

CONSUMER HEALTH

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KEY FIGURES

€ million	2014	2013 ¹	Change in %
Total revenues	768.8	745.0	3.2
Sales	766.1	742.1	3.2
Operating result (EBIT)	149.9	162.1	-7.5
Margin (% of sales)	19.6	21.8	
EBITDA	160.4	171.0	-6.2
Margin (% of sales)	20.9	23.0	
EBITDA pre one-time items	169.4	172.4	-1.7
Margin (% of sales)	22.1	23.2	
Business free cash flow	124.0	172.5	-28.1

¹Previous year's figures have been adjusted, see "The Merck Group" in the Group management report.

Development of sales and results of operations

In 2014, sales by the Consumer Health division rose 3.2% to € 766 million (2013: € 742 million). Organic growth of 5.4% was countered by a negative foreign exchange impact of -2.2%. Organic sales growth was mainly driven by the strategic brands Neurobion®,

Femibion® and Floratil®, as well as by local brands in Germany, where an increase in the market share of Femibion® was achieved.

The development of sales in the individual quarters in comparison with 2013 as well as the respective organic growth rates are presented in the following overview:

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SALES AND ORGANIC GROWTH BY QUARTER^{1,2}

€ million / organic growth in %

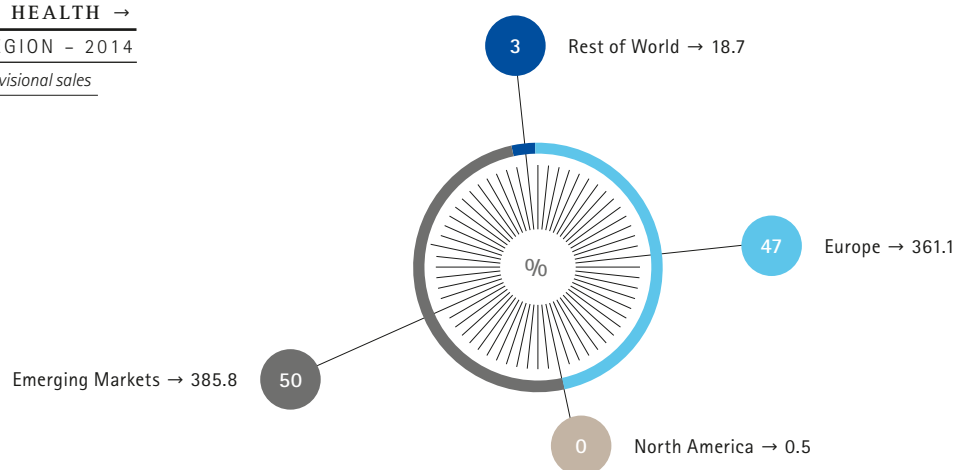


¹Quarterly breakdown unaudited.

²Previous year's figures have been adjusted, see "The Merck Group" in the Group management report.

CONSUMER HEALTH →**SALES BY REGION - 2014**

€ million/% of divisional sales



From a geographic perspective, the division's two most important regions, namely Emerging Markets and Europe, delivered solid organic growth rates. The Emerging Markets region, which accounts for 50% of sales (2013: 51%) and is the division's largest region, posted organic sales growth of 7.1% and a negative foreign exchange impact of -4.6%. Sales in this region thus increased by a total of 2.5% to € 386 million (2013: € 376 million). Neurobion® in particular proved to be a growth driver and achieved double-digit growth rates in Latin America. Sales benefited from the focus on consumer-oriented marketing activities. For instance in the growth market of Brazil, the anti-diarrheal Floratil® achieved a double-digit growth rate. In Asia, the growth drivers included not only Neurobion® but also the iron supplement Sangobion®.

The performance of these two brands was very strong particularly in Indonesia and the Philippines.

In Europe, the Consumer Health division generated organic sales growth of 4.6% supported by positive foreign exchange effects of 0.6%, which led to an increase in sales to € 361 million (2013: € 343 million). Strong sales volumes of Femibion®, a nutritional supplement for pregnant women, local brands in Germany as well as Apaisyl®, a French brand of insect repellent and skin care products, more than offset weaker demand for Bion® as well as Nasivin®, which, for example, was impacted by a mild winter. The share of divisional sales accounted for by Europe remained constant at 47% in 2014 (2013: 46%).

CONSUMER HEALTH →**SALES COMPONENTS BY REGION - 2014**

€ million/change in %

	Sales	Organic growth	Exchange rate effects	Acquisitions/ divestments	Total change
Europe	361.1	4.6	0.6	-	5.2
North America	0.5	-56.5	1.6	-	-54.9
Emerging Markets	385.8	7.1	-4.6	-	2.5
Rest of World	18.7	-8.0	-5.3	-	-13.3
Consumer Health	766.1	5.4	-2.2	-	3.2

The results of operations developed as follows:

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RESULTS OF OPERATIONS

	2014		2013 ¹		Change	
	€ million	in %	€ million	in %	€ million	in %
Sales	766.1	100.0	742.1	100.0	24.0	3.2
Royalty, license and commission income	2.7	0.4	2.9	0.4	-0.2	-5.0
Total revenues	768.8	100.4	745.0	100.4	23.8	3.2
Cost of sales ²	-250.7	-32.7	-243.0	-32.7	-7.7	3.2
<i>(of which: amortization of intangible assets)²</i>	<i>(-)</i>		<i>(-)</i>		<i>(-)</i>	<i>(-)</i>
Gross profit²	518.1	67.6	502.0	67.6	16.1	3.2
Marketing and selling expenses ²	-303.1	-39.6	-287.2	-38.7	-15.9	5.6
<i>(of which: amortization of intangible assets)²</i>	<i>(-2.7)</i>		<i>(-2.4)</i>		<i>(-0.3)</i>	<i>(15.8)</i>
Royalty, license and commission expenses	-2.6	-0.3	-2.4	-0.3	-0.2	6.2
Administration expenses	-27.2	-3.6	-26.9	-3.6	-0.3	0.9
Research and development costs ²	-22.3	-2.9	-21.8	-2.9	-0.5	2.1
<i>(of which: amortization of intangible assets)²</i>	<i>(-)</i>		<i>(-)</i>		<i>(-)</i>	<i>(-)</i>
Other operating expenses and income	-13.0	-1.7	-1.5	-0.2	-11.5	-
Operating result (EBIT)	149.9	19.6	162.1	21.8	-12.2	-7.5
Depreciation/Amortization/Reversals of impairments	10.5	1.4	8.9	1.2	1.6	17.6
<i>(of which: one-time items)</i>	<i>(-)</i>		<i>(-)</i>		<i>(-)</i>	<i>(-)</i>
EBITDA	160.4	20.9	171.0	23.0	-10.6	-6.2
Restructuring costs	9.0		1.2		7.8	-
Integration costs/IT costs	-		-		-	-
Gains/losses on the divestment of businesses	-		-		-	-
Acquisition-related one-time items	-		-		-	-
Other one-time items	-		0.2		-0.2	-
EBITDA pre one-time items	169.4	22.1	172.4	23.2	-3.0	-1.7

¹ Previous year's figures have been adjusted, see "The Merck Group" in the Group management report.

² The disclosure of amortization of intangible assets (excluding software) has been changed. See "Accounting and measurement principles" in the Notes to the Group accounts.

In 2014, the division's gross profit rose by 3.2% to € 518 million. Consequently, gross margin was unchanged at 67.6%. Higher marketing and selling expenses were largely related to the establishment of a consumer-oriented global marketing concept of the division to strengthen strategic brands. The decline in other operating expenses and income (net) to € -13 million (2013: € -2 million) was primarily attributable to the one-time expenses for re-

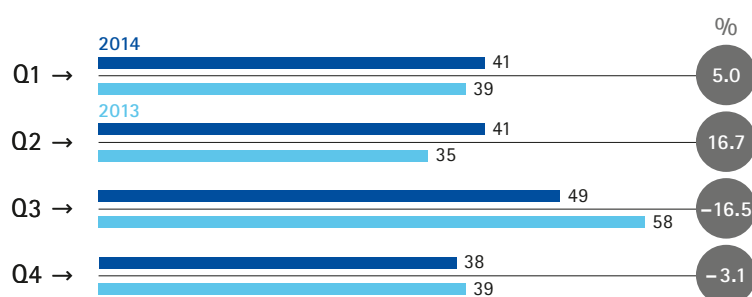
structuring measures included under this item. Adjusted for amortization and one-time items, the Consumer Health division reported EBITDA pre one-time items of € 169 million (2013: € 172 million), thus nearly reaching the earnings level of 2013 despite higher marketing and selling expenses. The EBITDA margin pre one-time items was 22.1% in 2014 (2013: 23.2%).

The development of EBITDA pre one-time items in the individual quarters in comparison with 2013 is presented in the following overview:

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EBITDA PRE ONE-TIME ITEMS AND CHANGE BY QUARTER^{1,2}

€ million/change in %



¹ Quarterly breakdown unaudited.

² Previous year's figures have been adjusted, see "The Merck Group" in the Group management report.

Development of business free cash flow

In 2014, business free cash flow of the Consumer Health division declined by € -48 million or -28.1% to € 124 million. This decrease was primarily the outcome of changes in inventories and trade accounts receivable in comparison with the previous year.

The increase in these two balance sheet items lowered business free cash flow in 2014, whereas their development in 2013 had a positive impact on this financial indicator. Higher capital spending in 2014 also lowered business free cash flow.

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BUSINESS FREE CASH FLOW

€ million	2014	2013 ¹	Change in %
EBITDA pre one-time items	169.4	172.4	-1.7
Investments in property, plant and equipment, software as well as advance payments for intangible assets	-10.5	-4.1	160.0
Changes in inventories	-20.6	2.0	-
Changes in trade accounts receivable	-14.3	2.2	-
Business free cash flow	124.0	172.5	-28.1

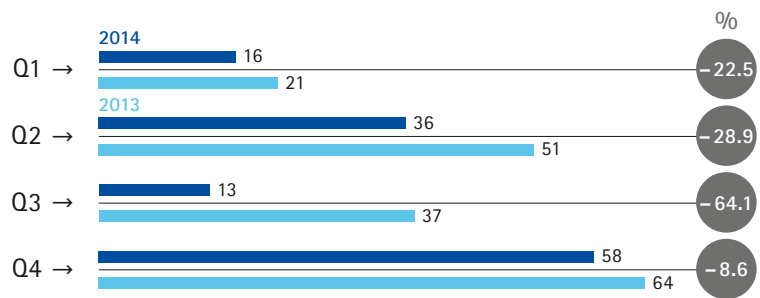
¹ Previous year's figures have been adjusted, see "The Merck Group" in the Group management report.

The development of business free cash flow in the individual quarters in comparison with 2013 is presented in the following overview:

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BUSINESS FREE CASH FLOW AND CHANGE BY QUARTER^{1,2}

€ million/change in %



¹ Quarterly breakdown unaudited.

² Previous year's figures have been adjusted, see "The Merck Group" in the Group management report.