

Executive overview

Strategy update

Financial review

Guidance

2013: Highlights

Delivered on promises



Targets announced in 2012 achieved

Restructuring taken forward



Faster implementation of savings

Further improved the resource allocation



Move from mature to emerging markets

Strengthened organic growth platform



- Biopharmaceuticals - Start of biosimilars initiative
- Consumer Health - Focus on strategic brands
- Performance Materials – Ongoing LC* improvements
- Life Science - Process Solutions growth

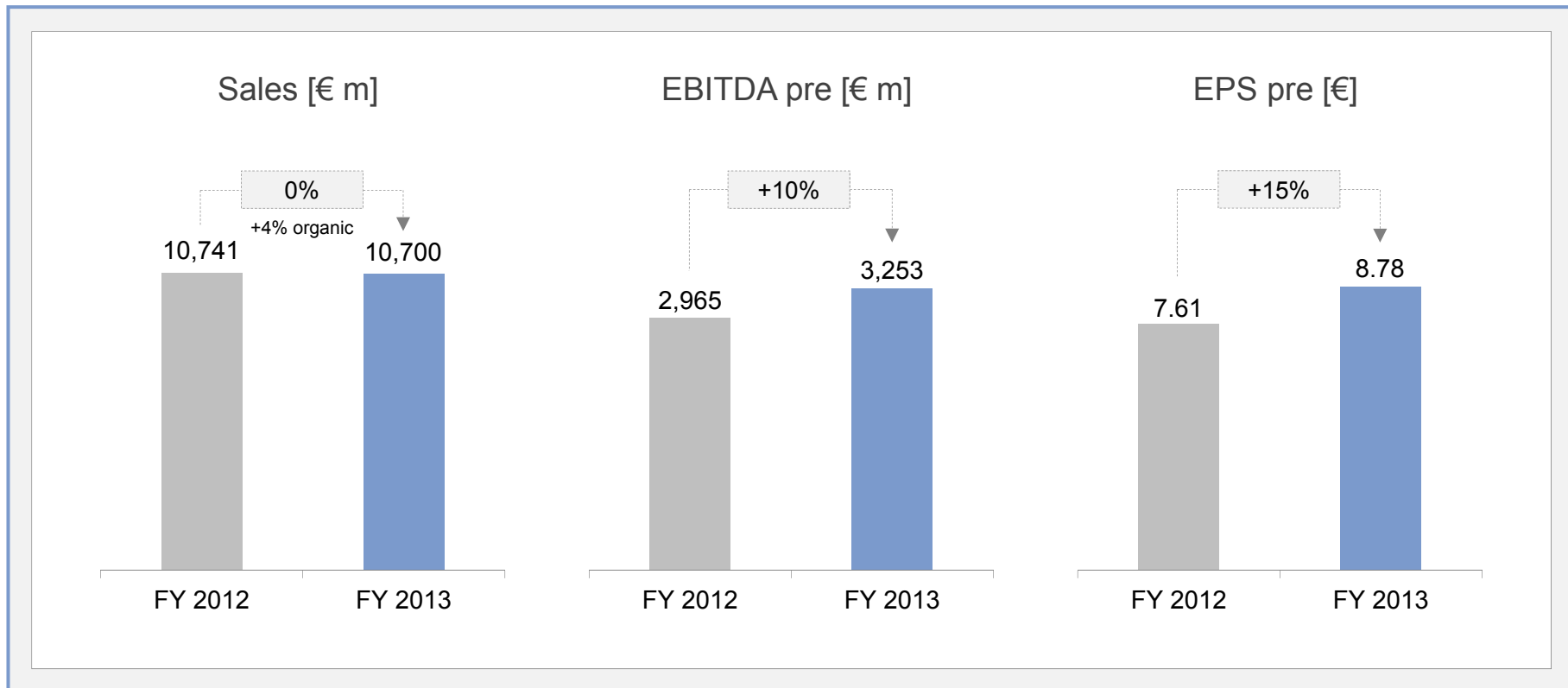
Inorganic growth reinitiated



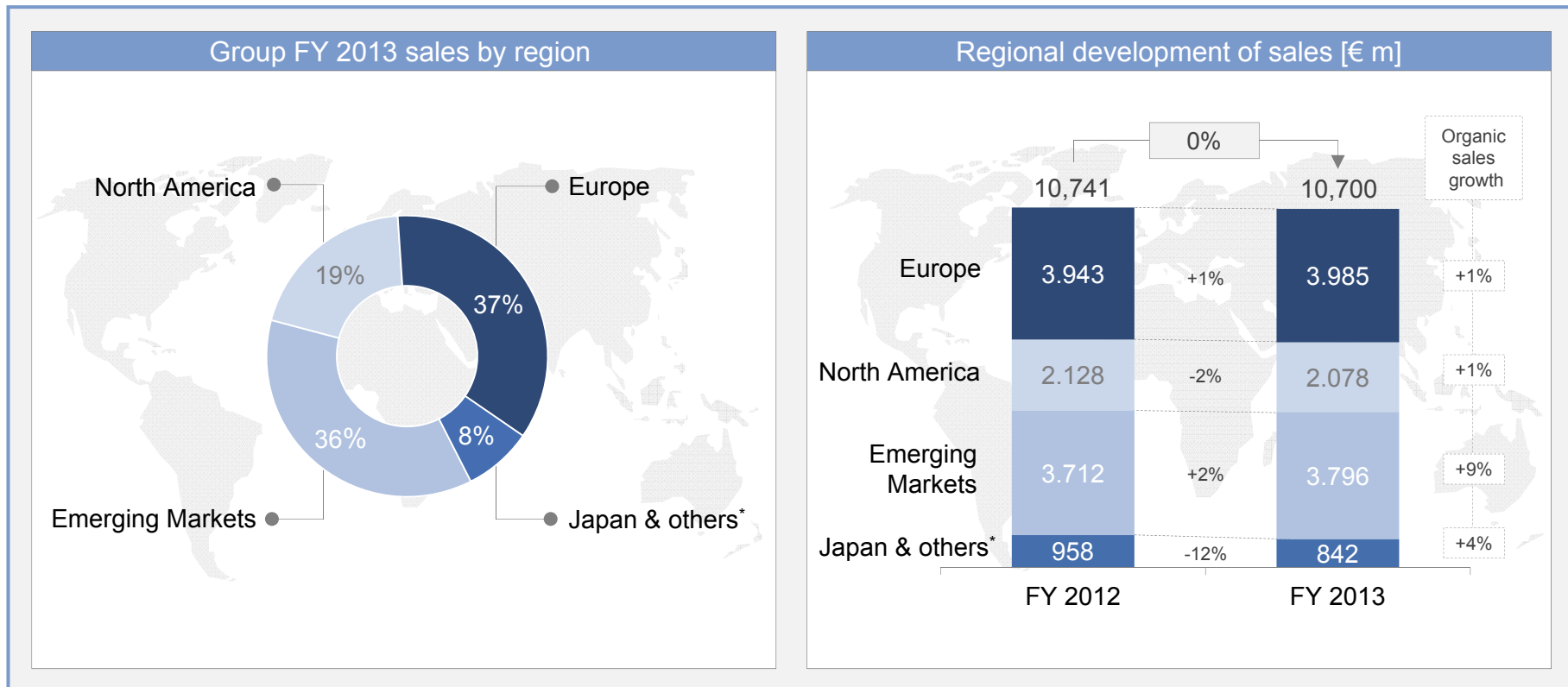
Proposed acquisition of AZ

*Liquid Crystals

FY 2013: Another year of strong delivery

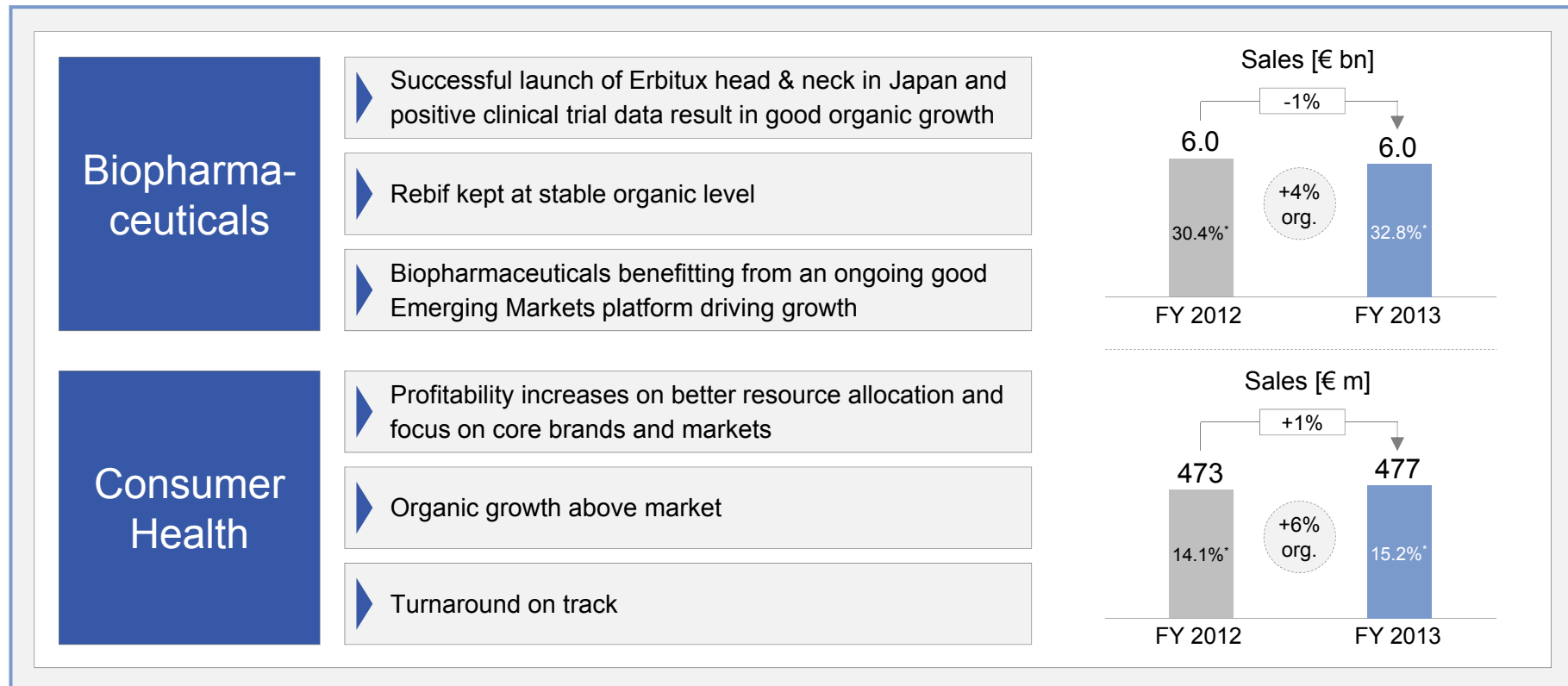


Emerging Markets drive organic growth, strong FX headwinds weigh on sales



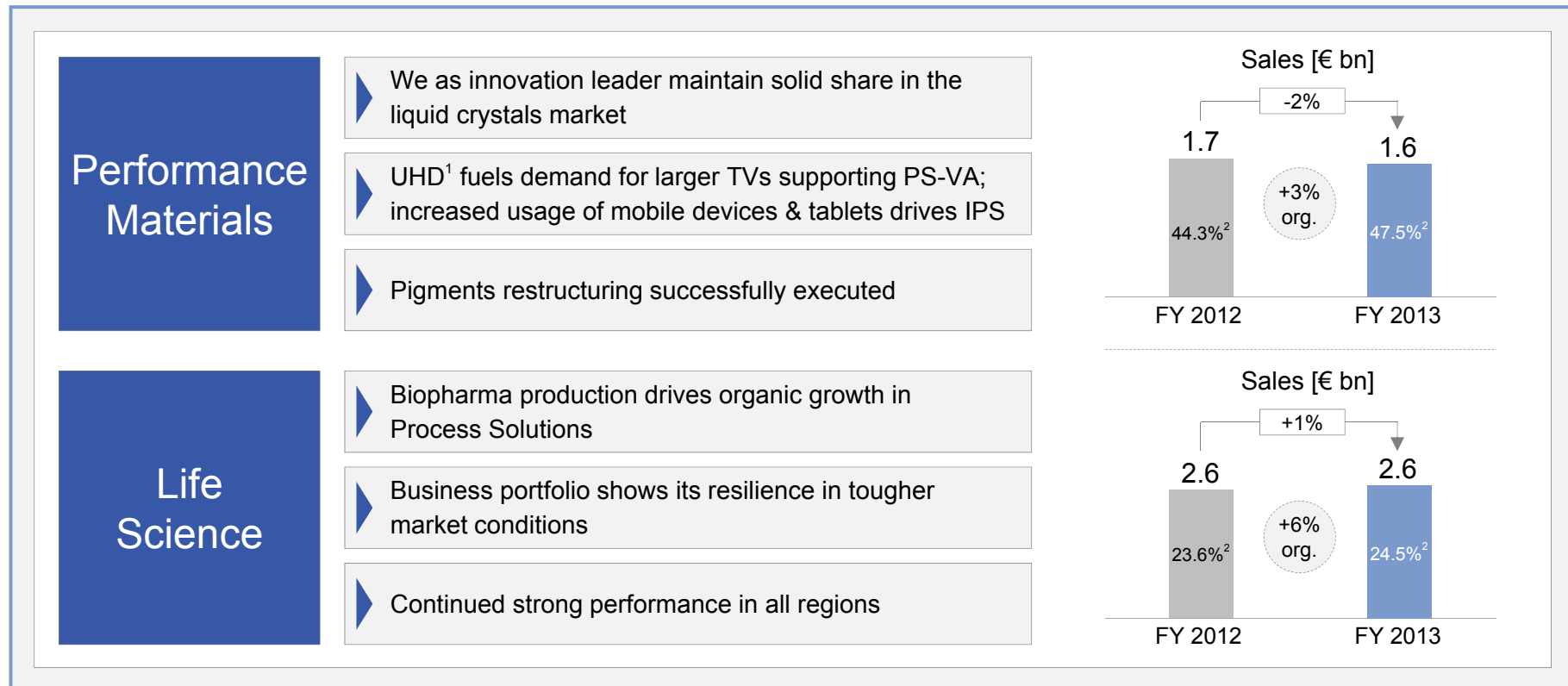
*Australia/Oceania, Africa

Divisional overview – Pharmaceuticals






*EBITDA pre margin in % of sales

Divisional overview – Chemicals

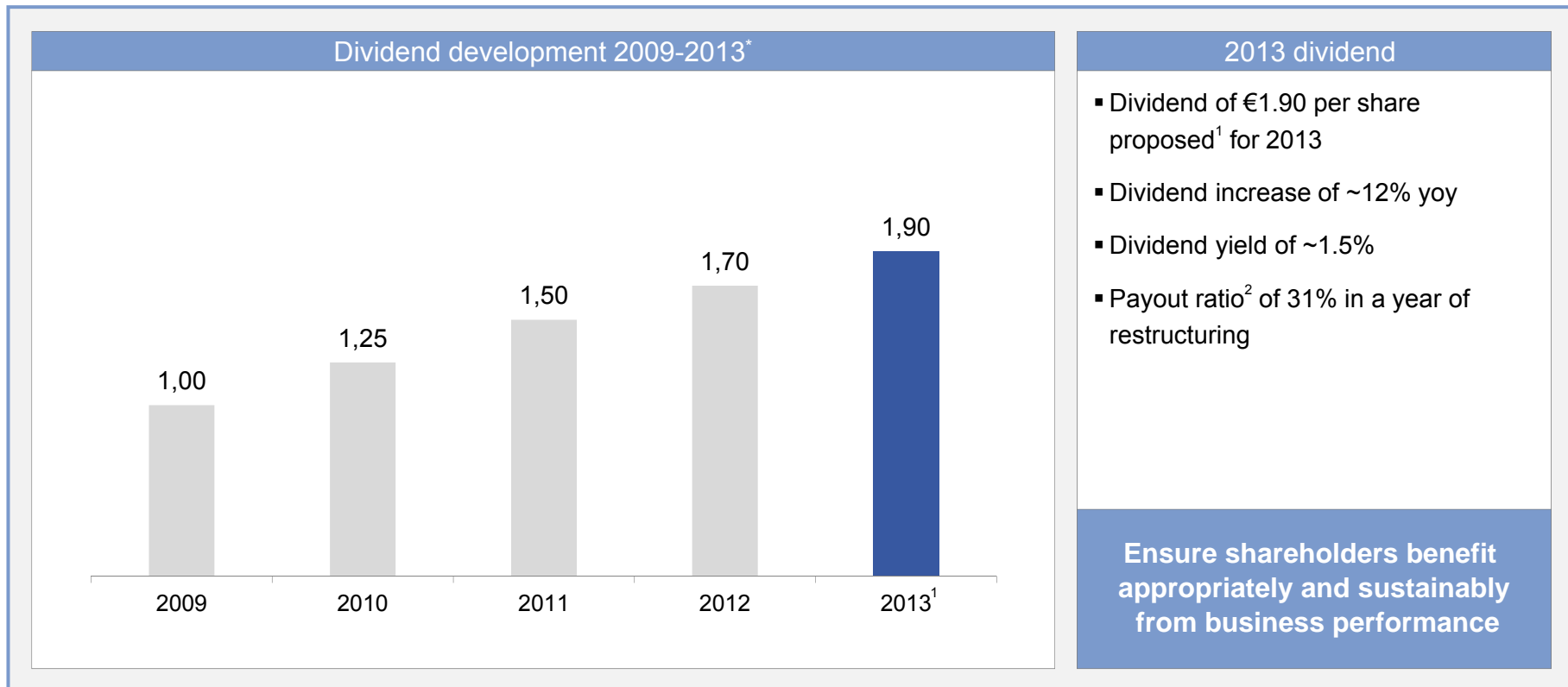


Mid-term guidance communicated in 2012 delivered

KPI	Targets May 2012	Results 2013
▶ Sales	~ €10.35 – 10.7 bn	€10.7 bn 
▶ EBITDA pre	~ €3.0 - 3.2 bn	€3.25 bn 
▶ EPS pre	~ €8.20 – 9.00	€8.78 

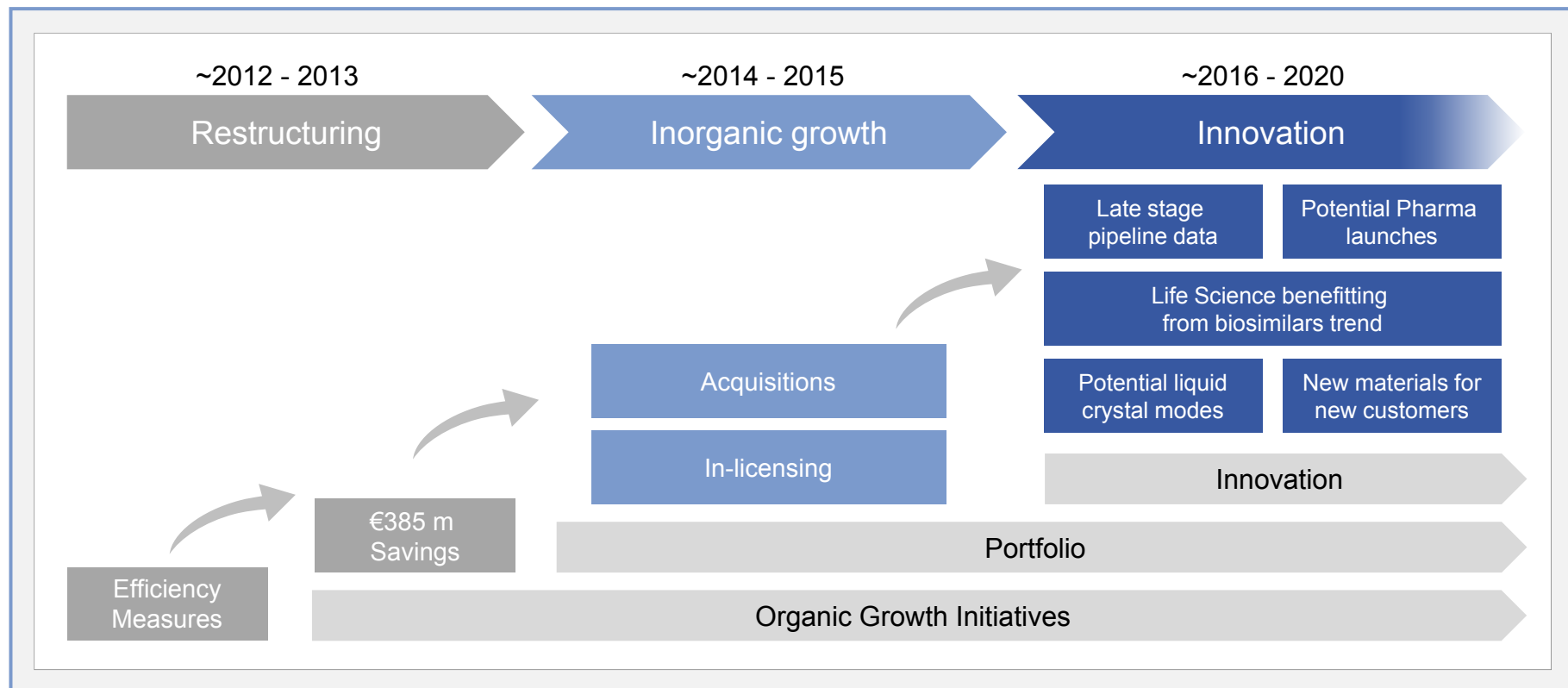


Continuous increase of dividend



¹Proposal; final decision subject to AGM approval; ²On adjusted net income (reported net income plus one-time items, i.e. transformation costs)

As restructuring nears completion, we increase focus on inorganic growth and innovation



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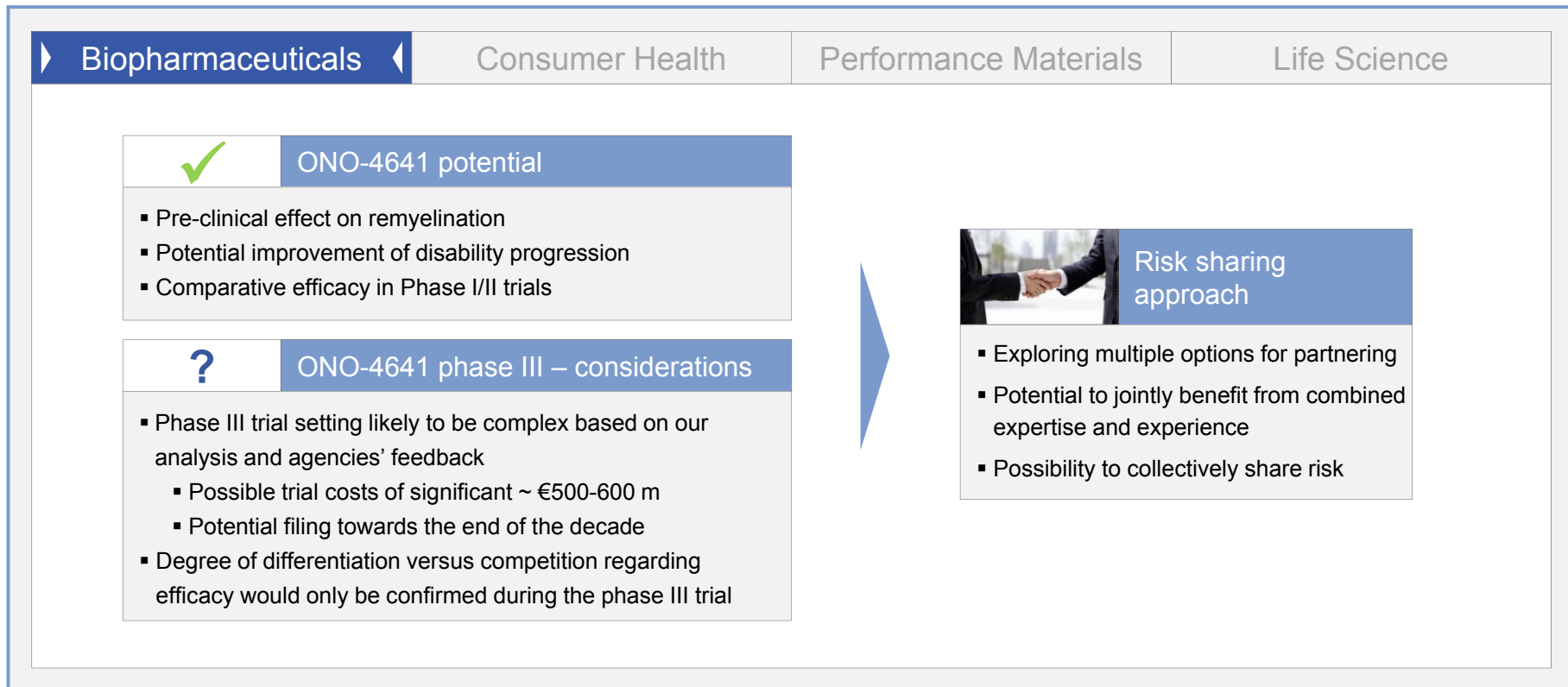
Guidance

Biosimilars initiative

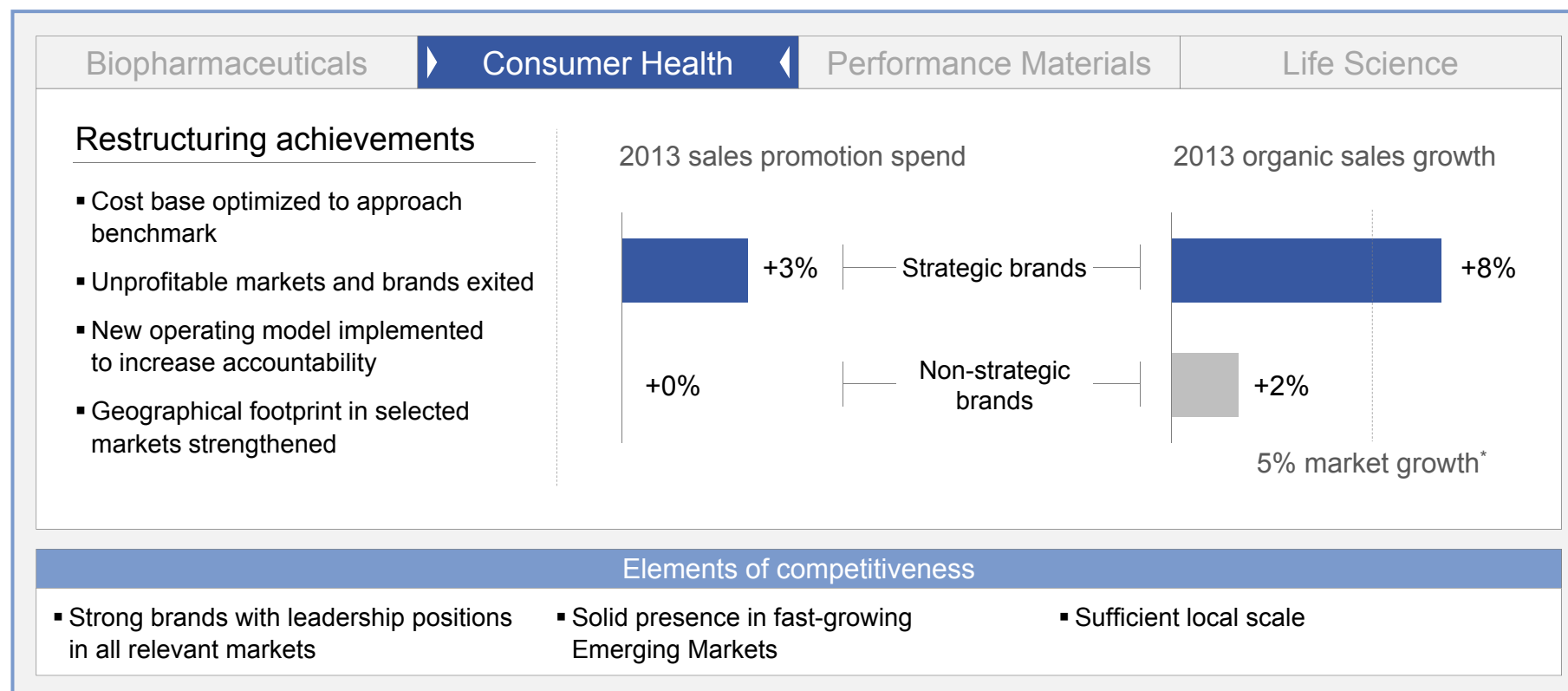
▶ Biopharmaceuticals ◀	Consumer Health	Performance Materials	Life Science								
<div data-bbox="324 574 1041 1021"> <p>Biosimilars share of total biologic market</p> <table border="1"> <caption>Biosimilars share of total biologic market</caption> <thead> <tr> <th>Year</th> <th>Share (%)</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>0.5%</td> </tr> <tr> <td>2012</td> <td>1.5%</td> </tr> <tr> <td>2020</td> <td>4-10%</td> </tr> </tbody> </table> <p>CAGR 34% (2007-2012) CAGR 21-34% (2012-2020)</p> </div> <div data-bbox="324 1053 1041 1197"> <p>Key 2020 catalysts</p> <ul style="list-style-type: none"> ▪ Number of product introductions ▪ Development of the U.S. biosimilars markets </div> <div data-bbox="1187 574 1904 1021"> <p>Biosimilars initiative</p> <ul style="list-style-type: none"> ▪ Therapeutic area focus on: <ul style="list-style-type: none"> ▪ Autoimmune diseases ▪ Oncology ▪ Risk-sharing through partnering in combination with in-house development ▪ Leveraging existing strengths <ul style="list-style-type: none"> ▪ Emerging Markets platform ▪ Manufacturing and development capabilities ▪ Regulatory know-how </div> <div data-bbox="1187 1053 1904 1197"> <p>Financials</p> <ul style="list-style-type: none"> ▪ Current year (2014) investment: ~€100 m ▪ Gradual sales build-up anticipated to start in 2017 </div>				Year	Share (%)	2007	0.5%	2012	1.5%	2020	4-10%
Year	Share (%)										
2007	0.5%										
2012	1.5%										
2020	4-10%										

Source: IMS Health, February 2014

ONO-4641: Ongoing evaluation of partnering options

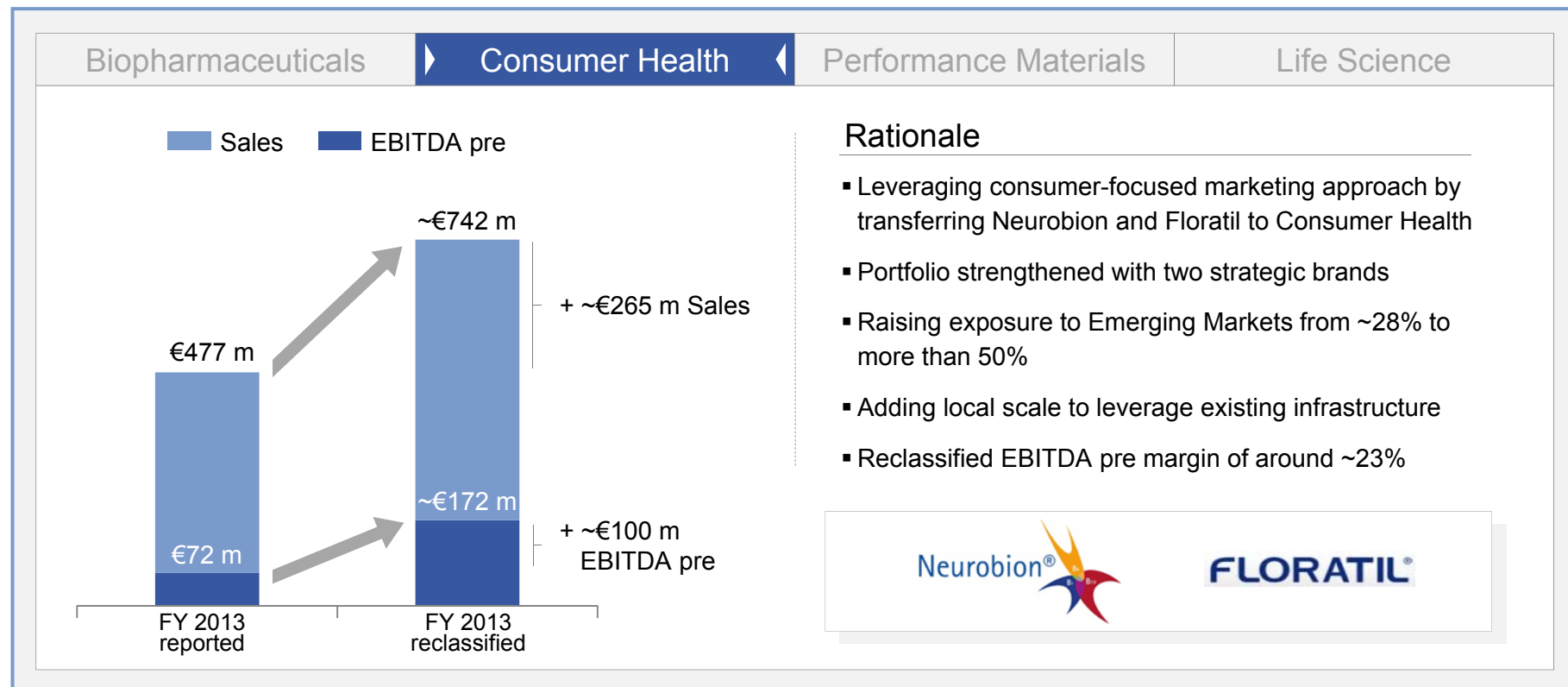


Business platform now realigned to leverage strategic brands



*Source: Nicholas Hall Benchmarking

Neurobion and Floratil to be transferred from Biopharmaceuticals to Consumer Health



Update on AZ acquisition

Biopharmaceuticals	Consumer Health	Performance Materials	Life Science										
<h3>Extended timeline for offer</h3> <ul style="list-style-type: none">▪ Offer has been extended until 1.00 p.m. (GMT) on March 14, 2014▪ Formerly February 28, 2014▪ Extension with view to allowing Chinese antitrust authority to complete review in ordinary course		<h3>Anti trust clearance</h3> <table><tr><td>Germany</td><td></td></tr><tr><td>USA</td><td></td></tr><tr><td>Taiwan</td><td></td></tr><tr><td>Japan</td><td></td></tr><tr><td>China</td><td>Proceeding constructively</td></tr></table>		Germany		USA		Taiwan		Japan		China	Proceeding constructively
Germany													
USA													
Taiwan													
Japan													
China	Proceeding constructively												
<h3>Current acceptance rate</h3> <ul style="list-style-type: none">▪ Status of February 28, 2014:▪ For ~64.03% i.e. 243,918,671 AZ shares, Merck KGaA, Darmstadt, Germany has received valid acceptances		<table><tr><td>■ Accepted</td><td>■ Outstanding</td></tr></table>		■ Accepted	■ Outstanding								
■ Accepted	■ Outstanding												





2013 Update: Life Science driven by Process Solutions

Biopharmaceuticals	Consumer Health	Performance Materials	Life Science
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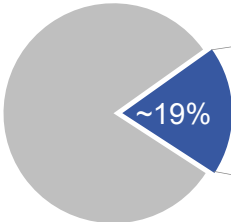
Process Solutions

- The industry leader and trusted partner to drug manufacturing
- A platform with global reach in all markets
- Providing service solutions for improved small-scale biological manufacturing with single-use products
- Increased market share in customer base producing biosimilars

Serving industry trends

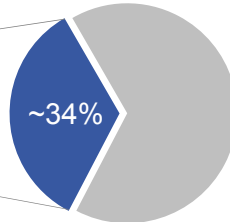
	Higher protein yields		Entry of biosimilars
	Need for improved formulation & drug delivery		Flexible manufacturing

Emerging Markets share of sales



~19%

Emerging Markets share of organic growth



~34%

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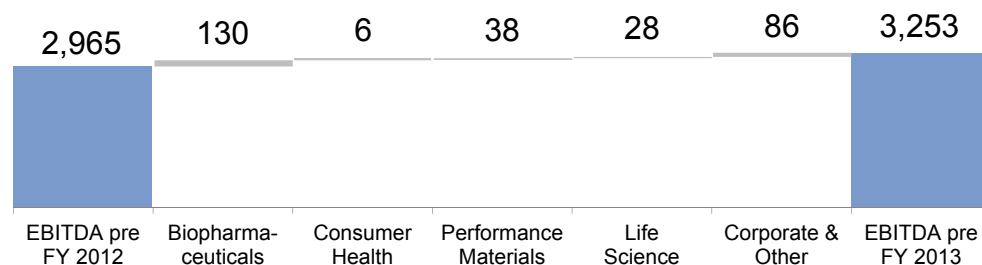
FY 2013: Targets achieved and transformation ongoing

[€ m]	FY 2013	FY 2012	Δ	FY 2013 dynamics
Sales	10,700	10,741	0%	<ul style="list-style-type: none"> ▪ Sales stable as organic growth is being overshadowed by FX ▪ Strong EBITDA pre increase of €288 m reflects positive contribution of all divisions ▪ Operating cash flow strength continued, prior year contained positive one-time effect from working capital ▪ Strong cash-generating nature of business drives net financial debt reduction of ~€1.6 bn
EBITDA pre	3,253	2,965	10%	
<i>Margin (% of sales)</i>	<i>30.4%</i>	<i>27.6%</i>		
EPS pre [€]	8.78	7.61	15%	
Operating cash flow	2,226	2,472	-10%	
[€ m]	Dec 31, 2013	Dec 31, 2012	Δ	
Net financial debt	307	1,926	-84%	
Working capital	2,132	2,360	-10%	
Employees	38,154	38,847	-2%	
Over ~€1.6 bn net financial debt reduction in one year				

Biopharmaceuticals and Life Science are largest absolute contributors to organic growth

FY yoy sales	Organic	Currency	Portfolio	Total
Biopharmaceuticals	4%	-5%	0%	-1%
Consumer Health	6%	-5%	0%	1%
Performance Materials	3%	-5%	0%	-2%
Life Science	6%	-5%	1%	1%
The Group	4%	-5%	0%	0%

FY yoy EBITDA pre contributors [€ m]



- Biopharmaceuticals and Life Science strongest absolute contributors to organic sales growth

- FX headwinds in all divisions, mainly Japanese yen and the U.S. dollar

- Accelerated savings, solid organic performance and better yields fuel Biopharmaceuticals

- Corporate & Other contains hedging gains stemming from our conservative hedging approach

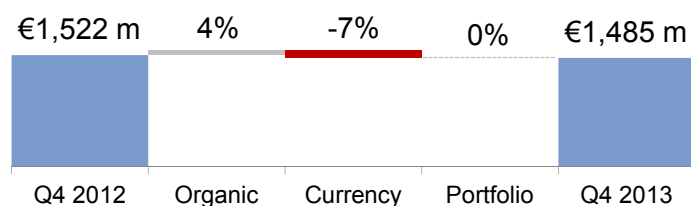
Strong reported figures reflect a year of structural improvements

[€ m]	FY 2013	FY 2012	Δ	Reported results
EBIT	1,611	964	67%	<ul style="list-style-type: none"> ▪ EBIT increases due to strong 2013 performance, prior year burdened by one-time items ▪ Ongoing deleveraging process improves financial result ▪ Tax rate includes exceptional 2013 tax gain from beneficial tax rulings ▪ Strong operational and financial performance drives record EPS
Financial result	-222	-255	-13%	
Profit before tax	1,389	709	96%	
Income tax	-180	-130	38%	
<i>Tax rate (%)</i>	<i>13%</i>	<i>18%</i>		
Net income	1,202	567	>100%	
EPS (€)	5.53	2.61	>100%	

Biopharmaceuticals: Solid operational performance despite FX headwinds and royalty income decrease

[€ m]	Q4 2013	Q4 2012
Sales	1,485	1,522
Marketing and selling	-324	-341
Admin	-57	-51
R&D	-265	-271
EBIT	141	220
EBITDA	480	446
EBITDA pre	500	506
<i>Margin (% of sales)</i>	33.7%	33.3%

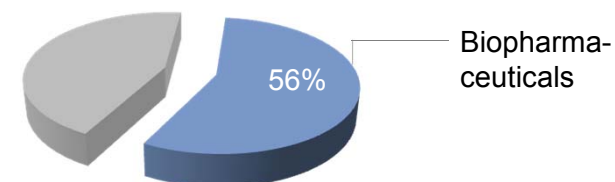
Sales bridge



Comments

- Organic sales growth is more than offset by currency effects, leading to slight sales decline
- Ongoing good performance in Emerging Markets (CMC & GM*) and Japan (Erbix) key driver of organic growth
- Rebif stable in Q4 despite competitive pressure; 7% price increase posted end of December 2013
- Erbitux growing 8% organically supported by good trial data; label change preparations ongoing
- EBIT includes €127 m asset impairment for Humira settlement
- Despite lower royalties and FX headwinds margin improves as marketing and selling and R&D costs are well managed

Q4 2013 share of group sales

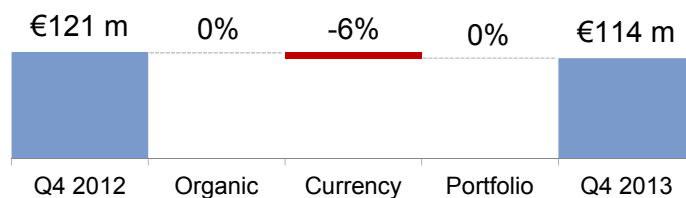


*CMC & GM = Cardiometabolic Care and General Medicine

Consumer Health: Strong FX headwinds and softer cough & cold season weigh on business performance

[€ m]	Q4 2013	Q4 2012
Sales	114	121
Marketing and selling	-54	-59
Admin	-5	-5
R&D	-5	-6
EBIT	11	-17
EBITDA	13	-3
EBITDA pre	15	20
<i>Margin (% of sales)</i>	<i>12.8%</i>	<i>16.1%</i>

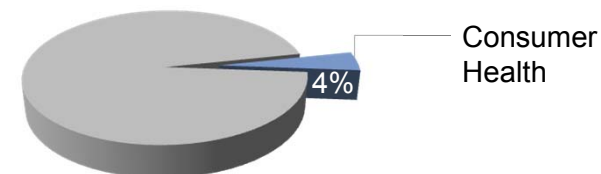
Sales bridge



Comments

- Q4 sales down yoy and sequentially after strong Q3, burdened by significant FX headwinds and flat organic performance
- Weak cough and cold season due to mild winter
- Healthy organic growth in Europe, especially Germany, Belgium and Poland
- Continued momentum of strategic brands like Femibion, but modest performance of Seven Seas products
- Despite a more moderate Q4 performance Consumer Health has shown a very solid yearly profitability upgrade

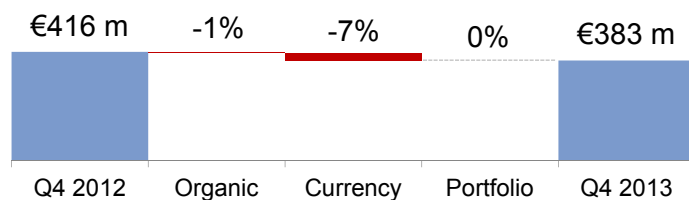
Q4 2013 share of group sales



Performance Materials: Reasonable performance amid strong FX headwinds and moderate destocking

[€ m]	Q4 2013	Q4 2012
Sales	383	416
Marketing and selling	-33	-36
Admin	-6	-7
R&D	-36	-35
EBIT	134	133
EBITDA	155	170
EBITDA pre	167	188
<i>Margin (% of sales)</i>	43.5%	45.3%

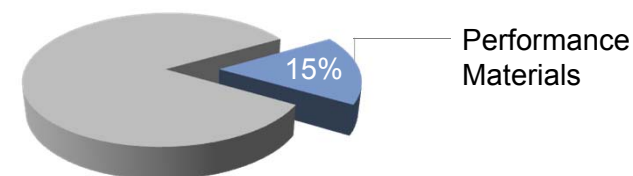
Sales bridge



Comments

- Sales decrease due to currency headwinds and further supply chain destocking in Liquid Crystals
- Customer intimacy and continuous innovation in PS-VA and IPS improve mix and expand market share
- Strongest yoy operational improvement in Pigments driven by restructuring and Xirallic performance
- Completion of savings program: €20 m realized by 2013; one year ahead of plan
- EBITDA pre softer amid FX headwinds and destocking

Q4 2013 share of group sales



Life Science: A strong finish of the year

[€ m]	Q4 2013	Q4 2012	Comments		
Sales	654	653	<ul style="list-style-type: none"> ▪ Stable sales as strong organic growth is offset by strong FX effects ▪ All regions except North America (U.S. sequestration) contribute to organic growth ▪ Some Q1 pre-buying can not be excluded ▪ Process and Lab Solutions with ongoing good performance due to biopharma demand as well as price and volume uptakes ▪ Challenging currency effects are being mitigated by stringent cost control in nearly all functional cost categories ▪ EBITDA and margin increase on robust profitable growth 		
Marketing and selling	-169	-174			
Admin	-25	-23			
R&D	-38	-44			
EBIT	51	31			
EBITDA	145	112			
EBITDA pre	168	143			
<i>Margin (% of sales)</i>	<i>25.7%</i>	<i>22.0%</i>			
Sales bridge					
<p>€653 m 7% -7% 0% €654 m</p> <p>Q4 2012 Organic Currency Portfolio Q4 2013</p>			Q4 2013 share of group sales		
<p>Life Science 25%</p>					

Balance sheet: A strong foundation

[€ m]	Dec 31, 2013	Dec 31, 2012		Dec 31, 2013	Dec 31, 2012
Current assets	7,385	6,626	Net equity	11,069	10,415
Cash and cash equivalents	981	730	Current liabilities	3,899	4,562
Marketable securities and financial assets	2,411	1,798	Current financial liabilities	440	1,091
Trade accounts receivable	2,021	2,115	Trade accounts payable	1,364	1,288
Inventories	1,474	1,534	Other current liabilities	1,135	1,096
Other current assets	361	272	Income tax liabilities	465	401
Income tax receivables	110	179	Current provisions	495	684
Assets held for sale	27	0	Non-current liabilities	5,851	6,667
Non-current assets	13,434	15,017	Non-current financial liabilities	3,257	3,362
Intangible assets	9,867	10,945	Other non-current liabilities	6	9
Property, plant and equipment	2,647	2,954	Non-current provisions	1,011	892
Non-current financial assets	78	97	Prov. for pensions / other	911	1,212
Other non-current assets	106	75	Deferred tax liabilities	666	1,192
Deferred tax assets	736	947	Total liabilities and equity	20,819	21,643
Total assets	20,819	21,643			

- Significant net debt reduction despite €200 m CTA* funding in Q4
- Improvement of financial profile led to rating upgrades: S&P to “A” and Moody’s to “A3” both with stable outlook

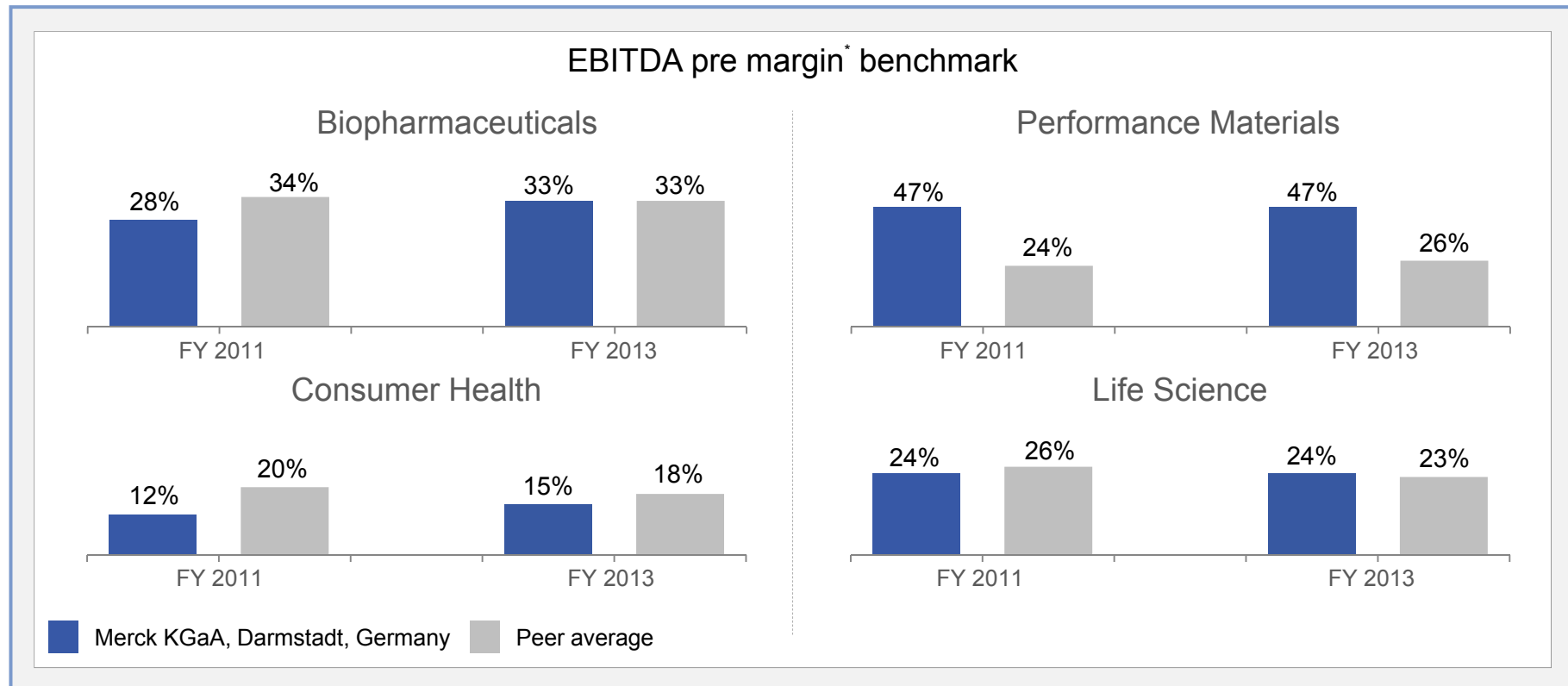
*Contractual Trust Arrangement

Underlying cash flow strength

[€ m]	FY 2013	FY 2012	Δ	Cash flow drivers
Profit after tax	1,209	579	630	<ul style="list-style-type: none"> ▪ Higher profit after tax due to good operational business performance; prior year burdened by restructuring ▪ Changes in provisions contain cash-outs for restructuring and CTA² funding of €200 m ▪ Other assets and liabilities decrease due to lower tax payments ▪ Operating cash flow strength continued ▪ Investing cash flow contains cash-in from Geneva HQ sale (€251 m) ▪ Financing cash flow increases due to lower bond repayments
D&A	1,458	1,397	61	
Changes in provisions	-203	379	-582	
Changes in other assets / liabilities	-260	-384	124	
Other operating activities	-3	-24	21	
Operating cash flow before changes in WC	2,201	1,947	254	
Changes in working capital	25	526	-501	
Operating cash flow	2,226	2,472	-246	
Investing cash flow	-875	-1,158	283	
thereof Capex ¹	-407	-329	-78	
Financing cash flow	-1,073	-1,519	446	

¹Only PPE without intangibles; ²Contractual Trust Arrangement

Divisional benchmarks



Source: Company reports (LTM if FY data not yet available) and sell-side research; *on sales

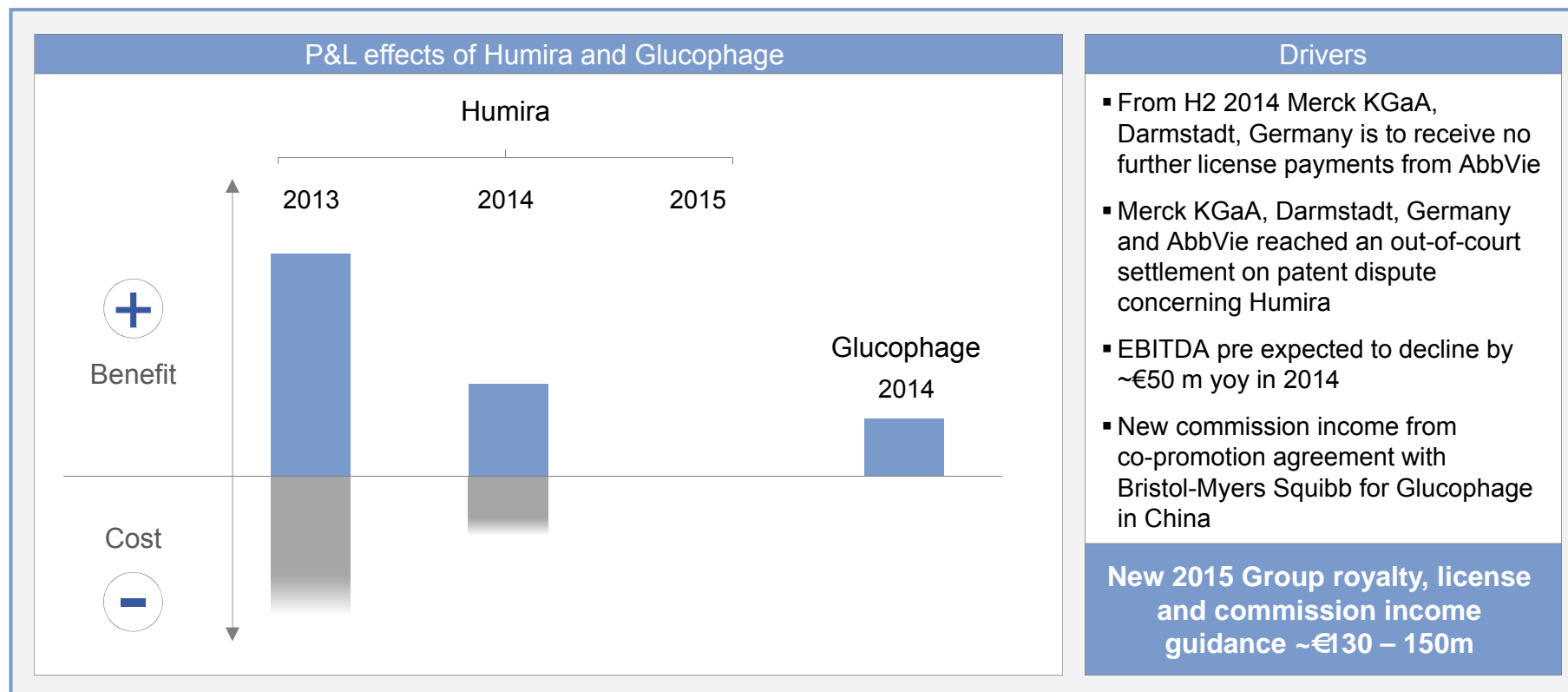
Savings acceleration in second half of 2013; majority of program now completed

Previous savings 2013		Acceleration	New disclosure 2013		Remaining 2014-2017*	
Biopharmaceuticals:	€250 m		Biopharmaceuticals:	€275 m	€25 m	
Consumer Health:	€15 m	Consumer Health:	€20 m	€5 m		
Performance Materials:	€10 m	Performance Materials:	€20 m	€0 m		
Life Science:	€5 m	Life Science:	€10 m	€30 m		
Total:	€280 m	Total:	€325 m	€60 m		

Swift implementation of efficiency measures: €325 m of €385 m completed

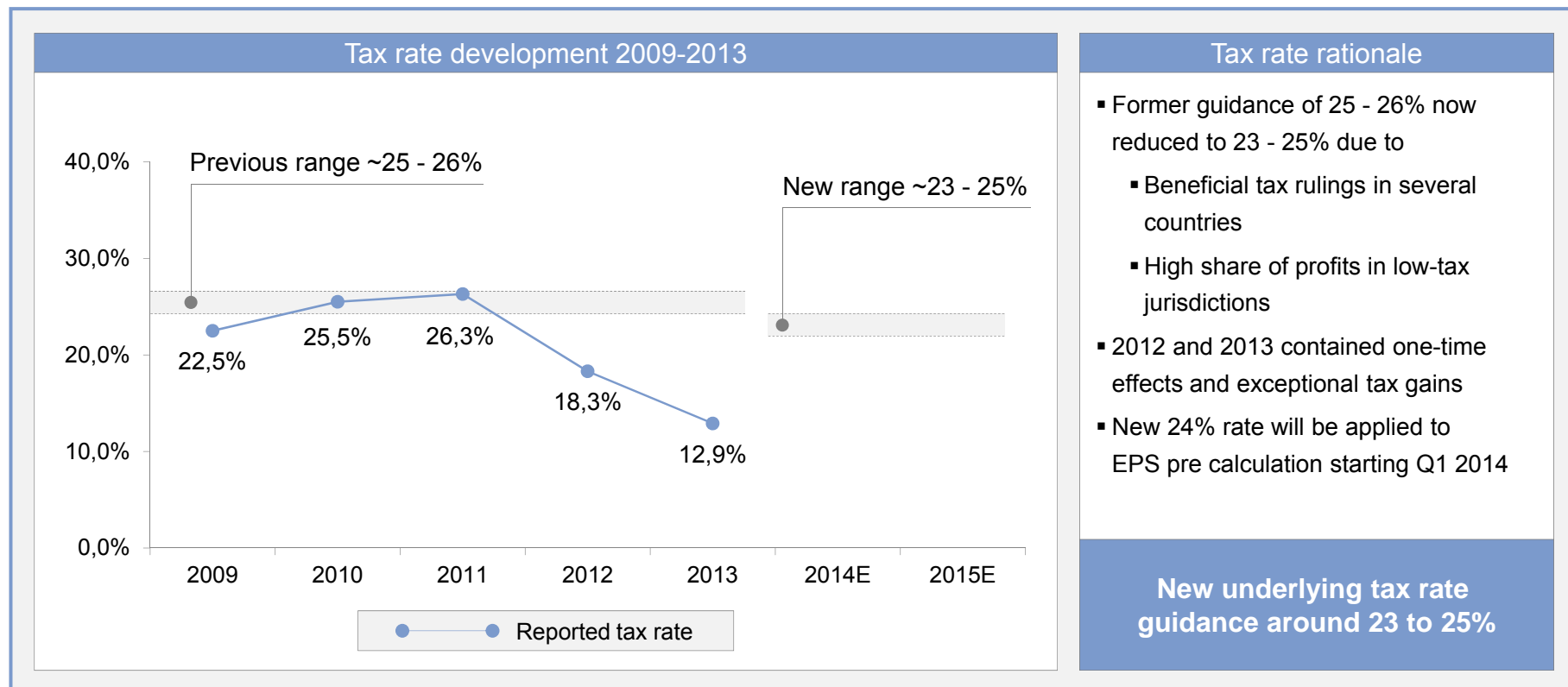
*Remaining savings expected to lead to costs of ~€100 m

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



Illustration

Favorable tax rulings in several countries result in decrease in underlying tax rate



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Qualitative guidance for 2014

Group guidance for 2014



Slight organic sales growth



EBITDA pre on existing platform stable




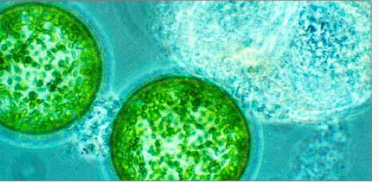


2014 moving parts

- Avonex and Enbrel patent expiry
- Humira settlement
- Biosimilars initiative
- Rebif competition



Divisional guidance

Biopharmaceuticals	Consumer Health	Performance Materials	Life Science
			
<ul style="list-style-type: none"> ▪ Sales organically stable ▪ EBITDA pre slightly lower ▪ Rebif: Continuous competitive pressure; volume decline ▪ Erbitux: Moderate org. growth ▪ Emerging Markets growth 	<ul style="list-style-type: none"> ▪ Moderate organic sales growth ▪ Moderate EBITDA pre increase 	<ul style="list-style-type: none"> ▪ Slight organic sales growth ▪ EBITDA pre at best stable ▪ Slight growth in Pigments 	<ul style="list-style-type: none"> ▪ Moderate organic sales growth ▪ Slight increase of EBITDA pre
<p>The Group 2014: EBITDA pre stable Slight organic sales growth</p>			


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Appendix

Additional financial guidance

Further financial details	
Group royalty, license and commission income in 2015	~€130-150 m
Corporate EBITDA pre	~€-200 m
Underlying tax rate	~23% to 25%
Capex on PPE and Software	~€500 m
Hedging / USD assumption	2014 & 2015 hedge rate ~30% at EUR/USD ~1.30 to 1.35



Group 2014 industry outlook

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

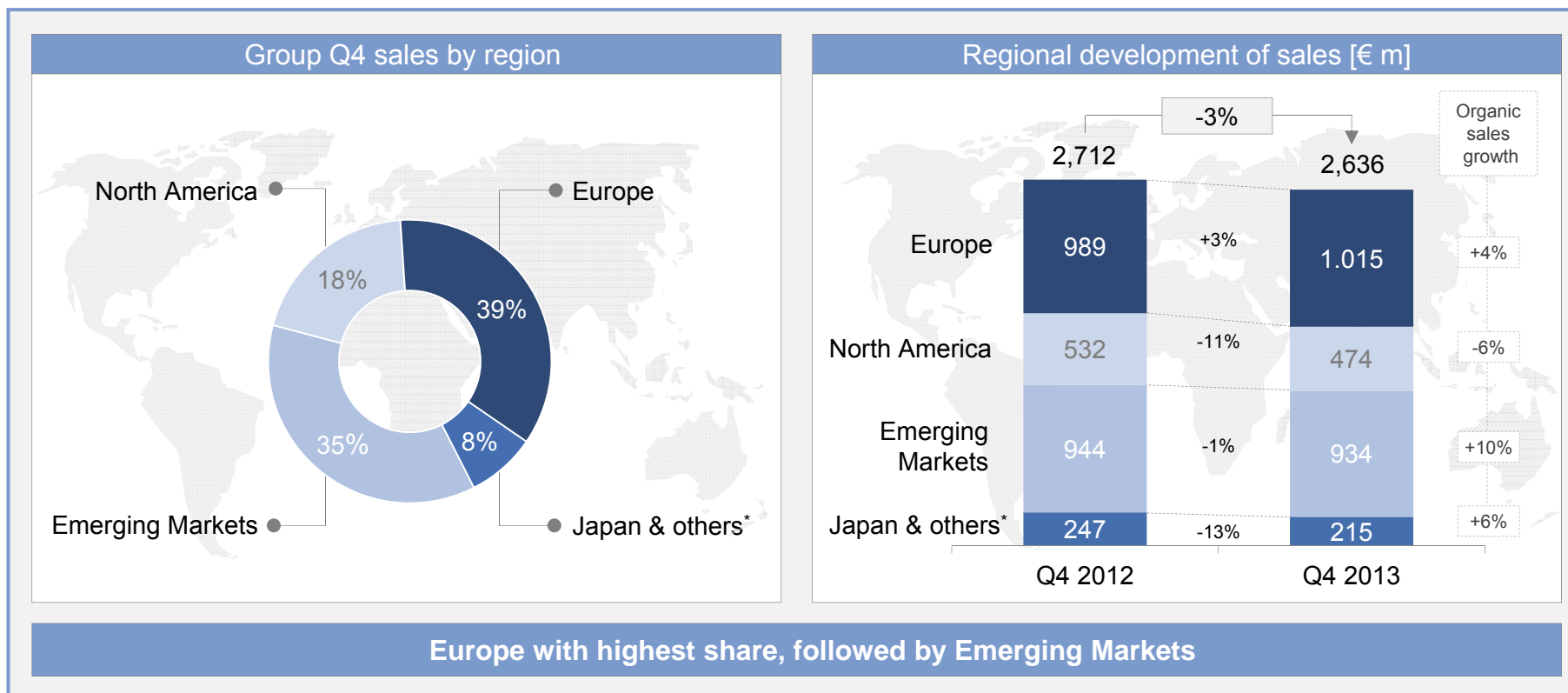
- ▶ LC display market growth fueled by trend to larger displays
- ▶ World automotive market forecasted to grow low-single digit

Life Science

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



Slight softening in sales as solid organic growth driven by EM and Japan is more than offset by FX

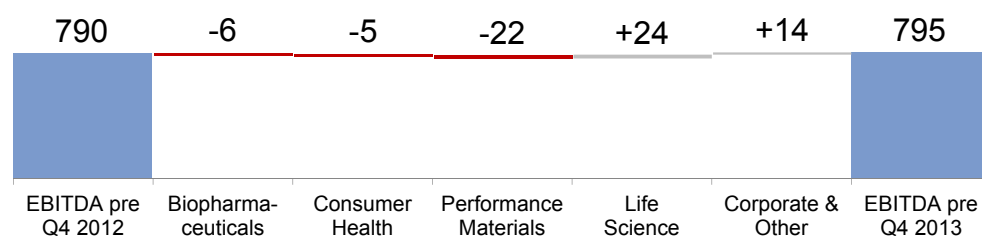


*Australia/Oceania, Africa; EM = Emerging Markets

Life Science and hedging are key elements of slight profitability improvement

Q4 yoy sales	Organic	Currency	Portfolio	Total
Biopharmaceuticals	4%	-7%	0%	-2%
Consumer Health	0%	-6%	0%	-6%
Performance Materials	-1%	-7%	0%	-8%
Life Science	7%	-7%	0%	0%
The Group	4%	-7%	0%	-3%

Q4 yoy EBITDA pre contributors [€ m]



- Biopharmaceuticals and Life Science as only contributors to absolute organic growth
- Adverse currency effects continue to visibly impact top line
- Life Science's volumes and pricing, main driver of EBITDA pre improvement
- Corporate & Other contains FX hedging gains

Q4 2013: Solid performance burdened by strong currency effects

[€ m]	Q4 2013	Q4 2012	Δ	Q4 2013	
Sales	2,636	2,712	-3%	<ul style="list-style-type: none"> ▪ Sales decline as organic improvement is more than offset by negative currency effects ▪ Adjusted EBITDA and EPS improve slightly on solid organic performance and tight cost management despite loss of royalty income ▪ Solid operating cash flow contains €200 m CTA* funding ▪ Cash-generating nature of business portfolio drives net debt reduction ▪ Improvement of working capital due to ongoing tight management 	
EBITDA pre	795	790	1%		
<i>Margin (% of sales)</i>	<i>30.2%</i>	<i>29.1%</i>			
EPS pre [€]	2.12	2.05	3%		
Operating cash flow	440	398	11%		
[€ m]	Dec 31, 2013	Dec 31, 2012	Δ		
Net financial debt	307	1,926	-84%		
Working capital	2,132	2,360	-10%		
Employees	38,154	38,847	-2%		
Solid year end performance					

Contractual Trust Arrangement

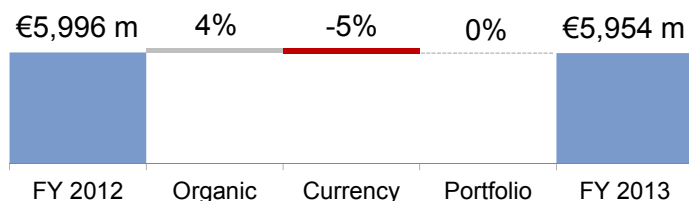
Loss of royalty income and higher one-time items weigh on reported earnings

[€ m]	Q4 2013	Q4 2012	Δ	Reported results
EBIT	264	312	-15%	<ul style="list-style-type: none"> ▪ EBIT burdened by lower royalty income as well as FX headwinds ▪ Income tax gain due to one-off change in applicable tax rates and high share of profits in lower tax jurisdictions ▪ EPS improves slightly as EBIT reduction is overcompensated by income tax effect
Financial result	-63	-61	4%	
Profit before tax	201	251	-20%	
Income tax	80	25	>100%	
<i>Tax ratio (%)</i>	<i>-40%</i>	<i>-10%</i>		
Net income	281	272	3%	
EPS (€)	1.29	1.25	3%	

Biopharmaceuticals: Good organic growth and accelerated cost savings implementation fuel profitability

[€ m]	FY 2013	FY 2012
Sales	5,954	5,996
Marketing and selling	-1,289	-1,371
Admin	-211	-217
R&D	-1,183	-1,187
EBIT	893	548
EBITDA	1,886	1,480
EBITDA pre	1,955	1,825
<i>Margin (% of sales)</i>	<i>32.8%</i>	<i>30.4%</i>

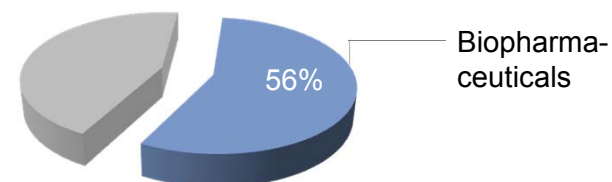
Sales bridge



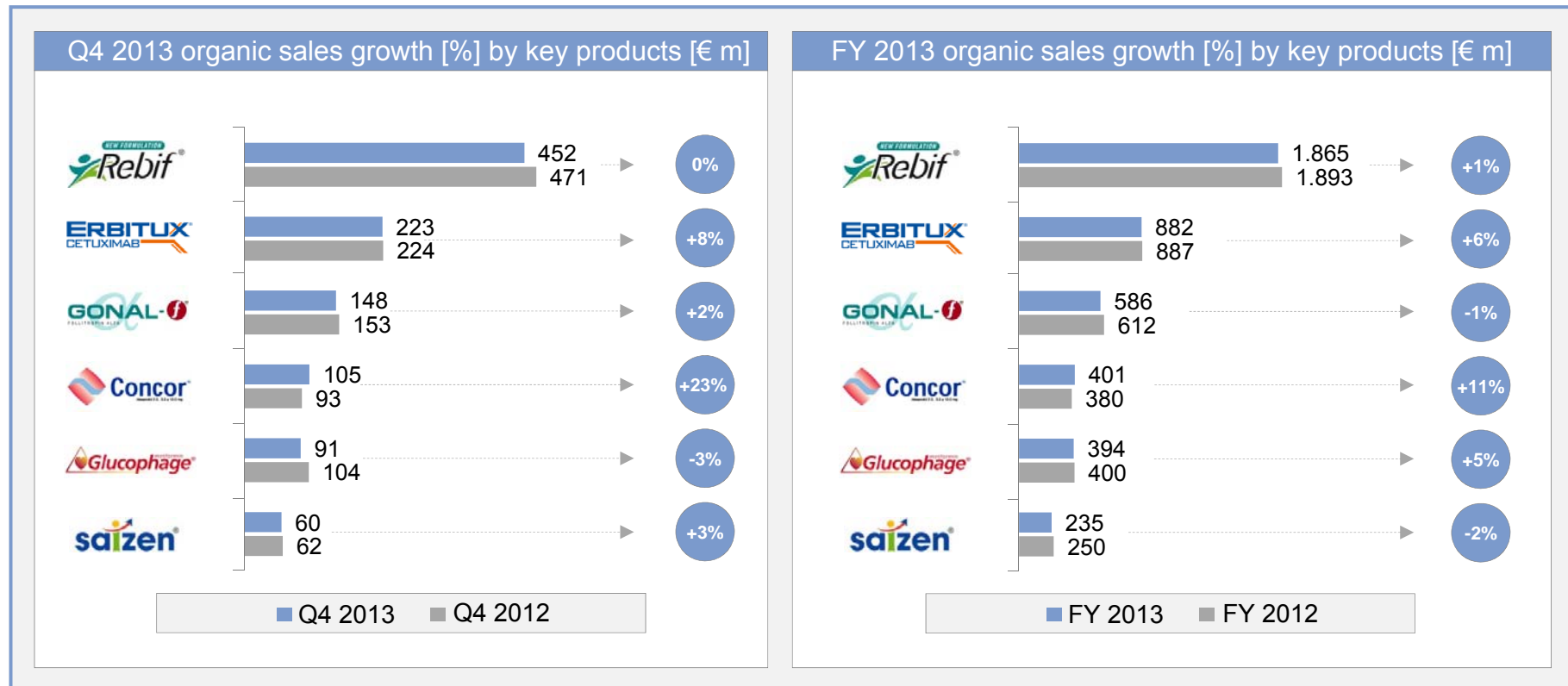
Comments

- Sales virtually stable as ongoing good organic momentum in Emerging Markets is being offset by adverse currency effects
- Rebif price increases in U.S. key elements of organic growth - being partly offset by softening volumes
- Erbitux growth driven by Emerging Markets, strong impetus from head and neck launch in Japan and supportive trial results
- Visible cost containment in marketing & selling and administration
- R&D contains investments in life cycle management as well as early oncology projects
- Profitability increases on savings and yield variances

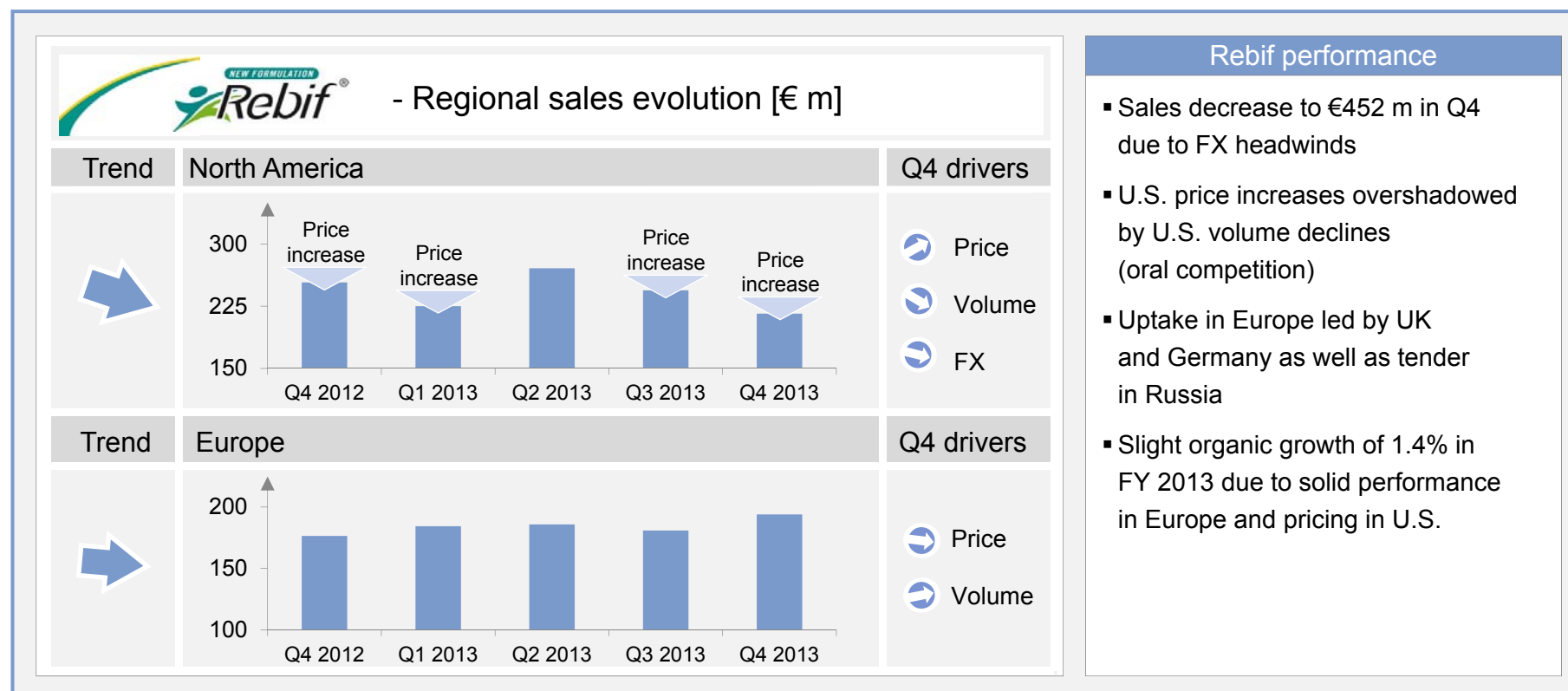
FY 2013 share of group sales



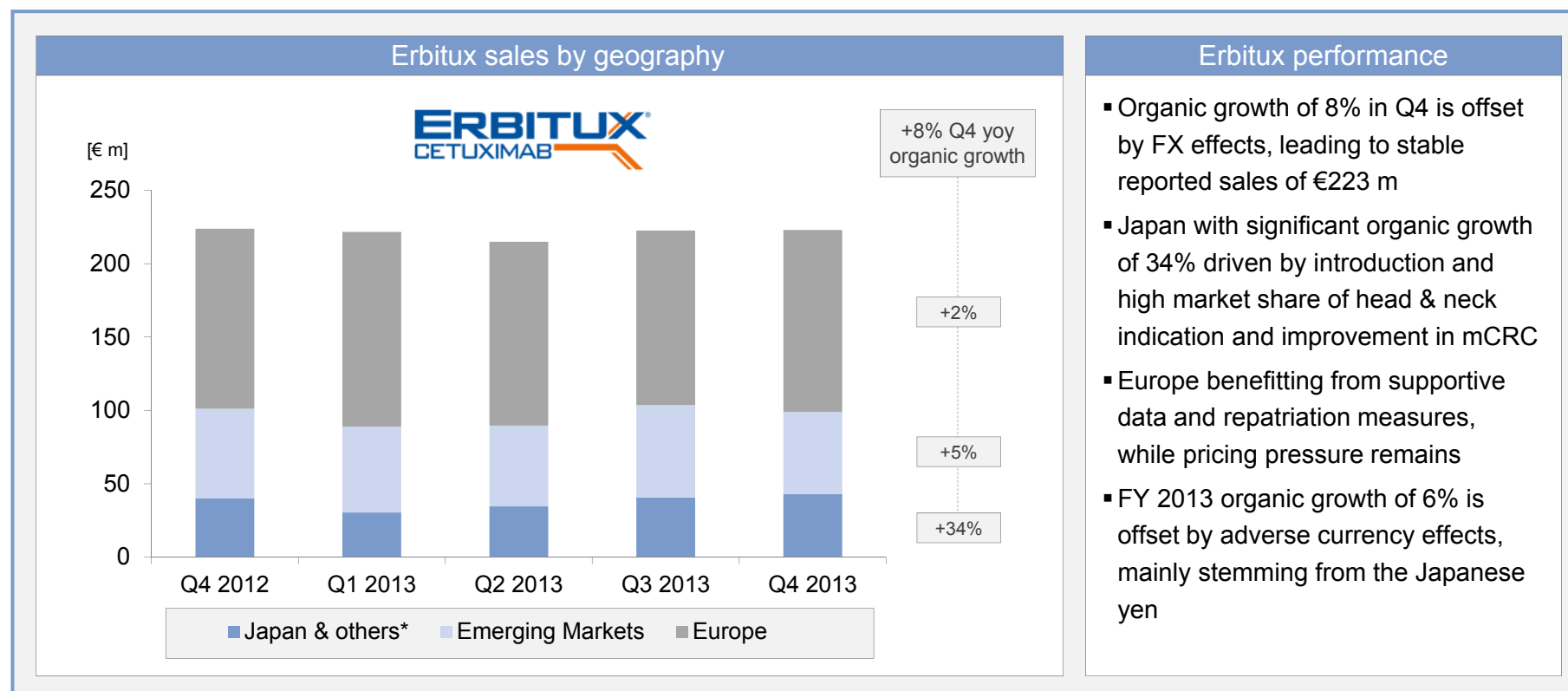
Biopharmaceuticals organic growth by product



Rebif – a year of stable performance driven by organic growth in H1 and sales erosion in H2

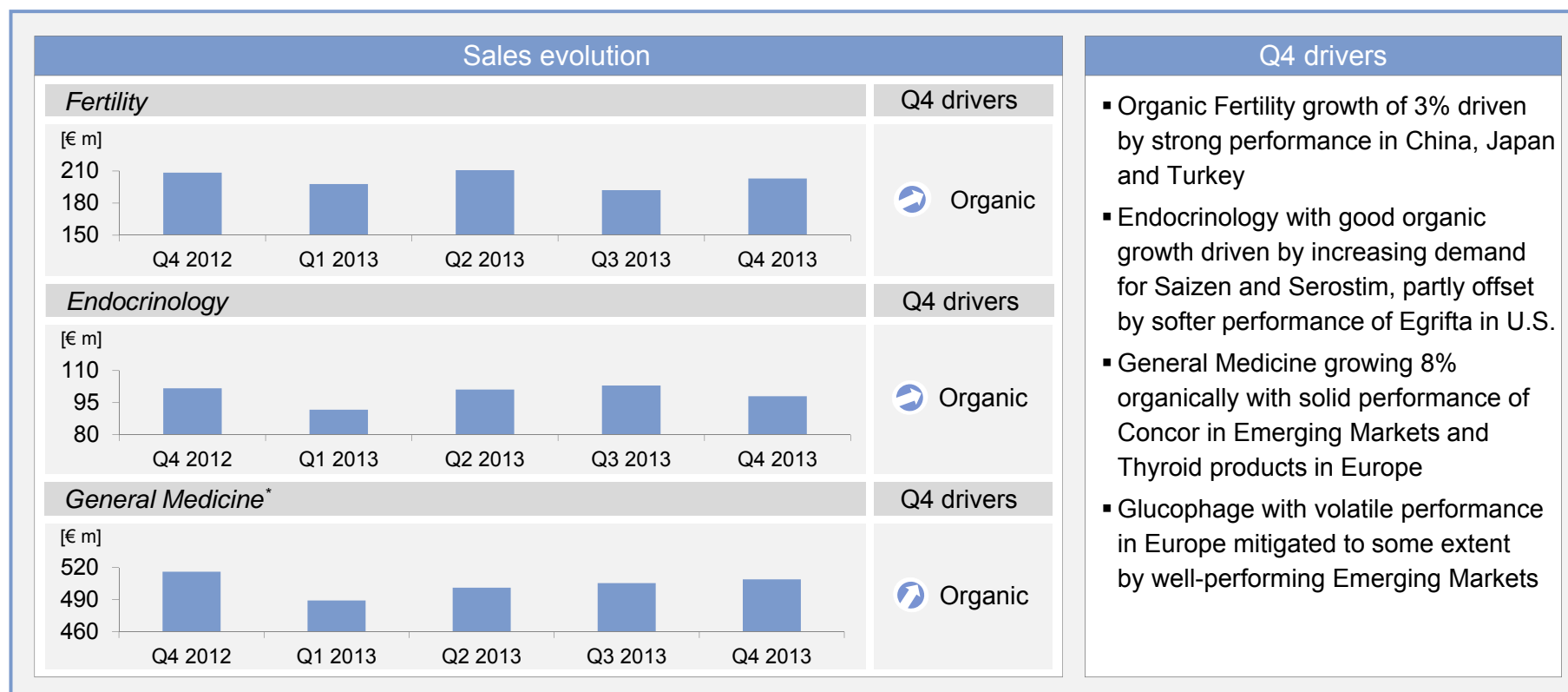


Erbitux – ongoing strong performance in Japan and Emerging Markets supported by good data for EU



*Australia/Oceania, Africa

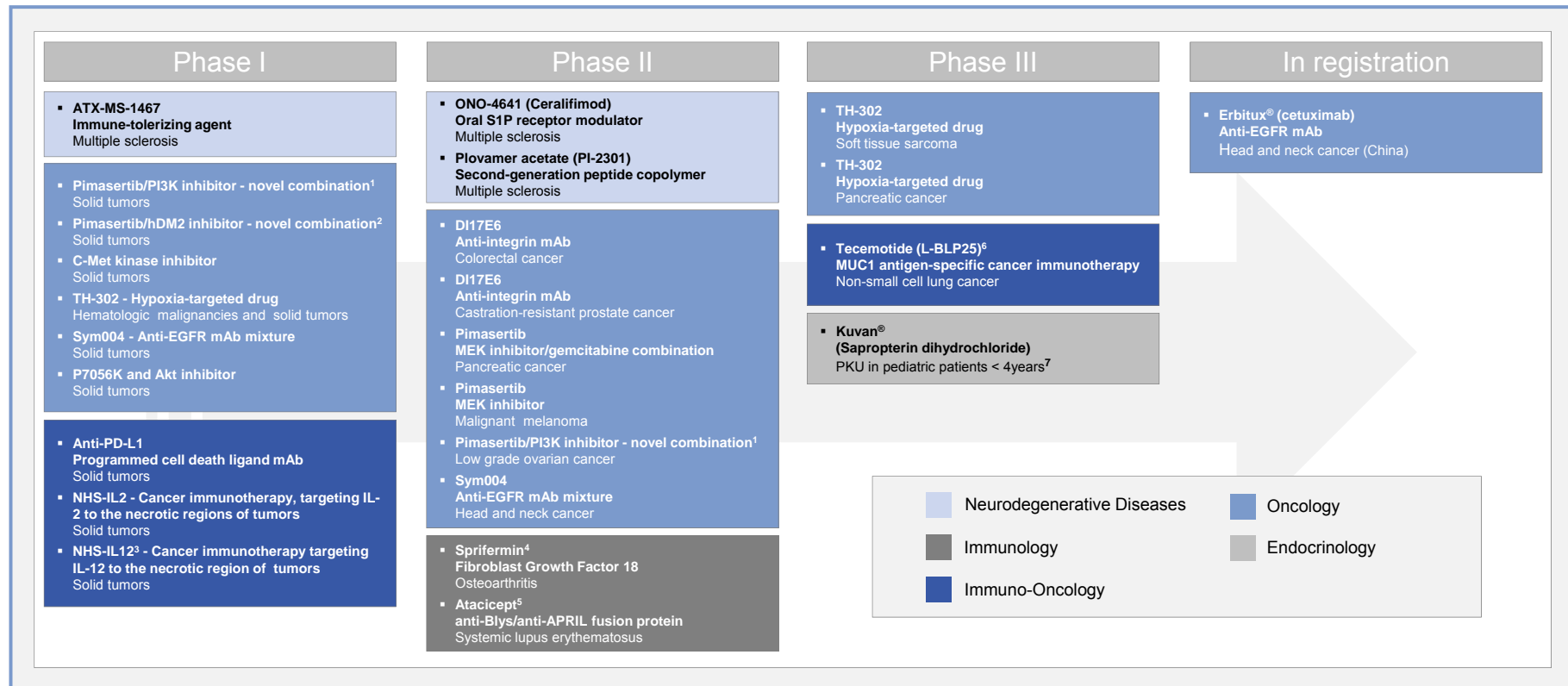
General Medicine with ongoing good momentum, while Fertility and Endocrinology show slight growth



- Organic Fertility growth of 3% driven by strong performance in China, Japan and Turkey
- Endocrinology with good organic growth driven by increasing demand for Saizen and Serostim, partly offset by softer performance of Egrifta in U.S.
- General Medicine growing 8% organically with solid performance of Concor in Emerging Markets and Thyroid products in Europe
- Glucophage with volatile performance in Europe mitigated to some extent by well-performing Emerging Markets

*includes "Cardiometabolic Care & General Medicine and Others"

Biopharmaceuticals pipeline



Pipeline as of December 31, 2013; ¹Combined with PI3K/mTOR inhibitor of Sanofi (SAR245409), conducted under the responsibility of Merck KGaA, Darmstadt, Germany
²Combined with hDM2-inhibitor (SAR405838) from Sanofi, conducted under the responsibility of Sanofi; ³Sponsored by the National Cancer Institute (NCI), USA;
⁴FORWARD study; ⁵ADDRESS II study in preparation; ⁶START2 study in preparation. INSPIRE study ongoing; ⁷Phase IIIb post-approval request by EMA

Biopharmaceuticals pipeline newsflow

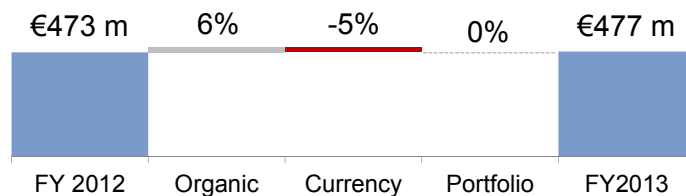
Project	Indication	Current phase	Timing	Event
Pergoveris™	Poor ovarian responder patients	NA	Q1 2014	Start of Phase III study
C-Met inhibitor	Non Small Cell Lung Cancer	Phase II	Q1 2014	Start of Phase II study
C-Met inhibitor	Hepatocellular carcinoma	Phase II	Q1 2014	Start of Phase II study
Sym004	Metastatic colorectal carcinoma	Phase II	H1 2014	Start of Phase II study



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

[€ m]	FY 2013	FY 2012
Sales	477	473
Marketing and selling	-213	-218
Admin	-18	-20
R&D	-17	-19
EBIT	62	8
EBITDA	71	30
EBITDA pre	72	67
<i>Margin (% of sales)</i>	<i>15.2%</i>	<i>14.1%</i>

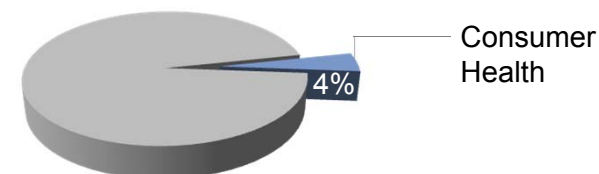
Sales bridge



Comments

- Higher sales on strong organic increase mitigated by adverse currency effects and weak cough and cold season in Q4
- Solid organic growth in Emerging Markets and Europe as key elements of top-line increase
- Strong performance of core products like Bion 3, Femibion and Nasivin, mainly stemming from Europe and Emerging Markets
- Prior-year EBIT affected by one-time items related to site closure in Hull/UK
- Improved profitability driven by focus on strategic products, cost containment and exit from unprofitable markets lacking scale

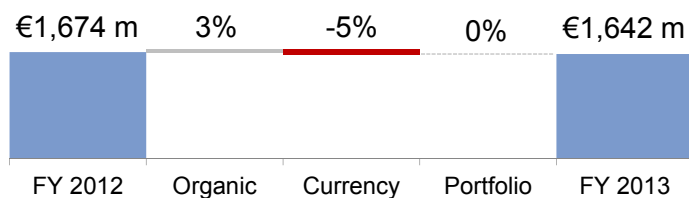
FY 2013 share of group sales



Performance Materials: Pigments restructuring and liquid crystals leadership increase profitability

[€ m]	FY 2013	FY 2012
Sales	1,642	1,674
Marketing and selling	-141	-143
Admin	-28	-31
R&D	-143	-137
EBIT	653	610
EBITDA	766	735
EBITDA pre	780	742
<i>Margin (% of sales)</i>	<i>47.5%</i>	<i>44.3%</i>

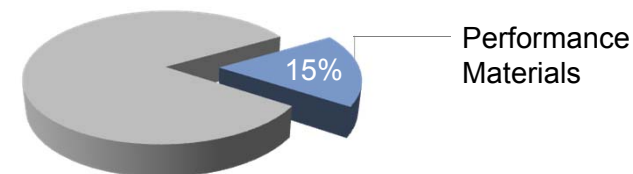
Sales bridge



Comments

- Sales decline slightly as organic growth is more than offset by currency headwinds
- Global display trends drive demand for large UHD* TVs and tablets resulting in shift towards PS-VA and IPS technologies
- Pigments supporting business with strong Xirallic volumes in Europe as well as implementation of efficiency measures
- Early ~€20 m savings implementation, changes in product mix as well as good capacity utilization drive margin improvement

FY 2013 share of group sales



*UHD = Ultra High Definition

Life Science: Resilient business delivers margin expansion amid FX headwinds and U.S. sequestration

[€ m]	FY 2013	FY 2012	Comments
Sales	2,628	2,598	<ul style="list-style-type: none"> Price and volume increases are mitigated by FX mainly due to the devaluation of the Japanese yen Ongoing healthy demand from biopharmaceutical industry, especially for single-use products, drive Process Solutions growth Mid-single-digit Lab Solutions organic growth led by Biomonitoring and strong Lab Water, mainly stemming from Emerging Markets Bioscience organically flat; impact of U.S. healthcare budget constraints overshadows good performance in EM* and Europe Increase in EBITDA pre on higher volumes and prices despite higher costs in marketing & selling as field force is enlarged
Marketing and selling	-683	-676	
Admin	-99	-101	
R&D	-160	-166	
EBIT	262	252	
EBITDA	590	561	
EBITDA pre	643	614	
<i>Margin (% of sales)</i>	<i>24.5%</i>	<i>23.6%</i>	

Sales bridge				
€2,598 m	6%	-5%	1%	€2,628 m
FY 2012	Organic	Currency	Portfolio	FY 2013

FY 2013 share of group sales	
Life Science	25%

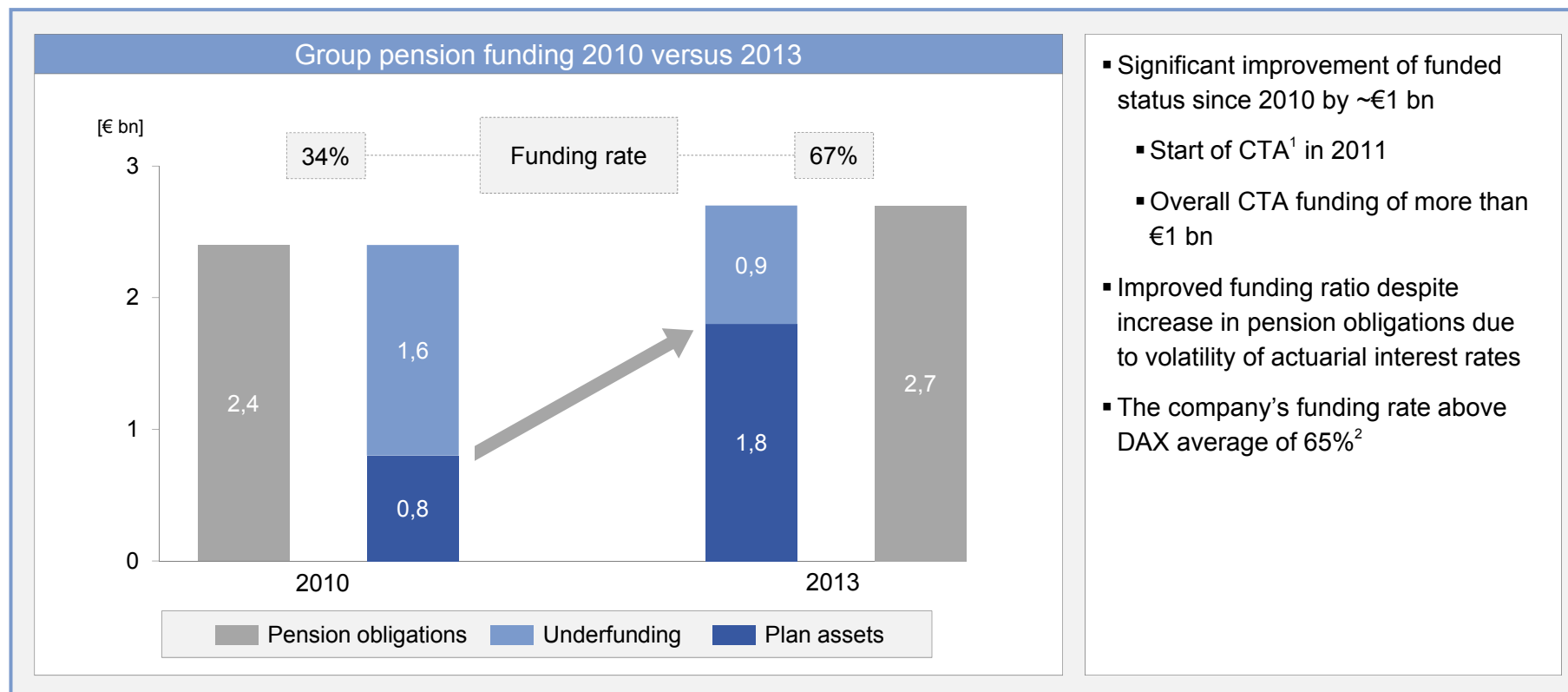
*Emerging Markets

Solid operating cash flow in Q4 2013

[€ m]	Q4 2013	Q4 2012	Δ	Cash flow drivers
Profit after tax	281	276	5	<ul style="list-style-type: none"> ▪ Stable profit after tax ▪ Amortization up due to impairment for Humira settlement of €127 m ▪ Changes in provision higher due to release of restructuring provisions ▪ Other operating activities contain loss on disposals due to capacity streamlining ▪ Operating cash flow on solid year-end level despite restructuring cash-outs and CTA funding ▪ Investing cash flow down due to lower investments in short-term securities ▪ Prior year financing cash flow contains €500 m bond repayment
D&A	462	359	103	
Changes in provisions	-238	-172	-66	
Changes in other assets / liabilities	-205	-167	-38	
Other operating activities	44	2	42	
Operating cash flow before changes in WC	344	298	46	
Changes in working capital	97	101	-4	
Operating cash flow	440	398	42	
Investing cash flow	-263	-573	310	
thereof Capex ¹	-172	-148	-24	
Financing cash flow	-106	-576	470	

¹Only PPE without intangibles; ²Contractual Trust Arrangement

Rigorous pension funding of last three years brings the group up to market standards



¹Contractual Trust Arrangement; ²Source: Towers/Watson

One-time items in Q4 2013


One-time items on EBIT				
[€ m]	Q4 2013		Q4 2012	
	One-time items	thereof D&A	One-time items	thereof D&A
Biopharmaceuticals	164	144	65	5
Consumer Health	1	0	34	11
Performance Materials	7	-4	19	0
Life Science	40	17	33	1
Corporate & Other	14	0	15	0
Total	226	157	136	17

One-time items in FY 2013

One-time items on EBIT				
[€ m]	FY 2013		FY 2012	
	One-time items	thereof D&A	One-time items	thereof D&A
Biopharmaceuticals	258	189	391	46
Consumer Health	1	0	48	11
Performance Materials	10	-4	8	0
Life Science	70	17	54	1
Corporate & Other	47	0	162	0
Total	387	203	664	59

Financial Calendar

Date	Event
May 9, 2014	Annual General Meeting
May 15, 2014	Q1 2014 Earnings Release
August 7, 2014	Q2 2014 Earnings Release
November 13, 2014	Q3 2014 Earnings Release



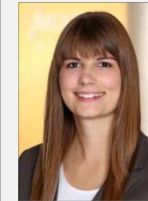
Investor Relations contact details



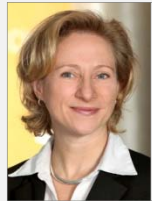
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