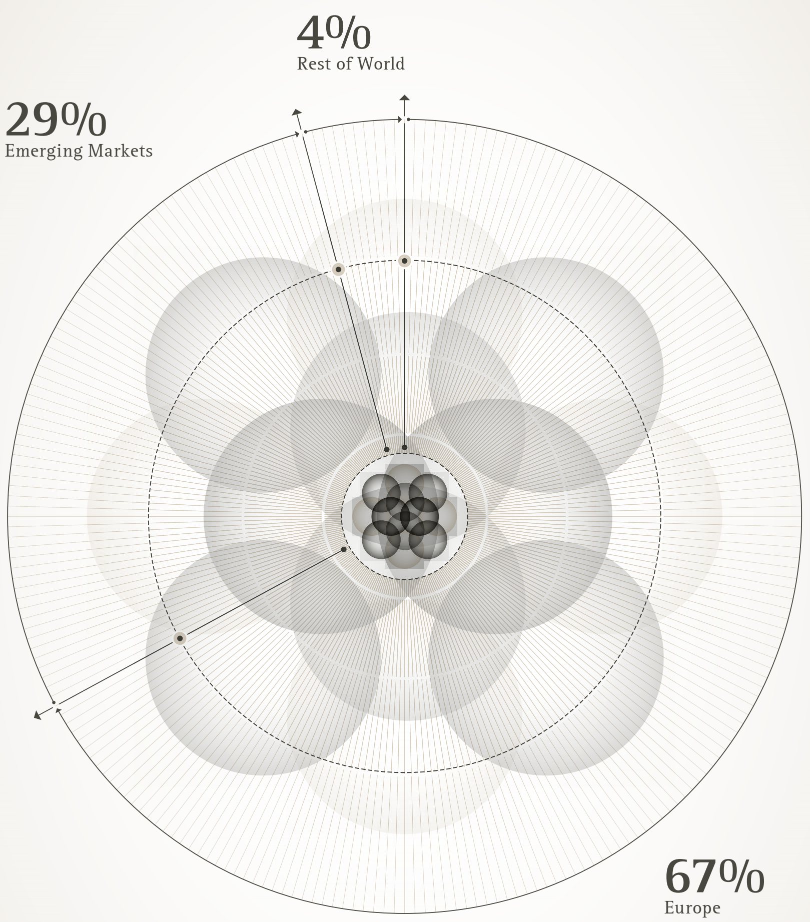


Consumer Health

Sales by region 2012

Consumer Health → 2/4

Rebuilding the division's base

Extensive restructuring initiatives implemented to increase profitability

The Consumer Health division reported sales of € 473 million in 2012, compared to € 494 million in 2011. To fundamentally improve its operational profitability, Consumer Health began the process of restructuring its operations in 2012. This process, which is planned to be completed in 2013, involves refocusing investments on those core brands that hold leading positions in a number of important markets. The division is also in the process of restructuring its operating model towards greater market proximity and trimmed its resources in marketing and selling as well as R&D. The Seven Seas plant in Hull (United Kingdom) will be shut down given the continued low capacity utilization, high investments required to upgrade equipment, and the relatively high cost of operations. Related to this, the division stopped shipment of several products from the Seven Seas plant to remediate the registration dossiers. As a consequence of these interventions, sales declined organically by 6.2%, owing to softer sales of local and non-core brands and in some cases the complete exit from non-profitable markets and brands. Positive exchange rate effects of 1.8% were only partly able to compensate for the decline in organic sales. Despite this and as a result of tighter cost control, particularly in marketing and sales, the division's EBITDA pre margin improved to 13.4% of sales (2011: 11.8%).

Consumer Health | Key figures

€ million	2012	2011	Change in %
Total revenues	475.2	496.2	–4.2
Sales	472.6	494.2	–4.4
Operating result (EBIT)	4.3	46.9	–90.8
Margin (% of sales)	0.9	9.5	–
EBITDA	26.5	58.5	–54.8
Margin (% of sales)	5.6	11.8	–
EBITDA pre one-time items	63.5	58.5	8.4
Margin (% of sales)	13.4	11.8	–

Cost of sales was nearly unchanged at € 158 million (2011: € 157 million). As a result of the lower annual sales level and costs related to brand reorientation and restructuring, gross profit decreased to € 317 million (2011: € 339 million) resulting in a lower gross margin (as % of sales) of 67.0% (2011: 68.6%).

Marketing and selling expenses lowered through prioritization

Total selling, general and administration costs (SG&A, comprising marketing & selling, royalty, license and commission expenses, administration and other operating expenses/income) increased to € 289 million (2011: € 265 million) due to restructuring-related one-time items. Marketing and selling expenses, which are included in this item, decreased substantially, mainly as a result of more focused, lower spending.

Moreover, R&D costs declined to € 19 million (2011: € 23 million) or 4.1% of sales. This was achieved by improved prioritization of projects as well as structural cost savings.

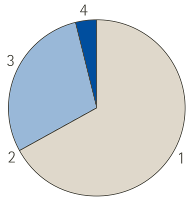
→ Consumer Health

EBITDA pre one-time items improved to 13.4% of sales

On a reported basis, EBIT declined to € 4 million (2011: € 47 million). Adjusted for restructuring charges of € 37 million (mainly due to the planned closure of the Seven Seas plant in Hull), and € 11 million in restructuring-related impairments and depreciation and amortization, EBITDA pre one-time items grew to € 63 million (2011: € 59 million). This increase includes structural net savings from the efficiency program. The EBITDA pre margin (as % of sales) climbed to 13.4% (2011: 11.8%).

Consumer Health | Sales by region – 2012

€ million / % of divisional sales



1	Europe	315	67%
2	North America	1	0%
3	Emerging Markets	139	29%
4	Rest of World	17	4%

From a geographic perspective, Emerging Markets was the only region to generate organic growth in 2012, driven by Cebion®, the Consumer Health vitamin C brand. In Europe, top-line sales were negatively affected by the refocus on strategic brands as well as restructuring efforts. In addition, the division faced declining over-the-counter medicines markets and strong competitive pressure in Central Europe. The sales decline in North America reflects the market exit of Consumer Health in Canada.

Consumer Health | Sales growth components by region – 2012

€ million / change in %	Sales	Organic growth	Exchange rate effects	Acquisitions/ divestments	Reported sales growth
Europe	315.1	–8.5	1.0	–	–7.5
North America	1.2	–75.1	1.3	–	–73.7
Emerging Markets	139.4	2.2	4.3	–	6.5
Rest of World	16.9	–4.9	–2.0	–	–6.9
World in total	**472.5**	**–6.2**	**1.8**	**–**	**–4.4**

The exit from unprofitable markets and brands as well as the impact of restructuring led to an organic sales decline ranging between 2% and 10% across all of the division's health themes.

Consumer Health | Core brands

Bion®	Cebion
femibion®	
Kytta®	Nasivin®
Seven Seas®	
Sangobion®	
Sedalmerck®	