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Merck KGaA, Darmstadt, Germany, Reports Jump in Earnings in Q3 2015

- **All business sectors contribute to 6.8% rise in Group net sales**
- **EBITDA pre exceptionals climb 10.2%; net income soars by 46.3%**
- **Life Science drives organic sales growth of the Group**
- **One-time effect from the release of provisions in Healthcare**
- **Forecast for 2015 lifted thanks to good operational performance and Sigma-Aldrich acquisition**

Darmstadt, Germany, November 12, 2015 – Merck KGaA, Darmstadt, Germany, a leading science and technology company, reported sales growth of 6.8% in the third quarter of 2015. EBITDA pre exceptionals rose sharply by 10.2%.

“Our organic growth in all three business sectors and all regions shows that our strategy is bearing fruit. We are also well-positioned for future growth,” said Karl-Ludwig Kley, Chairman of the Executive Board. “The fact that we are lifting the forecast for the current full year is due to the good operational performance of our businesses as well as to the imminent acquisition of Sigma-Aldrich.”

Group sales rose in the third quarter of 2015 by 6.8% to € 3.1 billion (Q3 2014: € 2.9 billion). Organic sales growth amounted to 3.3% while positive currency effects increased sales by 3.5%. From a geographic perspective, the Asia-Pacific region was the growth engine of the Group with strong organic growth and significantly positive currency effects.

The 10.2% jump in **EBITDA pre exceptionals**, the company’s key performance indicator, to € 944 million (Q3 2014: € 857 million), was primarily driven by good



News Release

operating performance in the third quarter. Lower research and development costs were due among other things to the release of provisions that had been set up in the second half of 2014 for the discontinuation of clinical development programs. This contrasted with higher marketing and selling expenses in the third quarter of 2015 that were incurred in connection with the investments in company growth initiatives. Group **EBIT** rose sharply by 31.4% to € 564 million (Q3 2014: € 429 million). **Net income** soared by 46.3% to € 364 million (Q3 2014: € 249 million). **Earnings per share pre exceptionals** rose in the third quarter of 2015 by 14.8% to € 1.32 (Q3 2014: € 1.15).

As of September 30, 2015, the company had built up **net financial position** of € 1.3 billion. Net financial debt will soon increase considerably as a result of the acquisition of Sigma-Aldrich. Merck KGaA, Darmstadt, Germany, had 40,339 **employees** worldwide on September 30, 2015.

All business sectors report growth in the first nine months

In the first nine months of 2015, Group net sales rose 12.2% to € 9.4 billion (Jan.-Sept. 2014: € 8.4 billion). All three business sectors contributed to this increase. Foreign exchange movements accounted for a 7.5% increase in sales, which grew organically by 2.3% in the nine-month period. Portfolio effects, among other things due to the acquisition of AZ Electronic Materials, were responsible for a 2.4% increase in sales in the first nine months of 2015. For the period from January to September 2015, the Group reported EBITDA pre exceptionals of € 2.7 billion (Jan.-Sept. 2014: € 2.5 billion), thus improving the year-earlier figure by 7.5%. Earnings per share pre exceptionals climbed 8.1% to € 3.74 in the first nine months of 2015 (Jan.-Sept. 2014: € 3.46).

Healthcare achieves organic growth in Asia-Pacific

Sales increased in the Healthcare business sector in the third quarter of 2015 by 1.4% to € 1.7 billion (Q3 2014: € 1.7 billion) amid slightly negative exchange rate effects. In the third quarter of 2015, the organic increase in sales was driven in particular by products to treat infertility (Gonal-f), diabetes (Glucophage), thyroid disorders (Euthyrox), as well as by Neurobion, a brand marketed by the Consumer Health business. From a geographic perspective, the Asia-Pacific region fueled organic growth.

News Release

Thanks to business performance in North America and positive currency effects, sales of **Rebif**, which is used to treat relapsing forms of multiple sclerosis, were flat at € 468 million in the third quarter of 2015 (Q3 2014: € 466 million) despite strong competitive pressure mainly from oral formulations. Sales of the oncology drug **Erbix** declined to € 223 million (Q3 2014: € 232 million) due to an organic decrease and negative currency effects. Sales of the fertility drug **Gonal-f** increased to € 167 million in the third quarter (Q3 2014: € 147 million), supported by organic growth and favorable currency effects.

EBITDA pre exceptionals of the Healthcare business sector rose in the third quarter by 8.1% to € 537 million (Q3 2014: € 497 million).

Life Science drives organic growth of Group in the third quarter

In the third quarter, the Life Science business sector generated very strong organic sales growth of 8.1%. Supported by strong currency tailwinds of 6.8%, Life Science sales rose to € 759 million (Q3 2014: € 661 million). Organic sales growth was mainly driven by continued demand for the company's products.

The Process Solutions business area, which markets products for the pharmaceutical production value chain, generated strong organic sales growth of 13.8%. This was mainly driven by increasing demand for viral clearance products and purification solutions. With its broad range of products for researchers and scientific laboratories, the Lab Solutions business area delivered organic sales growth of 3.6%. The Bioscience business area, which markets products and services for pharmaceutical and academic research laboratories, achieved a 3.0% organic increase in sales.

EBITDA pre exceptionals of the Life Science business sector increased sharply by 25.2% to € 201 million in the third quarter (Q3 2014: € 161 million). Apart from the momentum of the underlying organic business, exchange rate movements had a positive effect.

"Following the acquisition of Sigma-Aldrich, which we are ready to complete subsequent to final clearance from the European Commission, Merck KGaA,

News Release

Darmstadt, Germany, will be one of the world's leading suppliers in the life science industry. We are therefore especially pleased by the growth of our Life Science business," said Karl-Ludwig Kley. "By combining our portfolio with that of Sigma-Aldrich, we will be able to cover the entire biopharma industry value chain, from discovery and development to the production of biopharmaceuticals."

Profitability soars in Performance Materials

The Performance Materials business sector generated sales of € 653 million in the third quarter of 2015 (Q3 2014: € 576 million), representing a year-on-year increase of 13.4%. Apart from organic growth, to which all business units contributed, reported sales reflected considerably positive currency effects.

The **Display Materials** business unit, consisting of the company's successful liquid crystals business and the complementary display materials from the acquisition of AZ Electronic Materials, benefited particularly from the very successful business performance achieved with the energy-saving UB-FFS technology. UB-FFS is used in the latest generation of smartphones. Organically, sales by the **Pigments & Functional Materials** business unit grew slightly in the third quarter. The **Integrated Circuit Materials** business unit, which consists of the former AZ business with materials used to manufacture integrated circuits, also saw slight organic growth in the third quarter of 2015. The **Advanced Technologies** business unit is becoming a further growth driver of Performance Materials thanks to the dynamism of its OLED materials business. In the summer, Merck KGaA, Darmstadt, Germany, had laid the cornerstone for a new OLED materials production unit in Darmstadt.

EBITDA pre exceptionals of Performance Materials rose sharply by 22.5% to € 298 million (Q3 2014: € 243 million) thanks to good operating business and positive currency effects.

Company lifts forecast for 2015

Subsequent to the fulfillment of the commitments made to the European Union in order to gain antitrust approval for the acquisition of Sigma-Aldrich, Merck KGaA, Darmstadt, Germany, expects to obtain control of Sigma-Aldrich on November 18, 2015. Effective immediately, all forecasts include the Sigma-Aldrich business.

News Release

For 2015, Merck KGaA, Darmstadt, Germany, thus expects Group net sales to increase overall to between € 12.6 billion and € 12.8 billion (previously: € 12.3 billion - € 12.5 billion). EBITDA pre exceptionals are forecast to come in between € 3,580 million and € 3,650 million in 2015 (previously: € 3,450 million - € 3,550 million). Earnings per share pre exceptionals are expected to be between € 4.80 and € 4.95 (previously: € 4.60 - € 4.80).

Forecast for FY 2015

€ million	Net sales	EBITDA pre exceptionals	Earnings per share pre exceptionals
Group	~12,600 – 12,800 of which Sigma-Aldrich: ~ 300	~3,580 – 3,650 of which Sigma-Aldrich: ~ 80-95	€ 4.80 – € 4.95
Healthcare	Organic at the previous year's level	~1,930 – 2,000	
Life Science	Solid organic growth, portfolio effect in the low double-digit percentage range	~760 – 780 additionally from Sigma-Aldrich: ~ 80-95	
Performance Materials	Slight organic increase, strong portfolio effect	~1,100 – 1,140	
Corporate and Other		~-360 – -340	

Key figures

€ million	Q3 2015	Q3 2014	Change in %	Jan.-Sept. 2015	Jan.-Sept. 2014	Change in %
Net sales	3,120.5	2,920.7	6.8	9,381.1	8,364.2	12.2
Operating result (EBIT)	563.8	428.9	31.4	1,545.1	1,338.2	15.5
Margin (% of net sales)	18.1	14.7		16.5	16.0	
EBITDA	900.7	781.5	15.3	2,550.9	2,318.7	10.0
Margin (% of net sales)	28.9	26.8		27.2	27.7	
EBITDA pre exceptionals	944.0	856.6	10.2	2,696.4	2,509.4	7.5
Margin (% of net sales)	30.3	29.3		28.7	30.0	
Earnings per share (€)	0.84	0.57	47.4	2.27	2.02	12.4
Earnings per share pre exceptionals (€)	1.32	1.15	14.8	3.74	3.46	8.1
Net income	364.0	248.8	46.3	989.1	877.3	12.7
	Sept. 30, 2015	Dec. 31, 2014				
Net financial position	1,304	-559				

News Release

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

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Merck KGaA, Darmstadt, Germany, is a leading science and technology company in healthcare, life science and performance materials. Around 40,000 employees work to further develop technologies that improve and enhance life – from biopharmaceutical therapies to treat cancer or multiple sclerosis, cutting-edge systems for scientific research and production, to liquid crystals for smartphones and LCD televisions. In 2014, Merck KGaA, Darmstadt, Germany, generated sales of € 11.3 billion in 66 countries.

Founded in 1668, Merck KGaA, Darmstadt, Germany, is the world's oldest pharmaceutical and chemical company. The founding family remains the majority owner of the publicly listed corporate group. Merck KGaA, Darmstadt, Germany, holds the global rights to the Merck KGaA, Darmstadt, Germany, name and brand. The only exceptions are the United States and Canada, where the company operates as EMD Serono, EMD Millipore and EMD Performance Materials.