

04 CONSOLIDATED FINANCIAL STATEMENTS



Pages 166 – 255

168	Consolidated Income Statement
169	Consolidated Statement of Comprehensive Income
170	Consolidated Balance Sheet
171	Consolidated Cash Flow Statement
172	Consolidated Statement of Changes in Net Equity
174	Notes to the Group accounts

CONSOLIDATED INCOME STATEMENT

€ million	Note	2014	2013
Sales	→ 23	11,291.5	10,700.1
Royalty, license and commission income	→ 24	209.3	395.0
Total revenues		11,500.8	11,095.1
Cost of sales ¹	→ 25	-3,526.4	-3,041.7
<i>(of which: amortization of intangible assets)¹</i>		<i>(-94.0)</i>	<i>(-49.2)</i>
Gross profit¹		7,974.4	8,053.4
Marketing and selling expenses ¹	→ 26	-3,104.9	-3,088.5
<i>(of which: amortization of intangible assets)¹</i>		<i>(-719.0)</i>	<i>(-762.0)</i>
Royalty, license and commission expenses	→ 27	-537.5	-567.0
Administration expenses	→ 28	-608.6	-562.4
Research and development costs ¹	→ 29	-1,703.7	-1,506.6
<i>(of which: amortization of intangible assets)¹</i>		<i>(-3.8)</i>	<i>(-2.3)</i>
Other operating expenses and income	→ 30	-257.7	-718.1
Operating result (EBIT)		1,762.0	1,610.8
Financial result	→ 31	-205.0	-222.2
Profit before income tax		1,557.0	1,388.6
Income tax	→ 32	-392.2	-179.5
Profit after tax		1,164.8	1,209.1
of which attributable to Merck KGaA shareholders (net income)		1,157.3	1,202.2
of which attributable to non-controlling interests	→ 33	7.5	6.9
Earnings per share (in €)	→ 34		
basic ²		2.66	2.77
diluted ²		2.66	2.77

¹The disclosure of amortization of intangible assets (excluding software) has been changed. See Note "Accounting and measurement principles".

²Taking into account the share split; previous year's figures have been adjusted accordingly. See Note "Earnings per share".

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>€ million</i>	Note	2014	2013
Profit after tax		1,164.8	1,209.1
Items of other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement of the net defined benefit liability			
Changes in remeasurement	→ 49	-861.5	98.8
Tax effect	→ 32	149.2	-16.3
Changes recognized in equity		-712.3	82.5
		-712.3	82.5
Items of other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Available-for-sale financial assets			
Fair value adjustments		-1.4	1.8
Reclassification to profit or loss		-0.1	-1.6
Tax effect	→ 32	0.4	-0.4
Changes recognized in equity		-1.1	-0.2
Derivative financial instruments			
Fair value adjustments		411.7	125.5
Reclassification to profit or loss		-43.0	-26.5
Reclassification to assets		-	-
Tax effect	→ 32	-20.2	-25.3
Changes recognized in equity		348.5	73.7
Exchange differences on translating foreign operations			
Changes taken directly to equity		682.4	-204.9
Reclassification to profit or loss		0.1	-8.9
Changes recognized in equity		682.5	-213.8
		1,029.9	-140.3
Other comprehensive income		317.6	-57.8
Comprehensive income		1,482.4	1,151.3
of which attributable to Merck KGaA shareholders		1,469.1	1,154.6
of which attributable to non-controlling interests	→ 33	13.3	-3.3

CONSOLIDATED BALANCE SHEET

<i>€ million</i>	Note	Dec. 31, 2014	Dec. 31, 2013
Current assets			
Cash and cash equivalents	→ 35	2,878.5	980.8
Current financial assets	→ 36	2,199.4	2,410.5
Trade accounts receivable	→ 37	2,235.6	2,021.4
Inventories	→ 38	1,659.7	1,474.2
Other current assets	→ 39	1,210.2	360.7
Income tax receivables	→ 40	297.0	109.8
Assets held for sale	→ 4	-	27.1
		10,480.4	7,384.5
Non-current assets			
Intangible assets	→ 41	11,395.5	9,867.2
Property, plant and equipment	→ 42	2,990.4	2,647.2
Non-current financial assets	→ 43	94.4	77.8
Other non-current assets	→ 39	56.5	105.5
Deferred tax assets	→ 32	992.9	736.4
		15,529.7	13,434.1
Total assets		26,010.1	20,818.6
Current liabilities			
Current financial liabilities	→ 44	2,075.9	440.4
Trade accounts payable	→ 45	1,539.4	1,364.1
Other current liabilities	→ 46	1,574.6	1,134.5
Income tax liabilities	→ 47	849.8	465.1
Current provisions	→ 48	561.7	494.7
Liabilities directly related to assets held for sale		-	-
		6,601.4	3,898.8
Non-current liabilities			
Non-current financial liabilities	→ 44	3,561.1	3,257.5
Other non-current liabilities	→ 46	782.0	5.6
Non-current provisions	→ 48	626.1	1,011.1
Provisions for pensions and other post-employment benefits	→ 49	1,820.1	910.9
Deferred tax liabilities	→ 32	818.4	665.5
		7,607.7	5,850.6
Equity	→ 50		
Equity capital		565.2	565.2
Reserves		9,038.9	9,341.1
Gains/losses recognized immediately in equity		2,137.5	1,113.7
Equity attributable to Merck KGaA shareholders		11,741.6	11,020.0
Non-controlling interests		59.4	49.2
		11,801.0	11,069.2
Total liabilities and equity		26,010.1	20,818.6

CONSOLIDATED CASH FLOW STATEMENT

<i>€ million</i>	Note	2014	2013
Profit after tax		1,164.8	1,209.1
Depreciation/amortization/impairment losses/reversals of impairments		1,360.9	1,458.4
Changes in inventories		20.9	-58.4
Changes in trade accounts receivable		-33.0	-45.0
Changes in trade accounts payable		52.8	128.2
Changes in provisions		-341.6	-203.0
Changes in other assets and liabilities		471.3	-260.4
Neutralization of gains/losses on disposal of assets		-9.3	-27.5
Other non-cash income and expenses		18.7	24.1
Net cash flows from operating activities	→ 53	2,705.5	2,225.5
Payments for investments in intangible assets		-143.3	-109.6
Payments from the disposal of intangible assets ¹		2.1	0.3
Payments for investments in property, plant and equipment		-480.9	-407.0
Payments from the disposal of property, plant and equipment ¹		14.0	260.0
Payments for investments in financial assets ¹		-3,143.3	-975.2
Payments for the obtainment of control over AZ Electronic Materials S.A. less acquired cash and cash equivalents		-1,419.3	-
Payments for other acquisitions		-	-15.1
Payments from the disposal of other financial assets ¹		3,508.6	372.1
Payments from the divestment of the Discovery and Development Solutions business field		20.9	-
Net cash flows from investing activities	→ 54	-1,641.2	-874.5
Dividend payments to Merck KGaA shareholders		-122.8	-109.9
Dividend payments to non-controlling interests		-3.1	-3.7
Dividend payments to E. Merck KG		-382.7	-304.5
Payments from new borrowings of financial liabilities from E. Merck KG		139.4	128.8
Payments from transactions with no change of control		-351.3	-0.3
Repayment of bonds		-	-750.0
Payments from the issuance of bonds		1,482.9	-
Payments from new borrowings of other current and non-current financial liabilities		322.6	64.6
Repayments of other current and non-current financial debt liabilities		-324.5	-97.7
Net cash flows from financing activities		760.5	-1,072.7
Changes in cash and cash equivalents		1,824.8	278.3
Changes in cash and cash equivalents due to currency translation		72.9	-27.2
Cash and cash equivalents as of January 1		980.8	729.7
Cash and cash equivalents as of December 31		2,878.5	980.8
Plus cash and cash equivalents included in assets held for sale		-	-
Cash and cash equivalents as of December 31 (consolidated balance sheet)	→ 35	2,878.5	980.8

¹ Previous year's figures have been adjusted, see "Notes to the consolidated cash flow statement".

CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY

For details see Note [50]

€ million	Equity capital			Retained earnings	
	General partner's equity Merck KGaA	Subscribed capital Merck KGaA	Capital reserves (share premium) Merck KGaA	Retained earnings/ Net retained profit	Remeasurement of defined benefit plans
Balance as of January 1, 2013	397.2	168.0	3,813.7	5,383.9	- 645.3
Profit after tax	-	-	-	1,202.2	-
Other comprehensive income	-	-	-	-	82.6
Comprehensive income	-	-	-	1,202.2	82.6
Dividend payments	-	-	-	-109.9	-
Profit transfer to /from E. Merck KG including changes in reserves	-	-	-	- 383.0	-
Transactions with no change of control	-	-	-	- 3.1	-
Changes in scope of consolidation /Other	-	-	-	-	-
Balance as of December 31, 2013	397.2	168.0	3,813.7	6,090.1	- 562.7
Balance as of January 1, 2014	397.2	168.0	3,813.7	6,090.1	- 562.7
Profit after tax	-	-	-	1,157.3	-
Other comprehensive income	-	-	-	-	- 712.0
Comprehensive income	-	-	-	1,157.3	- 712.0
Dividend payments	-	-	-	-122.8	-
Profit transfer to /from E. Merck KG including changes in reserves	-	-	-	- 435.0	-
Transactions with no change of control	-	-	-	-189.4	-
Changes in scope of consolidation /Other	-	-	-	- 0.3	-
Balance as of December 31, 2014	397.2	168.0	3,813.7	6,499.9	- 1,274.7

Gains/losses recognized in equity					
Available-for-sale financial assets	Derivative financial instruments	Currency translation difference	Equity attributable to Merck KGaA shareholders	Non-controlling interests	Total equity
1.2	-29.5	1,272.2	10,361.4	53.4	10,414.8
-	-	-	1,202.2	6.9	1,209.1
-0.2	73.7	-203.7	-47.6	-10.2	-57.8
-0.2	73.7	-203.7	1,154.6	-3.3	1,151.3
-	-	-	-109.9	-3.7	-113.6
-	-	-	-383.0	-	-383.0
-	-	-	-3.1	2.8	-0.3
-	-	-	-	-	-
1.0	44.2	1,068.5	11,020.0	49.2	11,069.2
1.0	44.2	1,068.5	11,020.0	49.2	11,069.2
-	-	-	1,157.3	7.5	1,164.8
-1.1	348.5	676.4	311.8	5.8	317.6
-1.1	348.5	676.4	1,469.1	13.3	1,482.4
-	-	-	-122.8	-3.1	-125.9
-	-	-	-435.0	-	-435.0
-	-	-	-189.4	-161.9	-351.3
-	-	-	-0.3	161.9	161.6
-0.1	392.7	1,744.9	11,741.6	59.4	11,801.0