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News Release

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Q3/2011: Merck Total Revenues Increase by 4% to €2.5 Billion

- Total revenues grow organically by 6.9% in a challenging environment
- Net profit rises 7.5% to €227 million
- Group guidance unchanged: underlying core OR for 2011 remains at about €2.25 billion

Key Figures:

Merck Group (€Million)	Q3/2011	Q3/2010	(+/- %)	1-9/2011	1-9/2010	(+/- %)
Total Revenues	2,531.6	2,437.8	3.8	7,650.7	6,744.7	13.4
Operating Result	333.3	363.5	-8.3	693.4	984.4	-29.6
Underlying core OR ¹	551.5	624.0	-11.6	1,729.2	1,557.8	11.0
Net Profit ²	226.6	210.8	7.5	481.8	585.6	-17.7
EPS (€)	1.04	0.97	7.2	2.22	2.69	-17.5
Core EPS (€) ³	1.91	1.95	-2.0	4.89	4.95	-1.3

1. Core operating result, which excludes Merck Serono- and Merck Millipore-related amortization of intangible assets and integration costs as well as impairment losses on intangible assets in the Performance Materials division, and without one-time items; 2. Net profit after non-controlling interests 3. EPS excluding net of tax effects for Merck Serono- and Merck Millipore-related amortization of intangible assets and integration costs, impairment losses on intangible assets in the Performance Materials division, and exceptional items

Darmstadt, Germany, October 26, 2011 – “The Merck Group produced solid third-quarter revenue growth in a difficult environment, driven mainly by good performances from the Merck Serono and Merck Millipore divisions. Net profit rose by 8% on higher revenues and as one-time costs from last year were not repeated, leaving us well positioned as we head into the end of the year,” said Karl-Ludwig Kley, Chairman of the Executive Board of Merck KGaA. “We are making progress in driving our change agenda forward and we will provide important updates on this endeavor in the first half of 2012.”

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Merck KGaA

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Total revenues of the Merck Group increased 3.8% to € 2,532 million in the third quarter from €2,438 million in the year-ago quarter with solid contributions from the Pharmaceuticals divisions and the Merck Millipore life science division. Exchange rate movements reduced third-quarter revenue growth by 2.2% and divestments subtracted a further 0.9%. Adjusted for these items, third quarter organic revenue growth was 6.9%.

Administration expenses decreased by 2.7% to € 124 million in the third quarter of 2011. Other operating expenses and income declined by 1.3% to € 90 million from € 91 million in the year-ago quarter. Research and development spending increased 6.4% to € 371 million in the third quarter of 2011 mainly due to expensive late-stage clinical trials of Merck Serono and a strong Swiss franc during the quarter.

Amortization of intangible assets rose 7.4% to € 213 million from € 198 million in the year-ago quarter. This includes amortization of intangible assets from the Millipore purchase price allocation amounting to € 47 million and € 164 million from Merck Serono.

Third-quarter earnings before interest and tax (**EBIT**) declined 8.4% to € 333 million, or 13.2% of total revenues, compared to € 363 million, or 14.9% of total revenues, in the year-ago quarter. The third-quarter **underlying core operating result**, which excludes Merck Serono- and Merck Millipore-related amortization of intangible assets and other one-time charges, was € 552 million, or 21.8% of revenues, compared to € 624 million, or 25.6% of revenues, in the year-ago quarter. The primary reason for the decline in profitability was a weakening of the Performance Materials division, which faced a slowdown in its respective end-user industries, and the increase in R&D costs.

The Merck Group's third-quarter **profit before tax** was down 9.2% to € 263 million compared to € 289 million in the year-ago quarter. Due to a 56% reduction in taxes to just € 33 million, **profit after tax** in the third quarter of 2011 increased 7.2% to € 230 million from € 215 million in the third quarter of 2010.



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Merck had 40,849 **employees** worldwide on September 30, 2011, compared to 40,562 on December 31, 2010.

Merck Divisions

Merck Serono's total revenues during the third quarter increased 5.4% to € 1,469 million compared to € 1,393 million in the year-ago quarter, representing a solid performance in a difficult environment of lower health care spending by governments and other payers. Foreign currency exchange rate movements reduced revenue growth by 1.9% and the divestment of the Thérámex women's health business also had the effect of lowering revenue growth by 1.5%. Adjusted for these items, Merck Serono generated organic revenue growth of 8.9% in the quarter.

Global sales of **Rebif®** for the treatment of relapsing forms of multiple sclerosis rose 8.4% on an organic basis to € 426 million in the third quarter. Sales of the targeted cancer treatment **Erbix®** rose 4.7% organically in the third quarter to €218 million primarily as a result of growth in emerging markets.

The division's third-quarter operating result declined by 17% to € 174 million from € 210 million in the year-ago quarter. The third-quarter underlying core operating result, which excludes amortization of intangible assets and one-time charges, was € 338 million, or 23.0% of revenues, compared to € 358 million, or 25.7% of revenues, in the third-quarter of last year.

The **Consumer Health Care** division reported a 6.3% rise in total revenues to € 133 million in the third quarter, representing 7.1% organic revenue growth. Growth was achieved across all geographic regions. More specifically, Germany, Russia and India were strong performers in the quarter.

The division's operating result rose by 3.2% to € 17 million in the third quarter from € 16 million in the year-ago quarter. The division's EBIT margin for the third quarter was 12.6% compared to 13.0% in the year-ago quarter.



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The **Merck Millipore** division's total revenues increased 5.2% to €588 million in the third quarter of 2011 compared to €559 million in the year-ago period. Negative currency effects reduced revenue growth by 3.5% and acquisitions added 1.5% in growth, which led to a 7.3% increase in organic revenue growth in the third quarter.

The **Bioscience** business unit's third-quarter growth was driven by a good performance in North America, particularly for pharmaceutical customers. Sales in China and India showed double-digit growth. The business unit's cell biology products, including flow cytometry, continue to be some of its fastest growing product lines. **Lab Solutions** sales growth was powered by strong performances of its Lab Water and BioMonitoring products. Third-quarter **Process Solutions** sales growth was driven by strong business in emerging markets, as well as a double-digit growth in sales to global biotech customers, who increased their production of biologic drugs and vaccines.

The division's third-quarter operating result was €53 million compared to €13 million in the year-ago quarter. The EBIT margin was 9.0% in the third quarter compared to 2.4% in the year-ago quarter. The third quarter underlying core operating result, which is adjusted for one-time charges and amortization of purchased intangibles, was €107 million, or 18.3% of total revenues, compared to €125 million, or 22.4% of total revenues, in the third quarter of 2010.

The **Performance Materials** division's third-quarter total revenues declined 5.2% year-over-year to €342 million. Currency exchange rates lowered revenue growth by 1.7% and the divestment of the division's Crop BioScience business in February subtracted another 2.2 percentage points from growth, resulting in an organic revenue decline of 1.3% in the third quarter.

Third-quarter sales for the **Liquid Crystals** business unit increased organically by just 2.4% in the quarter as customers reduced stocks in the third quarter in response to a weaker economic environment. Sales by the **Pigments & Cosmetics** business unit declined 12% organically during the third quarter due to lower volumes and softer demand across all business fields.

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The division's third-quarter EBIT declined 24% in the third quarter to € 113 million, or 33.0% of revenues, compared to € 149 million, or 41.2% of revenues in the third quarter of 2010.

Merck Group forecast for 2011

The Executive Board forecasts full-year total revenues for the Group to be about € 10 billion to € 10.2 billion. Likewise, the Executive Board expects the Group underlying core operating result for 2011 to amount to about € 2.25 billion, as stated in July. The net financial debt of the Merck Group resulting from the 2010 acquisition of Millipore continues to decrease at an excellent pace.

Merck Guidance for 2011

Merck Group	Expectations
Total Revenues	~ € 10 billion - €10.2 billion
Operating Result	~ € 1.0 billion
Underlying Core Operating Result	~ € 2.25 billion

Merck Divisions	Total Revenues Growth
Merck Serono	+ ~ 1% - 2%
Consumer Health Care	+ ~ 5% - 6%
Merck Millipore*	+ ~ 47%
Performance Materials*	+ ~ 3% - 4%

* Adjusted to reflect that the Cosmetics Actives business was transferred to Performance Materials in 2011 from Merck Millipore.



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Notes to Editors:

- The **Third-Quarter Financial Report**, available in an interactive online format, can be found in the [Internet](#). This site allows quick access to the annual report with better navigation, downloading of financial tables as Excel spreadsheets, intelligent searches and much more.
- Click [here](#) to follow the **press conference** live at 10 a.m. CET. Click [here](#) for the **analysts call** at 2 p.m. CET, as well as the charts used for the call.
- **Merck KGaA stock symbols:**
Reuters: MRCG, Bloomberg: MRK GY, Dow Jones: MRK.DE
Frankfurt Stock Exchange: ISIN: DE 000 659 9905 - WKN: 659 990

Note regarding forward-looking statements

The information in this document contains "forward-looking statements." Forward-looking statements may be identified by words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", "will" or words of similar meaning and include, but are not limited to, statements about the expected future outcome or timing of the transactions described above. These statements are based on the current expectations of management of Merck KGaA and E. Merck KG, and are inherently subject to uncertainties and changes in circumstances. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are factors relating to changes in global, political, economic, business, competitive, market and regulatory forces. Merck KGaA and E. Merck KG do not undertake any obligation to update the forward-looking statements to reflect actual results, or any change in events, conditions, assumptions or other factors.

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Merck is a global pharmaceutical and chemical company with total revenues of € 9.3 billion in 2010, a history that began in 1668, and a future shaped by more than 40,000 employees in 67 countries. Its success is characterized by innovations from entrepreneurial employees. Merck's operating activities come under the umbrella of Merck KGaA, in which the Merck family holds an approximately 70% interest and shareholders own the remaining approximately 30%. In 1917 the U.S. subsidiary Merck & Co. was expropriated and has been an independent company ever since.