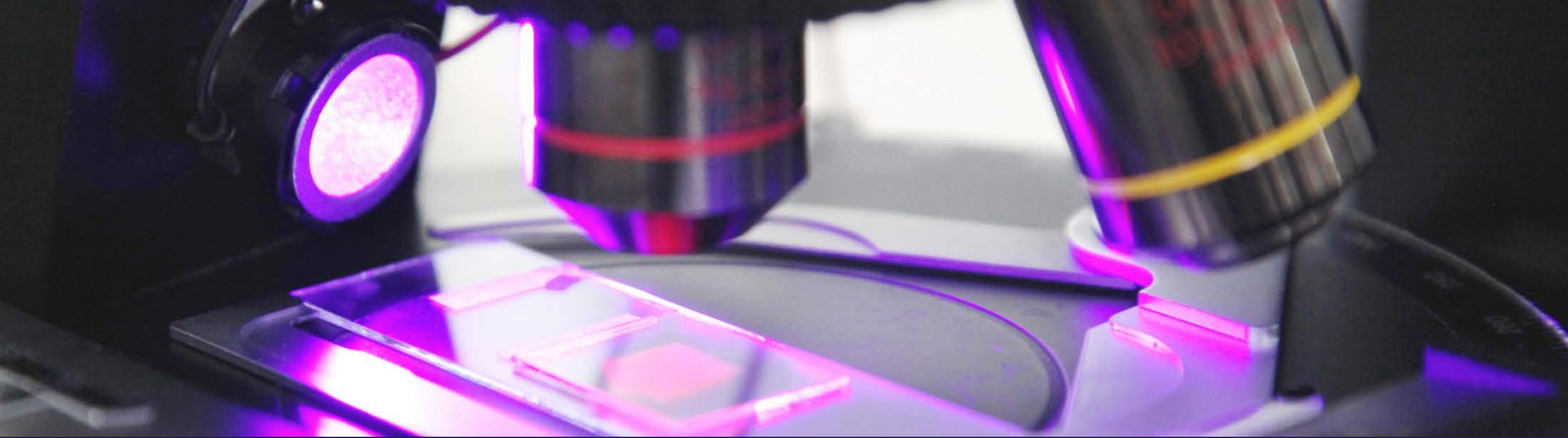

Q1 2014 Results Conference Call

Merck – Sound operations yield organic growth

Karl-Ludwig Kley, CEO

MERCK

May 15, 2014

Disclaimer

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

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Agenda

Executive overview

Business and financial review Q1 2014

Guidance

Highlights Q1 2014

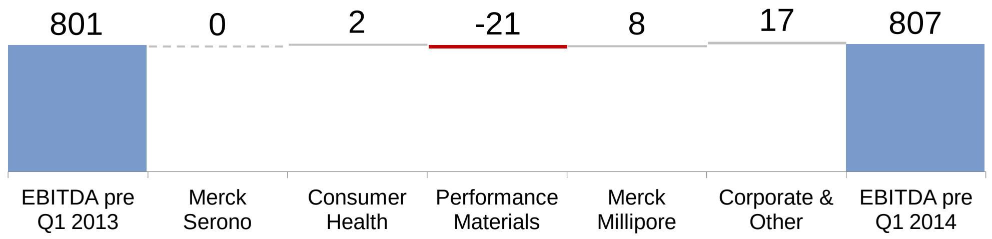
- Solid organic sales growth of 4% is outweighed by currency headwinds of 5%
- Sound operational performance – all divisions post organic growth
- EBITDA pre increases despite royalty income reduction and FX headwinds
- 9% EPS pre increase to €2.31
- Net cash position established
- Merck 2014 EBITDA pre guidance: ~€3.3 – 3.4 bn (including AZ*)

*Including AZ Electronic Materials from May to December 2014

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%
Merck Group	**4%**	**-5%**	**0%**	**-2%**

Q1 YoY EBITDA pre contributors [€ m]



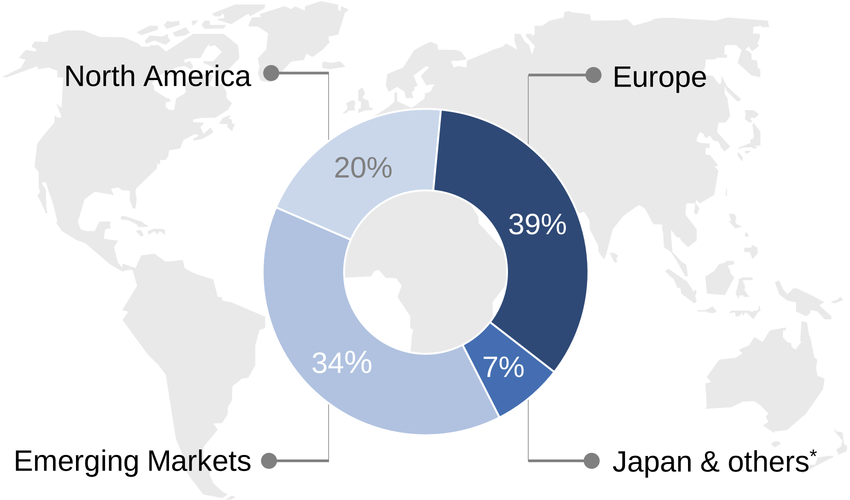
- Merck Serono and Merck Millipore remain strongest absolute contributors to organic sales growth
- Currency headwinds mainly driven by the U.S. dollar and the Japanese yen

- 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

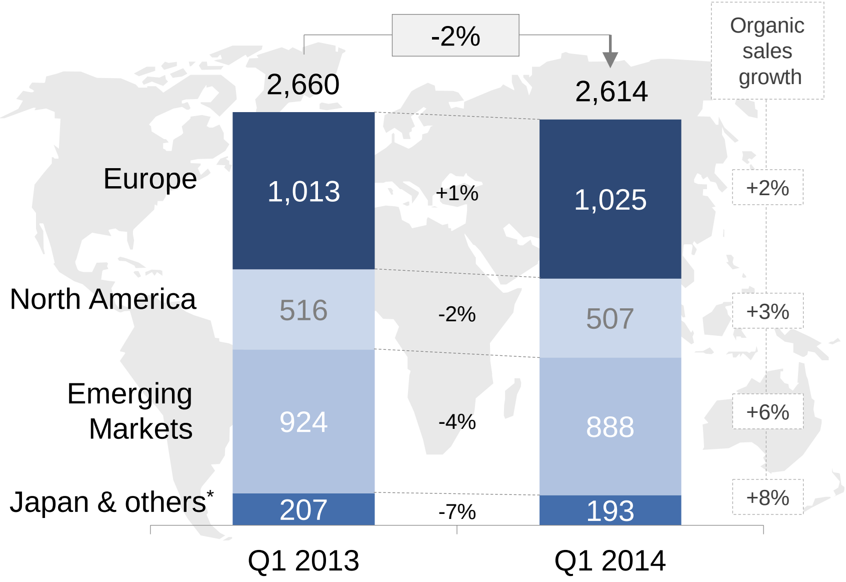
Totals may not add up due to rounding

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

Agenda

Executive overview

Business and financial review Q1 2014

Guidance

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

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

Net cash position established

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

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

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

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

*Contractual Trust Arrangement

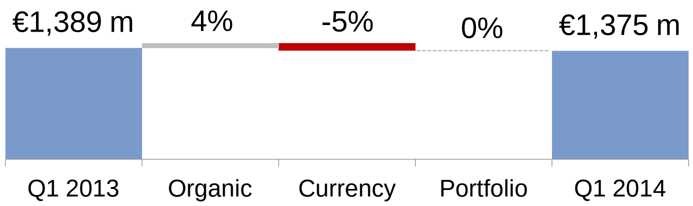
Merck Serono: Solid performance supported by key franchises despite royalty income reduction

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

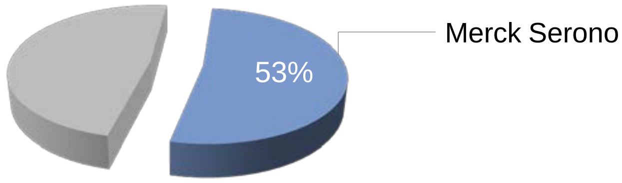
Comments

- 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

Sales bridge



Q1 2014 share of group sales



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

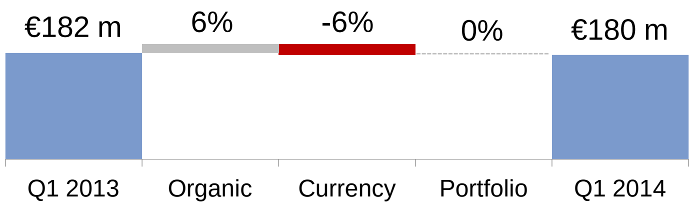
Consumer Health: Neurobion and Femibion drive quarterly performance

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

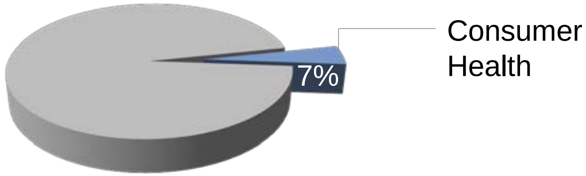
Comments

- 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

Sales bridge



Q1 2014 share of group sales



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

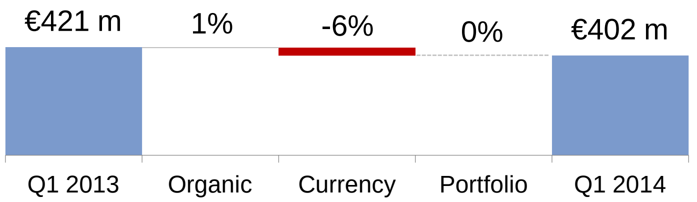
Performance Materials: Solid performance amid high comparables and strong currency headwinds

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

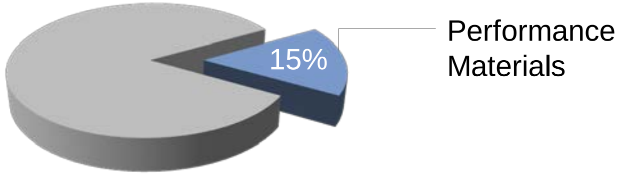
Comments

- 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

Sales bridge



Q1 2014 share of group sales



*Liquid Crystals

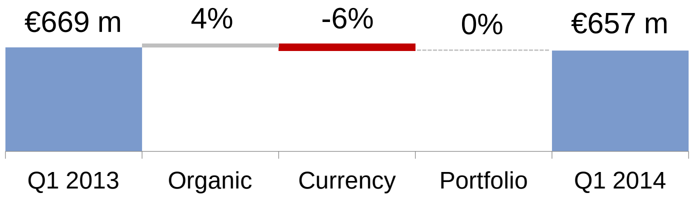
Merck Millipore: Growth in Process Solutions improves profitability

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

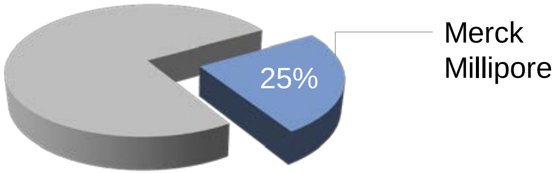
Comments

- 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

Sales bridge



Q1 2014 share of group sales



Balance sheet: Deleveraging continues

[€ m]	March 31, 2014	Dec 31, 2013		March 31, 2014	Dec 31, 2013
Current assets	**7,739**	**7,385**	**Net equity**	**11,243**	**11,069**
Cash and cash equivalents	2,495	981	**Current liabilities**	**5,113**	**3,899**
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			
Non-current assets	**13,270**	**13,434**	**Non-current liabilities**	**4,653**	**5,851**
Intangible assets	9,688	9,867	Non-current financial liabilities	1,917	3,257
Property, plant and equipment	2,612	2,647	Other non-current liabilities	9	6
Non-current financial assets	80	78	Non-current provisions	1,019	1,011
Other non-current assets	92	106	Prov. for pensions / other	1,084	911
Deferred tax assets	798	736	Deferred tax liabilities	623	666
Total assets	**21,009**	**20,819**	**Total liabilities and equity**	**21,009**	**20,819**

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

Totals may not add up due to rounding

Underlying cash flow strength

[€ m]	Q1 2014	Q1 2013	Δ
Profit after tax	**327**	**269**	**58**
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
Operating cash flow before changes in WC	**513**	**711**	**-198**
Changes in working capital	-105	-195	-90
Operating cash flow	**409**	**516**	**-107**
Investing cash flow	**1,100**	**-324**	**1,424**
thereof Capex[1]	-57	-37	-20
Financing cash flow	**7**	**-107**	**114**

Cash flow drivers

- Higher profit after tax due to solid business performance and lower one-time items
- D&A lower as last year included restructuring related impairment and amortization for Avonex intangible
- Changes in provisions lower as prior year included higher restructuring, LTIP[2] and litigation provisions
- Changes in other assets and liabilities contains tax refunds last year
- Underlying operating cash flow solid
- Investing cash flow reflects disposal of financial assets in preparation for acquisition of AZ Electronic Materials

[1]Only PPE without intangibles; [2]Long Term Incentive Plan
Totals may not add up due to rounding

Agenda

Executive overview

Business and financial review Q1 2014

Guidance

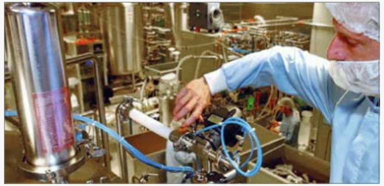
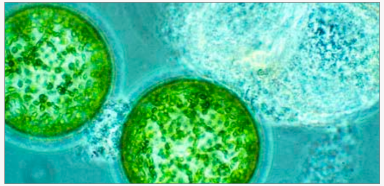
Full year 2014 guidance

Merck guidance for 2014, including AZ[1]

Sales:	**~ €10.9 – 11.1 bn**
EBITDA pre:	**~ €3.3 – 3.4 bn**
EPS pre[2]:	**~ €9.00 – 9.50**

[1]The AZ Electronic Materials acquisition was closed on May 2, 2014 and will be consolidated as of this date
[2]Based on number of shares before the share split that was approved in the Annual General Meeting on 9 May 2014

Guidance details

Merck Serono	Consumer Health	Performance Materials	Merck Millipore
			
Sales	Sales	Sales	Sales
Organically stable	Moderate organic growth	Slight organic growth	Moderate organic growth
EBITDA pre	EBITDA pre	EBITDA pre*	EBITDA pre
~ €1.75 – 1.85 bn	~ €170 – 180 m	~ €830 – 880 m	~ €640 – 670 m

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

*Including AZ Electronic Materials from May to December 2014

MERCK

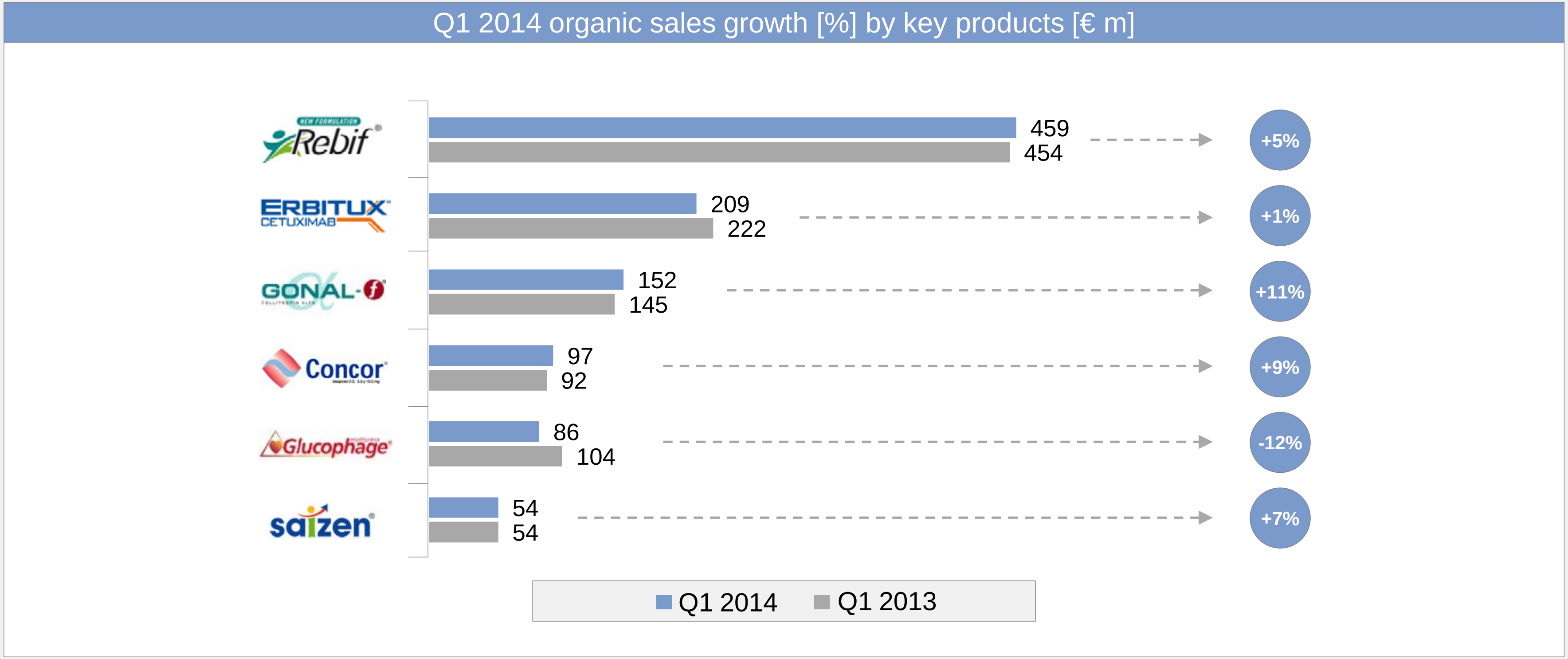
Living Innovation

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

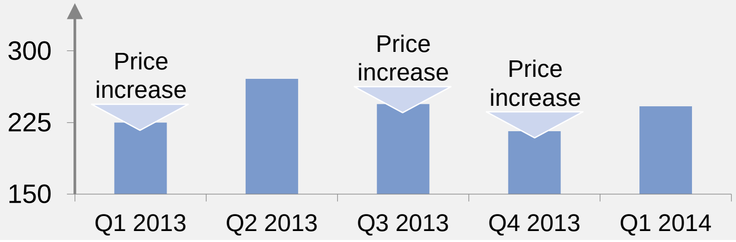
Merck Serono organic growth by product



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

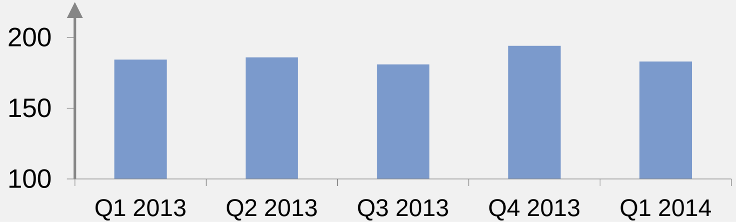
Rebif - Regional sales evolution [€ m]

Trend	North America	Q1 drivers



Price
Volume
FX

Trend	Europe	Q1 drivers



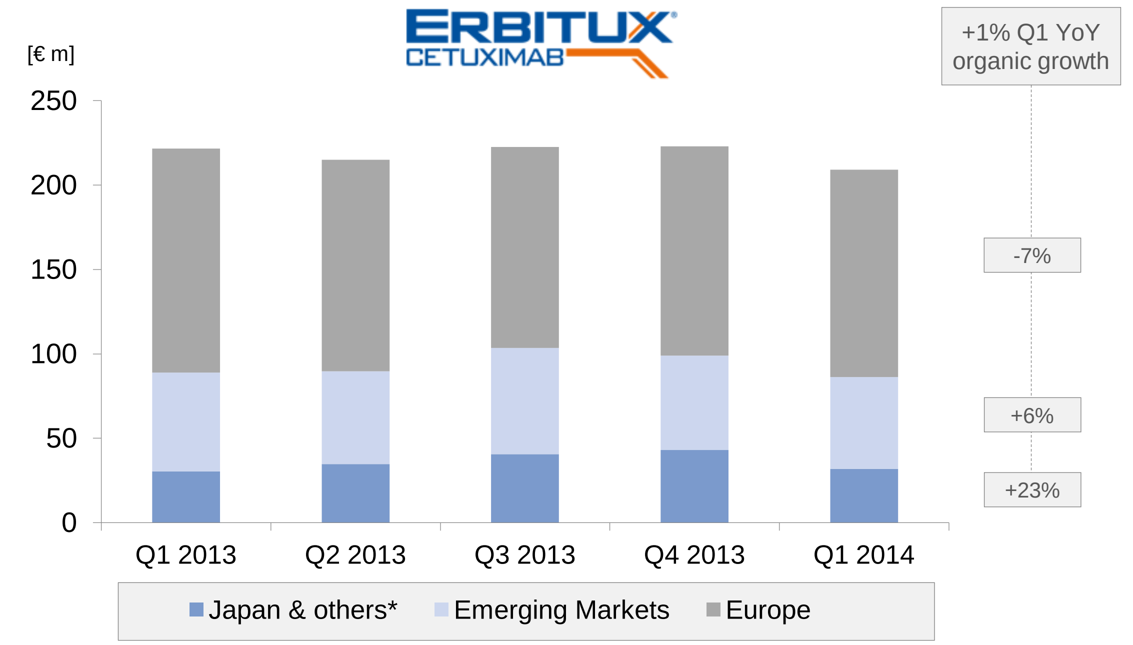
Price
Volume

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

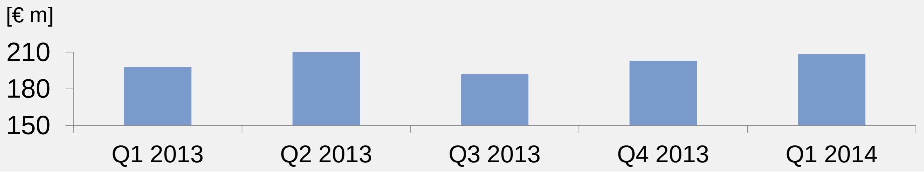
- Sales decline to €209 m as organic growth is outweighed by adverse currency effects
- Europe organically down due to softer performance in core countries as well as destocking
- Strong organic growth in Japan driven by higher sales in head and neck as well as colorectal indication to some extent offset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

Sales evolution

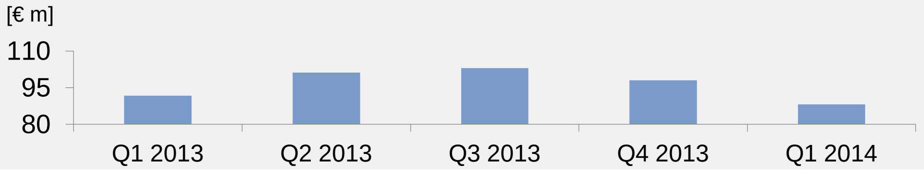
Fertility



Q1 drivers

Organic

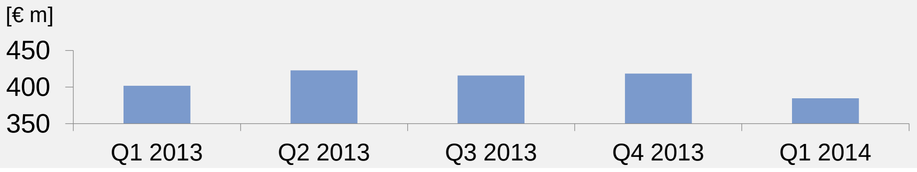
Endocrinology



Q1 drivers

Organic

General Medicine[1]



Q1 drivers

Organic

Q1 drivers

- Organic growth in Fertility is driven by good demand for entire portfolio; mainly due to Gonal-f growth recovering across all major regions
- Endocrinology with moderate organic growth supported by good performance of Saizen
- Good performance of Concor and Thyroid products mainly due to healthy demand in China drives organic growth of General Medicine[1]
- Glucophage declining organically on strong prior year base and volatile performance in Europe

[1]includes “Cardiometabolic Care & General Medicine and Others”

Merck Serono pipeline

Phase I

- **ATX-MS-1467 - Immune tolerizing agent**
  Multiple sclerosis

- **Pimasertib[1] - MEK inhibitor**
  Solid tumors
- **Pimasertib[2] - MEK inhibitor**
  Solid tumors
- **MSC2156119 - C-Met kinase inhibitor**
  Solid tumors
- **TH-302 - Hypoxia-activated prodrug**
  Hematologic malignancies and solid tumors
- **Sym004 - Anti-EGFR mAb**
  Solid tumors
- **MSC2363318A - p7056K & Akt inhibitor**
  Solid tumors
- **BGB-283 - BRAF inhibitor**
  Solid tumors

- **MSB0010718C - Anti-PD-L1 mAb**
  Solid tumors
- **NHS-IL12[3] - Cancer immunotherapy**
  Solid tumors

- **ALX-0761 - Anti-IL-17 nanobody**
  Healthy volunteers

Phase II

- **Ceralifimod (ONO-4641) - Oral S1P receptor modulator**
  Multiple sclerosis
- **Plovamer acetate (PI-2301) - 2nd generation peptide copolymer**
  Multiple sclerosis

- **Abituzumab (DI17E6) - Anti-integrin mAb**
  Colorectal cancer
- **Abituzumab (DI17E6) - Anti-integrin mAb**
  Prostate cancer
- **Pimasertib - MEK inhibitor**
  Pancreatic cancer
- **Pimasertib - MEK inhibitor**
  Melanoma
- **Pimasertib[1] - MEK inhibitor**
  Ovarian cancer
- **Sym004 - Anti-EGFR mAb**
  Squamous cell carcinoma - head and neck
- **Sym004 - Anti-EGFR mAb**
  Colorectal cancer
- **TH-302 - Hypoxia-activated prodrug**
  Melanoma

- **MSB 0010445 (NHS-IL2) - Cancer immunotherapy**
  Melanoma

- **Sprifermin - Fibroblast Growth Factor 18**
  Osteoarthritis
- **Atacicept - Anti-Blys/anti-APRIL fusion protein**
  Systemic lupus erythematosus

Neurodegenerative Diseases
Oncology
Immuno-Oncology
Fertility
Endocrinology
Immunology
R In registration

Phase III / in registration

- **TH-302 - Hypoxia-activated prodrug**
  Soft tissue sarcoma
- **TH-302 - Hypoxia-activated prodrug**
  Pancreatic cancer

- **Tecemotide (L-BLP25) - MUC1 antigen-specific cancer immunotherapy**
  Non-small cell lung cancer

- **Pergoveris® (follitropin alfa and lutropin alfa)**
  Assisted reproductive technology, poor ovarian responders

- **Kuvan® (Sapropterin dihydrochloride)[4]**
  Phenylketonuria in children < 4 years of age

- **Erbitux® (cetuximab) - Anti-EGFR mAb** R
  Head and neck cancer (China)

Pipeline as of April 30, 2014; [1]Novel combination with PI3K/mTOR inhibitor (SAR245409) from Sanofi, conducted under the responsibility of Merck
[2]Novel combination with hDM2 inhibitor (SAR405838) from Sanofi, conducted under the responsibility of Sanofi; [3]Sponsored by the National Cancer Institute (USA);
[4]Post-approval request by the European Medicines Agency

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
Total	38	1	74	27

Totals may not add up due to rounding

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

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