

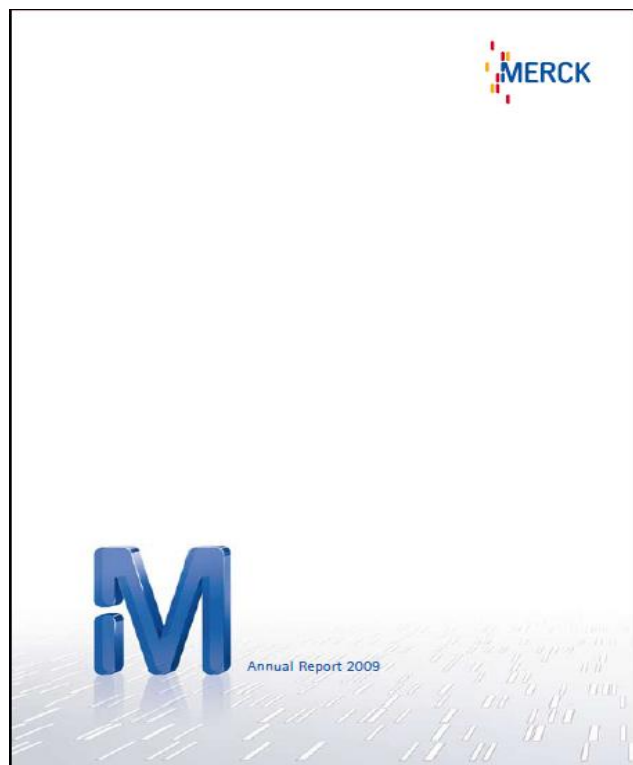
Report of the Month

ReportWatch e.com

April 2010

Merck KGaA

Darmstadt, Germany



Report Facts

Company name: Merck KGaA

Fiscal year end: December 31, 2009

Report title: -

Chairman of the Board: Dr. Karl-Ludwig Kley

Number of books: One

Report length: 174 pages

Auditors: KPMG AG

Design: XEO and Nexxar

E-mail: corpcom@merck.de

Report Rating: ★★★(★)

(Rating scale + comment on rating below)

Profile (Excerpts, as from the report)

At Merck, the Pharmaceuticals and Chemicals are under one roof... We focus on specialty businesses within both... By 1860, the company already offered more than 800 organic and inorganic substances for sale, including many still used in laboratories today. The roots of the Liquid Crystals business... date back to 1904. Serono... was acquired by Merck in 2007. The production of recombinant gonadotropin transformed Serono into a biotechnology company.

(Annual Report) (Italics are own company's words)

Key Figures

Total revenues: Euro 7,747 million

EBITDA: Euro 1,625 million

Operating result: Euro 649 million

Profit before taxes: Euro 486 million

Earnings per share: Euro 1.68

Dividend per share: Euro 1.00

Return on sales: 8.4%

Number of employees: 33,062

(Source: 2009 figures sourced from the annual report)

Competitors and Peers

- Bayer
- BASF
- Sanofi-Aventis
- Novartis
- GlaxoSmithKline
- Roche
- AstraZeneca
- Pfizer
- Abbott
- Bristol-Myers Squibb
-

Report Rating: ★★★(★)

Triple A

- > Online pluses add value to the whole report that, without them, would be rated ★★★. A special “homepage” for the annual report. Four services are offered: *Recommend page*, *Order online*, *Glossary*, *Downloads*. Key points link rapidly to items.
- > Various menu entries are provided on the right and left parts; the point-and-click chart generator is practical (the visitor/watcher has a few charting options too); the *Downloads* menu is clear; *Search* function is effective.

Double A

- > Good review of businesses and operations, paced with *Key products* and *Key developments*.
- > *Report on expected developments* provides a precise outlook for the coming year.
- > On the whole, structure, accessibility and legibility are optimized for on-screen and uploading use (e.g. with enlarging option for historical data).

Simple A

- > *Merck at a glance* and *Business development 2000-2009* make up good data-based intro and outro, yet do not contain some key indicators.
- > Useful glossary, just lacking in more healthcare terms and financial terminology.
- > On-screen charting options are fine, but all year figures could remain visible while you browse on one year.

B sides

- > For those who prefer the hard copy, the cover is far from inviting. For both versions, there is no real message or theme.
- > The printed or PDF version is rather long (170 pages), conventional and clinical.
- > Earnings and dividend far from being highlighted. A lack of significant ratios and short financial commentary.
- > Sure there are a few product illustrations here and portraits there, plus charts, but both the web and the printed reports are not much animated.

Rating Scale

Note: Without its online features the report would be rated ★★★ instead of ★★★(★)

★★★★★: First-rate ★★★★★(★): Excellent ★★★★★: Very good ★★★★★(★): Sound ★★★★★: Average

★★(★): Uneven ★★: Common ★(★): Substandard ★: Poor (★): Uncompetitive

The rating is based on ReportWatch internal desk research and does not take into account the independent Rating Panel's judgment. It may therefore differ from ratings (to be) published in the *Annual Report on Annual Reports*.

How does the company report in key areas? What are the main report pluses and minuses?

*The **Report Scan** gives an overview of strengths and weaknesses, and scores each item.*

Contact e.com@reportwatch.net

ANNUAL REPORT 2009

- › Total revenues increase by 2.1% to € 7.7 billion
- › Profit after tax remains virtually constant
- › Improved free cash flow secures liquidity
- › Biopharmaceuticals boost growth
- › A strong drug pipeline – despite setbacks
- › Liquid crystals business recovers
- › Acquisitions strengthen Chemicals in China and India



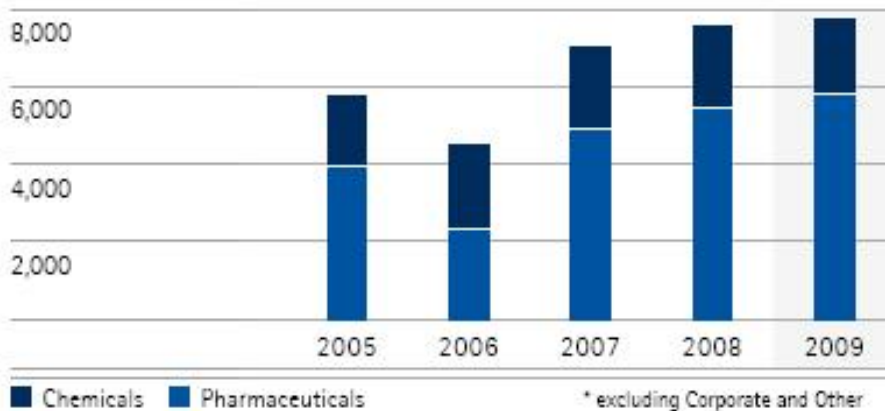
Total revenues

Operating result

Free cash flow

by business sector

€ million



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