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Merck KGaA, Darmstadt, Germany, Confident for 2016

- **Integration of Sigma-Aldrich will deliver the planned synergies**
- **Further development of pharma pipeline planned**

Darmstadt, Germany, December 10, 2015 – Merck KGaA, Darmstadt, Germany, a leading science and technology company, today informed analysts and investors at its 2015 Capital Market Day about the strategic priorities that will influence its operating result in 2016. The integration of Sigma-Aldrich as well as the further development of the pharmaceutical pipeline are at the top of the list.

Apart from the expected organic growth of net sales, to which all business sectors are expected to contribute, the acquisition of Sigma-Aldrich will have a positive impact on the operating result before exceptionals (EBITDA pre) next year. This includes expected cost synergies of € 90 million. At the same time, Merck KGaA, Darmstadt, Germany, is planning additional investments of around € 250 million in its pharmaceutical pipeline. In November, the company had forecast EBITDA pre of between € 3.58 billion and € 3.65 billion for 2015.

“Today, we are a global and modern company with strong businesses, each of which hold market-leading positions and the potential for further growth,” said Executive Board Chairman and CEO Karl-Ludwig Kley. “Next year, our focus will mainly be on the integration of Sigma-Aldrich as well as the further development of the pharmaceutical pipeline.”

Through acquisitions such as that of the life science company Sigma-Aldrich this year as well as AZ, Millipore and Serono in previous years, Merck KGaA,



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Darmstadt, Germany, has successfully transformed itself from a classic pharmaceutical and chemical company into a global specialist in science and technology.

"The foundations for growth have been laid, now it's about delivering," said Stefan Oschmann, member of the Executive Board and CEO-elect of Merck KGaA, Darmstadt, Germany. "In Healthcare, we are targeting our efforts to prepare for growth; in Life Science, the focus is on the Sigma integration and the resulting cost synergies. And in Performance Materials, we want to further strengthen our technological leadership position and expand our OLED business."

Further development of the pharma pipeline

In its Healthcare business sector, Merck KGaA, Darmstadt, Germany, plans to invest further in the discovery and development of innovative medicines in 2016. The company assumes that its R&D investments in immuno-oncology will be € 150 million to € 200 million higher in 2016 than in 2015. These investments will be allocated to the immuno-oncological antibody avelumab*, which Merck KGaA, Darmstadt, Germany, is co-developing with Pfizer, as well as to projects in early stages of clinical development. In 2015, Merck KGaA, Darmstadt, Germany, together with partner Pfizer, has initiated four pivotal trials for avelumab, including those announced yesterday in advanced gastric and gastro-esophageal junction cancers. The first potential market launch for avelumab is expected in 2017. In early clinical development, Merck KGaA, Darmstadt, Germany, is driving the development of the investigational molecule M7824, among others. The first-in-class bifunctional fusion protein targets PD-L1 and TGF- β . The company also plans to increase its R&D investments in oncology and immunology by a medium to high double-digit million euro figure in 2016. The company stated that it is reviewing a partnership model for its bruton tyrosine kinase (BTK) program. This investigational compound is a highly selective BTK inhibitor, which is important in the development and function of various immune cells.

In connection with the preparations for the potential market launches of avelumab and of the multiple sclerosis drug cladribine, Merck KGaA, Darmstadt, Germany, expects investments in the medium to high double-digit million euro range. As announced on December 7, the company will not further pursue clinical trials with

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evofosfamide in advanced soft tissue sarcoma and advanced pancreatic adenocarcinoma.

Life Science embarking on profitable growth

The current Life Science business of Merck KGaA, Darmstadt, Germany, generated solid organic growth rates in 2015; this similarly holds true for Sigma-Aldrich. In both cases, demand from the biotech industry was a key growth driver. The Life Science business sector serves three customer segments: Research Solutions, Applied Solutions and Process Solutions. It ranks second in the global € 100 billion life science industry.

Within three years, meaning by 2018, Merck KGaA, Darmstadt, Germany, intends to realize the synergies of € 260 million communicated since the announcement of the transaction and provided the following details today: Marketing & Selling on the one hand as well as Administration and R&D on the other hand are expected to each generate around 30% of the cost savings, and around 40% will come from Production. Cost savings of € 90 million and € 170 million are intended to be achieved in 2016 and 2017 respectively, with the full annually recurring synergy potential of € 260 million planned to be reached by the end of 2018. The estimated one-time integration costs in order to achieve the synergies are around € 400 million, and will be distributed over a four-year period.

Performance Materials builds on innovative strength

With its four business units that develop and commercialize liquid crystals, effect pigments, semiconducting materials, and OLEDs (organic light-emitting diodes), the Performance Materials business sector is also well-positioned to maintain its profitability in 2016. This is mainly due to the business sector's innovative strength, which is reflected not only by the further development of existing product categories, for example the new generation of UB-FFS liquid crystals. Performance Materials is also driving the development of new technologies such as OLED materials. Merck KGaA, Darmstadt, Germany, is also benefiting from increasingly complex technological challenges of the electronics industry in the business with semiconducting materials, which was significantly strengthened by the acquisition of AZ for € 1.9 billion in 2014.

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Note for editors: A presentation (ca. 60 min) by CEO Karl-Ludwig Kley, CEO-Elect Stefan Oschmann and CFO Marcus Kuhnert will be accessible live via video webcast at 10:00 am (CET): <http://edge.media-server.com/m/p/dkm6by8k>

*Avelumab is an investigational agent. Avelumab is the proposed International Nonproprietary Name (INN) for the anti-PD-L1 monoclonal antibody (MSB0010718C).

Avelumab, Cladribine, Evofosfamide are under clinical investigation and have not been proven to be safe and effective. There is no guarantee any product will be approved in the sought-after indication by any health authority worldwide.

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Merck KGaA, Darmstadt, Germany, is a leading science and technology company in healthcare, life science and performance materials. Around 50,000 employees work to further develop technologies that improve and enhance life – from biopharmaceutical therapies to treat cancer or multiple sclerosis, cutting-edge systems for scientific research and production, to liquid crystals for smartphones and LCD televisions. In 2014, Merck KGaA, Darmstadt, Germany, generated sales of € 11.3 billion in 66 countries.

Founded in 1668, Merck KGaA, Darmstadt, Germany, is the world's oldest pharmaceutical and chemical company. The founding family remains the majority owner of the publicly listed corporate group. Merck KGaA, Darmstadt, Germany, holds the global rights to the Merck KGaA, Darmstadt, Germany, name and brand. The only exceptions are the United States and Canada, where the company operates as EMD Serono, MilliporeSigma and EMD Performance Materials.