The Divisions of the Merck Group → 2/4

Consumer Health Care

→ The *Consumer Health Care* division offers over-the-counter products for preventive health care and the self-treatment of minor ailments. The portfolio includes global branded products trusted by consumers and backed by science. Our Consumer Health Care business operates successfully in Europe, Latin America, Asia and Africa.

Key products

- **Mobility:** Products to strengthen the joints and relieve pain, including the brands SEVEN SEAS®, FLEXAGIL® and KYTTA®
- **Everyday health protection:** Probiotic multivitamin products from the BION® and MULTIBIONTA® ranges; vitamins and minerals sold under brand names such as CEBION® and DIABION®
- **Women's and children's health:** FEMIBION®, products with folic acid and METAFOLIN® for pregnant and nursing women; KIDABION® (HALIBORANGE®), a vitamin product range for children
- **Cough and cold:** Cold treatment NASIVIN® (ILIADIN®)

Key developments in 2011

- Growth course significantly expanded; particularly strong growth in Germany, France and Belgium as well as in key future markets such as Russia, Brazil and India. Sales decline in the United Kingdom, Poland, Mexico, and Indonesia; sales grow in all regions
- Total revenues increase by 5.1%, operating result more than triples following one-time effects in 2010
- Improved cost structure and profitability lead to an ROS of 9.3%
- Brands strengthen further; double-digit sales growth for BION®, KYTTA® and CEBION®
- Innovative business models such as Intelligent Healthcare Solutions® in Germany and Lamberts Healthcare in the United Kingdom post sales growth of 76% and 6.8%, respectively

Strong growth

The Consumer Health Care division posted significantly stronger growth than in 2010, outperformed the market and substantially raised its profitability. Global sales of our strategic and local brands developed well. Thanks to our well-balanced portfolio, we grew in established and emerging markets.

Focus on four health themes

Consumer Health Care specializes in over-the-counter pharmaceutical products and focuses on four health themes: Cough and Cold, Mobility, Everyday Health Protection, and Women's and Children's Health. The main distribution channels for our products are pharmacies as well as retail chains, drug stores and mail order in some countries and certain markets.

Consumer Health Care | Key figures

€ million	2011	2010	Δ in %
Total revenues	496	472	5.1
Gross margin	339	317	6.9
R&D	23	25	–8.1
Operating result	46	14	231
Exceptional items	–	–	
Free cash flow	40	45	–12
Underlying free cash flow	40	45	–12
ROS in %	9.3	2.9	

General business performance

Total revenues of the Consumer Health Care division rose by 5.1% to € 496 million in 2011. Organic growth was 4.9%, which exceeded average market growth of 4.5%.

The operating result of the division more than tripled to € 46 million. This was due to the fact that the division was less impacted by negative one-time effects than in 2011. As part of systematic efforts taken primarily in the fourth quarter to improve the division's cost structure, marketing, selling and administration expenses declined. ROS amounted to 9.3%, which also represented a significant improvement over the previous year's level of 2.9%.

The division's EBIT was € 46 million compared to € 14 million in 2010. Free cash flow was € 40 million. At € 23 million, R&D spending was slightly lower than in 2010.

Strong brands

Bion® – our top-selling brand worldwide

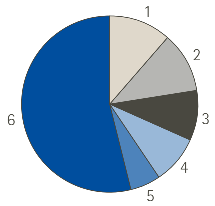
We have a well-balanced portfolio of global and local brands that in many countries rank either first or second in their respective market segments. Innovation based on scientific evidence and consumer insights is our top priority when developing our pipeline. Recent launches include Bion® Energie Plus, Bion® Allergo and Femibion® Intima.

→ Consumer Health Care

With the exception of Seven Seas®, all our key brands generated strong single- and double-digit sales increases. Global sales of the Bion® brand grew by 17% to € 63 million, with France accounting for € 36 million of this amount. At € 43 million, sales of Femibion® rose by 4.7%. Sales of Nasivin®, the well-known brand that turned 50 in 2011, increased by 4.7% to € 49 million. Sales of the other local brands in the Cough & Cold category grew by 7.8% to € 55 million. Sales of the Kytta® brand rose by 18% to € 18 million and sales of Cebion® increased by 13% to € 30 million. Seven Seas® sustained a slight sales decline of 2.3% to € 43 million owing to a difficult market environment in the United Kingdom, its core market.

Top five brands by sales in 2011

€ million / % of divisional sales



1 Bion®	63	13%
2 Nasivin®	49	10%
3 Femibion®	43	9%
4 Seven Seas®	43	8%
5 Cebion®	30	6%
6 Other products	266	54%

More than two-thirds of sales generated in Europe

By region, Europe accounts for 69%, Latin America for 17%, Asia, Africa, Australasia for 13%, and North America for 1% of our sales. Europe thus remains our largest market with sales of € 341 million, an increase of 3% over 2010. We performed well in emerging markets such as India, Russia and Brazil, with growth rates of 22%, 21% and 20%, respectively.

France is our largest market

Number one in the French OTC market

France remains our top-selling country, recording sales of € 104 million in 2011, 3.2% more than in 2010. Our subsidiary is meanwhile the number-one company in the French consumer health care market. The Bion® range again performed well, also thanks to a new advertising campaign. Sales rose by 13% to € 36 million. Bion® Energie Plus was launched in 2011. In addition to the ingredients of classic Bion®3 – vitamins, minerals and probiotic bacteria – the new product contains extracts from the Chinese medicinal herb schisandra, ginseng and a special co-enzyme to replenish the body's energy reserves.

Germany

We generated sales of € 62 million in Germany, which was 8.3% more than in 2010. Sales of Intelligent Healthcare Solutions®, our brand of diet and beauty products for direct sales, for example via the home shopping networks QVC and HSE24, developed well, increasing by 76% to € 18 million. Sales of Kytta® remained stable despite heavy investment by competitors. Additional indications were approved, namely acute back pain and knee osteoarthritis.

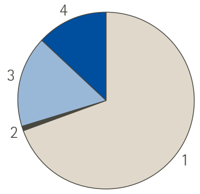
United Kingdom and other European countries

In the United Kingdom, which is currently characterized by a generally difficult market environment, sales declined by 3.4% to € 52 million. We expanded the well-established Seven Seas® portfolio to include a range of health oils. These are fish oil products with different combinations of health-promoting additives, such as calcium, zinc, biotin, L-cysteine, garlic, gingko and vitamin B1. Sales of nutritional supplements for direct sales by our British subsidiary Lamberts Healthcare rose by 6.8%.

Belgium, another important European market, saw a 6.1% increase in sales to € 29 million, for which Femibion®, Bion®, and the local Mobility brands, were responsible. We performed strongly in Russia, generating sales of € 12 million. The majority of these sales were attributable to Nasivin®, which posted growth of 24%.

Consumer Health Care | Sales by region

€ million / % of total divisional sales



1 Europe	341	69%
2 North America	4	1%
3 Latin America	86	17%
4 Asia, Africa, Australasia	63	13%

Latin America

Strong growth in Brazil, Venezuela and Chile

The Consumer Health Care division also performed well in Latin America, where sales grew by 6.6%. We also recorded a 20% increase in sales in Brazil to € 9.5 million. Sales in Venezuela surged by 42% to € 21 million. Sales of Cebion®, our main product in this market, advanced by 66%. In Chile, sales increased by 22%. Bion® is a success story in this market, where sales of this product grew by 35% to € 4.2 million. In Mexico, our largest market in Latin America, sales declined by 11% to € 31 million. This was mainly due to inventory reductions by a key wholesaler and the sharp drop in sales of Diabion®, a vitamin product for people with diabetes, following strong rebate activities in 2010.

Asia, Africa, Australasia

Sales also rose in Asia, increasing by 12%. India was a growth driver of the region, posting a 22% increase in sales. Nasivion® became the leading nasal spray prescribed by physicians, yet it is also available without a prescription. Nasivion® sales in India grew by 29% and totaled € 4.3 million. Indonesia, our largest market in the region, saw a 13% decline in sales, whereas business in Malaysia and the Philippines remained stable. South Africa, our largest market in Africa, again achieved a slight improvement in sales, which totaled € 9.5 million.