

## News Release

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## Merck, KGaA, Darmstadt, Germany, Finishes Record Year 2015 Stronger

- **Net sales (+13.0%) and EBITDA pre exceptionals (+7.1%) reach new record levels**
- **All three business sectors deliver organic growth**
- **Asia-Pacific region drives Group sales growth**
- **Company meets targets for 2015**
- **Proposed dividend to increase to € 1.05 (+5%)**

Darmstadt, Germany, March 8, 2015 – Merck, KGaA, Darmstadt, Germany, a leading science and technology company, reported record results for 2015, emerging stronger from the transformation process that started in 2007. Net sales and EBITDA pre exceptionals were higher than ever before in the company's history of nearly 350 years.

"2015 was not only an eventful, but above all a very successful year for us. We again achieved profitable growth. By acquiring Sigma-Aldrich, we successfully completed the portfolio realignment of recent years. In immuno-oncology, we initiated six pivotal clinical trials. Research advances and future-oriented investments form the foundation for future success. And our new bold and vibrant branding shows what makes our company unique," said Karl-Ludwig Kley, Chairman of the Executive Board.

**Net sales** of the Group rose sharply by 13.0% to € 12.8 billion in 2015 (2014: € 11.4 billion). The acquisitions of AZ Electronic Materials (AZ) and Sigma-Aldrich were responsible for 4.3% of the sales growth. Organically, Merck, KGaA, Darmstadt, Germany, increased sales by 2.6% over 2014. Favorable exchange

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Merck KGaA

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rate effects, primarily thanks to the strength of the U.S. dollar, contributed 6.2% to sales growth.

The operating result (**EBIT**) rose by 4.6% to € 1.8 billion (2014: € 1.8 billion). **EBITDA pre exceptionals**, the key financial indicator used to steer operating business, climbed significantly by 7.1% to € 3.6 billion (2014: € 3.4 billion) thanks to the Life Science and Performance Materials business sectors.

**Net income**, i.e. profit after tax attributable to shareholders, declined in 2015 by -3.7% to € 1.1 billion (2014: € 1.2 billion). This was attributable to one-time expenses in connection with the Sigma-Aldrich takeover and integration as well as higher interest expenses to finance the acquisition.

**Earnings per share pre exceptionals** increased by 5.9% to € 4.87 (2014: € 4.60). The proposal to the Annual General Meeting on April 29, 2016 will be to increase the dividend by € 0.05 to € 1.05 per share.

Merck, KGaA, Darmstadt, Germany, was thus able to meet or exceed its forecast for 2015 with respect to sales, EBITDA pre exceptionals and earnings per share pre exceptionals.

Although Merck, KGaA, Darmstadt, Germany, had meanwhile built up a net cash position by mid-2015, **net financial debt** rapidly increased as expected to € 12.7 billion at the end of 2015 (December 31, 2014: € 559 million) owing to the purchase price payment for Sigma-Aldrich. As was the case following major acquisitions in the past, Merck, KGaA, Darmstadt, Germany, aims to use its strong internal financing power to quickly reduce its debt. As of December 31, 2015, the company had 49,613 **employees** worldwide (December 31, 2014: 39,639). The increase in the headcount by around 10,000 people compared with 2014 was mainly due to the successful completion of the Sigma-Aldrich acquisition.

### **Fourth quarter of 2015: Life Science drives Group growth**

In the fourth quarter of 2015, Merck, KGaA, Darmstadt, Germany, generated net sales of € 3.5 billion, representing an increase of 15.5% (Q4 2014: € 3.0 billion). Apart from organic growth, this was primarily due to the strong acquisition-related

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sales increase in Life Science. The 6.3% increase in EBITDA pre exceptionals to € 933 million in the fourth quarter of 2015 (Q4 2014: € 878 million) was also driven by Life Science. At € 1.13, earnings per share pre exceptionals remained stable in the fourth quarter of 2015 (Q4 2014: € 1.14).

### **Healthcare: robust business and investments in growth markets**

Net sales of the Healthcare business sector increased in 2015 by 4.7% to € 6.9 billion (2014: € 6.6 billion). This was attributable to organic growth of 1.6% and exchange rate effects of 3.1%. Above all, the Asia-Pacific region fueled organic growth.

Sales of **Rebif**, which is used to treat relapsing forms of multiple sclerosis, declined organically by -10.7% in 2015 owing to continued competitive pressure from oral formulations. Amid currency tailwinds of 8.5%, Rebif sales amounted to € 1.8 billion (2014: € 1.8 billion). At € 899 million, Group sales of the oncology drug **Erbix** in 2015 were stable (2014: € 904 million). The slight organic sales decline of -1.5% was partly offset by positive exchange rate effects of 0.9%. With **Gonal-f**, the leading recombinant hormone used in the treatment of infertility, Merck, KGaA, Darmstadt, Germany, achieved organic sales growth of 3.7% in 2015. Including positive currency effects, sales rose to € 685 million (2014: € 628 million).

At € 2.0 billion, EBITDA pre exceptionals of the Healthcare business sector in 2015 remained at the previous year's level (2014: € 2.0 billion). This mainly reflected the loss of royalty and license income as of mid-2014 as well as marketing and selling expenses, which were significantly higher than in 2014 due to ongoing investments in growth markets as well as currency effects.

### **Life Science becomes company's growth engine in 2015**

Amid growing profitability, net sales by the Life Science business sector soared in 2015 by 25.1% to € 3.4 billion (2014: € 2.7 billion). This was attributable not only to strong organic growth of 6.5% and favorable exchange rate effects of 8.4%, but mainly to acquisition-related increases of 10.2% resulting from the purchase of Sigma-Aldrich.

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The Process Solutions business area, which markets products and services for the entire pharmaceutical production value chain, generated organic sales growth of 11.6%. The increase was mainly fueled by higher demand for products used in biopharmaceutical production in Europe and the United States. With its broad range of products for researchers and scientific laboratories, the Lab Solutions business area delivered organic sales growth of 3.1%. The Bioscience business area, which provides products and services to support research for pharmaceutical, biotechnological and academic research laboratories, reported a slight organic sales increase of 0.7%. The first-time consolidation of Sigma-Aldrich on November 18, 2015 boosted Life Science sales by € 279 million, accounting for 8% of the business sector's net sales in 2015.

In 2015, the Life Science business sector reported a sharp 30% rise in EBITDA pre exceptionals to € 856 million (2014: € 659 million), which was attributable to good operating performance in all businesses as well as the contribution from Sigma-Aldrich.

"With the acquisition of Sigma-Aldrich, the biggest takeover in our corporate history, we have become one of the leading players in the global life science industry," said Karl-Ludwig Kley. "We can now offer our customers a broader product portfolio than before. Additionally, we now have the leading e-commerce platform in the sector."

### **Performance Materials benefits from business with innovative products**

In 2015, net sales of the Performance Materials business sector rose sharply by 24.1% to € 2.6 billion (2014: € 2.1 billion). Apart from a significantly positive currency effect of 13.1%, revenues from acquired businesses also contributed considerably to sales growth, accounting for 10.4% of the increase. These acquisition-related sales effects were largely attributable to the integration of AZ, which was acquired in 2014. In addition, the first-time consolidation in mid-November of the SAFC Hitech business of Sigma-Aldrich contributed around € 10 million to the sales increase in the Performance Materials business sector. Organically, net sales were at the previous year's level, with growth of 0.6%.

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The Display Materials business unit, which was established at the beginning of 2015, saw a strong increase in sales driven by currency and acquisitions and solidified its global market leadership position. The increases in sales volumes of innovative technologies overcompensated for the decline in sales volumes for older liquid crystal technologies. For the Pigments & Functional Materials business unit, 2015 was a stable business year with sales at the previous year's level. The Integrated Circuit Materials business unit, which includes the former AZ business with materials used to manufacture integrated circuits as well as the Sigma-Aldrich Hitech business acquired in November 2015, recorded slight organic sales growth. Within the Performance Materials business sector, the highest growth rates were achieved by the Advanced Technologies business unit. Its emerging OLED materials business showed a particularly dynamic development. In June 2015, Merck, KGaA, Darmstadt, Germany, laid the cornerstone for a new OLED materials production unit in Darmstadt, involving an investment of around € 30 million.

EBITDA pre exceptionals of Performance Materials soared by 26.5% to € 1.1 billion (2014: € 0.9 billion), driven by currency effects, the integration of AZ, as well as good volume developments.

### **2016 guidance: Company expects slight organic sales growth and a low double-digit increase in EBITDA pre exceptionals**

In 2016, Merck, KGaA, Darmstadt, Germany, expects slight organic sales growth. Additionally, owing to the acquisition of Sigma-Aldrich, the company expects a positive portfolio effect on sales in the low double-digit percentage range. For 2016, owing to the expected operating performance and the acquisition of Sigma-Aldrich, Merck, KGaA, Darmstadt, Germany, forecasts a low double-digit percentage increase in EBITDA pre exceptionals over 2015.

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### Group – Key figures

€ million	2015	2014	Change in %	Q4 2015	Q4 2014	Change in %
Net sales	12,844.7	11,362.8	13.0	3,463.6	2,998.6	15.5
Operating result (EBIT)	1,843.2	1,762.0	4.6	298.1	423.8	-29.7
Margin (% of net sales)	14.3	15.5		8.6	14.1	
EBITDA	3,354.1	3,122.9	7.4	803.2	804.2	-0.1
Margin (% of net sales)	26.1	27.5		23.2	26.8	
EBITDA pre exceptionals	3,629.8	3,387.7	7.1	933.4	878.4	6.3
Margin (% of net sales)	28.3	29.8		26.9	29.3	
Earnings per share (€)	2.56	2.66	- 3.8	0.29	0.64	-54.7
Earnings per share pre exceptionals (€)	4.87	4.60	5.9	1.13	1.14	-0.9
Net income	1,114.8	1,157.3	- 3.7	125.7	280.0	-55.1
	<b>Dec. 31, 2015</b>	<b>Dec. 31, 2014</b>				
Net financial debt	12,653.7	559.1				

#### Notes for editors:

- Interactive [online Annual Report 2015](#) optimized for mobile devices
- The **press conference** for media representatives will also be webcast live as of 10:00 a.m. (CET) (in [German](#) and [English](#))
- The respective **presentation** as well as further information for journalists including a **digital press kit** can be found [here](#)
- Merck KGaA, Darmstadt, Germany, on [Facebook](#), [Twitter](#), [LinkedIn](#)
- **Photos and video footage** can be found [here](#)
- **Stock symbols**

*Reuters: MRCG, Bloomberg: MRK GY, Dow Jones: MRK.DE*

*Frankfurt Stock Exchange: ISIN: DE 000 659 9905 – WKN: 659 990*

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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 2015, Merck KGaA, Darmstadt, Germany, generated sales of € 12.8 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.