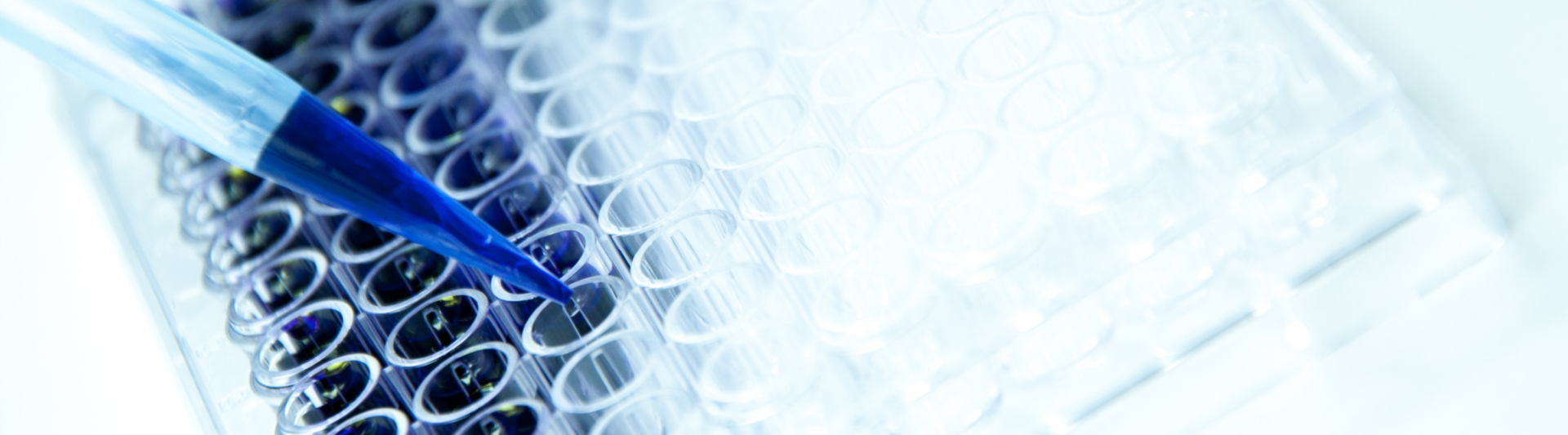




FY 2013 Results Conference Call

Merck – Another year of strong delivery

Karl-Ludwig Kley, CEO

Matthias Zachert, CFO



Darmstadt, Germany – March 6, 2014

Disclaimer



Remarks

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

Important information

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Agenda

Executive overview

Strategy update

Financial review

Guidance

2013: Highlights



Delivered on promises



Targets announced in 2012 achieved

Restructuring taken forward



Faster implementation of savings

Further improved the resource allocation



Move from mature to emerging markets

Strengthened organic growth platform



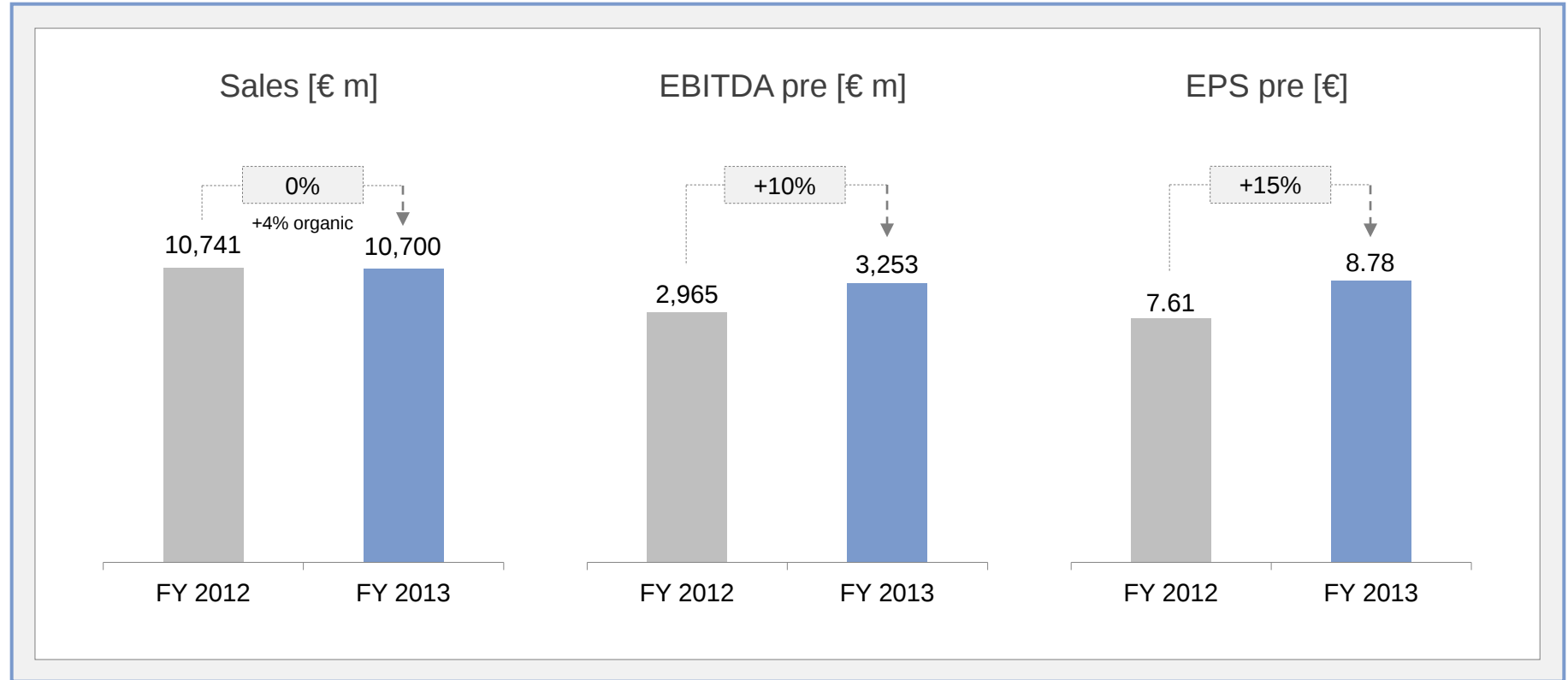
- Merck Serono - Start of biosimilars initiative
- Consumer Health - Focus on strategic brands
- Performance Materials – Ongoing LC* improvements
- Merck Millipore - Process Solutions growth

Inorganic growth reinitiated



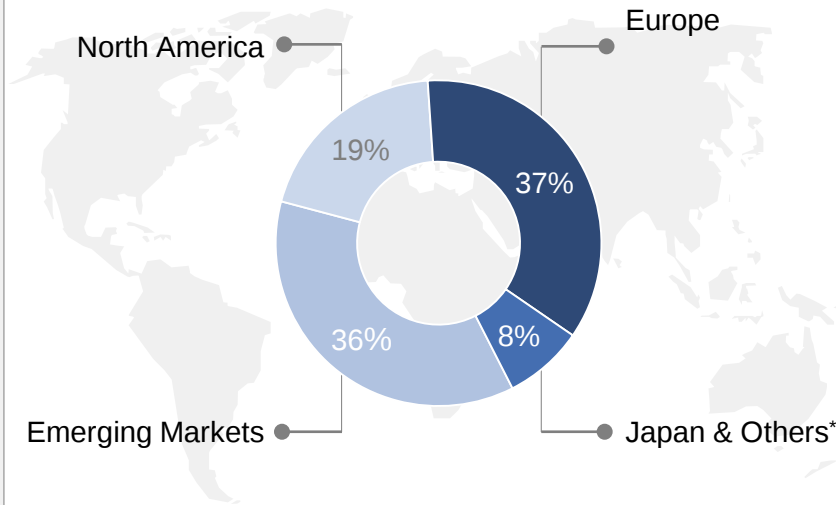
Proposed acquisition of AZ

FY 2013: Another year of strong delivery

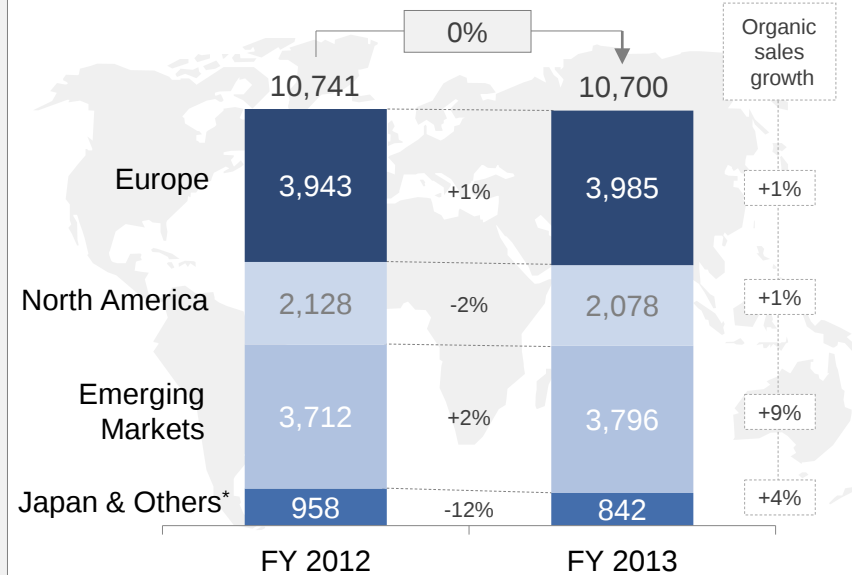


Emerging Markets drive organic growth, strong FX headwinds weigh on sales

Merck Group FY 2013 sales by region



Regional development of sales [€ m]



*Australia/Oceania, Africa

Divisional overview – Pharmaceuticals

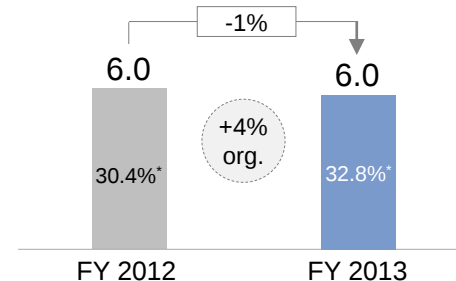
Merck Serono

- ▶ Successful launch of Erbitux head & neck in Japan and positive clinical trial data result in good organic growth
- ▶ Rebif kept at stable organic level
- ▶ Merck Serono benefitting from an ongoing good Emerging Markets platform driving growth

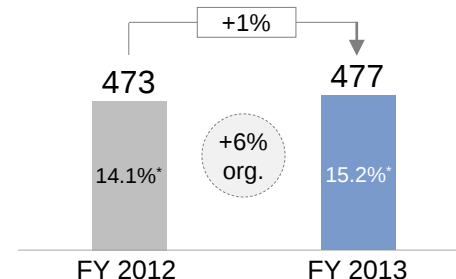
Consumer Health

- ▶ Profitability increases on better resource allocation and focus on core brands and markets
- ▶ Organic growth above market
- ▶ Turnaround on track

Sales [€ bn]



Sales [€ m]



*EBITDA pre margin in % of sales

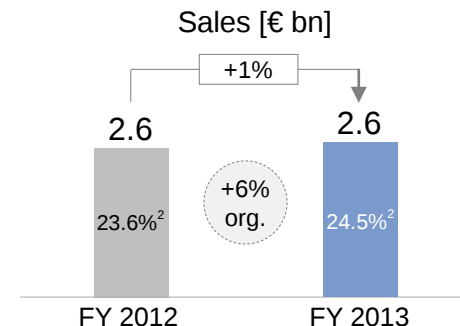
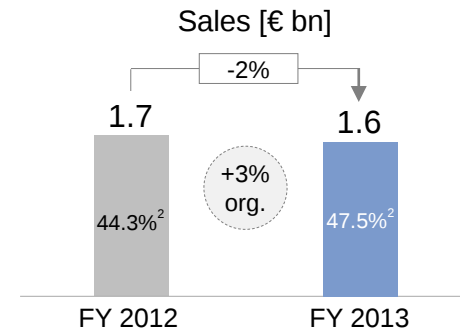
Divisional overview – Chemicals

Performance Materials

- ▶ Innovation leader Merck maintains solid share in the liquid crystals market
- ▶ UHD¹ fuels demand for larger TVs supporting PS-VA; increased usage of mobile devices & tablets drives IPS
- ▶ Pigments restructuring successfully executed

Merck Millipore

- ▶ Biopharma production drives organic growth in Process Solutions
- ▶ Business portfolio shows its resilience in tougher market conditions
- ▶ Continued strong performance in all regions



¹Ultra High Definition; ²EBITDA pre margin in % of sales

Mid-term guidance communicated in 2012 delivered

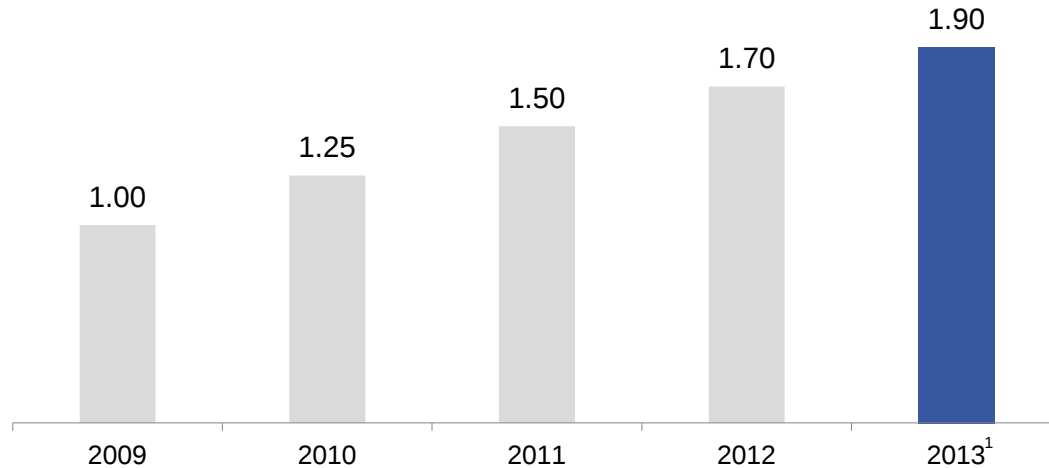


KPI	Targets May 2012	Results 2013
▶ Sales	~ €10.35 – 10.7 bn	€10.7 bn 
▶ EBITDA pre	~ €3.0 - 3.2 bn	€3.25 bn 
▶ EPS pre	~ €8.20 – 9.00	€8.78 



Continuous increase of dividend

Dividend development 2009-2013*



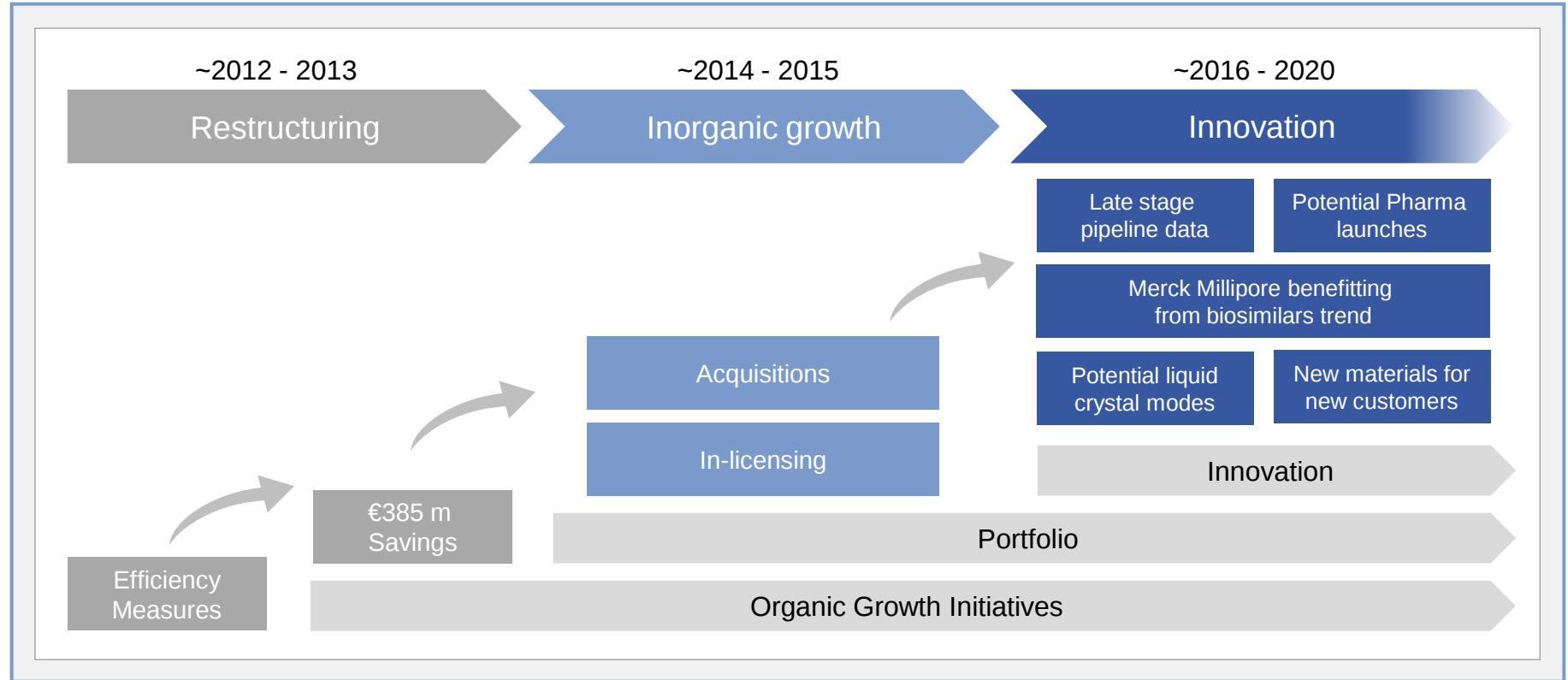
2013 dividend

- Dividend of €1.90 per share proposed¹ for 2013
- Dividend increase of ~12% yoy
- Dividend yield of ~1.5%
- Payout ratio² of 31% in a year of restructuring

Ensure shareholders benefit appropriately and sustainably from business performance

¹Proposal; final decision subject to AGM approval; ²On adjusted net income (reported net income plus one-time items, i.e. transformation costs)

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



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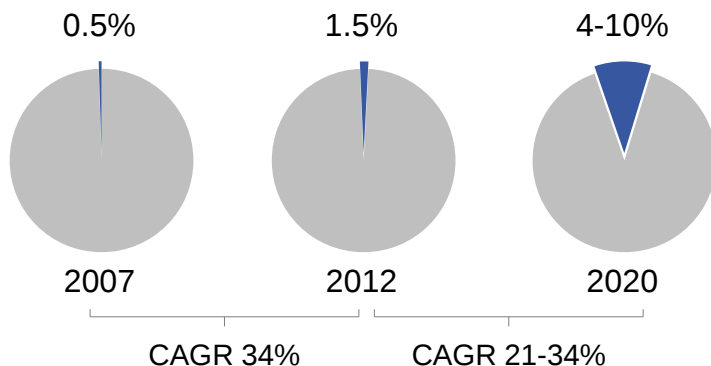
Merck Serono

Consumer Health

Performance Materials

Merck Millipore

Biosimilars share of total biologic market



Key 2020 catalysts

- Number of product introductions
- Development of the U.S. biosimilars markets

Biosimilars initiative at Merck

- Therapeutic area focus on:
 - Autoimmune diseases
 - Oncology
- Risk-sharing through partnering in combination with in-house development
- Leveraging existing strengths
 - Emerging Markets platform
 - Manufacturing and development capabilities
 - Regulatory know-how

Financials

- Current year (2014) investment: ~€100 m
- Gradual sales build-up anticipated to start in 2017

ONO-4641: Ongoing evaluation of partnering options



Merck Serono

Consumer Health

Performance Materials

Merck Millipore



ONO-4641 potential

- Pre-clinical effect on remyelination
- Potential improvement of disability progression
- Comparative efficacy in Phase I/II trials



ONO-4641 phase III – considerations

- Phase III trial setting likely to be complex based on Merck's analysis and agencies' feedback
 - Possible trial costs of significant ~ €500-600 m
 - Potential filing towards the end of the decade
- Degree of differentiation versus competition regarding efficacy would only be confirmed during the phase III trial



Risk sharing approach

- Exploring multiple options for partnering
- Potential to jointly benefit from combined expertise and experience
- Possibility to collectively share risk

Business platform now realigned to leverage strategic brands



Merck Serono

Consumer Health

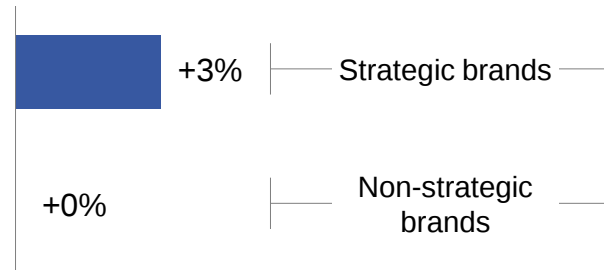
Performance Materials

Merck Millipore

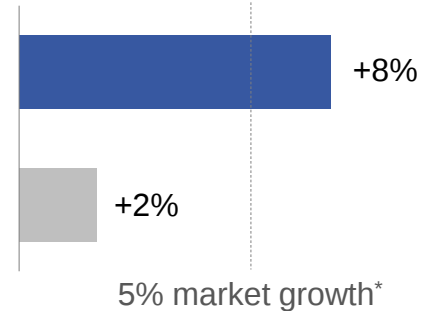
Restructuring achievements

- Cost base optimized to approach benchmark
- Unprofitable markets and brands exited
- New operating model implemented to increase accountability
- Geographical footprint in selected markets strengthened

2013 sales promotion spend



2013 organic sales growth



Elements of competitiveness

- Strong brands with leadership positions in all relevant markets
- Solid presence in fast-growing Emerging Markets
- Sufficient local scale

Neurobion and Floratil to be transferred from Merck Serono to Consumer Health

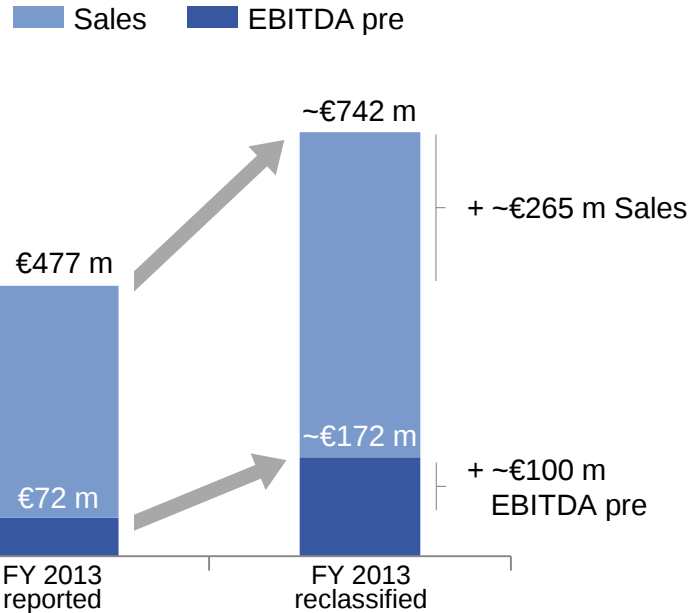


Merck Serono

Consumer Health

Performance Materials

Merck Millipore



Rationale

- Leveraging consumer-focused marketing approach by transferring Neurobion and Floratil to Consumer Health
- Portfolio strengthened with two strategic brands
- Raising exposure to Emerging Markets from ~28% to more than 50%
- Adding local scale to leverage existing infrastructure
- Reclassified EBITDA pre margin of around ~23%



FLORATIL®

Update on AZ acquisition



Merck Serono

Consumer Health

► Performance Materials ◀

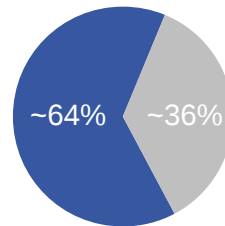
Merck Millipore

Extended timeline for offer

- Offer has been extended until 1.00 p.m. (GMT) on March 14, 2014
- Formerly February 28, 2014
- Extension with view to allowing Chinese antitrust authority to complete review in ordinary course

Current acceptance rate

- Status of February 28, 2014:
- For ~64.03% i.e. 243,918,671 AZ shares, Merck has received valid acceptances



■ Accepted ■ Outstanding

Anti trust clearance

Germany



USA



Taiwan



Japan



China

Proceeding
constructively

2013 Update: Merck Millipore driven by Process Solutions



Merck Serono

Consumer Health

Performance Materials

Merck Millipore

Process Solutions

- The industry leader and trusted partner to drug manufacturing
- A platform with global reach in all markets
- Providing service solutions for improved small-scale biological manufacturing with single-use products
- Increased market share in customer base producing biosimilars

Serving industry trends



Higher protein yields



Need for improved formulation & drug delivery

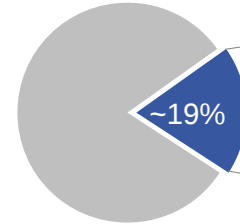


Entry of biosimilars

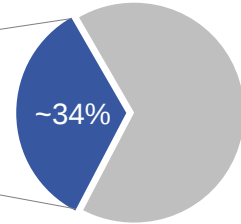


Flexible manufacturing

Emerging Markets share of sales



Emerging Markets share of organic growth



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FY 2013: Targets achieved and transformation ongoing



[€ m]	FY 2013	FY 2012	Δ
Sales	10,700	10,741	0%
EBITDA pre	3,253	2,965	10%
<i>Margin (% of sales)</i>	<i>30.4%</i>	<i>27.6%</i>	
EPS pre [€]	8.78	7.61	15%
Operating cash flow	2,226	2,472	-10%
[€ m]	Dec 31, 2013	Dec 31, 2012	Δ
Net financial debt	307	1,926	-84%
Working capital	2,132	2,360	-10%
Employees	38,154	38,847	-2%
Over ~€1.6 bn net financial debt reduction in one year			

FY 2013 dynamics

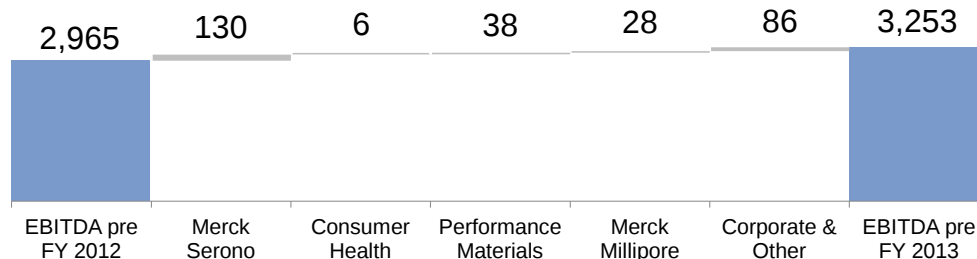
- Sales stable as organic growth is being overshadowed by FX
- Strong EBITDA pre increase of €288 m reflects positive contribution of all divisions
- Operating cash flow strength continued, prior year contained positive one-time effect from working capital
- Strong cash-generating nature of business drives net financial debt reduction of ~€1.6 bn

Merck Serono and Merck Millipore are largest absolute contributors to organic growth



FY yoy sales	Organic	Currency	Portfolio	Total
Merck Serono	4%	-5%	0%	-1%
Consumer Health	6%	-5%	0%	1%
Performance Materials	3%	-5%	0%	-2%
Merck Millipore	6%	-5%	1%	1%
Merck Group	4%	-5%	0%	0%

FY yoy EBITDA pre contributors [€ m]



- Merck Serono and Merck Millipore strongest absolute contributors to organic sales growth
- FX headwinds in all divisions, mainly Japanese yen and the U.S. dollar
- Accelerated savings, solid organic performance and better yields fuel Merck Serono
- Corporate & Other contains hedging gains stemming from Merck's conservative hedging approach

Strong reported figures reflect a year of structural improvements



[€ m]	FY 2013	FY 2012	Δ
EBIT	1,611	964	67%
Financial result	-222	-255	-13%
Profit before tax	1,389	709	96%
Income tax	-180	-130	38%
<i>Tax rate (%)</i>	<i>13%</i>	<i>18%</i>	
Net income	1,202	567	>100%
EPS (€)	5.53	2.61	>100%

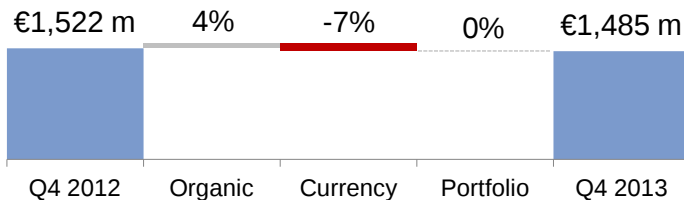
Reported results
▪ EBIT increases due to strong 2013 performance, prior year burdened by one-time items ▪ Ongoing deleveraging process improves financial result ▪ Tax rate includes exceptional 2013 tax gain from beneficial tax rulings ▪ Strong operational and financial performance drives record EPS

Merck Serono: Solid operational performance despite FX headwinds and royalty income decrease



[€ m]	Q4 2013	Q4 2012
Sales	1,485	1,522
Marketing and selling	-324	-341
Admin	-57	-51
R&D	-265	-271
EBIT	141	220
EBITDA	480	446
EBITDA pre	500	506
<i>Margin (% of sales)</i>	<i>33.7%</i>	<i>33.3%</i>

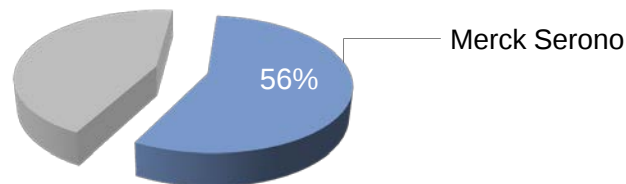
Sales bridge



Comments

- Organic sales growth is more than offset by currency effects, leading to slight sales decline
- Ongoing good performance in Emerging Markets (CMC & GM*) and Japan (Erbix) key driver of organic growth
- Rebif stable in Q4 despite competitive pressure; 7% price increase posted end of December 2013
- Erbitux growing 8% organically supported by good trial data; label change preparations ongoing
- EBIT includes €127 m asset impairment for Humira settlement
- Despite lower royalties and FX headwinds margin improves as marketing and selling and R&D costs are well managed

Q4 2013 share of group sales



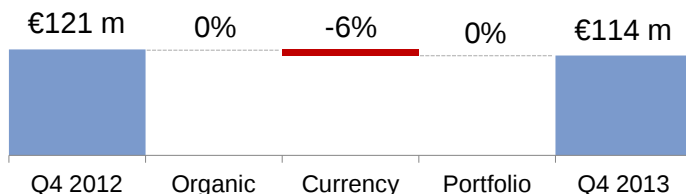
*CMC & GM = Cardiometabolic Care and General Medicine

Consumer Health: Strong FX headwinds and softer cough & cold season weigh on business performance



[€ m]	Q4 2013	Q4 2012
Sales	114	121
Marketing and selling	-54	-59
Admin	-5	-5
R&D	-5	-6
EBIT	11	-17
EBITDA	13	-3
EBITDA pre	15	20
<i>Margin (% of sales)</i>	<i>12.8%</i>	<i>16.1%</i>

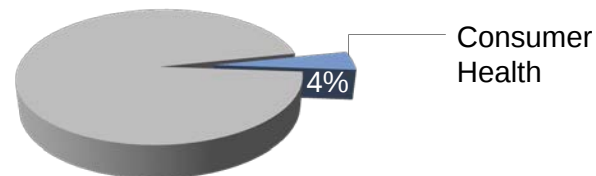
Sales bridge



Comments

- Q4 sales down yoy and sequentially after strong Q3, burdened by significant FX headwinds and flat organic performance
- Weak cough and cold season due to mild winter
- Healthy organic growth in Europe, especially Germany, Belgium and Poland
- Continued momentum of strategic brands like Femibion, but modest performance of Seven Seas products
- Despite a more moderate Q4 performance Consumer Health has shown a very solid yearly profitability upgrade

Q4 2013 share of group sales

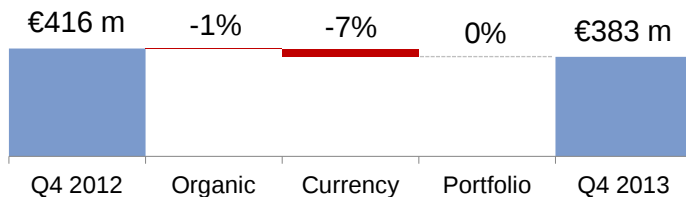


Performance Materials: Reasonable performance amid strong FX headwinds and moderate destocking



[€ m]	Q4 2013	Q4 2012
Sales	383	416
Marketing and selling	-33	-36
Admin	-6	-7
R&D	-36	-35
EBIT	134	133
EBITDA	155	170
EBITDA pre	167	188
<i>Margin (% of sales)</i>	<i>43.5%</i>	<i>45.3%</i>

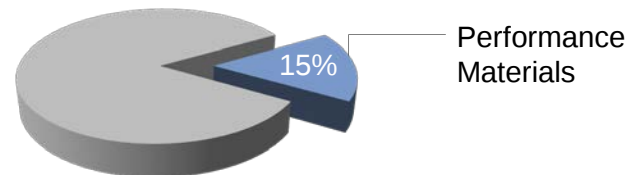
Sales bridge



Comments

- Sales decrease due to currency headwinds and further supply chain destocking in Liquid Crystals
- Customer intimacy and continuous innovation in PS-VA and IPS improve mix and expand market share
- Strongest yoy operational improvement in Pigments driven by restructuring and Xirallic performance
- Completion of savings program: €20 m realized by 2013; one year ahead of plan
- EBITDA pre softer amid FX headwinds and destocking

Q4 2013 share of group sales

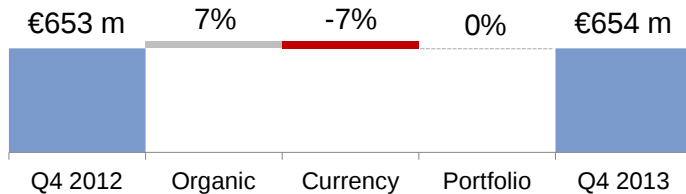


Merck Millipore: A strong finish of the year



[€ m]	Q4 2013	Q4 2012
Sales	654	653
Marketing and selling	-169	-174
Admin	-25	-23
R&D	-38	-44
EBIT	51	31
EBITDA	145	112
EBITDA pre	168	143
<i>Margin (% of sales)</i>	<i>25.7%</i>	<i>22.0%</i>

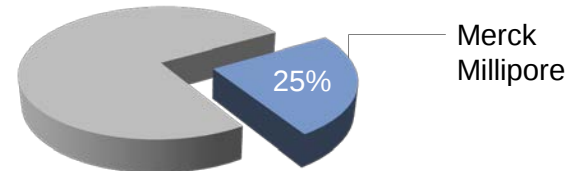
Sales bridge



Comments

- Stable sales as strong organic growth is offset by strong FX effects
- All regions except North America (U.S. sequestration) contribute to organic growth
- Some Q1 pre-buying can not be excluded
- Process and Lab Solutions with ongoing good performance due to biopharma demand as well as price and volume uptakes
- Challenging currency effects are being mitigated by stringent cost control in nearly all functional cost categories
- EBITDA and margin increase on robust profitable growth

Q4 2013 share of group sales



Balance sheet: A strong foundation

[€ m]	Dec 31, 2013	Dec 31, 2012		Dec 31, 2013	Dec 31, 2012
Current assets	7,385	6,626	Net equity	11,069	10,415
Cash and cash equivalents	981	730	Current liabilities	3,899	4,562
Marketable securities and financial assets	2,411	1,798	Current financial liabilities	440	1,091
Trade accounts receivable	2,021	2,115	Trade accounts payable	1,364	1,288
Inventories	1,474	1,534	Other current liabilities	1,135	1,096
Other current assets	361	272	Income tax liabilities	465	401
Income tax receivables	110	179	Current provisions	495	684
Assets held for sale	27	0	Non-current liabilities	5,851	6,667
Non-current assets	13,434	15,017	Non-current financial liabilities	3,257	3,362
Intangible assets	9,867	10,945	Other non-current liabilities	6	9
Property, plant and equipment	2,647	2,954	Non-current provisions	1,011	892
Non-current financial assets	78	97	Prov. for pensions / other	911	1,212
Other non-current assets	106	75	Deferred tax liabilities	666	1,192
Deferred tax assets	736	947	Total liabilities and equity	20,819	21,643
Total assets	20,819	21,643			

- Significant net debt reduction despite €200 m CTA* funding in Q4
- Improvement of financial profile led to rating upgrades: S&P to “A” and Moody’s to “A3” both with stable outlook

Underlying cash flow strength

[€ m]	FY 2013	FY 2012	Δ
Profit after tax	1,209	579	630
D&A	1,458	1,397	61
Changes in provisions	-203	379	-582
Changes in other assets / liabilities	-260	-384	124
Other operating activities	-3	-24	21
Operating cash flow before changes in WC	2,201	1,947	254
Changes in working capital	25	526	-501
Operating cash flow	2,226	2,472	-246
Investing cash flow	-875	-1,158	283
thereof Capex ¹	-407	-329	-78
Financing cash flow	-1,073	-1,519	446

Cash flow drivers

- Higher profit after tax due to good operational business performance; prior year burdened by restructuring
- Changes in provisions contain cash-outs for restructuring and CTA² funding of €200 m
- Other assets and liabilities decrease due to lower tax payments
- Operating cash flow strength continued
- Investing cash flow contains cash-in from Geneva HQ sale (€251 m)
- Financing cash flow increases due to lower bond repayments

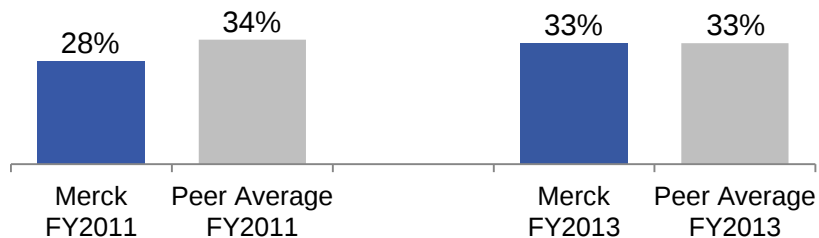
¹Only PPE without intangibles; ²Contractual Trust Arrangement

Divisional benchmarks

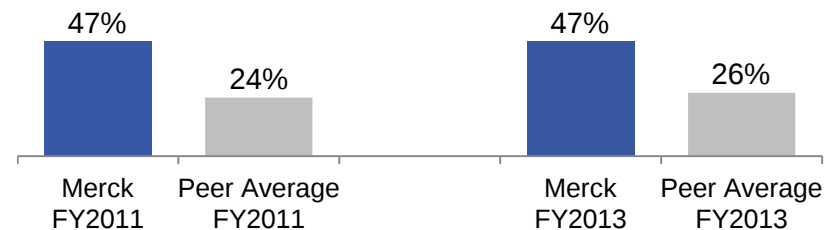


EBITDA pre margin* benchmark

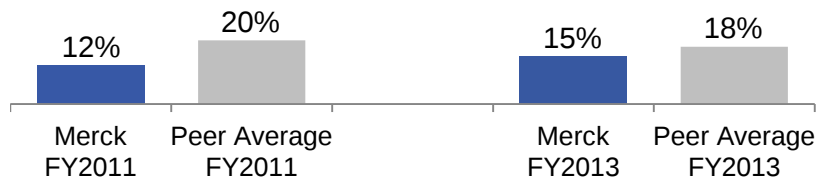
Merck Serono



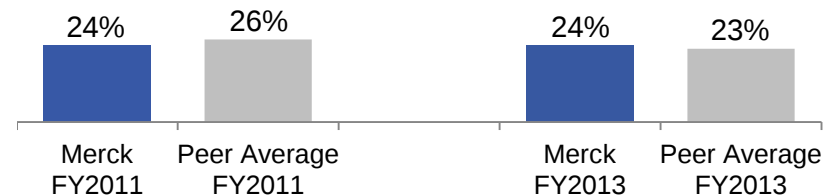
Performance Materials



Consumer Health



Merck Millipore



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

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
Consumer Health:	€20 m
Performance Materials:	€20 m
Merck Millipore:	€10 m
Total:	€325 m

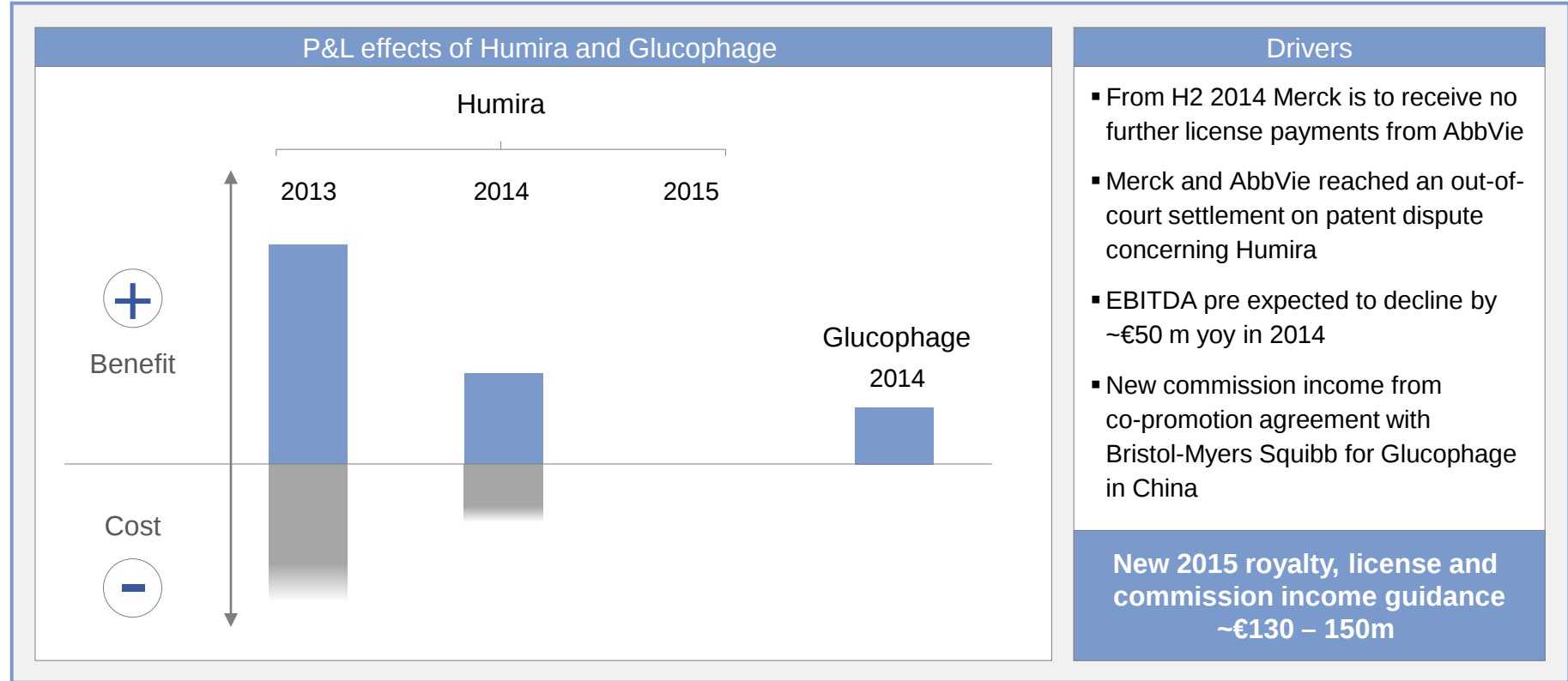
Remaining 2014-2017*

€25 m
€5 m
€0 m
€30 m
€60 m

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

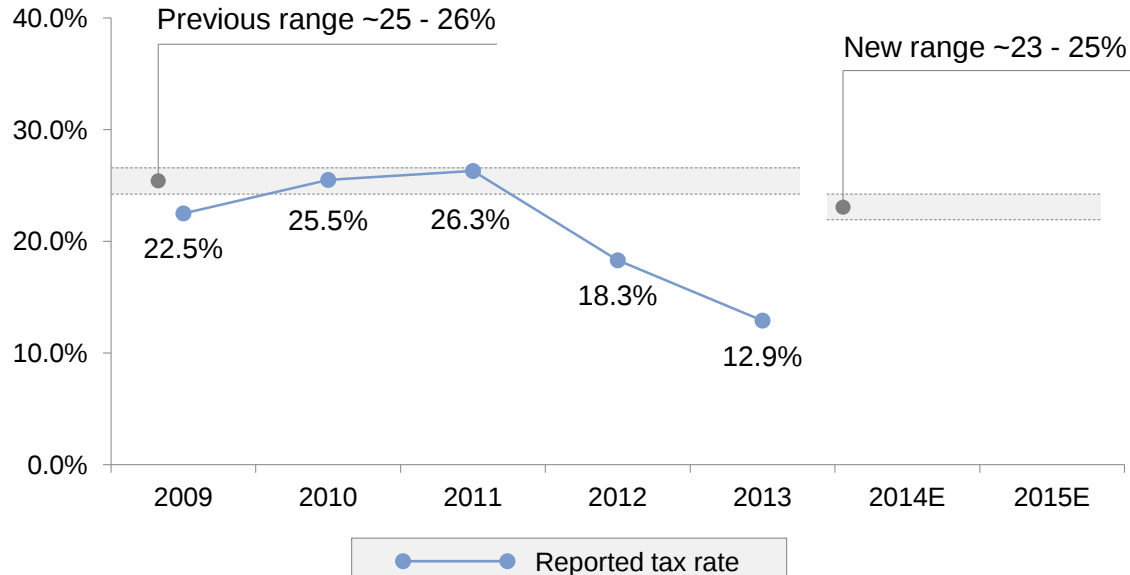
*Remaining savings expected to lead to costs of ~€100 m

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



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%

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Merck guidance for 2014



Slight organic sales growth



EBITDA pre on existing platform stable



2014 moving parts

- Avonex and Enbrel patent expiry
- Biosimilars initiative
- Humira settlement
- Rebif competition



Divisional guidance

Merck Serono



- Sales organically stable
- EBITDA pre slightly lower
- Rebif: Continuous competitive pressure; volume decline
- Erbitux: Moderate org. growth
- Emerging Markets growth

Consumer Health



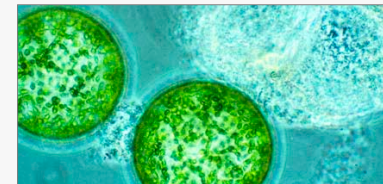
- Moderate organic sales growth
- Moderate EBITDA pre increase

Performance Materials



- Slight organic sales growth
- EBITDA pre at best stable
- Slight growth in Pigments

Merck Millipore



- Moderate organic sales growth
- Slight increase of EBITDA pre

Merck Group 2014:

EBITDA pre stable

Slight organic sales growth



Appendix

Additional financial guidance

Further financial details

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



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

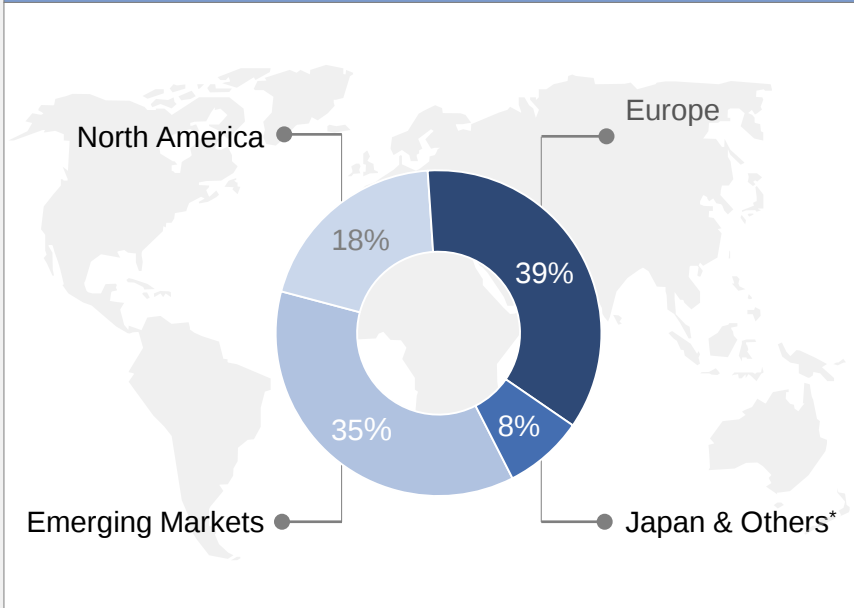
Merck Millipore

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

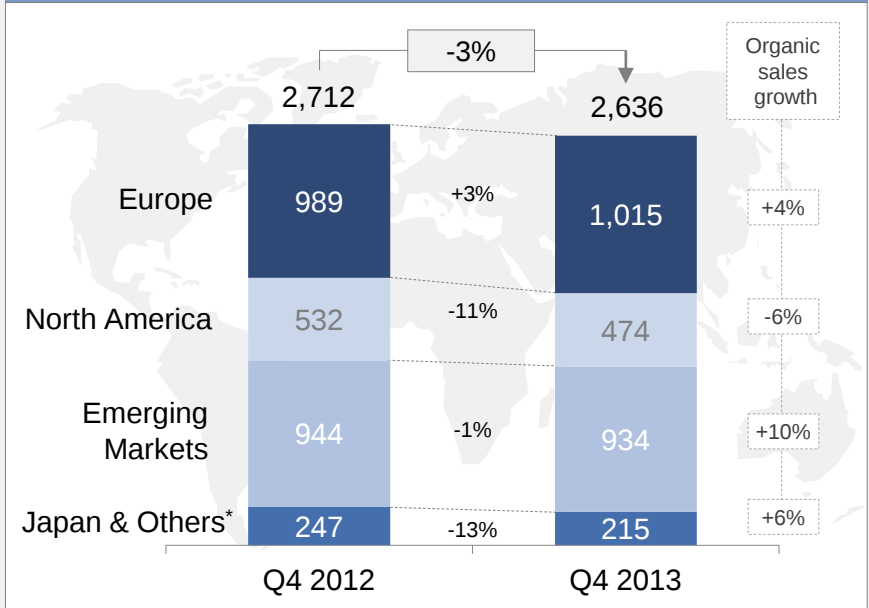


Slight softening in sales as solid organic growth driven by EM and Japan is more than offset by FX

Merck Group Q4 sales by region



Regional development of sales [€ m]



Europe with highest share, followed by Emerging Markets

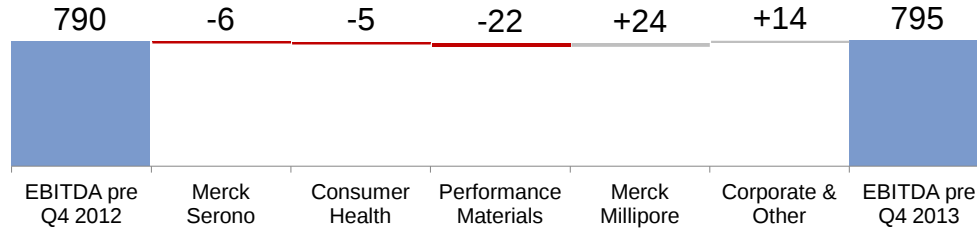
*Australia/Oceania, Africa; EM = Emerging Markets

Merck Millipore and hedging are key elements of slight profitability improvement



Q4 yoy sales	Organic	Currency	Portfolio	Total
Merck Serono	4%	-7%	0%	-2%
Consumer Health	0%	-6%	0%	-6%
Performance Materials	-1%	-7%	0%	-8%
Merck Millipore	7%	-7%	0%	0%
Merck Group	4%	-7%	0%	-3%

Q4 yoy EBITDA pre contributors [€ m]



- Merck Serono and Merck Millipore as only contributors to absolute organic growth
- Adverse currency effects continue to visibly impact top line
- Merck Millipore's volumes and pricing, main driver of EBITDA pre improvement
- Corporate & Other contains FX hedging gains

Q4 2013: Solid performance burdened by strong currency effects



[€ m]	Q4 2013	Q4 2012	Δ
Sales	2,636	2,712	-3%
EBITDA pre	795	790	1%
<i>Margin (% of sales)</i>	<i>30.2%</i>	<i>29.1%</i>	
EPS pre [€]	2.12	2.05	3%
Operating cash flow	440	398	11%
[€ m]	Dec 31, 2013	Dec 31, 2012	Δ
Net financial debt	307	1,926	-84%
Working capital	2,132	2,360	-10%
Employees	38,154	38,847	-2%
Solid year end performance			

- Q4 2013**
- Sales decline as organic improvement is more than offset by negative currency effects
 - Adjusted EBITDA and EPS improve slightly on solid organic performance and tight cost management despite loss of royalty income
 - Solid operating cash flow contains €200 m CTA* funding
 - Cash-generating nature of business portfolio drives net debt reduction
 - Improvement of working capital due to ongoing tight management

Loss of royalty income and higher one-time items weigh on reported earnings

[€ m]	Q4 2013	Q4 2012	Δ
EBIT	264	312	-15%
Financial result	-63	-61	4%
Profit before tax	201	251	-20%
Income tax	80	25	>100%
<i>Tax ratio (%)</i>	<i>-40%</i>	<i>-10%</i>	
Net income	281	272	3%
EPS (€)	1.29	1.25	3%

Reported results

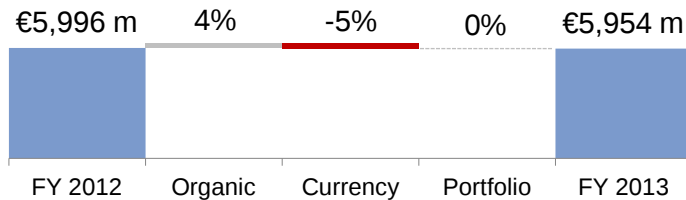
- EBIT burdened by lower royalty income as well as FX headwinds
- Income tax gain due to one-off change in applicable tax rates and high share of profits in lower tax jurisdictions
- EPS improves slightly as EBIT reduction is overcompensated by income tax effect

Merck Serono: Good organic growth and accelerated cost savings implementation fuel profitability



[€ m]	FY 2013	FY 2012
Sales	5,954	5,996
Marketing and selling	-1,289	-1,371
Admin	-211	-217
R&D	-1,183	-1,187
EBIT	893	548
EBITDA	1,886	1,480
EBITDA pre	1,955	1,825
<i>Margin (% of sales)</i>	<i>32.8%</i>	<i>30.4%</i>

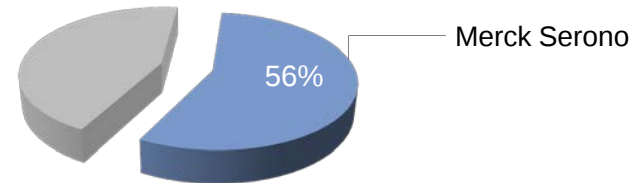
Sales bridge



Comments

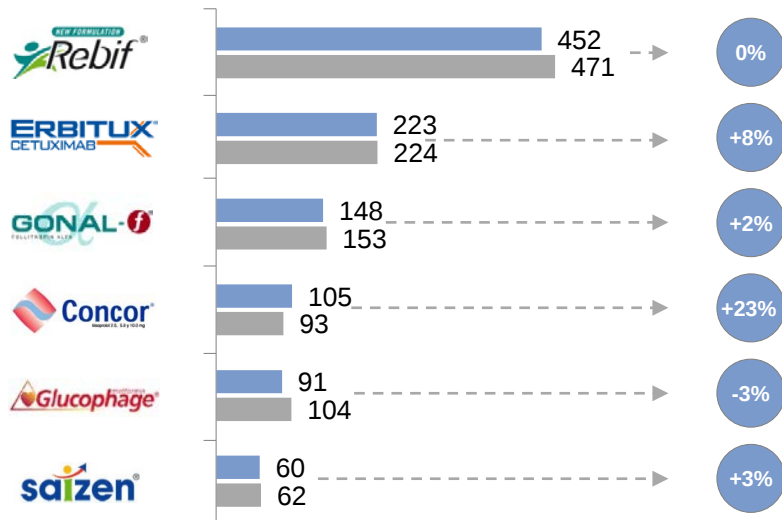
- Sales virtually stable as ongoing good organic momentum in Emerging Markets is being offset by adverse currency effects
- Rebif price increases in U.S. key elements of organic growth - being partly offset by softening volumes
- Erbitux growth driven by Emerging Markets, strong impetus from head and neck launch in Japan and supportive trial results
- Visible cost containment in marketing & selling and administration
- R&D contains investments in life cycle management as well as early oncology projects
- Profitability increases on savings and yield variances

FY 2013 share of group sales



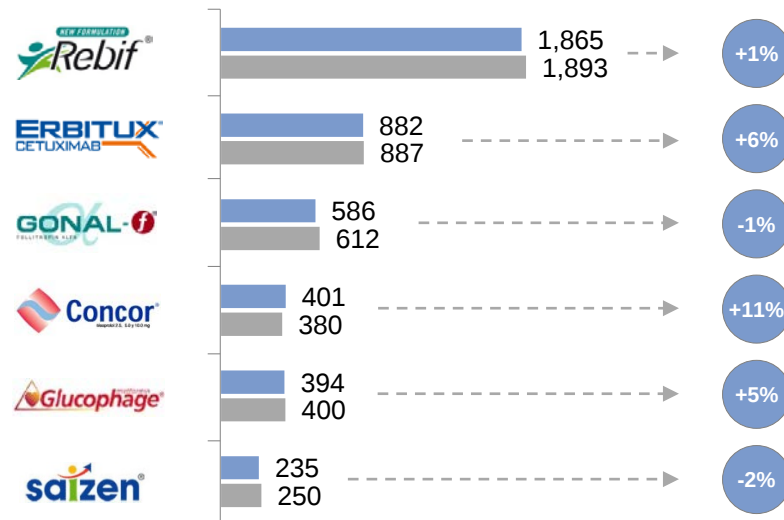
Merck Serono organic growth by product

Q4 2013 organic sales growth [%] by key products [€ m]



■ Q4 2013 ■ Q4 2012

FY 2013 organic sales growth [%] by key products [€ m]

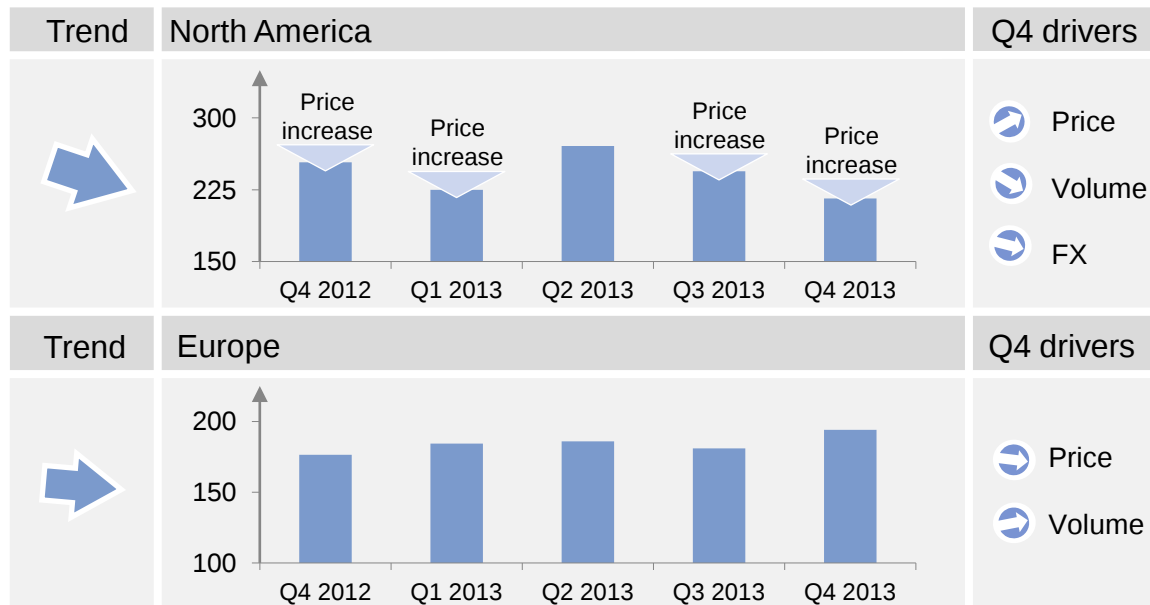


■ FY 2013 ■ FY 2012

Rebif – a year of stable performance driven by organic growth in H1 and sales erosion in H2



- Regional sales evolution [€ m]



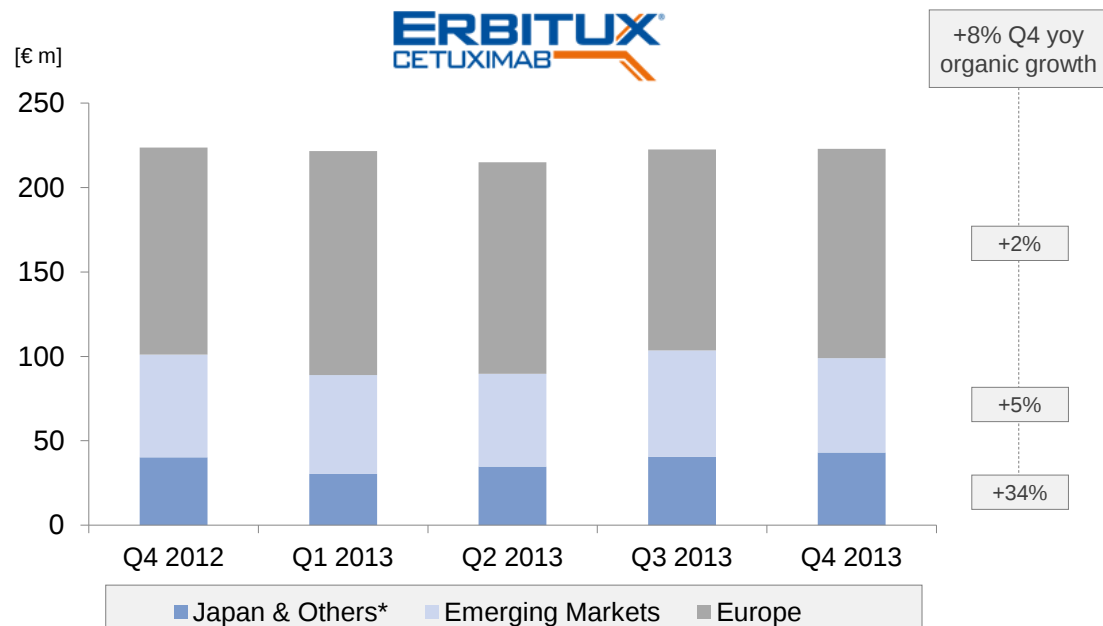
Rebif performance

- Sales decrease to €452 m in Q4 due to FX headwinds
- U.S. price increases overshadowed by U.S. volume declines (oral competition)
- Uptake in Europe led by UK and Germany as well as tender in Russia
- Slight organic growth of 1.4% in FY 2013 due to solid performance in Europe and pricing in U.S.

Erbitux – ongoing strong performance in Japan and Emerging Markets supported by good data for EU



Erbitux sales by geography

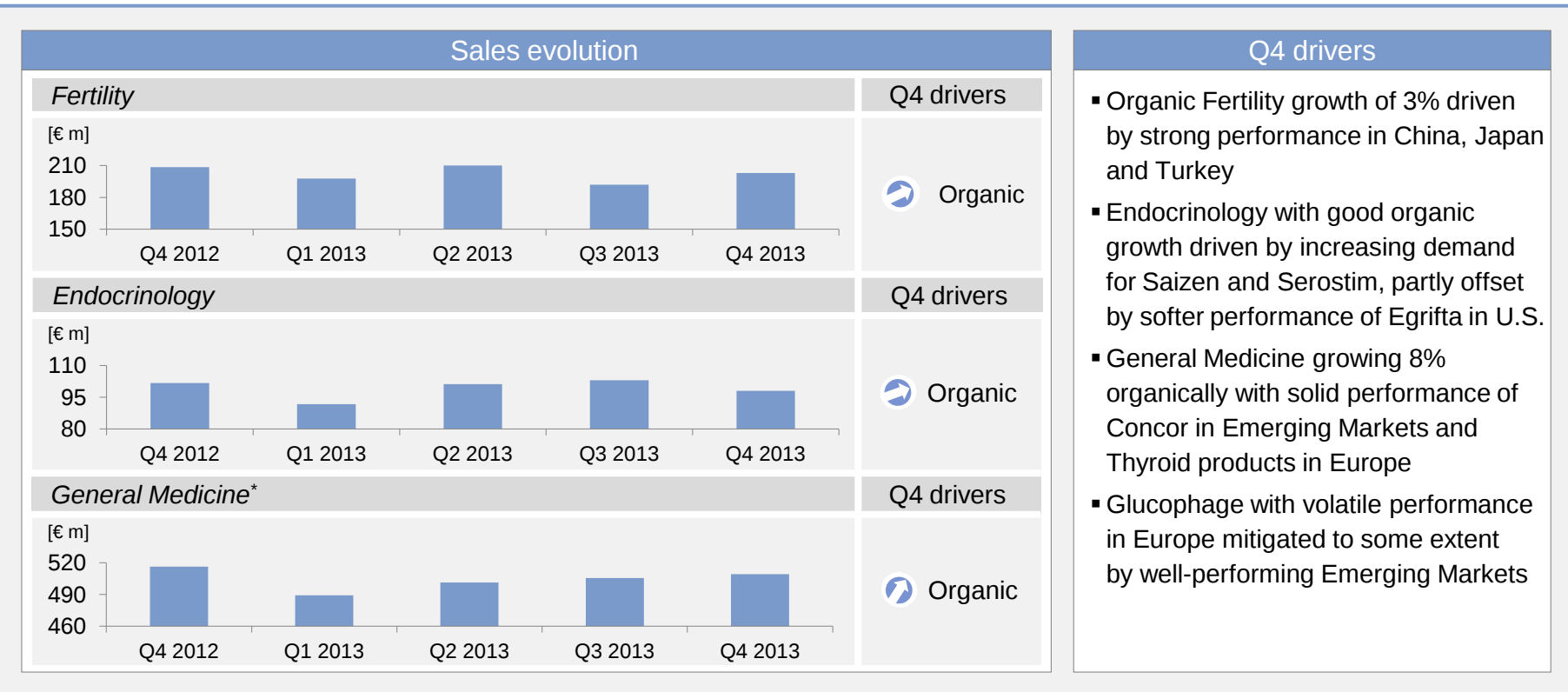


Erbitux performance

- Organic growth of 8% in Q4 is offset by FX effects, leading to stable reported sales of €223 m
- Japan with significant organic growth of 34% driven by introduction and high market share of head & neck indication and improvement in mCRC
- Europe benefitting from supportive data and repatriation measures, while pricing pressure remains
- FY 2013 organic growth of 6% is offset by adverse currency effects, mainly stemming from the Japanese yen

*Australia/Oceania, Africa

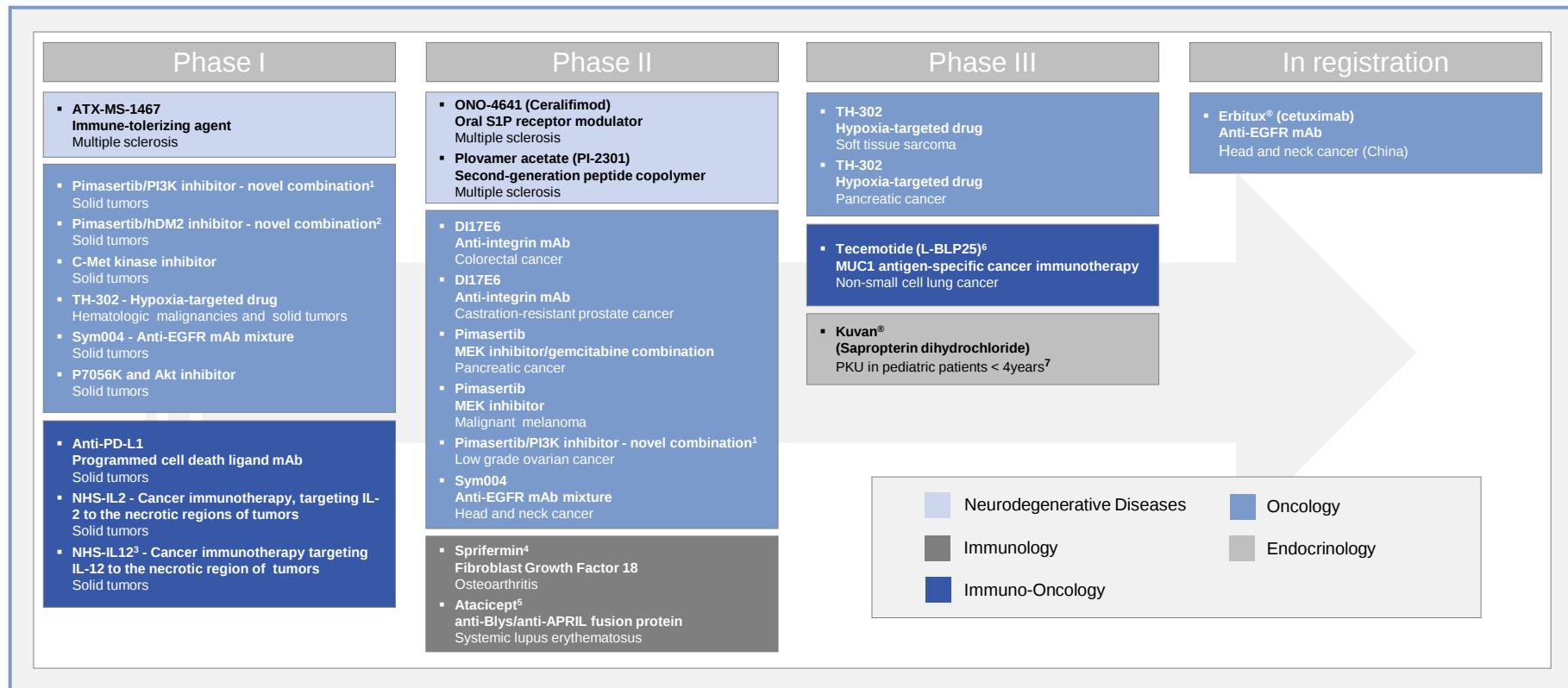
General Medicine with ongoing good momentum, while Fertility and Endocrinology show slight growth



- Organic Fertility growth of 3% driven by strong performance in China, Japan and Turkey
- Endocrinology with good organic growth driven by increasing demand for Saizen and Serostim, partly offset by softer performance of Egrifta in U.S.
- General Medicine growing 8% organically with solid performance of Concor in Emerging Markets and Thyroid products in Europe
- Glucophage with volatile performance in Europe mitigated to some extent by well-performing Emerging Markets

*includes "Cardiometabolic Care & General Medicine and Others"

Merck Serono pipeline



Pipeline as of December 31, 2013; ¹Combined with PI3K/mTOR inhibitor of Sanofi (SAR245409), conducted under the responsibility of Merck
²Combined with hDM2-inhibitor (SAR405838) from Sanofi, conducted under the responsibility of Sanofi; ³Sponsored by the National Cancer Institute (NCI), USA;
⁴FORWARD study; ⁵ADDRESS II study in preparation; ⁶START2 study in preparation. INSPIRE study ongoing; ⁷Phase IIIb post-approval request by EMA

Merck Serono pipeline newsflow



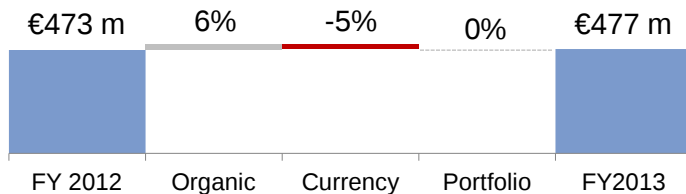
Project	Indication	Current phase	Timing	Event
Pergoveris™	Poor ovarian responder patients	NA	Q1 2014	Start of Phase III study
C-Met inhibitor	Non Small Cell Lung Cancer	Phase II	Q1 2014	Start of Phase II study
C-Met inhibitor	Hepatocellular carcinoma	Phase II	Q1 2014	Start of Phase II study
Sym004	Metastatic colorectal carcinoma	Phase II	H1 2014	Start of Phase II study



Consumer Health: Healthy organic growth and execution of efficiency measures drive profitability

[€ m]	FY 2013	FY 2012
Sales	477	473
Marketing and selling	-213	-218
Admin	-18	-20
R&D	-17	-19
EBIT	62	8
EBITDA	71	30
EBITDA pre	72	67
<i>Margin (% of sales)</i>	<i>15.2%</i>	<i>14.1%</i>

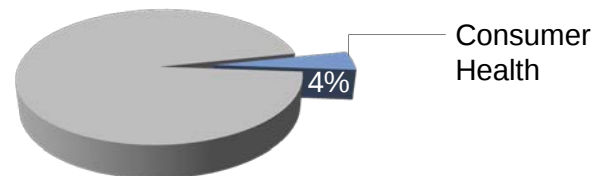
Sales bridge



Comments

- Higher sales on strong organic increase mitigated by adverse currency effects and weak cough and cold season in Q4
- Solid organic growth in Emerging Markets and Europe as key elements of top-line increase
- Strong performance of core products like Bion 3, Femibion and Nasivin, mainly stemming from Europe and Emerging Markets
- Prior-year EBIT affected by one-time items related to site closure in Hull/UK
- Improved profitability driven by focus on strategic products, cost containment and exit from unprofitable markets lacking scale

FY 2013 share of group sales

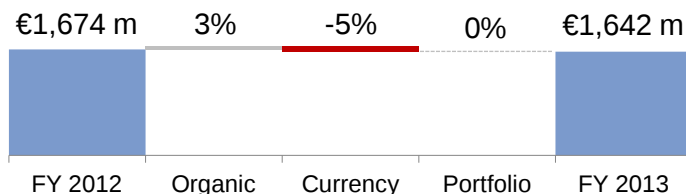


Performance Materials: Pigments restructuring and liquid crystals leadership increase profitability



[€ m]	FY 2013	FY 2012
Sales	1,642	1,674
Marketing and selling	-141	-143
Admin	-28	-31
R&D	-143	-137
EBIT	653	610
EBITDA	766	735
EBITDA pre	780	742
<i>Margin (% of sales)</i>	<i>47.5%</i>	<i>44.3%</i>

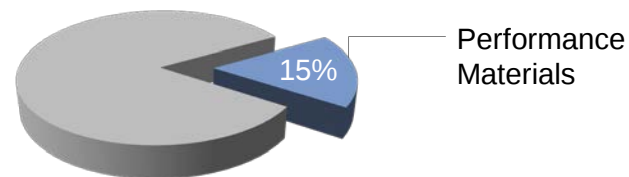
Sales bridge



Comments

- Sales decline slightly as organic growth is more than offset by currency headwinds
- Global display trends drive demand for large UHD* TVs and tablets resulting in shift towards PS-VA and IPS technologies
- Pigments supporting business with strong Xirallic volumes in Europe as well as implementation of efficiency measures
- Early ~€20 m savings implementation, changes in product mix as well as good capacity utilization drive margin improvement

FY 2013 share of group sales



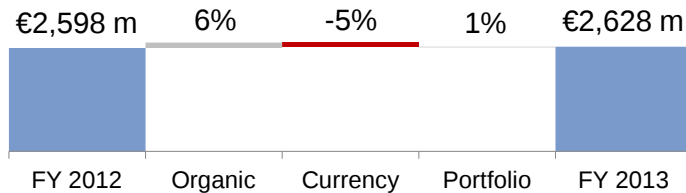
*UHD = Ultra High Definition

Merck Millipore: Resilient business delivers margin expansion amid FX headwinds and U.S. sequestration



[€ m]	FY 2013	FY 2012
Sales	2,628	2,598
Marketing and selling	-683	-676
Admin	-99	-101
R&D	-160	-166
EBIT	262	252
EBITDA	590	561
EBITDA pre	643	614
<i>Margin (% of sales)</i>	<i>24.5%</i>	<i>23.6%</i>

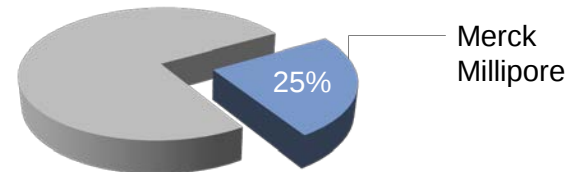
Sales bridge



Comments

- Price and volume increases are mitigated by FX mainly due to the devaluation of the Japanese yen
- Ongoing healthy demand from biopharmaceutical industry, especially for single-use products, drive Process Solutions growth
- Mid-single-digit Lab Solutions organic growth led by Biomonitoring and strong Lab Water, mainly stemming from Emerging Markets
- Bioscience organically flat; impact of U.S. healthcare budget constraints overshadows good performance in EM* and Europe
- Increase in EBITDA pre on higher volumes and prices despite higher costs in marketing & selling as field force is enlarged

FY 2013 share of group sales



*Emerging Markets

Solid operating cash flow in Q4 2013

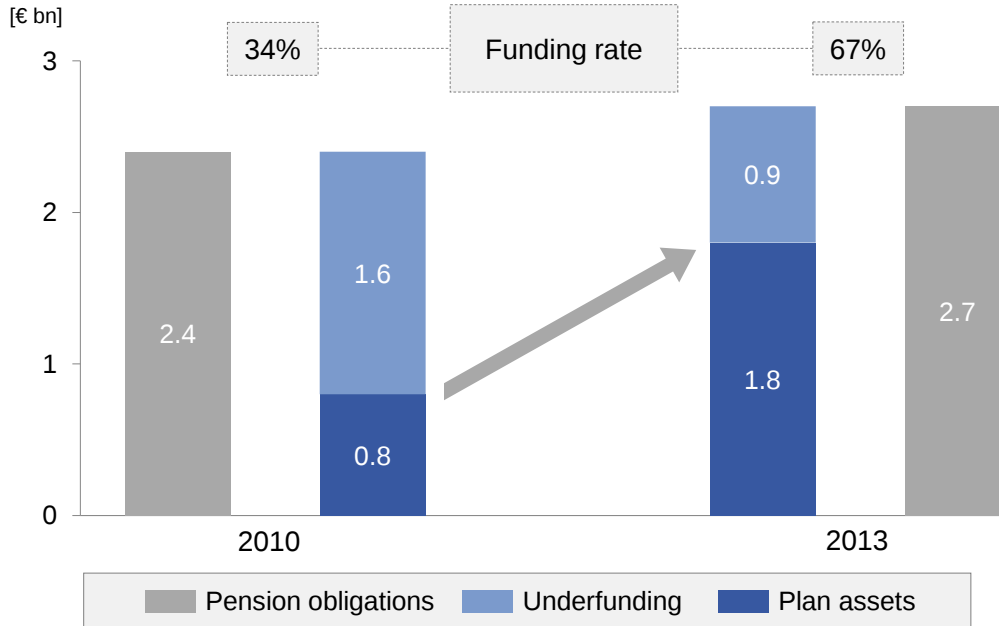
[€ m]	Q4 2013	Q4 2012	Δ
Profit after tax	281	276	5
D&A	462	359	103
Changes in provisions	-238	-172	-66
Changes in other assets / liabilities	-205	-167	-38
Other operating activities	44	2	42
Operating cash flow before changes in WC	344	298	46
Changes in working capital	97	101	-4
Operating cash flow	440	398	42
Investing cash flow	-263	-573	310
thereof Capex ¹	-172	-148	-24
Financing cash flow	-106	-576	470

Cash flow drivers
▪ Stable profit after tax ▪ Amortization up due to impairment for Humira settlement of €127 m ▪ Changes in provision higher due to €200 m CTA² funding versus €250m funding last year ▪ Other operating activities contain loss on disposals due to capacity streamlining ▪ Operating cash flow on solid year-end level despite restructuring cash-outs and CTA funding ▪ Investing cash flow down due to lower investments in short-term securities ▪ Prior year financing cash flow contains €500 m bond repayment

¹Only PPE without intangibles; ²Contractual Trust Arrangement

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 CTA¹ 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%²

¹Contractual Trust Arrangement; ²Source: Towers/Watson

One-time items in Q4 2013

One-time items on EBIT

[€ m]	Q4 2013		Q4 2012	
	One-time items	thereof D&A	One-time items	thereof D&A
Merck Serono	164	144	65	5
Consumer Health	1	0	34	11
Performance Materials	7	-4	19	0
Merck Millipore	40	17	33	1
Corporate & Other	14	0	15	0
Total	226	157	136	17

One-time items in FY 2013

One-time items on EBIT

[€ m]	FY 2013		FY 2012	
	One-time items	thereof D&A	One-time items	thereof D&A
Merck Serono	258	189	391	46
Consumer Health	1	0	48	11
Performance Materials	10	-4	8	0
Merck Millipore	70	17	54	1
Corporate & Other	47	0	162	0
Total	387	203	664	59

Financial Calendar



Date	Event
May 9, 2014	Annual General Meeting
May 15, 2014	Q1 2014 Earnings Release
August 7, 2014	Q2 2014 Earnings Release
November 13, 2014	Q3 2014 Earnings Release



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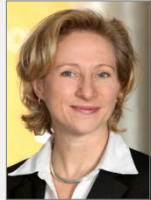
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