Merck Group

Highlights – 1st Quarter 2013

- Sales rise by 3.8% to € 2,660 million; solid organic growth of 5.0% stands against a foreign exchange impact of –1.4%
- Organic sales growth fueled by all four divisions
- EBITDA pre one-time items up 18.8% to € 801 million thanks to good business performance and progress with the "Fit for 2018" efficiency program as planned
- Net income soars by 54.1% to € 266 million, earnings per share before one-time items up 27.1% to € 2.11
- Free cash flow increases by 4.5% to € 439 million despite cash outflow of around € 100 million for efficiency measures and a € 195 million increase in working capital
- Guidance for FY 2013: EBITDA pre ~ € 3.1 to 3.2 billion

Merck Group | Key figures – Q1

€ million	Q1 – 2013	Q1 – 2012	Change
Total revenues	2,760.5	2,644.9	4.4%
Sales	2,660.4	2,563.9	3.8%
Operating result (EBIT)	399.4	310.6	28.6%
Margin (% of sales)	*15.0%*	*12.1%*	
EBITDA	753.8	653.3	15.4%
Margin (% of sales)	*28.3%*	*25.5%*	
EBITDA pre one-time items	801.1	674.3	18.8%
Margin (% of sales)	*30.1%*	*26.3%*	
EPS pre one-time items (€)	2.11	1.66	27.1%
Free cash flow	438.6	419.8	4.5%

Merck got off to a solid start in 2013. Total revenues increased by 4.4% to € 2,761 million (Q1 2012: € 2,645 million) and were fueled by organic growth of 5.6%. Whereas changes in foreign exchange rates were positive and to some extent highly favorable in the four preceding quarters, as of the first quarter of 2013 they negatively impacted the development of total revenues by –1.3%. Although changes in the U.S. dollar exchange rate still had a slightly positive effect, the development of the Japanese yen as well as the Latin American currencies (Brazilian real, Venezuelan bolivar, Argentinean peso) were primarily responsible for the overall negative currency impact. Acquisitions contributed 0.1% to the growth in sales. Royalty, license and commission income, which is disclosed as part of total revenues, increased by 23.5% to € 100 million (Q1 2013: € 81 million), mainly driven by the Merck Serono division.

Sales (total revenues less royalty, license and commission income) rose by 3.8% to € 2,660 million (Q1 2012: € 2,564 million). Organic sales growth of 5.0% was accompanied by a 1.4% decline from changes in foreign exchange rates and an increase of approximately 0.1% from acquisitions. All four divisions delivered organic growth, with Merck Serono and Merck Millipore posting increases in the mid single-digit range and Performance Materials and Consumer Health recording high single-digit gains.

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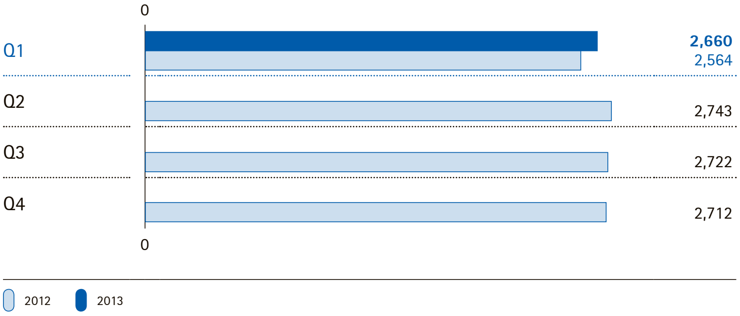
Merck Group | Sales by quarter

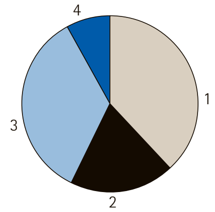
€ million



From a regional perspective, the Emerging Markets region, which comprises Latin America and Asia excluding Japan, generated the strongest organic sales growth, expanding sales by 11.5% to € 924 million (Q1 2012: € 845 million). This increase was due especially to the performance of the Merck Serono and Performance Materials divisions. The proportion of Group sales accounted for by this region thus increased to 35% (Q1 2012: 33%). In North America, sales grew organically by 5.6% to € 516 million (Q1 2012: € 487 million), with Merck Serono and Merck Millipore driving the increase. This region's share of Group sales remained unchanged at 19%. In Europe, sales totaled € 1,013 million (Q1 2012: € 1,000 million). Organic sales growth amounted to 1.0% and was primarily attributable to the Consumer Health division. Europe's share of Group sales decreased slightly to 38% (Q1 2012: 39%). Lastly, the Rest of World region recorded an organic sales decline of 2.4% to € 207 million (Q1 2012: € 233 million) as a result of weaker demand in the Performance Materials and Merck Millipore divisions. This region's contribution to Group sales fell slightly to 8% (Q1 2012: 9%).

Merck Group | Sales by region – Q1 2013

€ million / % of sales



1	Europe	1,012.9	38%
2	North America	516.0	19%
3	Emerging Markets	924.1	35%
4	Rest of World	207.3	8%

Merck Group | Growth components by region – Q1 2013

€ million / change in %	Sales	Organic growth	Exchange rate effects	Acquisitions/ divestments	Reported sales growth
Europe	1,012.9	1.0%	–	0.3%	1.3%
North America	516.0	5.6%	0.4%	–	6.0%
Emerging Markets	924.1	11.5%	–2.1%	–	9.4%
Rest of World	207.3	–2.4%	–8.5%	–	–10.8%
Group	**2,660.4**	**5.0%**	**–1.4%**	**0.1%**	**3.8%**

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Gross profit of the Merck Group improved in the first quarter of 2013 by 7.4% to € 2,036 million (Q1 2012: € 1,896 million), resulting in an increase in gross margin to 76.5% (Q1 2012: 74.0%). Both the lower level of inventory write-downs and changes in the product mix resulting from the good sales development of comparatively high-margin biotech products from the Merck Serono division had a noticeably positive effect.

Marketing and selling expenses decreased by 3.1% to € 568 million (Q1 2012: € 587 million), mainly as a result of the efficiency improvement measures implemented in the Merck Serono division. By contrast, royalty, license and commission expenses rose 13.6% to € 136 million (Q1 2012: € 120 million) primarily due to the good development of Rebif® sales in the United States.

On March 7, 2013, Merck provided a status report on the savings generated by the "Fit for 2018" efficiency program as well as the associated costs. According to this update, the good progress achieved so far has made it possible to reach the savings targets faster than planned. This is in turn has affected the outlook for the coming years. For 2013, Merck is now assuming it will achieve further savings of around € 165 million compared to 2012 while incurring related expenses of about € 230 million. Compared to 2011, improvements in the cost structure shall lead to sustainable cost savings of € 385 million by 2017, for which expenses of around € 820 million are expected. In the first quarter of 2013, one-time items totaling € 47 million were reported, including € 42 million related to "Fit for 2018" (Q1 2012: € 21 million, € 11 million of which was attributable to "Fit for 2018"). This led to a 27.3% increase in other operating expenses to € 184 million (Q1 2012: € 145 million).

Research and development spending rose 6.4% to € 406 million. (Q1 2012: € 382 million). This increase was due mainly to Merck Serono as well as to higher R&D investments in the Merck Millipore division.

In the first quarter, amortization of intangible assets declined by 3.1% to € 210 million (Q1 2012: € 216 million). This reflects the end of the amortization of an asset acquired within the scope of the Serono purchase.

Selling, general and administration (SG&A*) costs, which were slightly higher overall, as well as research and development costs, only had a minor impact on the sharp increase in gross profit. The operating result (EBIT) thus soared by 28.6% to € 399 million (Q1 2012: € 311 million) and the EBIT margin rose to 15.0% (Q1 2012: 12.1%). Earnings before interest, taxes, depreciation and amortization (EBITDA) also grew by 15.4% to € 754 million (Q1 2012: € 653 million). Adjusted for one-time items, EBITDA pre rose by 18.8% to € 801 million € (Q1 2012: € 674 million), equivalent to 30.1% of sales. With this, the 30% mark was exceeded for the first time (Q1 2012: 26.3%).

The financial result of the Merck Group improved in the first quarter of 2013 by 11.2% to € -59 million (Q1 2012: € -66 million). This was mainly the result of the € 1 billion decline in financial liabilities compared with the beginning of the year-ago quarter following the repayment in March and December 2012 of two bonds that were each worth € 500 million.

Income taxes totaled € -72 million, which was 3.3% more than in the year-earlier quarter (Q1 2012: € -69 million). This corresponds to a tax ratio of 21.0% (Q1 2012: 28.4%).

The sharp increase in EBIT, coupled with lower interest expenses and a comparatively low tax burden, led to a significant improvement in net income in the first quarter of 2013. Net income, i.e. profit after tax attributable to Merck shareholders, soared by 54.1% to € 266 million (Q1 2012: € 173 million), translating into earnings per share of € 1.22 (Q1 2012: € 0.79). Before one-time items, earnings per share climbed by 27.1% to € 2.11 (Q1 2012: € 1.66).

*SG&A costs comprise: marketing & selling, royalty, license and commission expenses, administration as well as other operating expenses and income.

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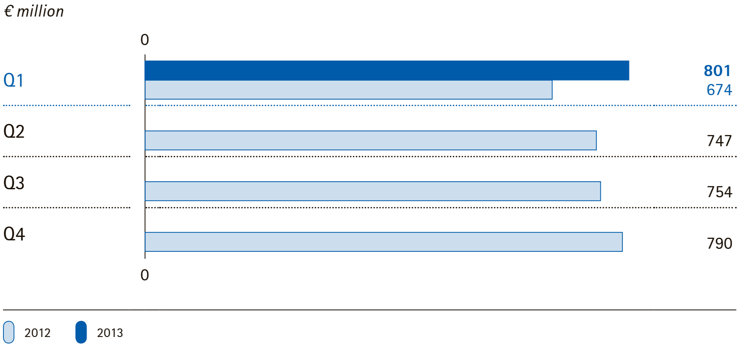
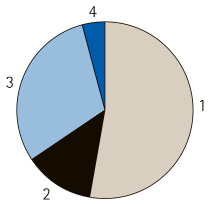
Merck Group | EBITDA pre one-time items by quarter



Free cash flow (net cash flow from operating activities less acquisitions/divestments, purchase/disposals of intangible assets, property, plant and equipment, non-current financial assets and marketable securities) rose 4.5% to € 439 million (Q1 2012: € 420 million) despite considerable negative effects. These included, for instance a cash outflow of about € 100 million related to "Fit for 2018". In addition, the expansion of business in the Emerging Markets region, where longer payment terms are common, caused working capital to increase by € 195 million to € 2,562 million, corresponding to 23.6% of sales over the past twelve months.

At the end of the first quarter of 2013, Merck had 38,311 employees worldwide, compared to 38,847 on December 31, 2012.

Merck Group | Number of employees as of March 31: 38,311



1 Europe	20,320	53%
2 North America	4,866	13%
3 Emerging Markets	11,578	30%
4 Rest of World	1,547	4%

Risk Report

As a global company with a variety of highly innovative business fields, the Merck Group is exposed to potential risks as well as opportunities. The risk categories enumerated in the Risk Report found on pages 84 to 90 of the Annual Report for 2012 remain valid for the Merck Group in the current reporting period. At present, the company is not aware of any risks that could jeopardize the continued existence of the Merck Group. The company has a Group-wide risk management system in place to identify and mitigate potential risks. Merck continuously monitors business risks such as issues regarding liquidity, defaults on payables and receivables, currency and interest rates, market pricing, pension obligations, assessment of independent rating agencies, human resources and information technology Regarding legal risks, Merck monitors a host of potential issues such as litigation regarding product liability, antitrust law, pharmaceutical law, patent law and environmental protection.

Report on Expected Developments

With the publication of the results of fiscal 2012 on March 7, 2013, Merck provided qualitative guidance on the expected sales and results of its divisions and the Group for 2013.

For the markets of relevance to the Merck Serono division, Merck sees global growth, which is likely to be fueled mainly by Emerging Markets, whereas developments in Europe will probably continue to be impacted by health care cost-containment measures.

The market environment of Consumer Health should see global growth in the mid single-digit range, with Europe also growing at the same rate. Asia and Latin America could see high single-digit growth rates.

The markets in which Performance Materials operates are also expected to grow. Owing to increasing television display diagonals, as well as good demand for tablet computers, the display industry should grow by volumes. However, analyses of the inventory situation in the display industry point to inventory build-ups in recent quarters; the reduction of which is a realistic expectation for the coming quarters. This will also impact Merck's Liquid Crystals business unit. A low single-digit increase is projected for the global automotive industry, which is a key market for the products supplied by Pigments & Cosmetics business unit.

With respect to the markets in which Merck Millipore operates, low single-digit growth is projected for Pharmaceuticals and Laboratory Products, whereas mid single-digit growth is forecasted for Biotechnology.

Based on these assumptions as well as the good business developments in terms of both sales and earnings in the past months, Merck expects that the guidance for 2014 issued in May 2012 will already be achieved in 2013, meaning one year ahead of time. This leads to the following detailed forecast for the financial performance of the divisions and the Merck Group:

Guidance FY 2013

Merck divisions	Sales	EBITDA pre one-time items € million
Merck Serono	moderate organic growth	~ 1,900 – 2,000
Consumer Health	~ stable	~ 70 – 75
Performance Materials	~ stable	~ 700 – 740
Merck Millipore	moderate organic growth	~ 620 – 640
Corporate and Other		~ –210
Merck Group	€ billion	
Sales	~ 10.7 – 10.9	
EBITDA pre one-time items	~ 3.1 – 3.2	
EPS pre one-time items	~ € 8.50 – 9.00	

FX assumptions for FY 2013:
1 € = 1.30 US$
1 € = 1.20 CHF
1 € = 125 JPY