



Your Contact

Markus Talanow +49 6151 72-9591  
Investor Relations +49 6151 72-3321

## News Release

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### Merck KGaA, Darmstadt, Germany, Reports Sales and Earnings Growth in Q2 2015

- All three business sectors contribute to reported sales growth of 14.4%
- Life Science drives organic sales growth
- Merck KGaA, Darmstadt, Germany, intensifies R&D activities in Healthcare
- EBITDA pre exceptionals up 6.3%
- Merck KGaA, Darmstadt, Germany, builds up net cash position
- Forecast for full year 2015 confirmed

Darmstadt, Germany, August 6, 2015 – Merck KGaA, Darmstadt, Germany, a leading company for innovative and top-quality high-tech products in healthcare, life science and performance materials today announced renewed strong sales growth, amounting to 14.4% in the second quarter of 2015. EBITDA pre exceptionals also rose by 6.3%. Merck KGaA, Darmstadt, Germany, thus continued on its growth course in the first half of 2015.

“All three business sectors contributed to our good double-digit sales growth. Foreign exchange movements did help us, yet our businesses grew even without these additional tailwinds,” said Karl-Ludwig Kley, Chairman of the Executive Board of Merck KGaA, Darmstadt, Germany. “We confirm our forecast for the full year 2015.”

Group **net sales** increased by 14.4% to € 3.2 billion in the second quarter of 2015 (Q2 2014: € 2.8 billion). Sales grew organically by 2.2%. Significantly positive currency effects of 10.2% and portfolio effects due to the integration of AZ Electronic Materials (AZ) amounting to 1.9% also contributed to growth. From a geographic perspective, the

#### Merck KGaA

Frankfurter Strasse 250  
64293 Darmstadt  
Hotline +49 6151 72-5000  
[www.emdgroup.com](http://www.emdgroup.com)

Head Media Relations -62445  
Spokesperson: -9591 / -7144 / -6328  
Fax +49 6151 72-3138  
[media.relations@emdgroup.com](mailto:media.relations@emdgroup.com)



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Asia-Pacific, Latin America, and Middle East and Africa regions fueled organic sales growth.

Driven by good operational performance and a favorable currency environment, **EBITDA pre exceptionals**, the key earnings indicator of the Group, rose by 6.3% to € 899 million (Q2 2014: € 846 million). Higher research and development spending, mainly relating to the intensification of research in the Healthcare business sector, dampened EBITDA pre exceptionals. The absence of royalty and license income included in the previous year also had a negative impact on EBITDA pre exceptionals. Group **EBIT** increased 13.7% to € 501 million (Q2 2014: € 441 million). **Net income** rose in the second quarter by 13.2% to € 343 million (Q2 2014: € 303 million).

**Earnings per share pre exceptionals** rose in the second quarter of 2015 by 12.1% to € 1.30 (Q2 2014: € 1.16).

In the course of the second quarter of 2015, Merck KGaA, Darmstadt, Germany, built up a **net cash position** amounting to € 567 million on June 30. However, net financial debt is expected to soon increase significantly as a result of the planned acquisition of Sigma-Aldrich. Merck KGaA, Darmstadt, Germany, had 40,192 **employees** worldwide on June 30, 2015.

### **Businesses perform well in the first half**

In the first half of 2015, net sales of the Group increased by 15.0% to € 6.3 billion (Jan.-June 2014: € 5.4 billion). Foreign exchange movements led to a sales increase of 9.6% or € 523 million. All business sectors contributed to organic sales growth, which amounted to 1.8% in the first half of 2015. The acquisition of AZ also had a positive impact of 3.6% on sales.

In the first half of 2015, EBITDA pre exceptionals of the Group totaled € 1.8 billion (Jan.-June 2014: € 1.7 billion), thus exceeding the previous year's figure by € 100 million or



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6.0%. Earnings per share pre exceptionals climbed by 4.7% to €2.43 in the first half of 2015 (Jan.-June 2014: €2.32).

### Healthcare benefits from organic business in growth markets

The Healthcare business sector generated organic sales growth of 1.5% in the second quarter of 2015. Including positive foreign exchange effects of 7.8%, net sales rose overall by 9.2% to €1.8 billion (Q2 2014: €1.7 billion). The organic increase in sales was driven in particular by pharmaceuticals to treat diabetes (Glucophage), thyroid disorders (Euthyrox), and cardiovascular diseases (Concor), as well as Neurobion, a brand marketed by the Consumer Health business. From a geographic perspective, organic growth was mainly driven by the Latin America and Asia-Pacific regions.

**Rebif**, which is used to treat relapsing forms of multiple sclerosis, posted a sharp -12.0% organic decrease in sales in the second quarter of 2015 owing to strong competition from oral formulations. Amid currency tailwinds of 11.3%, Rebif sales were stable at €461 million (Q2 2014: €464 million). Despite a slight organic decline, sales of the oncology drug **Erbix** rose to €233 million (Q2 2014: €229 million). Merck KGaA, Darmstadt, Germany, generated organic sales growth of 1.6% with the fertility medicine **Gonal-f**. Currency tailwinds increased sales to €177 million (Q2 2014: €161 million).

The second quarter saw not only higher net sales, but also higher investments, firstly in targeted marketing activities in growth markets and secondly in research and development. Consequently, EBITDA pre exceptionals of the Healthcare business sector declined by -2.8% to €480 million in the second quarter of 2015 (Q2 2014: €493 million). “As announced, we have deliberately invested in research and development in order to drive important pipeline projects such as our anti-PD-L1 antibody avelumab,” said Karl-Ludwig Kley.

### Life Science drives organic growth of the Group in the second quarter

In the second quarter of 2015, the Life Science business sector posted strong organic sales growth of 6.2%, which was mainly driven by continued demand from the



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biopharmaceutical industry for products of Merck KGaA, Darmstadt, Germany. Sales developed particularly well in North America. In addition, the strong increase in sales was boosted by significantly positive currency effects of 11.2%. Consequently, Life Science net sales increased overall by 17.3% to €773 million (Q2 2014: €659 million) – a record quarter for the business sector.

The Process Solutions business area, which markets products and services for the pharmaceutical production value chain, generated strong organic sales growth of 11.0%. This was mainly driven by increasing demand from the biotech sector for viral clearance products and purification solutions. With its broad range of products for researchers and scientific laboratories, the Lab Solutions business area recorded organic sales growth of 4.1%. The Bioscience business area, which primarily markets products and services for pharmaceutical and academic research laboratories, recorded an organic decline in sales of -2.2%.

EBITDA pre exceptionals of the Life Science business sector climbed by 20.6% to €200 million in the second quarter of 2015 (Q2 2014: €166 million), benefiting mainly from higher demand in the Process Solutions business area as well as price increases across the portfolio.

“The very successful performance of our Life Science business in the second quarter is especially good news since the weight of this business sector is going to increase significantly in the future as a result of the planned acquisition of Sigma-Aldrich,” said Karl-Ludwig Kley. “We expect to be able to complete the transaction in the third quarter of 2015.”

### **Performance Materials sales soar in the second quarter**

In the second quarter of 2015, net sales of the Performance Materials business sector soared by 27.2% to €643 million (Q2 2014: €506 million). Acquisition-related increases resulting from the purchase of AZ Electronic Materials in May 2014 caused net sales to



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rise by 10.7% while significantly positive exchange rate effects of 16.8% also fueled growth. Organic sales performance was flat (-0.4%).

In the newly formed **Display Materials** business unit consisting of the successful liquid crystals business of Merck KGaA, Darmstadt, Germany, and the complementary AZ display materials, the sales growth of innovative liquid crystal mixtures such as UB-FFS could not compensate for declining sales of the oldest active-matrix liquid crystal technology TN-TFT. The business unit posted a slight organic sales decline, but continued to defend its market leadership position. In the second quarter of 2015, the **Pigments & Functional Materials** business unit reported a moderate organic sales decline. Sales by the **Integrated Circuit (IC) Materials** business unit, which consists of the former AZ business with materials used to manufacture integrated circuits, reflected an acquisition-related increase in the second quarter of 2015. Organic growth was also achieved, mainly driven by the business with dielectric materials for chip manufacture. Thanks to higher demand for OLED displays and LED phosphors, the **Advanced Technologies** business unit also generated organic growth. Merck KGaA, Darmstadt, Germany, recently laid the cornerstone for the new OLED materials production unit in June 2015.

Good sales volumes, the AZ acquisition as well as favorable currency effects increased EBITDA pre exceptionals of the Performance Materials business sector by 30.5% to € 295 million (Q2 2014: € 226 million).

### **Merck KGaA, Darmstadt, Germany, confirms full-year forecast**

Owing to business performance in the first half of 2015, Merck KGaA, Darmstadt, Germany, confirms its forecast for the full year 2015 at Group level. The forecast for the course of business in 2015 is initially being presented without taking the Sigma-Aldrich acquisition into account. For 2015, the Group continues to expect slight organic sales growth and a slight portfolio effect due to the inclusion of AZ for a full fiscal year. This development will be bolstered by a positive currency effect of 5% to 7%. Overall, Merck KGaA, Darmstadt, Germany, continues to assume an increase in net sales to between



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€ 12.3 billion and € 12.5 billion for 2015. Moreover, Merck KGaA, Darmstadt, Germany, anticipates EBITDA pre exceptionals of between € 3.45 billion and € 3.55 billion for 2015. Earnings per share pre exceptionals are expected to be between € 4.60 and € 4.80 in 2015.

### Forecast for FY 2015

(excluding the planned Sigma-Aldrich acquisition)

<i>€ million</i>	Net sales	EBITDA pre exceptionals	Earnings per share pre exceptionals
<b>Group</b>	<b>~ 12,300–12,500</b>	<b>~3,450–3,550</b>	<b>€ 4.60–4.80</b>
<b>Healthcare</b>	Organic at the previous year's level	~1,900–2,000	
<b>Life Science</b>	Moderate organic growth	~740–760	
<b>Performance Materials</b>	Slight organic increase, strong portfolio effect	~1,060–1,100	
<b>Corporate and Other</b>	–	~ -350 – -300	

### Key figures of the Group

<i>€ million</i>	Q2 2015	Q2 2014	Change in %	Jan.- June 2015	Jan.- June 2014	Change in %
Net sales	3,219.5	2,815.3	14.4	6,260.6	5,443.5	15.0
Operating result (EBIT)	501.4	441.0	13.7	981.3	909.3	7.9
<i>Margin (% of net sales)</i>	15.6	15.7		15.7	16.7	
EBITDA	844.8	767.0	10.1	1,650.3	1,537.2	7.4
<i>Margin (% of net sales)</i>	26.2	27.2		26.4	28.2	
EBITDA pre exceptionals	899.4	845.7	6.3	1,752.4	1,652.7	6.0
<i>Margin (% of net sales)</i>	27.9	30.0		28.0	30.4	
Earnings per share (€)	0.79	0.70	12.9	1.44	1.45	-0.7
Earnings per share pre exceptionals (€)	1.30	1.16	12.1	2.43	2.32	4.7
Net income	343.4	303.3	13.2	625.1	628.5	-0.5
	June 30, 2015	Dec. 31, 2014				
Net financial position	567	-559				



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### Notes for editors:

- The **conference call** for media representatives will also be webcast live [here](#) as of 9:30 a.m. (CET)
- The corresponding **charts** as well as further information for the press including a **digital press kit** can be found [here](#)
- The report on the second quarter of 2015 can be found [here](#)
- Merck KGaA, Darmstadt, Germany, on [Facebook](#), [Twitter](#), [LinkedIn](#)
- **Photos and video footage** can be found [here](#)
- **Stock symbols**

*Reuters: MRCG, Bloomberg: MRK GY, Dow Jones: MRK.DE*

*Frankfurt Stock Exchange: ISIN: DE 000 659 9905 – WKN: 659 990*

All Merck KGaA, Darmstadt, Germany, press releases are distributed by e-mail at the same time they become available on the EMD Group Website. In case you are a resident of the USA or Canada please go to [www.emdgroup.com/subscribe](http://www.emdgroup.com/subscribe) to register again for your online subscription of this service as our newly introduced geo-targeting requires new links in the email. You may later change your selection or discontinue this service.

Merck KGaA of Darmstadt, Germany, is a leading company for innovative and top-quality high-tech products in healthcare, life science and performance materials. The company has six businesses – Biopharmaceuticals, Consumer Health, Allergopharma, Biosimilars, Life Science and Performance Materials – and generated sales of € 11.3 billion in 2014. Around 39,000 employees work in 66 countries to improve the quality of life for patients, to foster the success of customers and to help meet global challenges. Merck KGaA, Darmstadt, Germany, is the world's oldest pharmaceutical and chemical company – since 1668, the company has stood for innovation, business success and responsible entrepreneurship. Holding an approximately 70% interest, the founding family remains the majority owner of the company to this day. Merck KGaA, Darmstadt, Germany holds the global rights to the Merck name and brand. The only exceptions are Canada and the United States, where the company operates as EMD Serono, EMD Millipore and EMD Performance Materials.