

# Q1 2014 Roadshow Presentation

Merck – Sound operations yield organic growth

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*May 2014*

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## Remarks

All comparative figures relate to the corresponding last year's period.

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# Agenda

## **Business overview**

Transforming the company

Financial review

Guidance

# Merck - A balanced portfolio of four divisions



## The Merck Group

### Merck Serono



Leading in certain specialty pharma markets

- Life cycle management
- Biologics
- Emerging markets

### Consumer Health



Present in OTC niche markets

- Vitamins
- Supplements
- Strong presence in Latin America and Europe

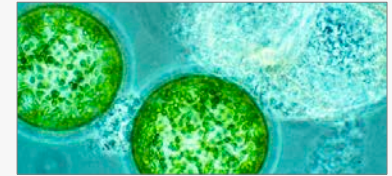
### Performance Materials



No. 1 in display materials

- Customer intimacy
- Innovation power
- Cost and technology leadership

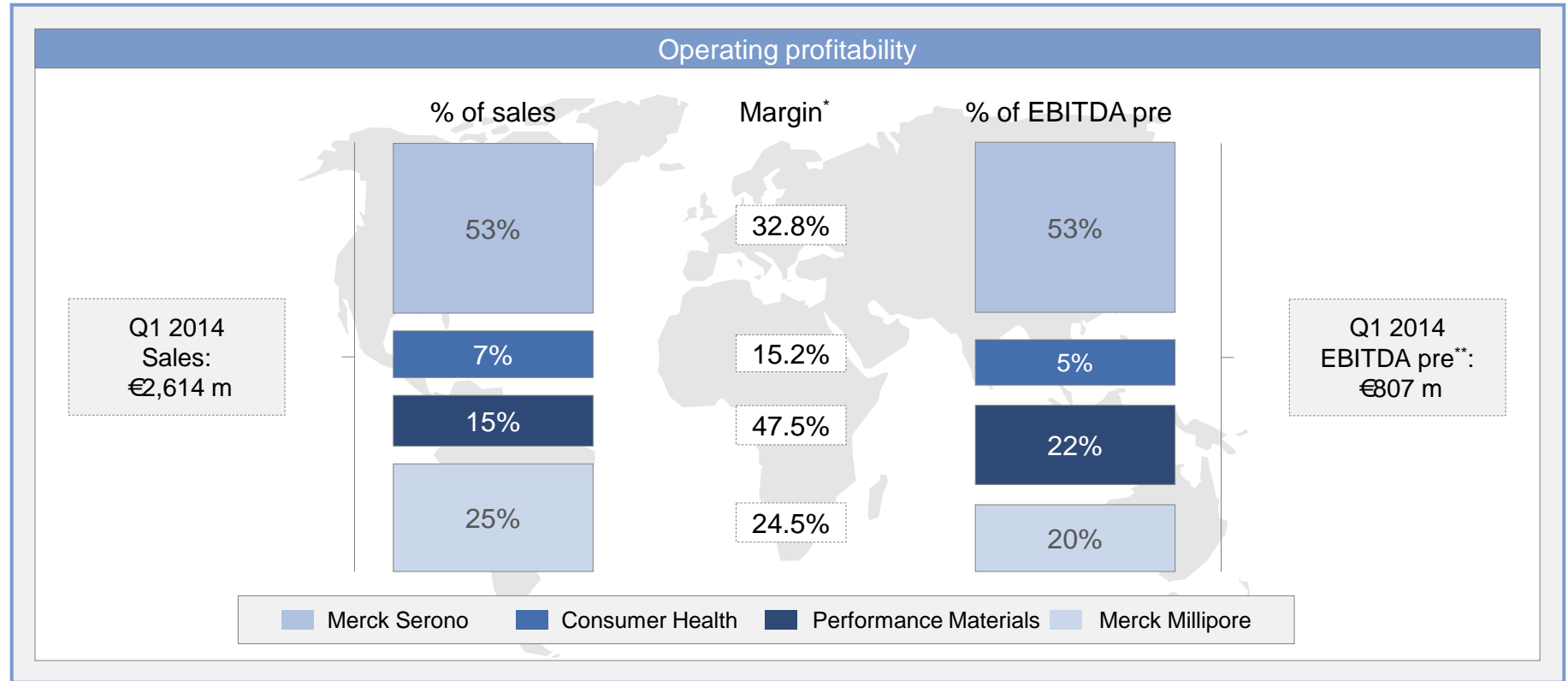
### Merck Millipore



Top 3 in life science tools

- Global presence
- Innovation
- End-to-end solutions for pharma industry

# Strong businesses with attractive margins

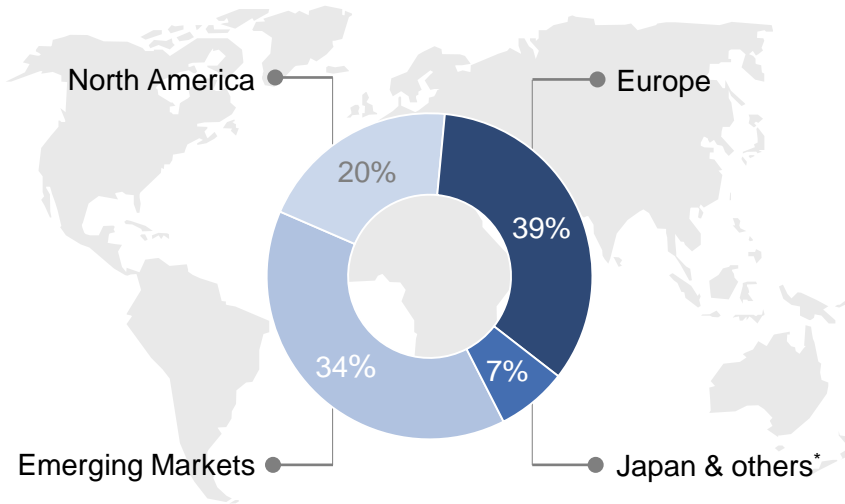


\*EBITDA pre margin in % of sales

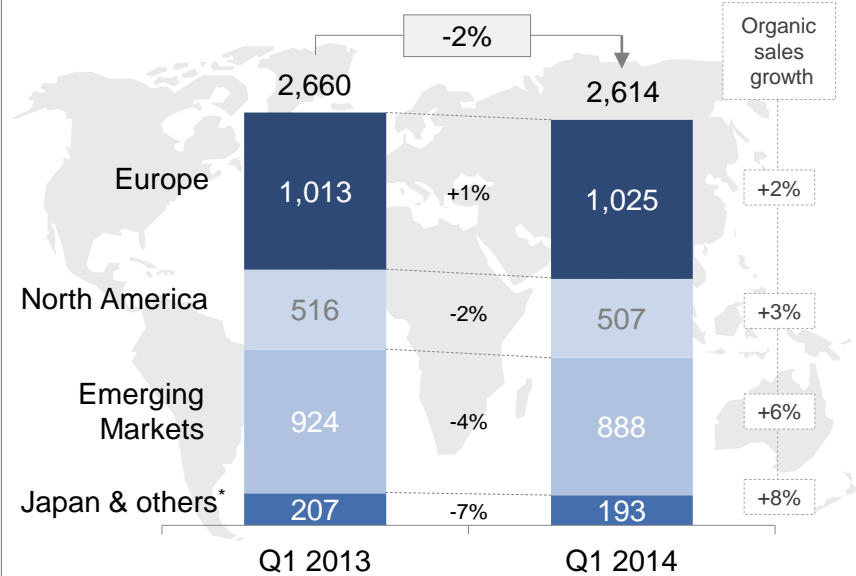
\*\*Including Corporate/Others (-€28.3 m)

# Organic growth across all regions

Merck Group Q1 sales by region



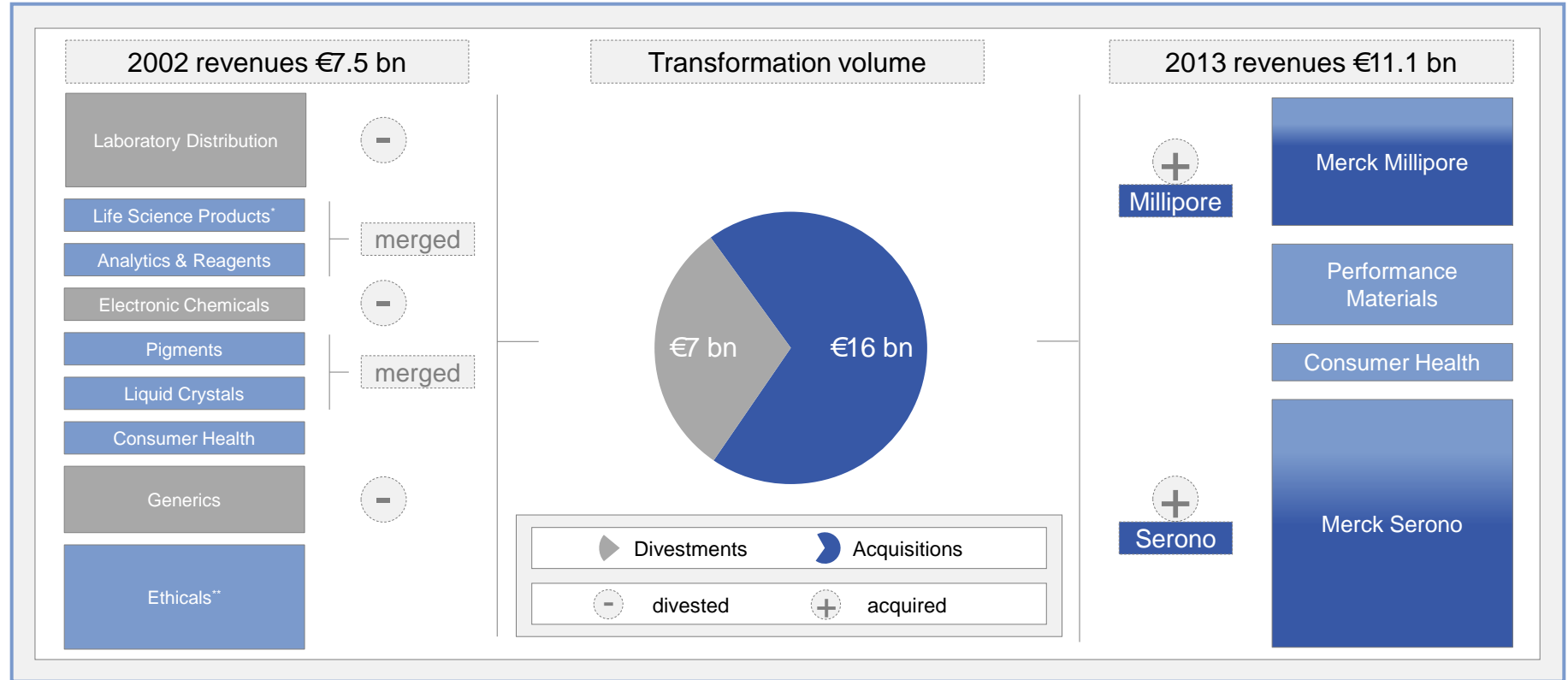
Regional development of sales [€ m]



\*Australia/Oceania, Africa

Totals may not add up due to rounding

# We have added scale while strengthening the attractiveness of assets in our portfolio

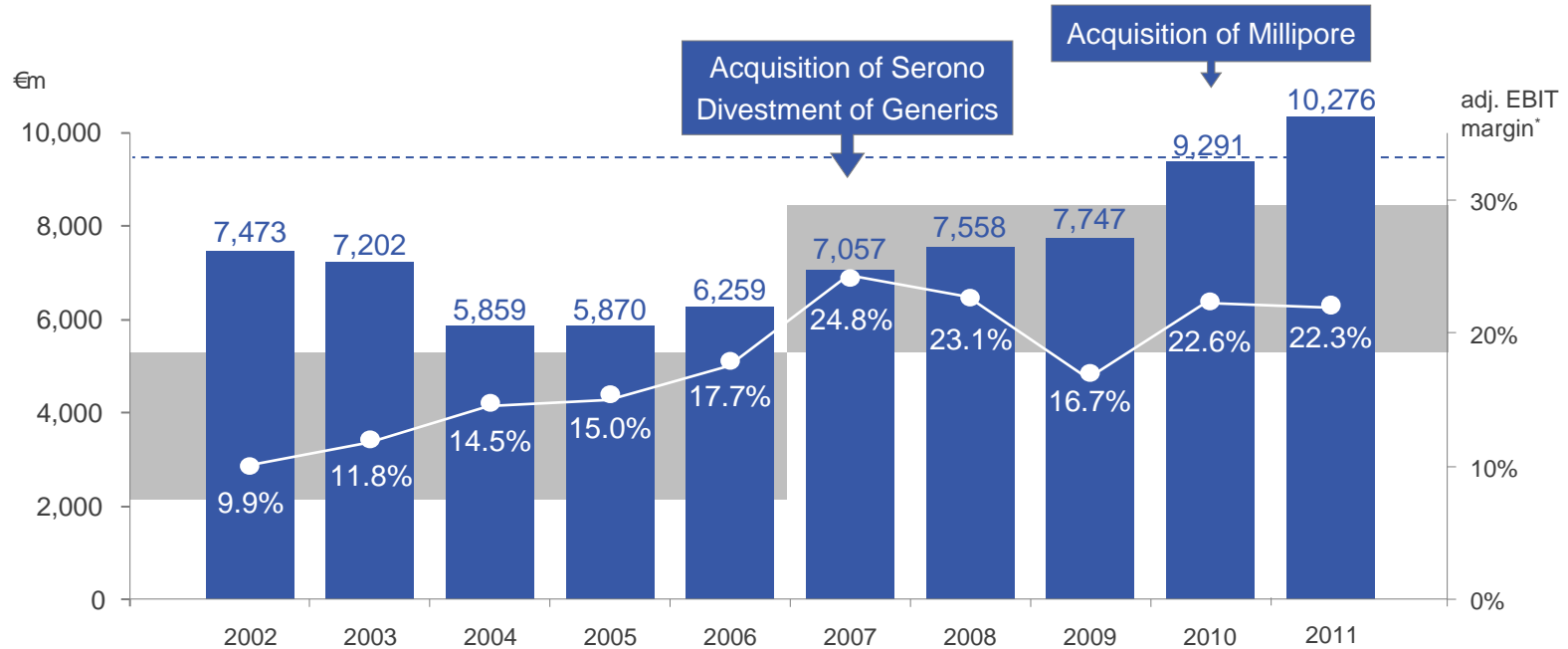


\*Except "Crop Bioscience", which was divested

\*\*Except "Theramex", which was divested

# Our stronger portfolio has enabled us to fundamentally improve our profitability

Merck Group total revenues and adjusted EBIT margin\* 2002-2011



\*adjusted EBIT\*\* divided by total revenues

\*\*adjusted EBIT is EBIT less costs related to acquisitions (amortization and impairments of intangible assets, and integration costs) and less exceptionals



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# Portfolio evolution improved our profitability structure, but further potential remains

Assessment of long-term financial performance relative to peers

	Sales growth	Gross margin	SG&A	R&D productivity
Merck Serono				
Consumer Health				
Performance Materials				
Merck Millipore				



above peers



in-line with peers



below peers

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

## Previous savings 2013

Merck Serono:	€250 m
Consumer Health:	€15 m
Performance Materials:	€10 m
Merck Millipore:	€5 m
Total:	€280 m

Acceleration

## New disclosure 2013

Merck Serono:	€275 m	€25 m
Consumer Health:	€20 m	€5 m
Performance Materials:	€20 m	€0 m
Merck Millipore:	€10 m	€30 m
Total:	€325 m	€60 m

## Remaining 2014-2017\*

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

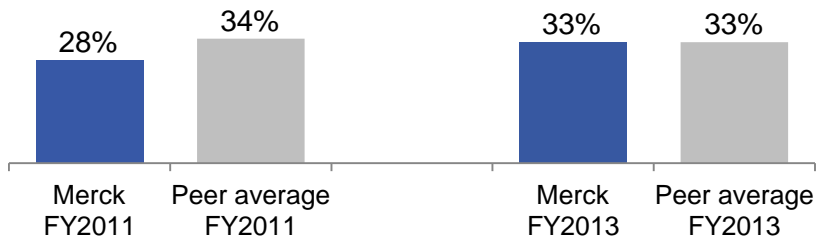
\*Remaining savings expected to lead to costs of ~€100 m

# Divisional benchmarks

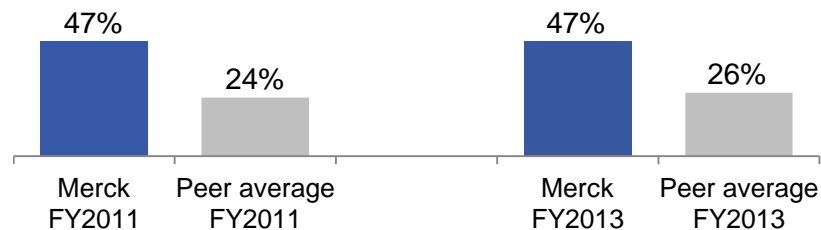


## EBITDA pre margin\* benchmark

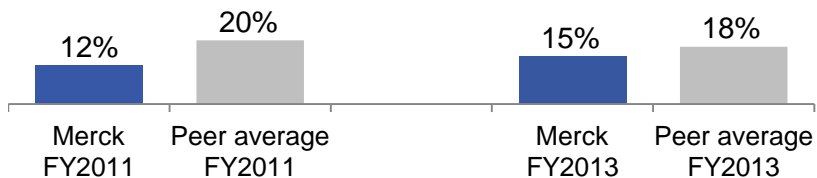
### Merck Serono



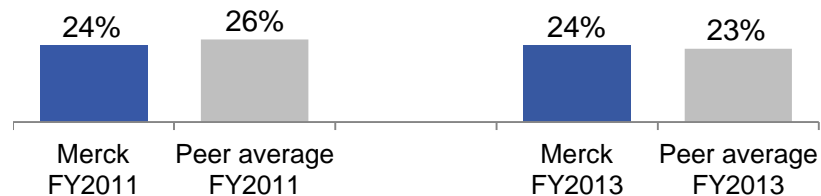
### Performance Materials



### Consumer Health

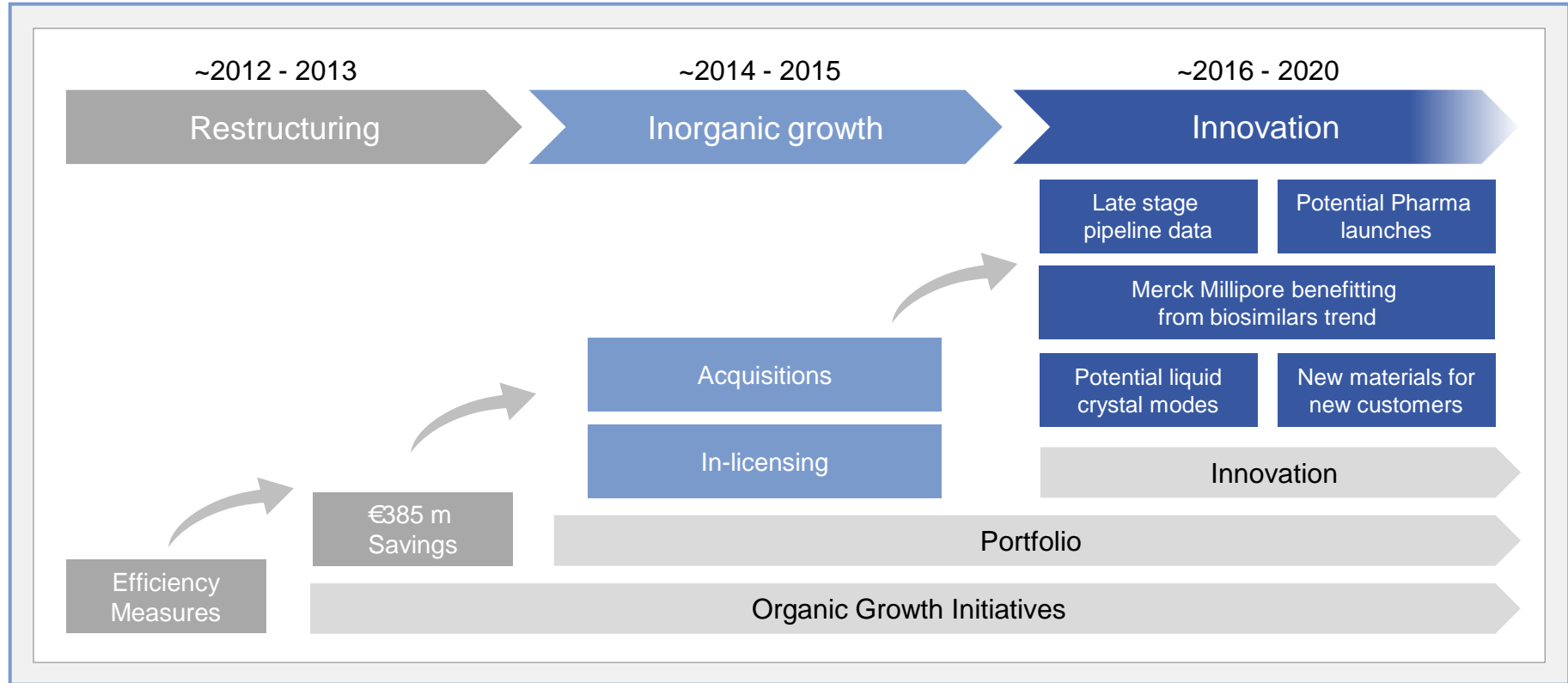


### Merck Millipore



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

# As restructuring nears completion, Merck increases focus on inorganic growth and innovation



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# Q1 2014: Stable financials amid royalty income reduction and currency headwinds



[€ m]	Q1 2014	Q1 2013	Δ
<b>Sales</b>	<b>2,614</b>	<b>2,660</b>	<b>-2%</b>
<b>EBITDA pre</b>	<b>807</b>	<b>801</b>	<b>1%</b>
<i>Margin (% of sales)</i>	<i>30.9%</i>	<i>30.1%</i>	
<b>EPS pre [€]</b>	<b>2.31</b>	<b>2.11</b>	<b>9%</b>
<b>Operating cash flow</b>	<b>409</b>	<b>516</b>	<b>-21%</b>
[€ m]	March 31, 2014	Dec 31, 2013	Δ
<b>Net financial position*</b>	<b>7</b>	<b>-307</b>	<b>n.m.</b>
<b>Working capital</b>	<b>2,224</b>	<b>2,132</b>	<b>4%</b>
<b>Employees</b>	<b>38,273</b>	<b>38,154</b>	<b>0%</b>
<b>Net cash position established</b>			

- Q1 2014**
- Sales decline as organic improvement is outweighed by negative currency effects
  - EBITDA pre and EPS pre improve on solid organic performance despite loss of royalty income
  - 2013 operating cash flow reflects one-time tax refund and restructuring measures
  - Strong cash-generating nature of businesses yields first net cash position since June 2010
  - Continued tight management of working capital; slight increase due to sound organic business

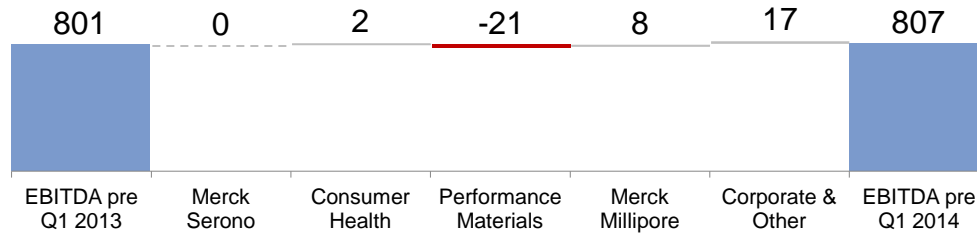
(+) = net cash, (-) = net debt

# All divisions post organic growth while currency headwinds continue



Q1 YoY sales	Organic	Currency	Portfolio	Total
Merck Serono	4%	-5%	0%	-1%
Consumer Health	6%	-6%	0%	-1%
Performance Materials	1%	-6%	0%	-5%
Merck Millipore	4%	-6%	0%	-2%
<b>Merck Group</b>	<b>4%</b>	<b>-5%</b>	<b>0%</b>	<b>-2%</b>

Q1 YoY EBITDA pre contributors [€ m]



- Merck Serono and Merck Millipore remain strongest absolute contributors to organic sales growth
- Currency headwinds mainly driven by the U.S. dollar and the Japanese yen
- Merck Millipore's EBITDA pre contribution linked to solid organic performance, while Performance Materials faces strong comparables
- Corporate & Other includes higher hedging gains this year versus last year

Totals may not add up due to rounding

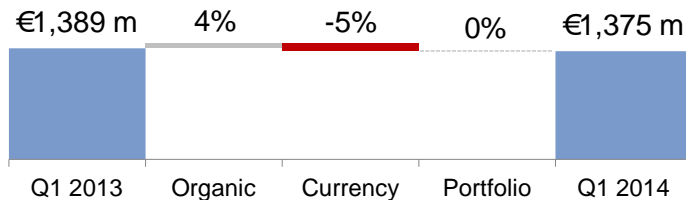


# Merck Serono: Solid performance supported by key franchises despite royalty income reduction



[€ m]	Q1 2014	Q1 2013*
<b>Sales</b>	<b>1,375</b>	<b>1,389</b>
Marketing and selling	-280	-295
Admin	-52	-50
R&D	-298	-322
<b>EBIT</b>	<b>236</b>	<b>170</b>
EBITDA	428	408
<b>EBITDA pre</b>	<b>438</b>	<b>438</b>
<i>Margin (% of sales)</i>	<i>31.9%</i>	<i>31.5%</i>

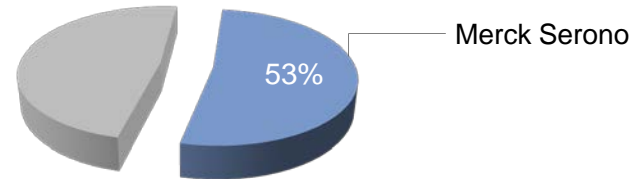
Sales bridge



Comments

- Organic growth more than offset by adverse currency effects leading to slight reduction in sales
- Rebif grows – in the U.S. pricing and wholesaler restocking overcompensate volume declines due to competition
- Erbitux with moderate performance as strong growth in Japan and support from Emerging Markets is mitigated by soft Europe
- Strong organic growth of fertility business across all regions
- Marketing and selling benefits from efficiency initiatives
- Q1 2013 R&D included higher clinical development & one-time costs
- Stable profitability amid FX headwinds and reduction in royalties

Q1 2014 share of group sales

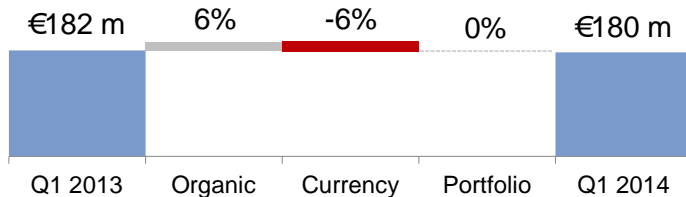


# Consumer Health: Neurobion and Femibion drive quarterly performance



[€ m]	Q1 2014	Q1 2013*
<b>Sales</b>	<b>180</b>	<b>182</b>
Marketing and selling	-68	-69
Admin	-6	-6
R&D	-5	-6
<b>EBIT</b>	<b>37</b>	<b>37</b>
EBITDA	39	39
<b>EBITDA pre</b>	<b>41</b>	<b>39</b>
<i>Margin (% of sales)</i>	<i>22.9%</i>	<i>21.6%</i>

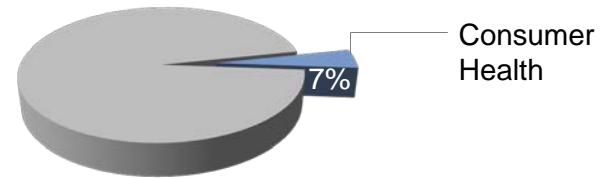
Sales bridge



## Comments

- Stable sales as solid organic growth driven by Emerging Markets is offset by FX headwinds
- Latin America grows organically due to performance of new strategic brands Neurobion and Floratil
- Europe moderate as growth of Femibion is partially countered by soft demand for cough and cold products due to milder winter
- Marketing and selling stable, while shift in promotional spending towards strategic brands continues
- Increase in profitability supported by solid organic growth as well as continued cost discipline

Q1 2014 share of group sales



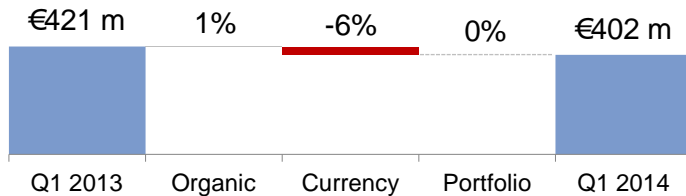
\* Restated for product reclassification of Neurobion and Floratil from Merck Serono to Consumer Health

# Performance Materials: Solid performance amid high comparables and strong currency headwinds



[€ m]	Q1 2014	Q1 2013
<b>Sales</b>	<b>402</b>	<b>421</b>
Marketing and selling	-33	-35
Admin	-8	-7
R&D	-37	-36
<b>EBIT</b>	<b>152</b>	<b>173</b>
EBITDA	179	203
<b>EBITDA pre</b>	<b>186</b>	<b>207</b>
<i>Margin (% of sales)</i>	<i>46.3%</i>	<i>49.2%</i>

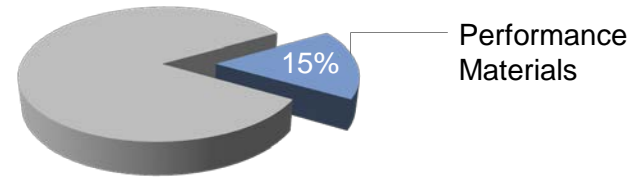
Sales bridge



Comments

- Sales lower as slight organic growth is more than offset by FX
- LC\* organically flat, facing tough comparables due to last year's strong demand and subsidy program for consumers in China
- LC\* flagship technologies benefitting from ongoing demand
- Pigments supported organically due to coating industry demand for Xirallic products and strong performance of cosmetic actives
- R&D increases slightly on investments in future technologies
- EBITDA pre down facing a strong base and FX headwinds

Q1 2014 share of group sales

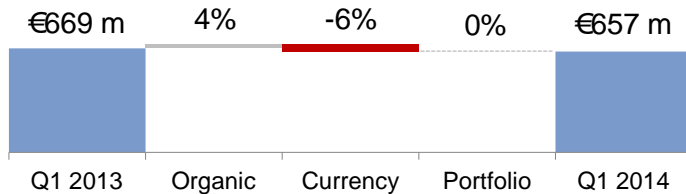


# Merck Millipore: Growth in Process Solutions improves profitability



[€ m]	Q1 2014	Q1 2013
<b>Sales</b>	<b>657</b>	<b>669</b>
Marketing and selling	-169	-169
Admin	-29	-27
R&D	-38	-41
<b>EBIT</b>	<b>87</b>	<b>72</b>
EBITDA	164	151
<b>EBITDA pre</b>	<b>170</b>	<b>162</b>
<i>Margin (% of sales)</i>	<i>25.8%</i>	<i>24.2%</i>

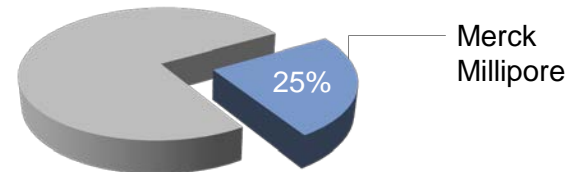
Sales bridge



Comments

- Sales decrease slightly as organic growth is more than offset by FX mainly driven by the Japanese yen and the U.S. dollar
- Process Solutions growth driven by biopharma demand mainly stemming from Emerging Markets and Europe
- U.S. budget sequestration continues to weigh on Bioscience
- Demand for water purification solutions in Emerging Markets drive solid organic growth in Lab Solutions
- Profitability increases due to solid demand and ongoing cost discipline

Q1 2014 share of group sales



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# Full year 2014 guidance

## Merck guidance for 2014, including AZ\*



**Sales:**

**~ €10.9 – 11.1 bn**



**EBITDA pre:**

**~ €3.3 – 3.4 bn**



**EPS pre:**

**~ €9.00 – 9.50**



\*The AZ Electronic Materials acquisition was closed on May 2, 2014 and will be consolidated as of this date

# Guidance details

## Merck Serono



Sales

Organically stable

EBITDA pre

~ €1.75 – 1.85 bn

## Consumer Health



Sales

Moderate organic growth

EBITDA pre

~ €170 – 180 m

## Performance Materials



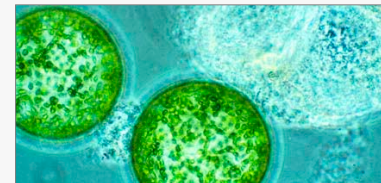
Sales

Slight organic growth

EBITDA pre\*

~ €830 – 880 m

## Merck Millipore



Sales

Moderate organic growth

EBITDA pre

~ €640 – 670 m

**Merck 2014 guidance\*: ~ €3.3 to €3.4 billion EBITDA pre**





# Appendix

# Additional financial guidance

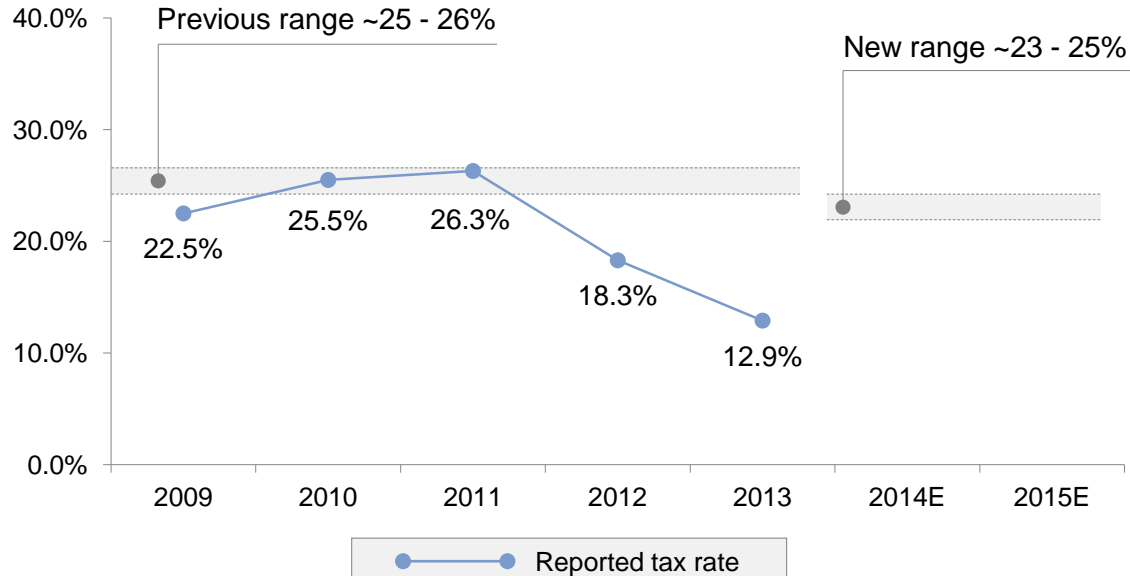
## Further financial details

Merck Group royalty, license and commission income in 2015	~€130 – 150 m
Corporate EBITDA pre	~€ -170 – 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



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

Tax rate development 2009-2013

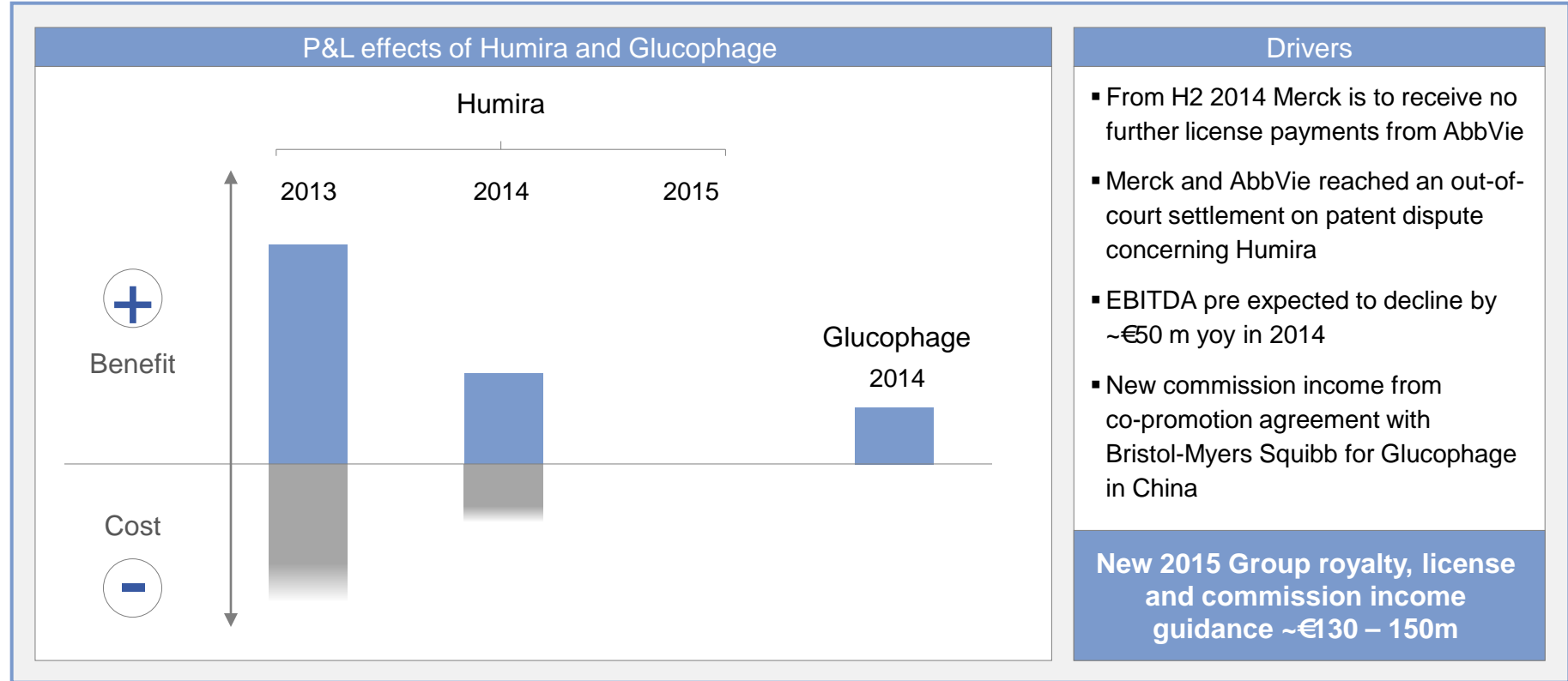


Tax rate rationale

- Former guidance of 25 - 26% now reduced to 23 - 25% due to
  - Beneficial tax rulings in several countries
  - High share of profits in low-tax jurisdictions
- 2012 and 2013 contained one-time effects and exceptional tax gains
- New 24% rate will be applied to EPS pre calculation starting Q1 2014

**New underlying tax rate guidance around 23 to 25%**

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



# Merck 2014 industry outlook



## Merck Serono

- ▶ 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

## Merck Millipore

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



# Solid business performance, lower financial and restructuring expenses contribute to EPS increase



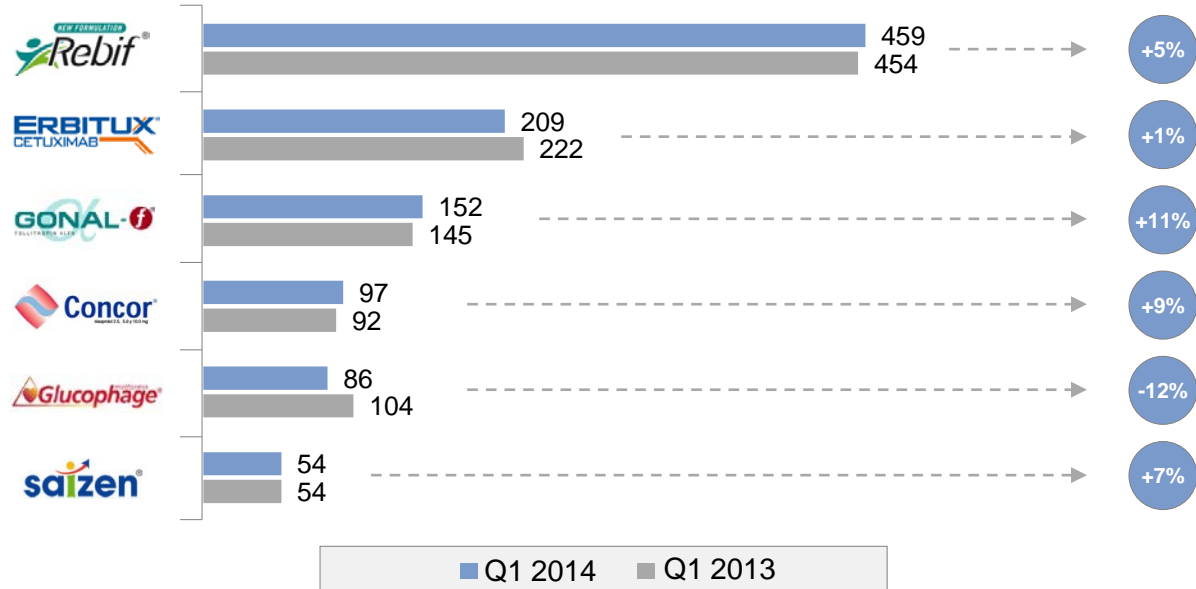
[€ m]	Q1 2014	Q1 2013	Δ
<b>EBIT</b>	<b>468</b>	<b>399</b>	<b>17%</b>
Financial result	-35	-59	-41%
<b>Profit before tax</b>	<b>434</b>	<b>341</b>	<b>27%</b>
Income tax	-106	-72	48%
<i>Tax rate (%)</i>	<i>24.5%</i>	<i>21%</i>	
<b>Net income</b>	<b>325</b>	<b>266</b>	<b>22%</b>
<b>EPS (€)</b>	<b>1.50</b>	<b>1.22</b>	<b>23%</b>

## Reported results

- EBIT increases on lower one-time costs and organic growth offsetting lower royalties and FX headwinds
- Financial result improves on continued deleveraging and CTA\* funding
- 2013 tax rate contained favorable regional profit split
- Net income increases in line with higher EBIT

# Merck Serono organic growth by product

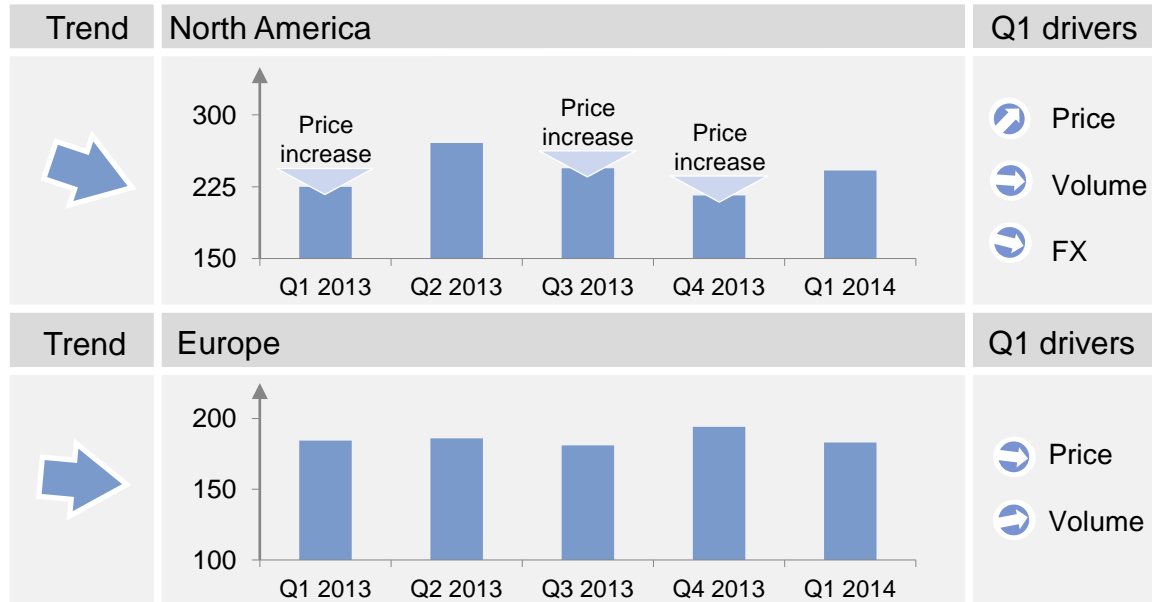
Q1 2014 organic sales growth [%] by key products [€ m]



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



- Regional sales evolution [€ m]



## Rebif performance

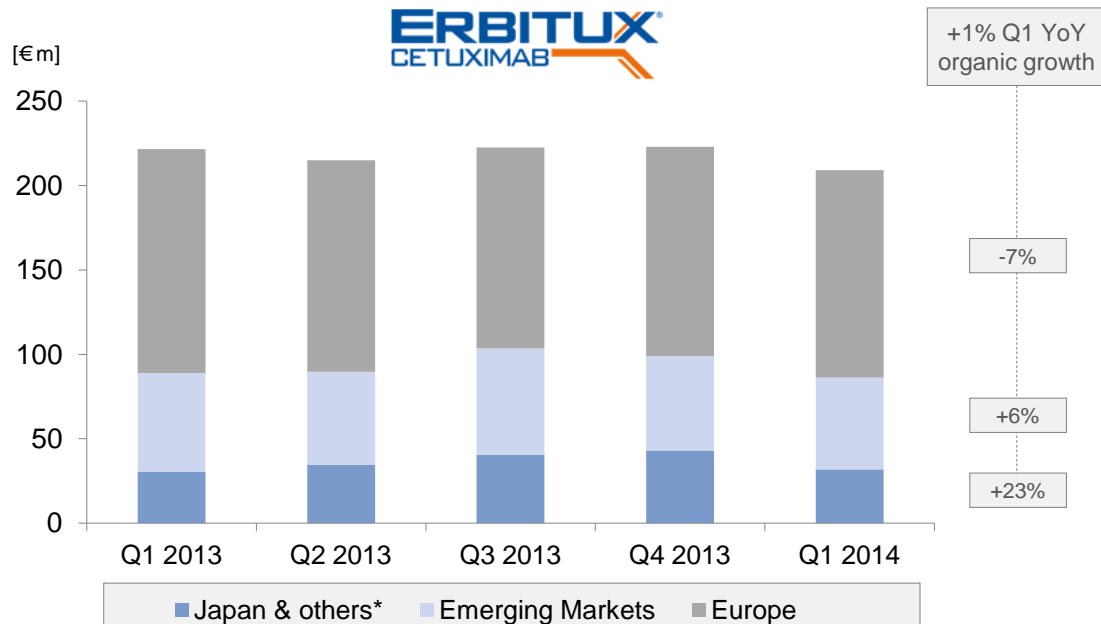
- Sales increase slightly to €459 m as organic growth is partially offset by FX
- Organic growth in U.S. as pricing measures and wholesaler restocking overcompensate for volume declines driven by competition from orals
- Sales in Europe remain stable as Rebif continues to defend market leadership position



# Erbitux – Japan continues to drive organic growth



Erbitux sales by geography

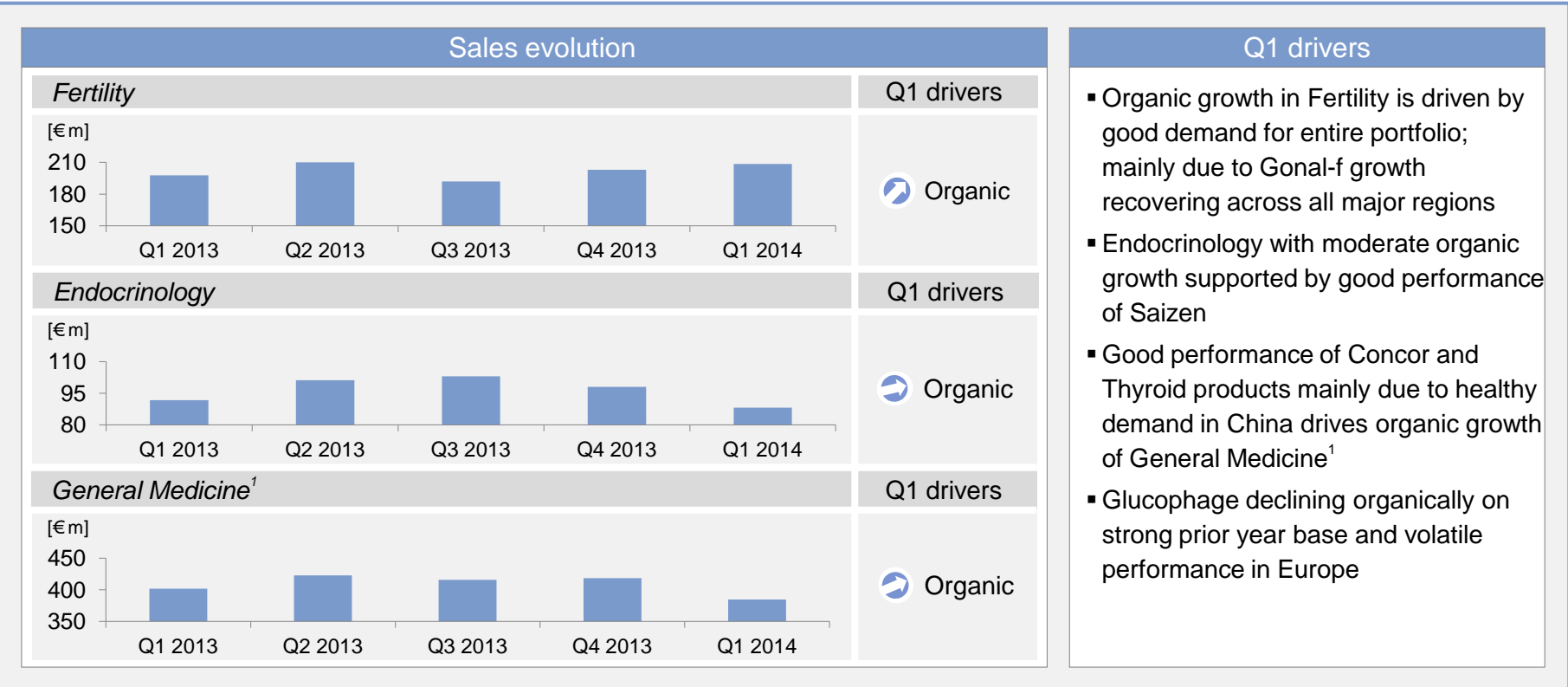


Erbitux performance

- Sales decline to €209 m as organic growth is outweighed by adverse currency effects
- Europe organically down due to softer performance in core countries as well as destocking
- Strong organic growth in Japan driven by higher sales in head and neck as well as colorectal indication to some extent offset by strong FX headwinds
- Good organic growth in Emerging Markets is stemming from Latin America

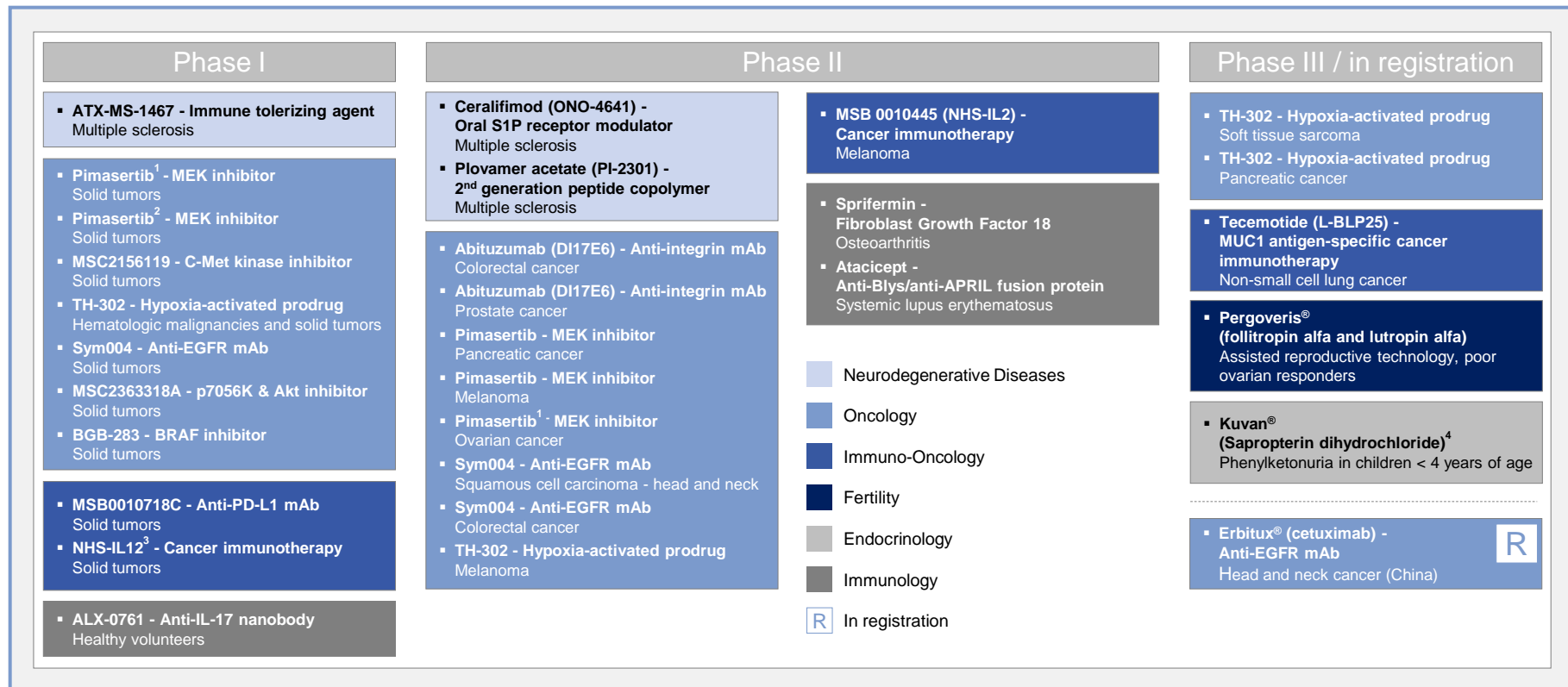
\*Australia/Oceania, Africa

# Strong growth in Fertility while Endocrinology and General Medicine grow more moderately



<sup>1</sup>includes "Cardiometabolic Care & General Medicine and Others"

# Merck Serono pipeline



Pipeline as of April 30, 2014; <sup>1</sup>Novel combination with PI3K/mTOR inhibitor (SAR245409) from Sanofi, conducted under the responsibility of Merck

<sup>2</sup>Novel combination with hDM2 inhibitor (SAR405838) from Sanofi, conducted under the responsibility of Sanofi; <sup>3</sup>Sponsored by the National Cancer Institute (USA);

<sup>4</sup>Post-approval request by the European Medicines Agency

# Balance sheet: Deleveraging continues

[€ m]	March 31, 2014	Dec 31, 2013		March 31, 2014	Dec 31, 2013
<b>Current assets</b>	<b>7,739</b>	<b>7,385</b>	<b>Net equity</b>	<b>11,243</b>	<b>11,069</b>
Cash and cash equivalents	2,495	981	<b>Current liabilities</b>	<b>5,113</b>	<b>3,899</b>
Marketable securities and financial assets	1,241	2,411	Current financial liabilities	1,812	440
Trade accounts receivable	2,044	2,021	Trade accounts payable	1,331	1,364
Inventories	1,512	1,474	Other current liabilities	1,093	1,135
Other current assets	352	361	Income tax liabilities	452	465
Income tax receivables	89	110	Current provisions	425	495
Assets held for sale	5	27	<b>Non-current liabilities</b>	<b>4,653</b>	<b>5,851</b>
<b>Non-current assets</b>	<b>13,270</b>	<b>13,434</b>	Non-current financial liabilities	1,917	3,257
Intangible assets	9,688	9,867	Other non-current liabilities	9	6
Property, plant and equipment	2,612	2,647	Non-current provisions	1,019	1,011
Non-current financial assets	80	78	Prov. for pensions / other	1,084	911
Other non-current assets	92	106	Deferred tax liabilities	623	666
Deferred tax assets	798	736	<b>Total liabilities and equity</b>	<b>21,009</b>	<b>20,819</b>
<b>Total assets</b>	<b>21,009</b>	<b>20,819</b>			

- Cash and cash equivalents increase in preparation for AZ acquisition
- Reclassification of 2015 bond (€1,350 m) from non-current to current liabilities

# Underlying cash flow strength

[€ m]	Q1 2014	Q1 2013	Δ
<b>Profit after tax</b>	<b>327</b>	<b>269</b>	<b>58</b>
D&A	302	354	-53
Changes in provisions	-47	23	-70
Changes in other assets / liabilities	-74	72	-146
Other operating activities	5	-8	13
<b>Operating cash flow before changes in WC</b>	<b>513</b>	<b>711</b>	<b>-198</b>
Changes in working capital	-105	-195	-90
<b>Operating cash flow</b>	<b>409</b>	<b>516</b>	<b>-107</b>
<b>Investing cash flow</b>	<b>1,100</b>	<b>-324</b>	<b>1,424</b>
thereof Capex <sup>1</sup>	-57	-37	-20
<b>Financing cash flow</b>	<b>7</b>	<b>-107</b>	<b>114</b>

Cash flow drivers
<ul style="list-style-type: none"> <li>▪ Higher profit after tax due to solid business performance and lower one-time items</li> <li>▪ D&amp;A lower as last year included restructuring related impairment and amortization for Avonex intangible</li> <li>▪ Changes in provisions lower as prior year included higher restructuring, LTIP<sup>2</sup> and litigation provisions</li> <li>▪ Changes in other assets and liabilities contains tax refunds last year</li> <li>▪ Underlying operating cash flow solid</li> <li>▪ Investing cash flow reflects disposal of financial assets in preparation for acquisition of AZ Electronic Materials</li> </ul>

<sup>1</sup>Only PPE without intangibles; <sup>2</sup>Long Term Incentive Plan  
Totals may not add up due to rounding

# External growth criteria

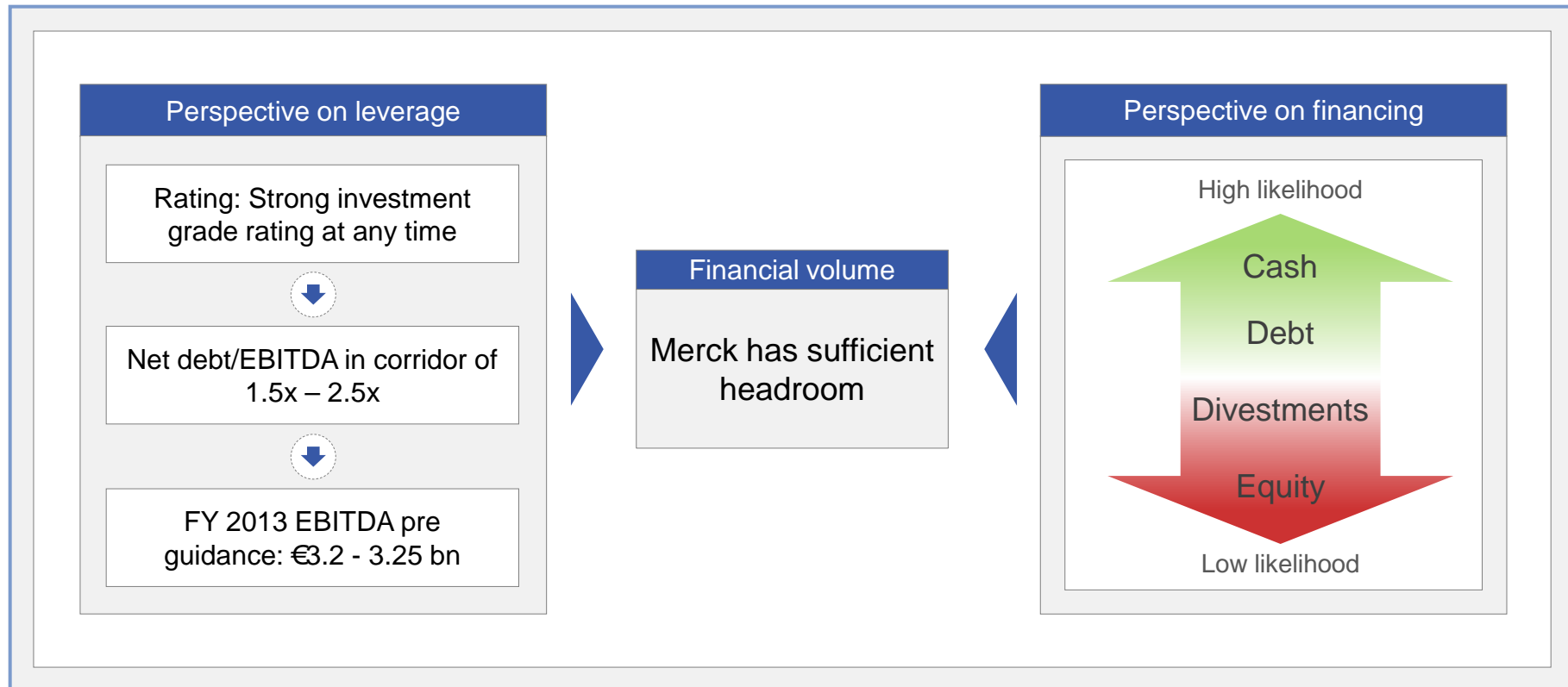
## Strategic criteria

- ▶ Portfolio fit: Innovations for specialty markets
- ▶ Complementary to business model: Customer intimacy and leading positions
- ▶ Cultural fit

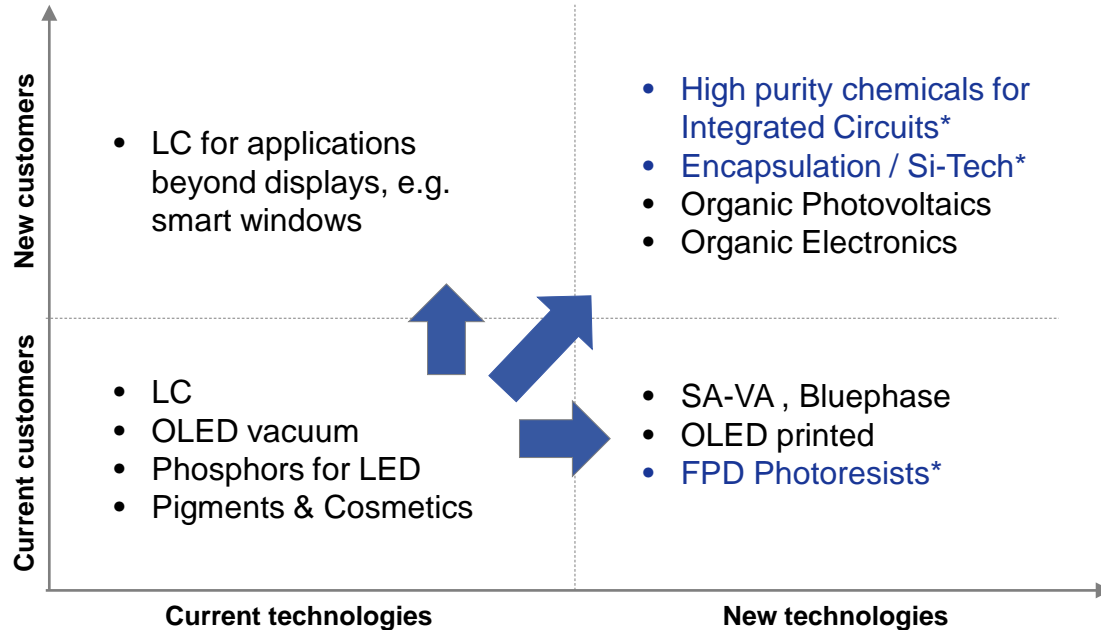
## Financial criteria

- ▶ EPS accretive in one to three years for commercial asset acquisitions
- ▶ Strong investment grade rating maintained
- ▶ Adherence to conservative financial policy

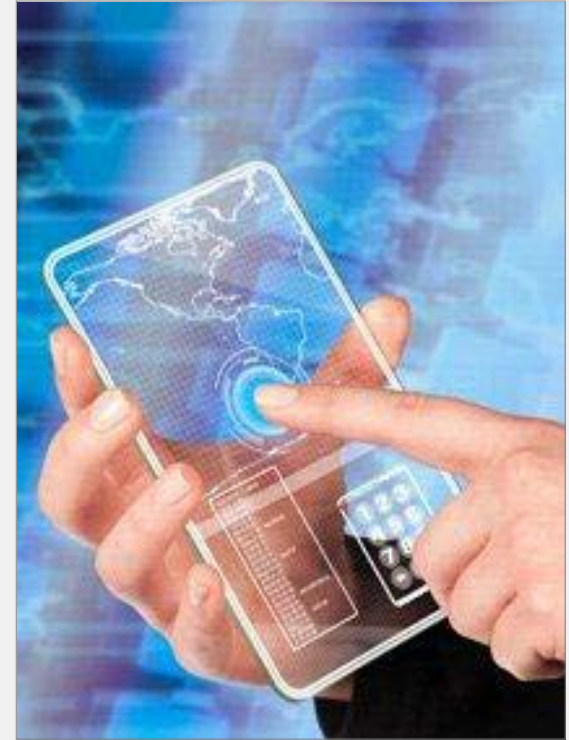




# Performance Materials – tapping into adjacent markets and technologies



Expanding from a strong basis



\*New technologies for Merck added by AZ



# Acquisition of AZ Electronic Materials – an excellent fit for Merck

## Strategic rationale of the AZ Electronic Materials acquisition

### Strengthening portfolio

- Adds a premium specialty chemicals business to Merck's existing business of high-margin liquid crystals (LC)
- Expands presence in Asian growth markets

### Building on core competencies

- AZ Electronic Materials (AZ) complements our existing activities in displays
- Adds attractive high-purity electronics chemicals with similar business model (customer proximity / high innovation content)

### Meeting core acquisition criteria

- Adds a strong position in specialty growth markets
- Focus on innovation and R&D
- Immediately accretive to EPS pre<sup>1</sup>



<sup>1</sup>EPS pre = EPS pre one-time items and amortization from purchase price allocation (PPA)

# Merck Liquid Crystals and AZ – two leading premium solution providers joining forces



Merck  
Liquid  
Crystals



AZ  
Electronic  
Materials



**Strong position in  
specialty segments**



**Superior profitability  
and cash conversion**



**Megatrends drive growth**



**Tailor-made solutions with  
high innovation content**



**Chemicals for electronics  
and display industry**



**AZ Electronic Materials and Merck Liquid Crystals – a strong strategic fit**



# AZ Electronic Materials – attractive business characteristics

Key strengths		Overview of financial data <sup>1</sup>			
Segment position	<ul style="list-style-type: none"> <li>▪ No. 1 or 2 in ~80% of sales; high share of patent protection</li> <li>▪ Chemicals only ~3% of procurement costs</li> </ul>	US\$ m <sup>2</sup>	2011	2012	LTM H1 2013
Chemical products	<ul style="list-style-type: none"> <li>▪ For displays: e.g. photoresists</li> <li>▪ For ICs: dielectrics, colloidal silica</li> </ul>	Revenue	792	794	774
EBITDA margins	<ul style="list-style-type: none"> <li>▪ IC Materials ~40%<sup>1</sup></li> <li>▪ Optronics ~30%<sup>1</sup></li> </ul>	% yoy at constant FX	+10%	+2%	n.a.
R&D spend	<ul style="list-style-type: none"> <li>▪ Above-average 7% of sales<sup>1</sup></li> <li>▪ New products drive and support margins</li> </ul>	EBITDA	261	262	248
		% of sales	33%	33%	32%
		D&A	110	112	106
		% of sales	14%	14%	14%
		Employees (period end)	1,060	1,092	n.a.
		Net financial debt (period end)	343	289	301
		No. of shares (basic, m)	380.9	380.9	380.9

<sup>1</sup>Source: Company reports

<sup>2</sup>Reporting currency is US\$

## Offer price

- GBP 403.5 per share in cash or equity value  
~GBP 1.6 bn (€1.9 bn)<sup>1</sup>
- Premium 41% over 3-month volume-weighted average price (VWAP);  
33% over 6-month VWAP<sup>2</sup>



## Transaction multiples<sup>3</sup>

	2012	LTM H1 2013
EV/Sales	3.6x	3.7x
EV/EBITDA	10.9x	11.5x
EV/EBITDA pro-forma cum synergies <sup>4</sup>	9.6x	10.1x

## Transaction size and financing

- Enterprise value (EV) ~€2.1 bn incl. net debt<sup>5</sup> ~€238 m
- 100% cash-financed
- Offer is recommended by AZ's Board of Directors

## Timing

- UK Takeover Code applies
- Expected publication of offer document: December 2013
- Expected closing of the transaction: H1 2014

## Conditions

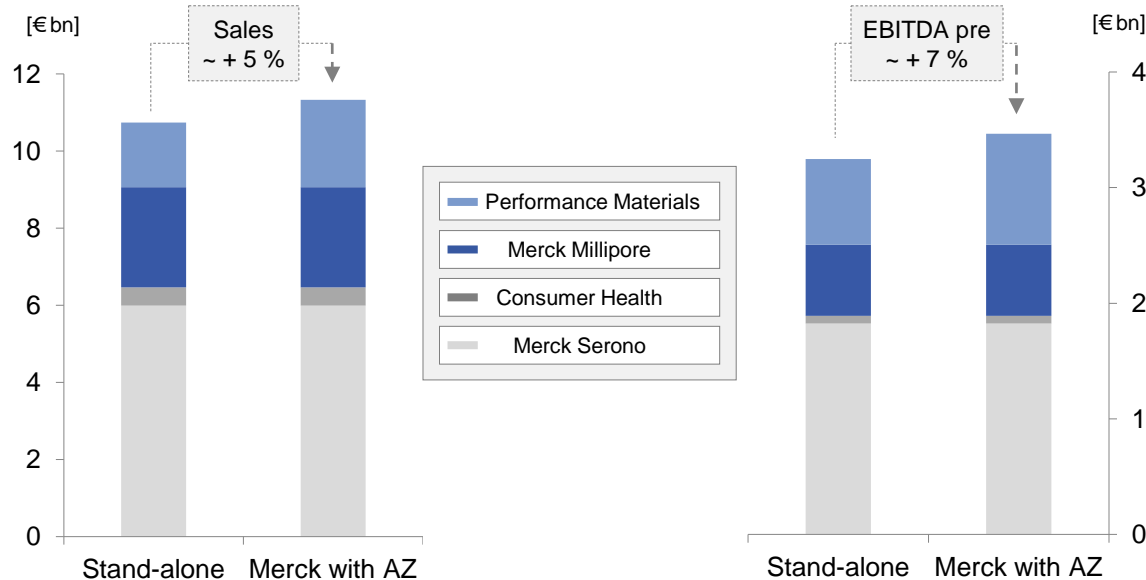
- Merger control approvals
- Minimum acceptance level: 95%

<sup>1</sup>Based on fully diluted shares; <sup>2</sup>As of December 4, 2013; <sup>3</sup>Based on company reports and adjusted for option proceeds; <sup>4</sup>"Pro-forma" calculation for 2012 assumes 100% of expected synergies: transaction EV € 2.1 bn / (AZ's 2012 EBITDA US\$262 m + 100% pro-forma synergies €25 m) = 9.6x (FX conversion as of December 4, 2013: EUR/USD 1.36); more details on next page; <sup>5</sup>Including pensions

# AZ Electronic Materials acquisition – immediately financially accretive



Merck Group - Pro-forma 2012<sup>1</sup> sales and EBITDA pre<sup>2</sup>



**AZ Electronic Materials acquisition – immediately accretive to EPS pre**

## Expected financial impacts

- Group sales and EBITDA pre lifted by 5-7%; margin remains at ~30%
- Synergies: €25 m, i.e. ~4% of acquired sales; fully implemented in second full year after closing
- Expected integration costs: ~€50 m; spread over 2014-16
- PPA<sup>3</sup>: mid double-digit, goodwill ~€1bn
- Immediately EPS pre<sup>4</sup> accretive

**Meeting Merck's financial acquisition criteria**

<sup>1</sup>Pro-forma calculation based on published sales for FY 2012 for Merck and AZ

<sup>2</sup>Pro-forma calculation including 100% of expected synergies; excluding Corporate/Others

<sup>3</sup>Incremental annual amortization from purchase price allocation in € m

<sup>4</sup>EPS pre = EPS pre one-time items and amortization from PPA

# AZ Electronic Materials acquisition is a strong strategic fit



## Leverage business model

Like our Liquid Crystals business, AZ has an attractive business model based on innovation, high customer proximity, solid market share and superior profitability

## Enhance leadership

Broadening Merck's product offering to the display industry and diversifying into high value-added specialty chemicals for integrated circuits

## Expand growth profile

Accessing additional source for future growth in adjacent electronics chemicals applications

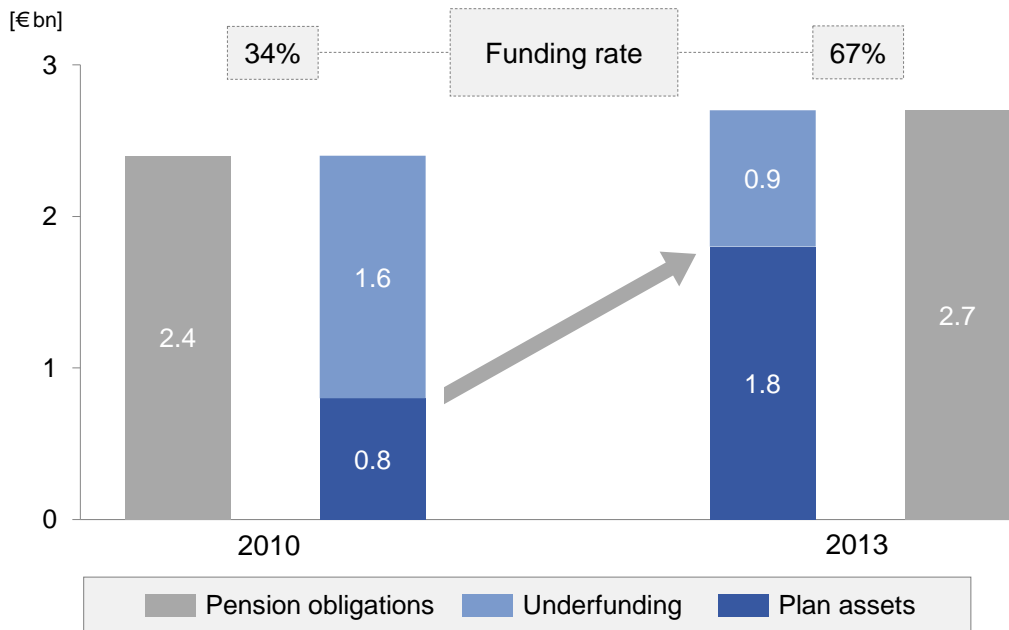
## Further strengthen customer interaction

Together with AZ's knowledge, the LC unit will be in an even better position to develop future innovative solutions for its customers



# Rigorous pension funding of last three years brings Merck up to market standards

Merck Group pension funding 2010 versus 2013



- Significant improvement of funded status since 2010 by ~€1 bn
  - Start of CTA<sup>1</sup> in 2011
  - Overall CTA funding of more than €1 bn
- Improved funding ratio despite increase in pension obligations due to volatility of actuarial interest rates
- Merck's funding rate above DAX average of 65%<sup>2</sup>

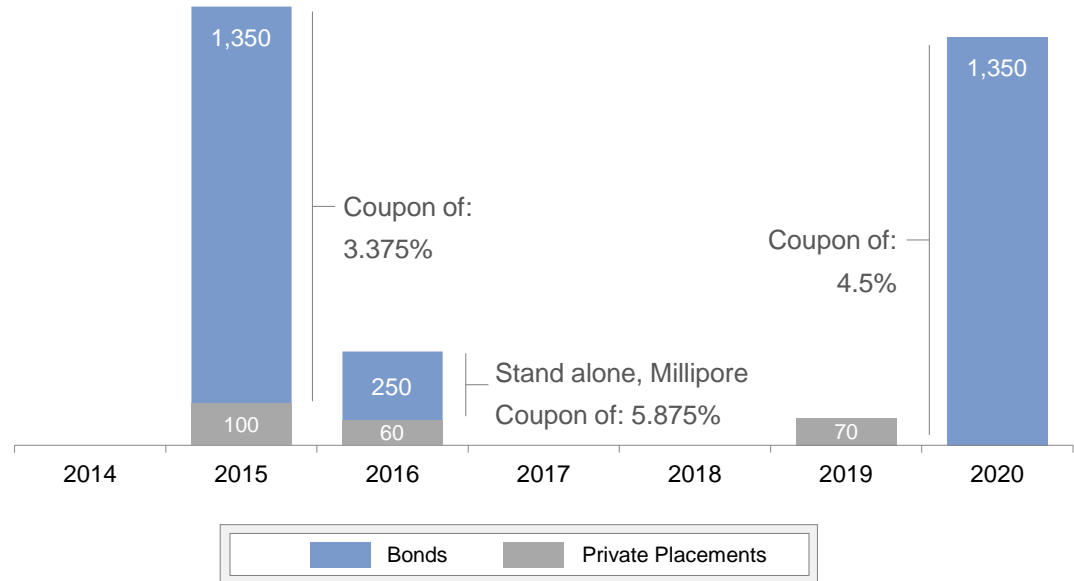
<sup>1</sup>Contractual Trust Arrangement; <sup>2</sup>Source: Towers/Watson

# Comfortable liquidity situation through broad mixture of financing sources

## Financial profile

- A ratings: Moody's A3 (stable outlook) and S&P A (stable outlook)
- Cash and marketable securities of ~€3.7 bn
- Completely undrawn syndicated loan facility of €2 bn, due in 2018
- Updated Debt Issuance Program with frame of €15 bn, of which ~€3 bn are utilized
- Commercial Paper Program of €2 bn, only used for funding peaks

## Bond maturity profile as of 31 March 2014 [€ m]





# One-time items in Q1 2014

One-time items on EBIT				
[€ m]	Q1 2014		Q1 2013	
	One-time items	thereof D&A	One-time items	thereof D&A
Merck Serono	11	1	56	27
Consumer Health	2	0	0	0
Performance Materials	8	0	4	0
Merck Millipore	6	0	10	0
Corporate & Other	11	0	3	0
<b>Total</b>	<b>38</b>	<b>1</b>	<b>74</b>	<b>27</b>

# Financial calendar

Date	Event
August 7, 2014	Q2 2014 Earnings release
November 13, 2014	Q3 2014 Earnings release
March 3, 2015	Q4 2014 Earnings release
April 17, 2015	Annual General Meeting 2015
May 19, 2015	Q1 2015 Earnings release



# Investor Relations contact details



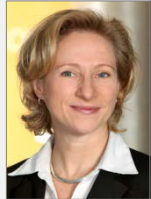
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