

Q1 2015 Financial Summary for Investors and Analysts

A solid quarter in a challenging year 2015:

- Healthcare stable despite Rebif decline
- First avelumab* Phase III in NSCLC initiated
- Continued success with innovative UB-FFS technology
- Sales growth of 15.7% driven by AZ, organic performance and FX tailwinds
- EBITDA pre increases by 5.7% to €853 m
- Guidance 2015: Sales €12.3 – 12.5 bn EBITDA pre €3.45 – 3.55 bn

Overview Financials

Q1 2015 Overview

- EBITDA pre increases, while margin softens due to royalty loss, Rebif decline, higher R&D and LTIP**
- EPS pre decrease mainly driven by financial result
- Operating cash flow burdened by higher tax and interest payments
- Reduced net financial debt due to operating cash flow and net cash position in USD (FX)
- Working capital increase mainly attributable to FX

Q1 2015 Balance Sheet

- Issuance of USD bonds impacts cash and debt
- FX development accounts for ~€1.5 bn total balance sheet increase

Q1 2015 Cash flow Statement

- D&A increase attributable to AZ
- Higher LTIP** and currency adjustments in litigation provisions drive increase in changes in provisions
- Changes in other assets & liabilities reflect higher tax and interest payments
- LY's investing cash flow contains sale of current financial assets for AZ
- Financing cash flow reflects USD bond issuance and repayment of eurobond

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

**Long Term Incentive Plan

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Wolfgang Büchele

Executive Board
and General Partners:

Karl-Ludwig Kley (Chairman),
Kai Beckmann, Belén Garijo, Marcus Kuhnert,
Stefan Oschmann, Bernd Reckmann

Q1 2015 Business Overview

Healthcare

- **The start of an investment year**
- Net sales deviation YoY: organic +0.3%, FX +7.1%, portfolio 0%
- Expected decline of Rebif driven by volume losses in EU & U.S.
- Erbitux negative, mainly affected by tender phasing and EU pricing
- Fertility and General Medicine portfolio remain growth drivers
- Consumer Health organically strong, driven by new marketing concept and ongoing demand for Neurobion in Latin America
- Higher M&S due to investments in growth markets and FX
- R&D reflects ramp-up of avelumab* development; first PhIII trial started
- EBITDA pre and margin lower, as loss of Humira royalties, Rebif decline and investments outweigh currency tailwinds

Life Science

- **A solid quarter**
- Net sales deviation YoY: organic +3.4%, FX +9.8%, portfolio -0.8%
- Process Solutions drives divisional growth mainly due to strong demand from biopharma for single-use and purification products
- Lab Solutions with moderate growth especially in lab water consumables and biomonitoring
- Bioscience flat as good development of protein detection products is offset by low demand for antibodies
- EBIT decline due to double-digit acquisition costs
- EBITDA pre benefits from organic growth and FX tailwinds, partially offset by investments in marketing and selling

Performance Materials

- **Healthy market trends amid significant currency tailwinds**
- Net sales deviation YoY: organic +1.6%, FX +14.8%, portfolio +37.0%
- Strong sales reflect portfolio effect, organic growth and FX tailwinds
- Liquid Crystals volume trends remain largest organic contributor
- New UB-FFS mode main driver in LC; ongoing demand for high-end TVs benefits flagship technologies (PS-VA & IPS)
- Pigments supported by coating industry demand for Xirallic products
- Significant EBITDA pre increase driven by AZ and FX
- EBITDA pre margin reflects mix effect from AZ

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2015 guidance* (on existing platform):

Group:

- EBITDA pre: ~ €3,450 – 3,550 m
- Net sales: ~ €12.3 – 12.5 bn
- EPS pre: ~ €4.60 – 4.80

Outlook by business sector:

Healthcare

- Net sales organically stable
- EBITDA pre ~ €1.9 – 2.0 bn

Life Science*

- Net sales moderate organic growth
- EBITDA pre ~ €730 - 760 m

Performance Materials

- Net sales slight organic growth
- EBITDA pre ~ €1.05 – 1.1 bn

Additional financial guidance

- Group royalty, license and commission income in 2015 ~€300 m
- Corporate & Other EBITDA pre ~ -€280 – -330 m
- Underlying tax rate ~23% to 25%
- Capex on PPE ~€550 m
- Hedging / USD assumption 2015 & 2016 hedge rate ~30% at EUR/USD ~1.24 to 1.26
- 2015 Ø EUR/USD assumption ~1.10 – 1.15

*Without Sigma-Aldrich contribution

Group Q1

| € m | Group | | | Healthcare | | | Life Science | | | Performance Materials | | | Corporate/Others | | |
|------------------------------------|------------|------------|-----------|------------|------------|------------|--------------|------------|-----------|-----------------------|------------|------------|------------------|------------|-----------------|
| | Q1 2014 | Q1 2015 | % YoY | Q1 2014 | Q1 2015 | % YoY | Q1 2014 | Q1 2015 | % YoY | Q1 2014 | Q1 2015 | % YoY | Q1 2014 | Q1 2015 | % YoY |
| Net sales | 2,628 | 3,041 | 16% | 1,569 | 1,686 | 7% | 657 | 738 | 12% | 402 | 617 | 53% | | | |
| % organic | | | 1% | | | 0% | | | 3% | | | 2% | | | |
| % FX | | | 9% | | | 7% | | | 10% | | | 15% | | | |
| % portfolio | | | 5% | | | 0% | | | -1% | | | 37% | | | |
| EBIT | 468 | 480 | 2% | 273 | 268 | -2% | 87 | 83 | -5% | 152 | 214 | 41% | -43 | -85 | 98% |
| Depreciation and amortization | 302 | 325 | 8% | 194 | 181 | -7% | 77 | 81 | 6% | 27 | 59 | >100% | 4 | 4 | 27% |
| EBITDA | 770 | 805 | 5% | 467 | 449 | -4% | 164 | 164 | 0% | 179 | 273 | 53% | -39 | -81 | >100% |
| One-time items on EBITDA | 37 | 48 | 29% | 12 | 12 | -5% | 6 | 20 | >100% | 8 | 4 | -50% | 11 | 12 | 8% |
| EBITDA (pre-one time items) | 807 | 853 | 6% | 479 | 461 | -4% | 170 | 184 | 9% | 186 | 277 | 48% | -28 | -69 | >100% |
| Net financial debt* | 559 | 78 | -86% | | | | | | | | | | | | |

* Q1 2014 as per 31 December

Totals may not add up due to rounding

Group

| P&L Group | Q1 2014 | Q1 2015 | % YoY |
|---|--------------|--------------|-------------|
| Net sales | 2,628 | 3,041 | 16% |
| Cost of sales | -749 | -973 | 30% |
| thereof: intangibles amortization | -12 | -41 | >100% |
| Gross profit | 1,880 | 2,068 | 10% |
| Marketing and selling expenses | -855 | -940 | 10% |
| thereof: intangibles amortization | -183 | -178 | -3% |
| Administration | -132 | -172 | 30% |
| Other operating income/expenses | -44 | -35 | -20% |
| Research and development | -380 | -441 | 16% |
| EBIT | 468 | 480 | 2% |
| Depreciation and amortization | 302 | 325 | 8% |
| EBITDA | 770 | 805 | 5% |
| One-time items on EBITDA | 37 | 48 | 29% |
| EBITDA (pre-one time items) | 807 | 853 | 6% |
| Financial result | -35 | -101 | >100% |
| Profit before tax | 434 | 379 | -13% |
| Income tax | -106 | -94 | -11% |
| Income tax rate | 24% | 25% | |
| Profit after tax | 327 | 285 | -13% |
| Non-controlling interest | -2 | -4 | 61% |
| Net income | 325 | 282 | -13% |
| Number of theoretical shares in million | 434.8 | 434.8 | |
| EPS in € | 0.75 | 0.65 | -13% |
| EPS (pre one-time items) in € | 1.15 | 1.12 | -2.9% |

Totals may not add up due to rounding

Healthcare

| P&L HC | Q1 2014 | Q1 2015 | % YoY |
|------------------------------------|--------------|--------------|------------|
| Net sales | 1,569 | 1,686 | 7% |
| Cost of sales | -314 | -372 | 18% |
| thereof: intangibles amortization | 0 | 0 | n.m. |
| Gross profit | 1,255 | 1,314 | 5% |
| Marketing and selling expenses | -609 | -660 | 8% |
| thereof: intangibles amortization | -143 | -134 | -7% |
| Administration | -58 | -66 | 13% |
| Other operating income/expenses | -12 | 29 | n.m. |
| Research and development | -303 | -348 | 15% |
| EBIT | 273 | 268 | -2% |
| Depreciation and amortization | 194 | 181 | -7% |
| EBITDA | 467 | 449 | -4% |
| One-time items on EBITDA | 12 | 12 | -5% |
| EBITDA (pre-one time items) | 479 | 461 | -4% |

Totals may not add up due to rounding

Life Science

| P&L LS | Q1 2014 | Q1 2015 | % YoY |
|------------------------------------|------------|------------|------------|
| Net sales | 657 | 738 | 12% |
| Cost of sales | -277 | -321 | 16% |
| thereof: intangibles amortization | -12 | -12 | 4% |
| Gross profit | 380 | 417 | 10% |
| Marketing and selling expenses | -210 | -233 | 11% |
| thereof: intangibles amortization | -37 | -41 | 9% |
| Administration | -29 | -31 | 7% |
| Other operating income/expenses | -16 | -25 | 56% |
| Research and development | -38 | -45 | 17% |
| EBIT | 87 | 83 | -5% |
| Depreciation and amortization | 77 | 81 | 6% |
| EBITDA | 164 | 164 | 0% |
| One-time items on EBITDA | 6 | 20 | >100% |
| EBITDA (pre-one time items) | 170 | 184 | 9% |

Totals may not add up due to rounding

Performance Materials

| P&L PM | Q1 2014 | Q1 2015 | % YoY |
|------------------------------------|------------|------------|------------|
| Net sales | 402 | 617 | 53% |
| Cost of sales | -157 | -280 | 79% |
| thereof: intangibles amortization | 0 | -29 | >100% |
| Gross profit | 245 | 337 | 37% |
| Marketing and selling expenses | -36 | -46 | 28% |
| thereof: intangibles amortization | -3 | -4 | 31% |
| Administration | -8 | -18 | >100% |
| Other operating income/expenses | -12 | -12 | 0% |
| Research and development | -38 | -47 | 24% |
| EBIT | 152 | 214 | 41% |
| Depreciation and amortization | 27 | 59 | >100% |
| EBITDA | 179 | 273 | 53% |
| One-time items on EBITDA | 8 | 4 | -50% |
| EBITDA (pre-one time items) | 186 | 277 | 48% |

Totals may not add up due to rounding