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Merck Annual General Meeting 2016: CEO Handover After Ten Successful Years

- **Karl-Ludwig Kley hands over Executive Board chairmanship to Stefan Oschmann**
- **Supervisory Board thanks Kley for the fundamental and successful transformation of Merck into a stronger, more profitable and more innovative company**
- **In parallel, Bernd Reckmann retires from the Executive Board; Udit Batra and Walter Galinat join as new members**
- **Shareholders to vote on dividend increase to € 1.05 (+5%)**
- **Merck aims to grow further; new environmental goal set for 2020**

Darmstadt, Germany, April 29, 2016 – Merck, a leading science and technology company, has emerged stronger following fiscal 2015. At the 21st Annual General Meeting being held today in Frankfurt am Main, the company will propose to its shareholders a dividend increase of € 0.05 or 5% to € 1.05 per share. At the same time, the change in the executive chairmanship announced back in October 2015 will take effect tomorrow. Stefan Oschmann will succeed Karl-Ludwig Kley as Chairman of the Executive Board.

An eventful 2015

“At Merck, a great deal has happened. By acquiring Sigma-Aldrich, we successfully completed the portfolio realignment of the past ten years,” said Kley summarizing his final year as CEO. “Our pharmaceutical research is well on its way to achieving highly promising results. The new display technologies even exceeded our own



News Release

high expectations. And with our new brand, we have now become unmistakable in our external appearance.”

In 2015, the Merck share price increased by 14%, thus outperforming the DAX and the relevant comparative indices. Our shares reached their annual high of € 111.25 on April 10, 2015, which also represented an all-time high.

Merck completed fiscal 2015 with record figures. Sales and EBITDA pre exceptionals were higher than ever before in Merck's nearly 350-year history. Net sales of the Merck Group increased sharply by 13.0% to € 12.8 billion in 2015 (2014: € 11.4 billion). EBITDA pre exceptionals, the key financial indicator used to steer operating business, climbed 7.1% to € 3.6 billion. Thanks to the Life Science and Performance Materials business sectors, it was considerably higher than in the previous year (2014: € 3.4 billion).

Net income, i.e. profit after tax attributable to Merck 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 acquisition and integration, as well as higher interest expenses to finance the acquisition. The proposal to the Annual General Meeting will be to increase the dividend as in previous year by € 0.05, to € 1.05 per share.

Merck's net financial debt rose significantly to € 12.7 billion as of the end of 2015 (December 31, 2014: € 559 million) due to the purchase price payment for Sigma-Aldrich. As was the case following major acquisitions in the past, Merck aims to use its strong internal financing power to quickly reduce its debt.

As announced at the Annual Press Conference on March 8, 2016, Merck expects slight organic sales growth in 2016. Owing to the acquisition of Sigma-Aldrich, the company also expects a positive portfolio effect on sales in the low double-digit percentage range. For 2016, owing to the expected operating development and the acquisition of Sigma-Aldrich, Merck forecasts a low double-digit percentage increase in EBITDA pre exceptionals over the previous year. Merck will publish a more detailed forecast for 2016 when it announces its first-quarter results on May 19, 2016.

News Release

CR Report – Update 2015: Merck aims to significantly lower energy and water consumption by 2020

Merck measures its success not only in financial figures. The company made significant progress in achieving its corporate responsibility objectives in 2015. [The Corporate Responsibility – Update 2015](#) documents Merck's environmental and social performance.

In its Group-wide corporate responsibility efforts, Merck places emphasis on climate protection and energy efficiency. By 2020, the company aims to reduce its total global greenhouse gas emissions by 20% (measured against the 2006 baseline). In 2014, Merck had already lowered its greenhouse gas emissions by around 8%. In addition, Merck had set itself a new ambitious target and also aims to lower the water consumption of its sites by 2020.

Moreover, the company undertakes numerous activities to help underserved populations and patients in low- and middle-income countries gain access to health solutions. For example, Merck donated more than 100 million praziquantel tablets to WHO for the fight against the deadly worm disease schistosomiasis in Africa – 33% more than in the year before.

Supervisory Board thanks Kley and Reckmann

Following nine years as CEO of Merck, Kley (64) handed over the executive chairmanship of the company to Stefan Oschmann (58). Wolfgang Büchele, Chairman of the Supervisory Board of Merck KGaA, thanked Kley on behalf of the Supervisory Board. "Since taking office in 2007, Karl-Ludwig Kley has made tremendous accomplishments in transforming Merck. He displayed not only strategic vision, but also decisiveness in implementation. With his departure, one of Germany's outstanding business leaders is leaving Merck," said Büchele.

The appointment of a new CEO is not the only change in the Merck Executive Board. As already announced in January 2016, two new members will be joining the Executive Board: Udit Batra (45), Head of the Life Science business sector, and Walter Galinat (60), Head of the Performance Materials business sector,

News Release

Bernd Reckmann (60), a long-standing member of the Executive Board responsible for Life Science and Performance Materials, will retire on conclusion of the Annual General Meeting. Supervisory Board Chairman Büchele thanked Reckmann. "In his 30 years at Merck, Bernd Reckmann has not only made the Performance Materials business sector the market and technology leader in display materials. He also built the Life Science business up from humble beginnings to rank second worldwide," said Büchele.

Karl-Ludwig Kley says farewell at the Annual General Meeting

At the Annual General Meeting, the departing Merck CEO Karl-Ludwig Kley said farewell to and thanked employees, colleagues, customers and shareholders, as well as the Merck family, which holds around 70% of the company's total capital. "Without the support of the Merck family, the realignment of the past ten years would have not been possible. Your clear commitment to this company, your self-perception as a family of owners, and your long-term thinking are unique," said Kley.

"My thanks also go out to all the employees of this fantastic company. Every day they demonstrate how performance and values-based behavior, customer orientation and loyalty, a sense of tradition and the willingness to embrace new things fit together. Our 50,000 employees are this company's most valuable asset. Over the past several years, my successor Stefan Oschmann and I have cooperated superbly. I know that the company is in good hands with him."

Merck has changed tremendously during Kley's term of office. Over the past ten years, the company has invested more than € 30 billion in acquisitions. A classic supplier of pharmaceuticals and chemicals has become a global science and technology company. In addition, Merck has grown strongly. During this period, Group sales more than doubled from € 6.3 billion in 2006 to € 12.8 billion in 2015, and the number of employees increased from 30,000 to 50,000. In North America, sales tripled and in growth markets they increased by 2.5 times during this period.



News Release

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About Merck

Merck 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 generated sales of € 12.85 billion in 66 countries.

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