



# Merck Serono Investor & Analyst Day

Roadmap to sustainable success

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# Disclaimer



## Remarks

All comparative figures relate to the corresponding last year's period.

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# Agenda

## **Our strategic priorities for sustainable success**

Maximizing our core franchises

Driving Emerging Markets leadership

R&D for long-term sustainable growth

Executive summary

# Strategic priorities for sustainable success: New revenue streams and maximizing existing franchises

## Vision 2018

1.

ENFORCE  
STABILITY IN  
EXISTING  
BUSINESSES



### Maximize existing franchises

- Market positioning
- Regions / emerging markets capabilities
- Life-cycle management including superior devices

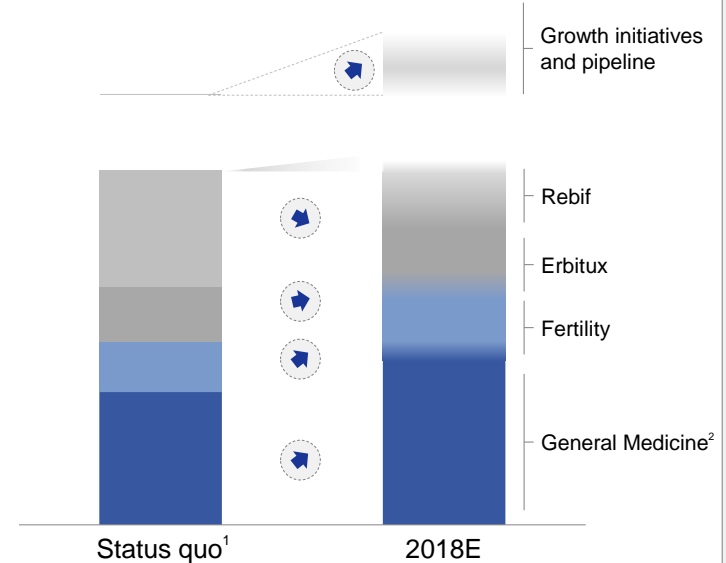
2.

CREATE  
SUSTAINED  
GROWTH



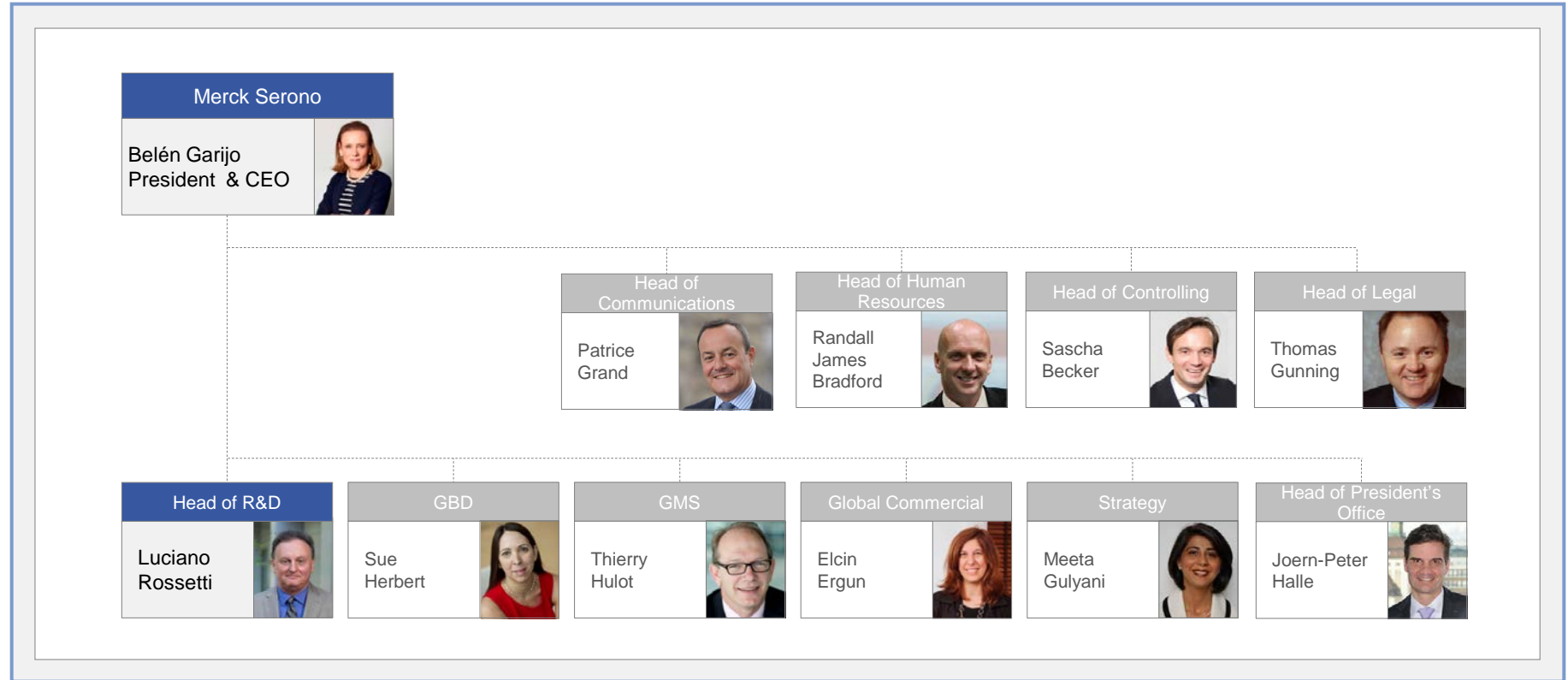
### Generate new revenue streams

- Deliver on R&D pipeline
- Payor-centric devices strategy
- Expand regional portfolio through in-licensing



<sup>1</sup>FY 2013; excludes Allergopharma and Biosimilars; <sup>2</sup>including Cardiomatabolic Care, Endocrinology, General Medicine and Others

# Global, diverse and talented Merck Serono executive management team ensures flawless execution



GBD = Global Business Development; GMS = Global Manufacturing and Supply

# Agenda

Our strategic priorities for sustainable success

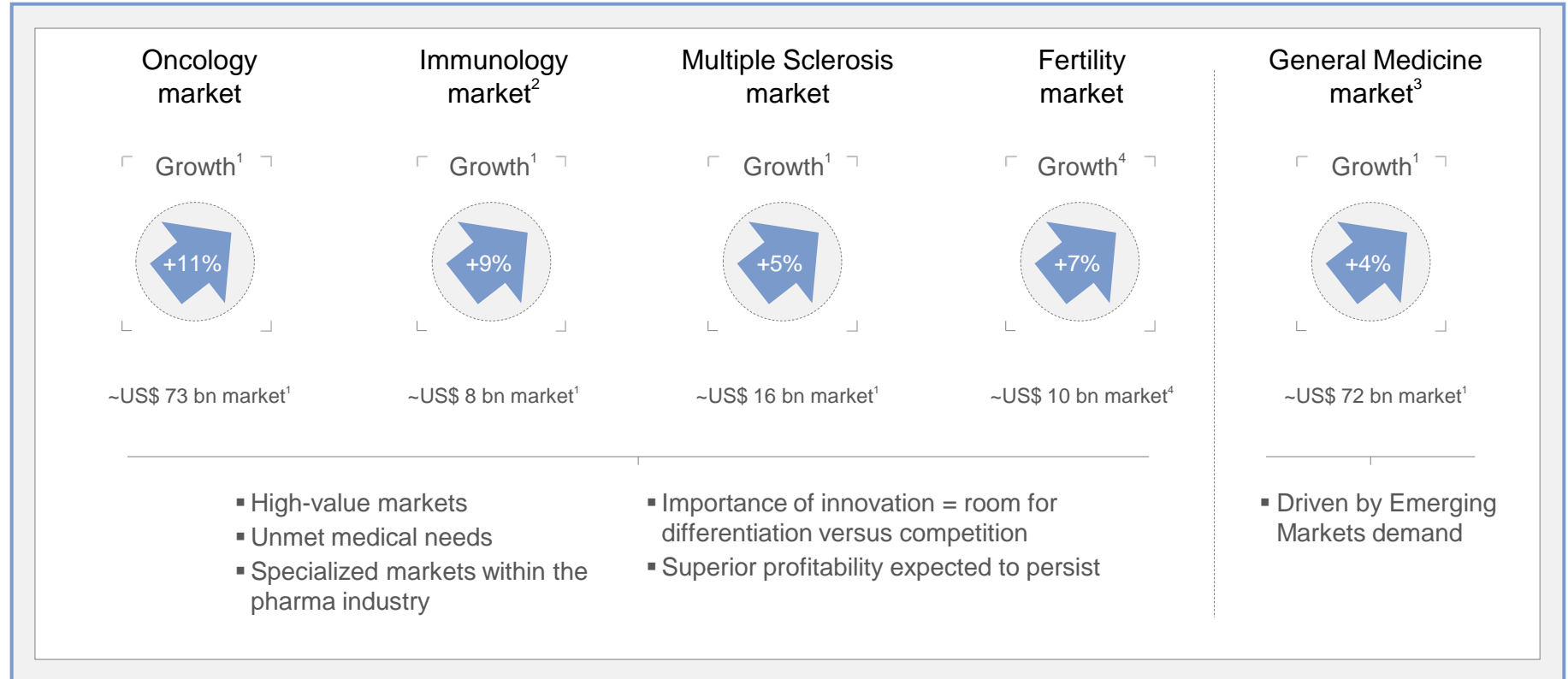
**Maximizing our core franchises**

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# Merck Serono's existing franchises focus on attractive markets



<sup>1</sup>Data for global market 2013, CAGR for 2013-2018 (2020 for multiple sclerosis); Source: Sales data according to EvaluatePharma® a service of Evaluate Ltd. (UK), [www.evaluategroup.com](http://www.evaluategroup.com), accessed July 2014

<sup>2</sup>Immunosuppressants <sup>3</sup>Includes cardiovascular, diabetes treatment <sup>4</sup>Growth 2013-2021; Source: Merck Serono based on Transparency market research 2010; US IV Clinics 2011, CDC, ESHRE, press

# Strategic priorities are well defined to maximize core franchises

<b>Oncology</b>	<ul style="list-style-type: none"><li>▶ Promote Erbitux' value to personalized treatments</li><li>▶ Increase RAS testing adoption and usage</li></ul>
<b>Multiple Sclerosis</b>	<ul style="list-style-type: none"><li>▶ Strengthen Rebif's competitive position as a leading treatment</li><li>▶ Drive differentiation via smart devices and first MS* e-health platform</li></ul>
<b>Fertility</b>	<ul style="list-style-type: none"><li>▶ Provide innovative services and technologies beyond drugs</li><li>▶ Drive Emerging Markets presence, especially in China and Russia</li></ul>
<b>Devices and services</b>	<ul style="list-style-type: none"><li>▶ Promote as key differentiator of Merck Serono's business</li><li>▶ Build as a focus area of innovation and service to patients</li></ul>
<b>General Medicine and others</b>	<ul style="list-style-type: none"><li>▶ Focus on growth in Emerging Markets</li><li>▶ Enhance life-cycle management and recover growth levers in core markets</li></ul>





# Erbitux® – First choice in personalized treatments for mCRC and champion in head and neck



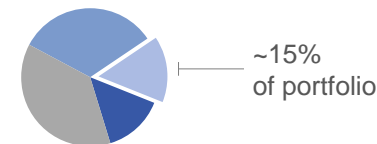
## Top 4 priorities to support Erbitux

1. Further focus on the value of personalized treatments
2. Highlight importance of RAS testing<sup>2</sup>, raise RAS testing rates and roll out blood-based RAS test (Sysmex collaboration)
3. Continue to highlight advantages for targeted patient populations based on current data (Fire3, CALGB-80405, new Crystal retrospective)
4. Maximize head and neck opportunity globally, especially in Japan and other Asian countries

## Erbitux



## Sales<sup>1</sup>



## Outlook 2015 +

- Stable to slight organic sales growth
- Growing balance between mCRC<sup>3</sup> and SCCHN<sup>4</sup>
- Testing to offer upside potential

<sup>1</sup>FY 2013; <sup>2</sup>Determination of tumor gene status for RAS in all patients with mCRC – especially emphasized in the updated NCCN Guidelines v.1.2015; <sup>3</sup>mCRC = metastatic colorectal cancer

<sup>4</sup>SCCHN = squamous cell cancer of the head and neck

# Rebif® – Capitalizing on efficacy and active life-cycle management to support long-term prospects



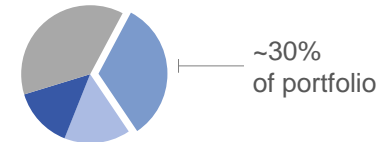
## Top 4 priorities to drive Rebif

1. Focus on Rebif's efficacy in reducing relapse rates and delaying disability progression
2. Raise differentiation via smart injection devices<sup>2</sup>, and online and mobile patient applications as tools to drive adherence and improve patient experience
3. Defend Rebif's leadership position in Europe within the injectables segment and strengthen position in the US; implement tactics to drive patient acquisition and retention
4. Secure long-term profitability upgrade of the US franchise after Pfizer contract expiry

## Rebif



## Sales<sup>1</sup>



## Outlook 2015 +

- Manage revenue erosion
- Leverage profitability
- Maximize payers' value (devices)

<sup>1</sup>FY 2013; <sup>2</sup>Not all devices are available in all markets

# Fertility – Expanding the franchise to the next level: beyond drugs



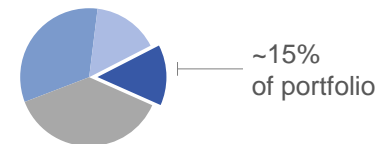
## Top 3 strategic priorities

1. Expand leadership position and build on No.1 brand growing globally, especially in high-potential Emerging Markets
2. Bolster underlying growth with potential label expansion (e.g. Pergoveris) and life-cycle and devices management versus entry of biosimilars competition
3. Leverage existing strong presence and knowledge in the fertility clinic channel to provide innovative technologies & services in the ART<sup>2</sup> lab to drive innovation and increase success rates

## Fertility



## Sales<sup>1</sup>



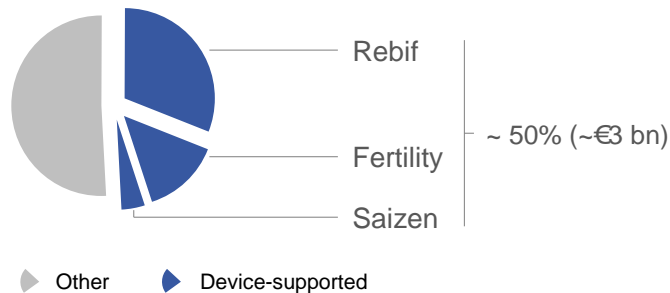
## Outlook 2015 +

- Continuous sales growth driven by changing demographics in EM
- Ongoing contribution from beyond drugs strategy in Europe and Canada

<sup>1</sup>FY 2013; <sup>2</sup>ART = Assisted reproductive technology

# Medical devices – Further enhancing the value of Merck Serono and harnessing existing strengths

Device-supported franchises at Merck Serono<sup>1</sup>



## Strategy

- Build on existing competencies in devices and integrate across therapeutic areas
- Drive innovation and differentiation versus competition in existing product franchises
- Expand to selected specialty chronic diseases
- Provide solution to payers to better manage healthcare costs

Current product offering<sup>2</sup>

### Rebi

- Rebidose
- Rebiject
- RebiSlide
- RebiSmart<sup>3</sup>
- MSdialog<sup>3</sup>



### Fertility

- Family of pens for Gonal-F, Pergoveris, Ovidrel



### Saizen

- Easypod
- Cool.click2
- Easypod Connect<sup>3</sup>



<sup>1</sup>Supported by Merck Serono's current portfolio of 13 medical devices; based on FY 2013 sales; <sup>2</sup>Not all devices are available in all markets; <sup>3</sup>Software and mobile applications linked to RebiSmart (allowing – among others – monitoring of treatment adherence and patient reported outcomes, and visualization over time to patient and physicians) and Easypod (allowing, among others, monitoring of treatment adherence and visualization to physicians)

# Medical devices – Driving Merck Serono towards an integrated business model



## Top 3 strategic priorities

1. Enhance existing competencies in devices and integrate across therapeutic areas
2. Drive development of long-term Chronic Treatment Solution Platform on the basis of advanced MS care concept\*
3. Expand current technological lead to specialty chronic diseases outside of current multiple sclerosis franchises

## Devices



## Outlook 2015 +

- Ongoing product and concept development (currently 21 projects in all therapeutic areas)
- Launch MS care concept in multiple sclerosis as blueprint business model
- Potential first drug-agnostic revenue stream after 3 years

# General Medicine – Strong Emerging Markets platform enables continued growth



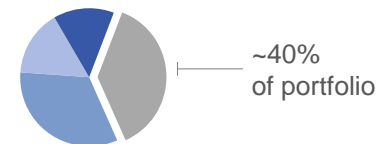
## Top 4 strategic priorities to build on track record

1. Foster role as solid cash generator based on strong brands, focused life-cycle management and customized innovation model with ring-fenced R&D budget
2. Accelerate growth in already strong Emerging Markets platforms, especially in China, Brazil, Russia, Middle and Near East
3. Renew and strengthen portfolio through life-cycle management, e.g. Concor FDCs<sup>3</sup>, Glucophage label changes, Euthyrox reformulations
4. Continue to recover main growth levers in core markets and assets (e.g. BMS China)

## General Medicine<sup>1</sup>



## Sales<sup>2</sup>



## Outlook 2015 +

- Solid organic sales growth
- Rising earnings contribution from growth initiatives

<sup>1</sup>including Cardiometabolic Care, Endocrinology, General Medicine and Others; <sup>2</sup>FY 2013; <sup>3</sup>FDC = Fixed-dose combination

# The road to maximizing Merck Serono's existing franchises is clear



Continue to drive front-line mCRC share by increasing patient testing and expanding head and neck coverage



Capitalize on strong efficacy and new smart devices to maximize differentiation and defend franchise



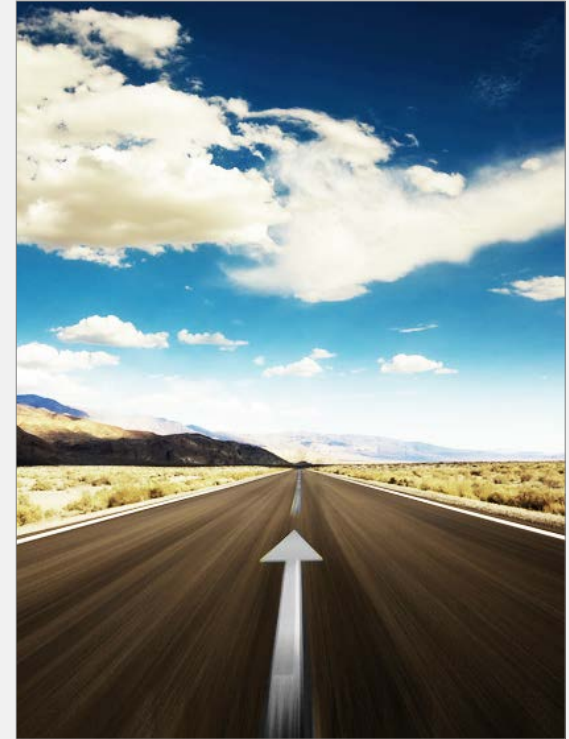
Build on No.1 position and ART<sup>1</sup> channel access with embryo diagnostics and other innovative technologies



Harness strengths of existing business and build a new focus area driven by innovative devices and services for patients



Build on existing track record in Emerging Markets, drive brand and life-cycle management and expand business including asset repatriation



<sup>1</sup>ART = Assisted Reproductive Technology

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Our strategic priorities for sustainable success

Maximizing our core franchises

**Driving Emerging Markets leadership**

R&D for long-term sustainable growth

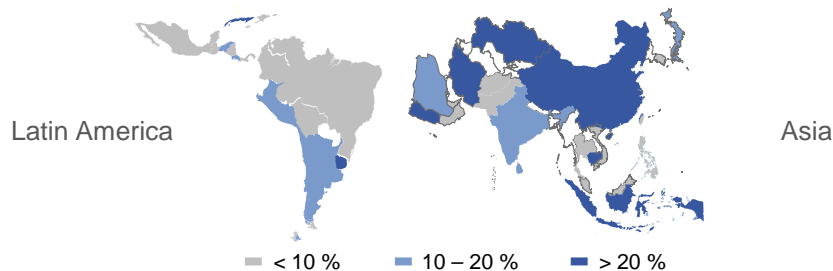
Executive summary



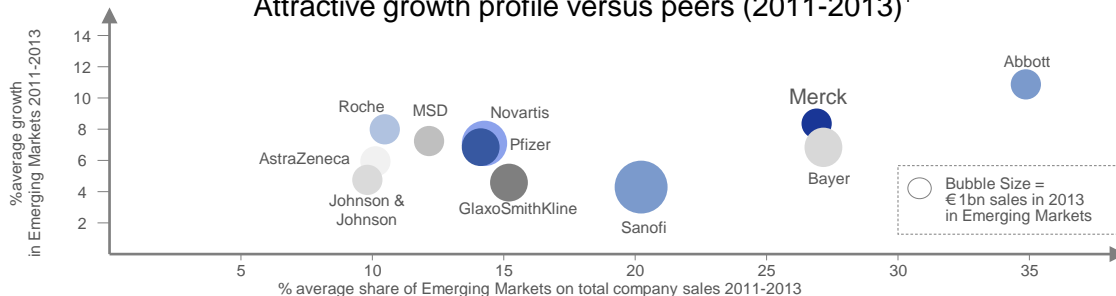
# Emerging Markets are a key pillar of growth for Merck Serono



2013 Organic growth rates of Merck Serono in Emerging Markets



Attractive growth profile versus peers (2011-2013)<sup>1</sup>



## Key facts

- Emerging Markets are a key driver for the branded products as well as for Merck Serono overall
- ~30% of sales in Emerging Markets
- ~50:50 breakdown between Latin America and Asia
- Emerging Markets account for >60% of organic growth 2011-2013<sup>2</sup>

Emerging Markets support existing business and serve as a platform for strategic growth initiatives

<sup>1</sup>Source: IMS MIDAS, 2012/2013 constant USD; <sup>2</sup>Source: Merck Serono

Note: Size of bubble = € bn sales in Emerging Markets (2013)

# Emerging markets dynamics support future growth prospects

## Growing middle class



- Changing lifestyles and treatment needs (e.g. fertility)
- Higher healthcare spending

## Extended healthcare coverage



- Rising government spending
- Higher healthcare requirements (e.g. service, quality)

## Shift to chronic diseases



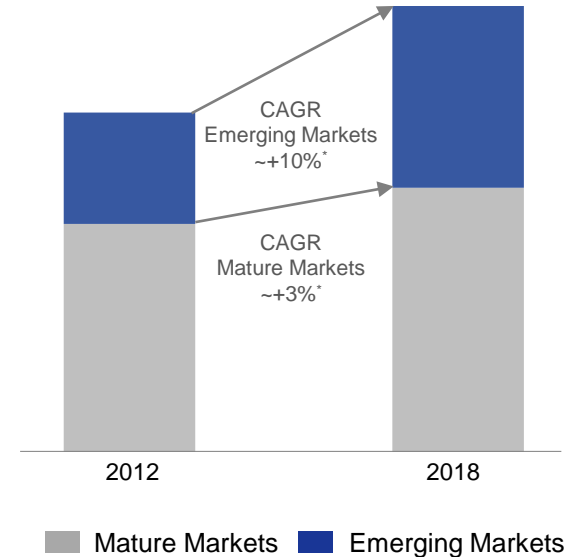
- Higher healthcare costs
- Need for medical support and devices

## Rising demand for biologics



- Changing disease profiles
- Rising treatment requirements (e.g. biologics)

## Global pharma market\*



\*Source: IMS market prognosis 2014-18; Emerging Markets defined as China, LATAM, APAC, ITC, CEE; Mature Markets defined as USA, EU5 + WE, Japan

# Merck Serono – Well-positioned to address market needs and build growth platform



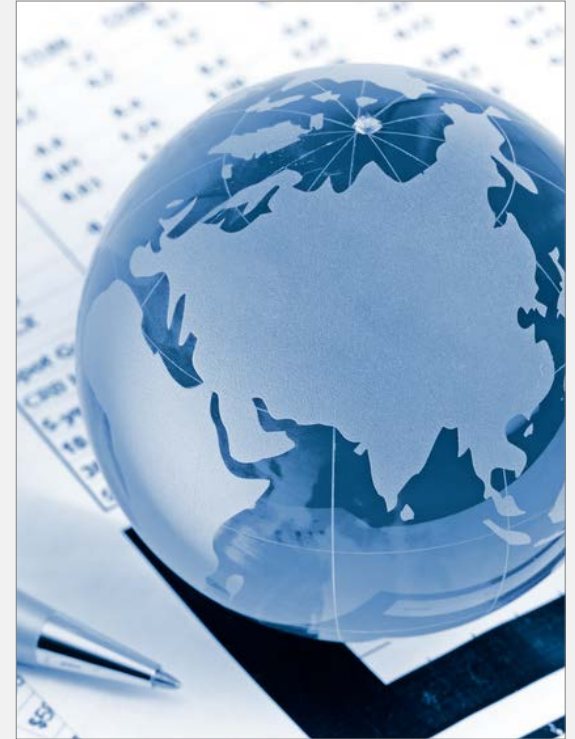
## MERCK'S INITIATIVES TO ADDRESS MARKET NEEDS

### Tailored products and services

- Provide innovative affordable products
- Increase access to biologics drugs
- Local/adapted products (e.g. formulations)
- Offer out-of-pocket drugs (e.g. fertility)

### Positioning as recognized partner

- Openness for public private partnerships
- Be local (e.g. infrastructure = Glucophage)
- Build brand "Merck"



# Emerging Markets – Initiatives in China support above-market growth and strong brand presence

Strategic roadmap for China underpinned by strong leadership team and clear portfolio focus

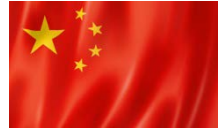
## Metabolism

- Glucophage co-promotion with BMS in China
- New product launches, e.g. Glucophage XR
- Expand diabetes portfolio via licensing, e.g. Glufast
- Grow Thyroid franchise by improving diagnosis rates with the 2015 TSH test kit<sup>4</sup>

## Oncology

- Expand access on Erbitux mCRC through PAP<sup>5</sup>
- Pursue China-specific indications, cater for local needs and establish as local innovator
- In-license “China-differentiated” assets, e.g. BeiGene collaboration
- Explore Biosimilars options

## China



- Sales 2013 ~€300m<sup>1</sup>
- Organic CAGR 2010-2013 20%<sup>2</sup>
- Pharma market CAGR 2013-2018 ~13%<sup>3</sup>

## General Medicine

- Capitalize on high brand equity and value proposition
- Increase coverage to capture market growth via “deeper & wider” initiative
- Adapt product and formulations (e.g. Euthyrox)
- Leverage market leadership in thyroids; drive awareness and diagnosis rates

## Fertility

- Build on strong brand perception in high-growth markets
- Create targeted patient assistance program
- Support IVF<sup>6</sup> centers through the new Fertility “technology and services for IVF clinics” initiative

<sup>1</sup>Rough indication; <sup>2</sup>Source: Merck; <sup>3</sup>Source: IMS market prognosis 2014-18; <sup>4</sup>TSH = thyroid stimulating hormone; expected launch in January 2015

<sup>5</sup>Patient Access Program; <sup>6</sup>IVF = In-vitro fertilization

# Emerging Markets – Partnerships and capability building to differentiate in Brazil

## Merck strategy: Winning in biologics and in retail

### Biologics

- Biologics account for >50% of growth potential
- Key area of focus for the government
- Long-term strategic partnerships with government for key biological brands via PDP<sup>4</sup> secure growth
- Prepare Biosimilars: e.g. Bionovis collaboration for oncology and auto-immune diseases
- Leverage multi-channel-marketing to tap opportunities in Fertility franchise (e.g. awareness)

### Brazil



- Sales 2013 ~€300m<sup>1</sup>
- Organic CAGR 2010-2013 +19%<sup>2</sup>
- Pharma market CAGR 2013-2018 ~14%<sup>3</sup>

### Retail

- Retail to remain biggest segment of Brazilian pharma market
- Focus on strong brands: Concor, Euthyrox, Glucophage
- Invest in growth opportunities through portfolio expansion partnerships
- Raise market penetration, e.g. less affluent patients
- Invest in sales force and capability enhancement
- Invest in medical capabilities (e.g. MSLs<sup>5</sup>)

<sup>1</sup>Rough indication; <sup>2</sup>Source: Merck; <sup>3</sup>Source: IMS market prognosis 2014-18; <sup>4</sup>Product Development Partnerships; <sup>5</sup>Medical Scientific Liaison

# Emerging Markets – Strategic growth initiatives align market needs and Merck strengths



## Leverage capabilities and local channels

Extend breadth and depth of promotion in China, leverage brand by portfolio extensions via regional/local licensing, market development (e.g. Fertility)

## Invest selectively and grow flagship brands

New formulations (Euthyrox, Glucophage), fixed-dose combinations (Concor), and devices (Saizen)

## Repatriate businesses

Continue taking back promotion of Merck products from pharma partners and distributors where applicable and attractive

## Expand portfolio focus

Emerging Markets as a platform for Merck Serono's strategic growth initiatives in biologics

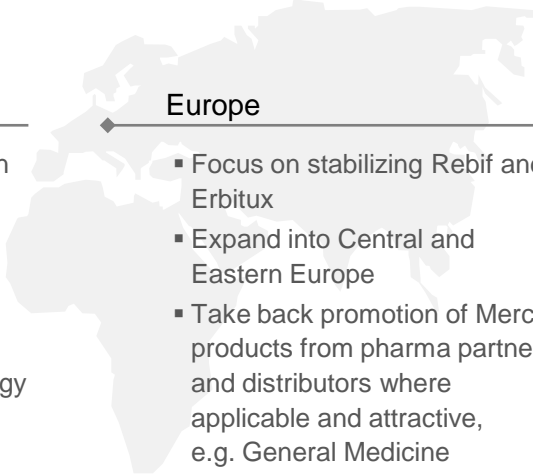


# Developed Markets – Key strategic priorities for Merck adapted to core markets



## North America

- Rebif: defend market share in interferons and injectables
- Optimize profitability and prepare for end of Pfizer co-promotion agreement
- Raise overall US presence – prepare for upcoming oncology launches



## Europe

- Focus on stabilizing Rebif and Erbitux
- Expand into Central and Eastern Europe
- Take back promotion of Merck products from pharma partners and distributors where applicable and attractive, e.g. General Medicine



## Japan

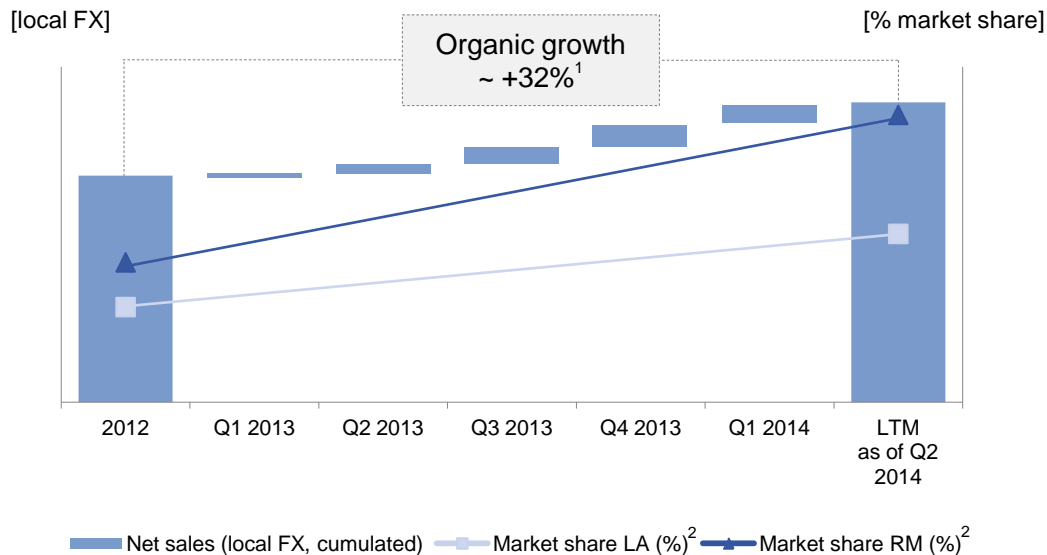
- Erbitux: raise market share in mCRC and market penetration in SCCHN and strengthen overall oncology franchise
- Maximize fertility business

**Maintain developed markets region as solid contributor and key absorber of future R&D outcomes**

# Developed Markets – Merck's ability to innovate and launch improves prospects



## Erbix SCCHN Japan – Track record of fast market launch and ramp-up



## Merck's strategic priorities

- Innovation-driven markets
- Core regions to commercialize Merck's R&D pipeline outcomes
- Local approach to optimize each individual country's potential
- Medical organization enhanced in recent years
- Ensure launch readiness

**Developed Markets expected to remain Merck Serono's key pillar by 2018 (~50% of sales)**

<sup>1</sup>Source: Merck Serono; <sup>2</sup>local market shares for 1<sup>st</sup> line usage in LA = locally advanced; and RM = recurrent metastatic



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**R&D for long-term sustainable growth**

Executive summary

# New 2012 R&D approach improves focus

Efficiency

## Strengthened focus and enhanced biomarkers

- Creation of “Translational Innovation Platform”
- Focus on selected core therapeutic areas
- Biomarker development to improve patient outcomes

## Improved innovation flow

- Increased access to external know-how and benchmarking (e.g. Independent External Scientific Advisory Board)
- Increased partnering and in-licensing activity
- Discovery and early development driven by scientific excellence, independent of existing sales force

## More stringent processes

- Improved portfolio decision-making process and more rigorous project prioritization

## Higher efficiency

- More efficient use of limited resources
- Significant cost reduction (FF18)

Focus

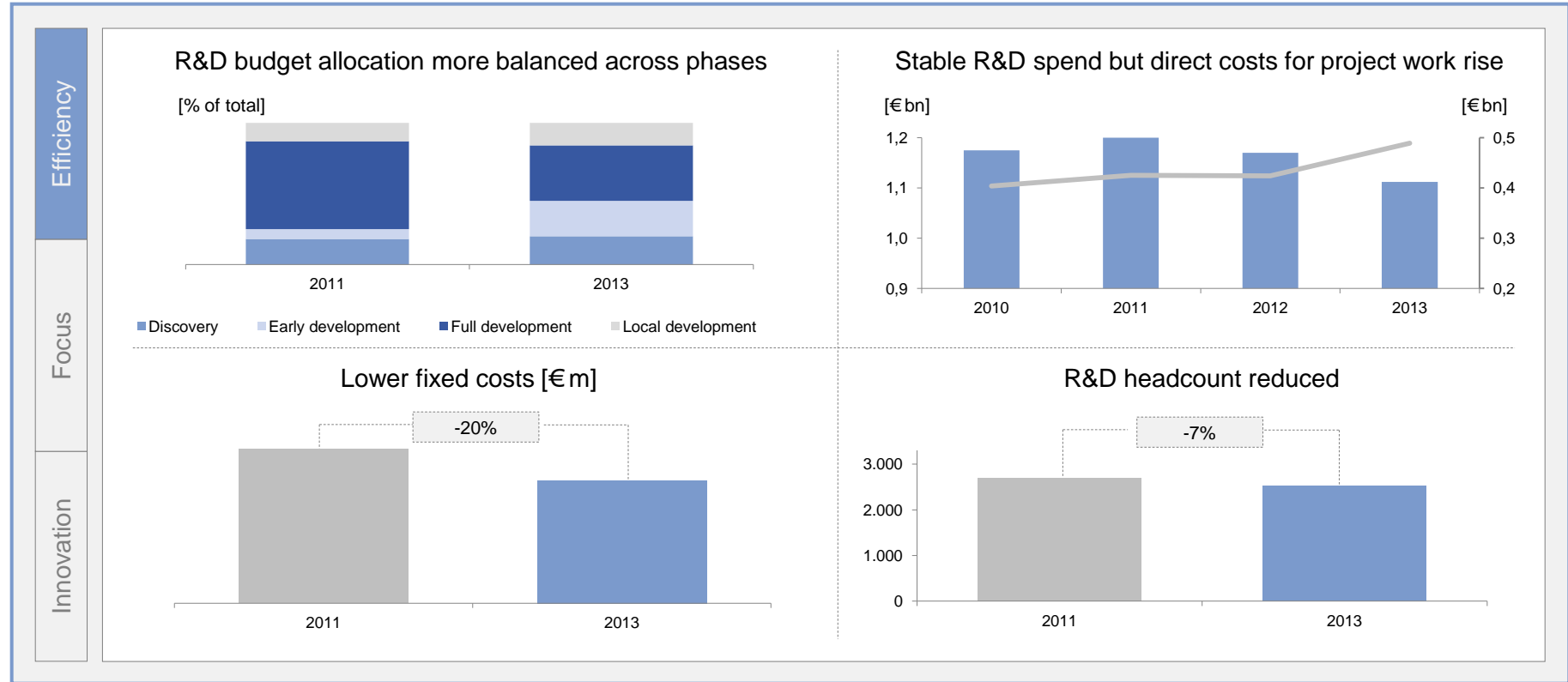
Innovation

## Merck Serono's R&D



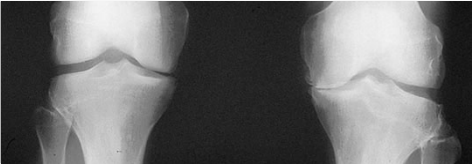
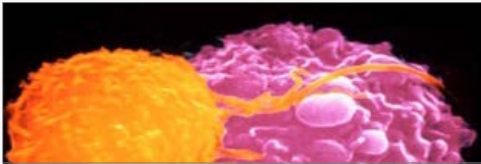
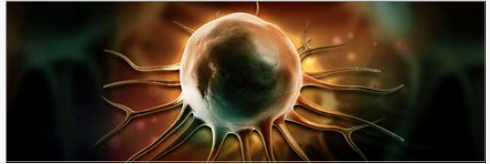
- Increased emphasis and strategic focus
- Improved differentiation via
  - TIPs
  - Focus on three closely linked therapeutic areas
  - Biomarker approach
- Shorter timelines to phase transitions (e.g. anti-PD-L1)

# R&D efficiency continues to improve



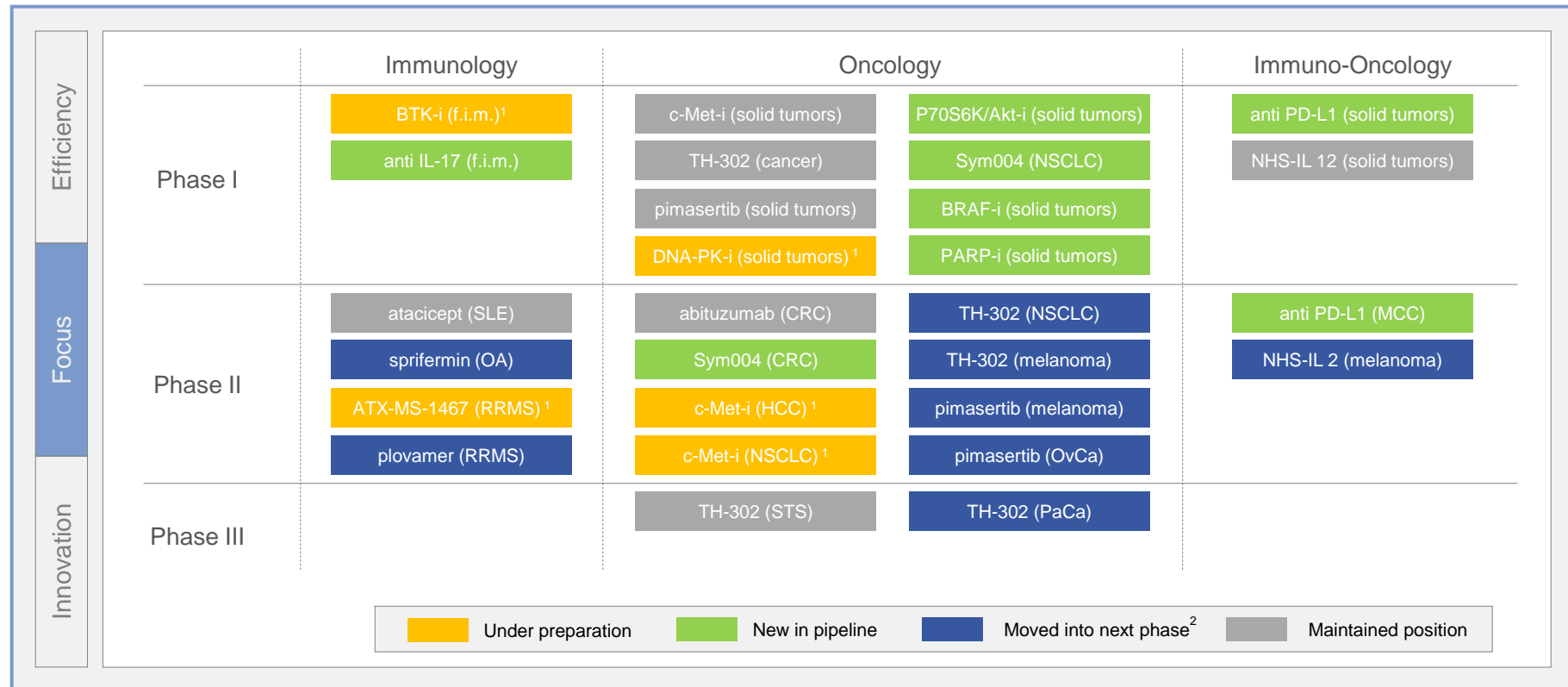
# Commitment to scientific innovation makes a meaningful difference



Efficiency Focus Innovation	Immunology & Neurology	Oncology	Immuno-Oncology
			
	<p>Vision</p> <p>Understand disease-led human immunology to build a competitive drug portfolio</p> <p>Key projects*</p> <ul style="list-style-type: none"> <li>▪ Atacicept</li> <li>▪ ATX-MS-1467</li> <li>▪ BTK inhibitor</li> </ul>	<p>Vision</p> <p>Leverage our presence in oncology to deliver the best benefit possible to patients</p> <p>Key projects*</p> <ul style="list-style-type: none"> <li>▪ TH-302</li> <li>▪ c-Met inhibitor</li> <li>▪ p7056K &amp; Akt inhibitor</li> </ul>	<p>Vision</p> <p>Transform cancer into a chronic disease</p> <p>Key projects*</p> <ul style="list-style-type: none"> <li>▪ Anti-PD-L1</li> <li>▪ NHS-IL2LT</li> <li>▪ NHS-IL-12</li> </ul>

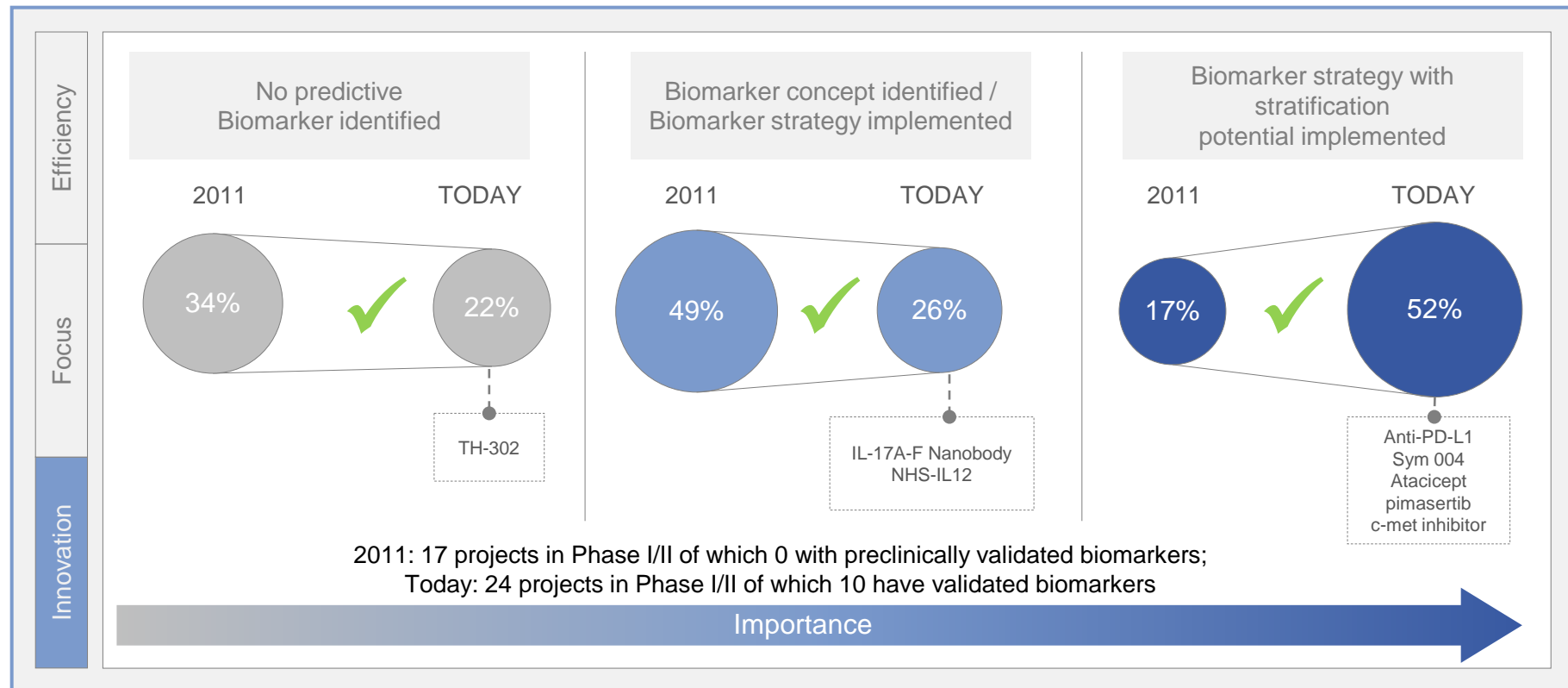
\*Examples

# Therapeutic areas of focus determine revamped R&D pipeline



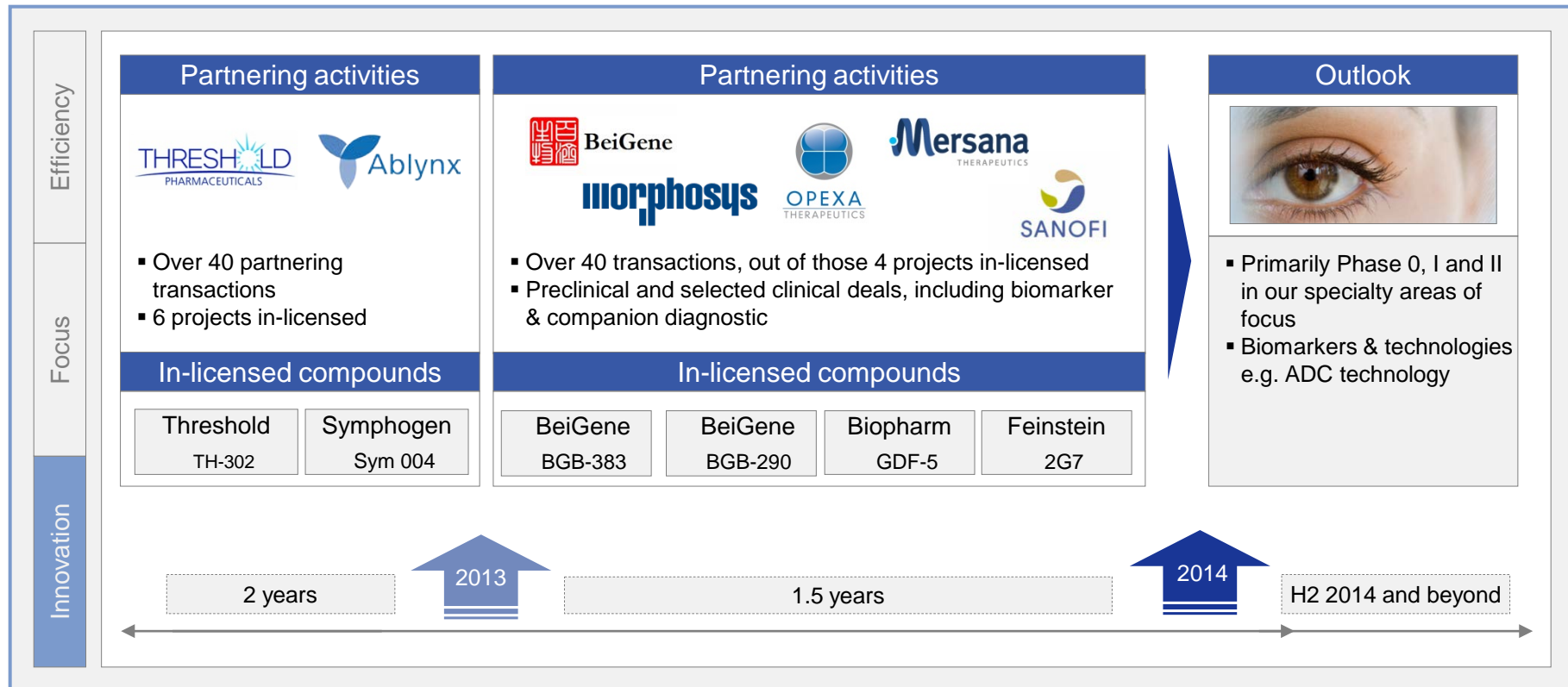
As of September 2014; <sup>1</sup>Under preparation for this phase; <sup>2</sup>Since Capital Markets Day in May 2012

# Implementation of biomarker strategy enables treatment of patients, not diseases



\*% for all projects in phase I/II/III, selected examples provided

# External innovation continuously supports pipeline expansion



# Rigorous value analysis of target product profiles drives portfolio decisions

## Project type

- High unmet medical need
- Specialty / niche indication
- Fit into Merck Serono's strategic focus areas

## Project quality<sup>1</sup>

- Adding value to patients
- Compound's potential to differentiate from competitors
- Potential for patient stratification / biomarker identification
- Expected change in the market environment until launch



## Project financials

- Expected peak sales
- Expected costs until launch
- Time until launch
- Expected necessary launch costs / investments

## Project fit for Merck

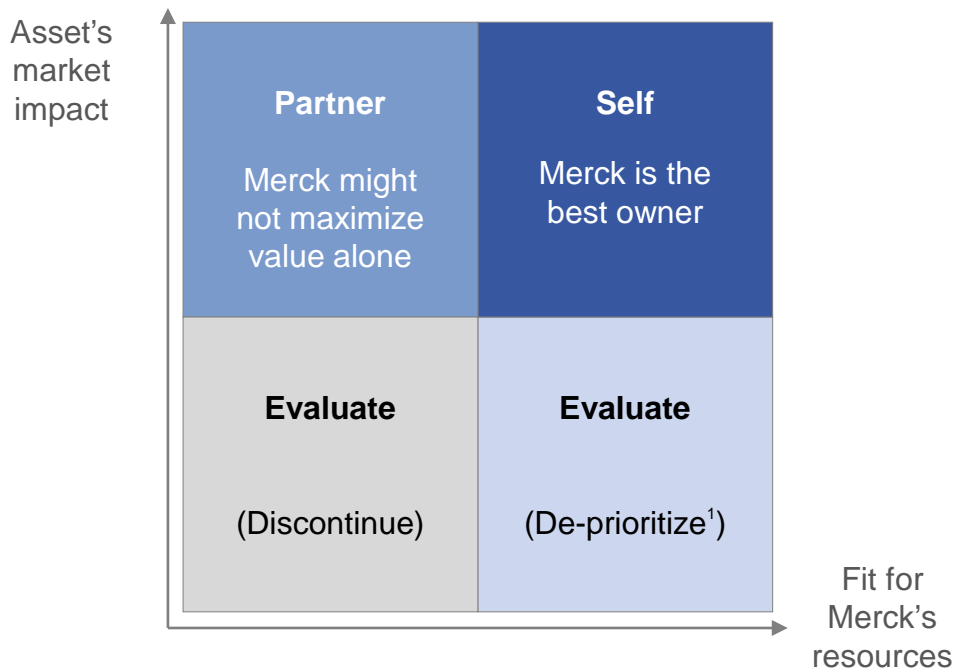
- Sufficient capacity to maximize sales
- Access to the relevant market
- Merck being the best owner of the asset

**Project decisions depend on an asset's potential market impact and its value to Merck**

<sup>1</sup>Pre-condition for all pipeline candidates: solid efficacy/safety data



# Current view on R&D project prioritization in Phase II and III



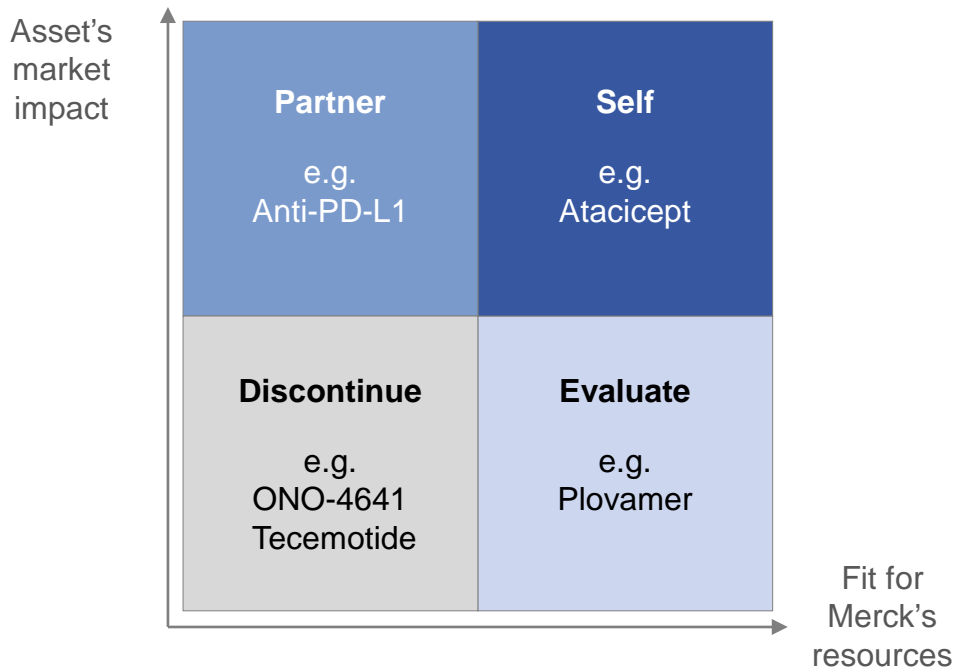
## General

- Only 10% of projects go from clinic to market – in the overall pharma industry and at Merck
- The most successful pharma companies strictly prioritize and have a high rate of project discontinuations

## Merck Serono

- Merck continuously monitors all pipeline candidates
- Regular process to decide on further development of the asset
- Assessment based on clinical data; and strategic and financial criteria

# Current view on R&D project prioritization in Phase II and III



## General

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- Merck continuously monitors all pipeline candidates
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# Anti-PD-L1 – A promising asset

## PRODUCT PROFILE



### Increasing clinical evidence of competitive product profile

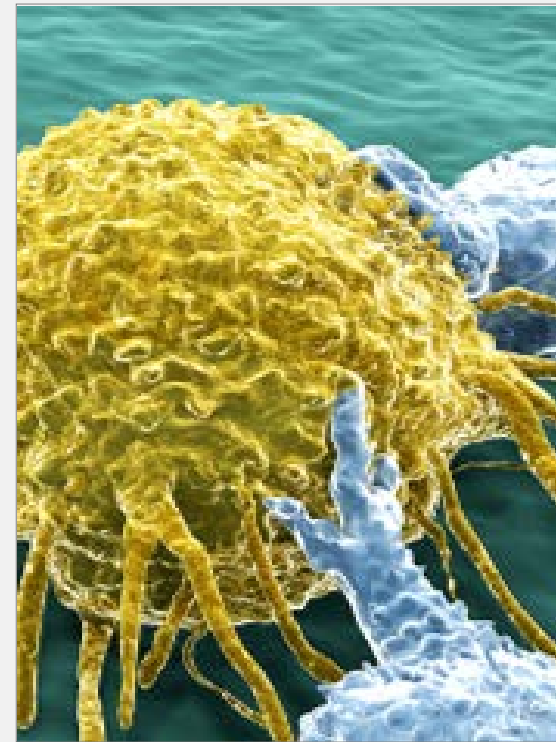
- Over 500 patients treated in Phase I study across multiple tumor types
- Interim analysis of expansion cohorts confirms promising risk/benefit on 2<sup>nd</sup> line NSCLC and heavily pre-treated ovarian cancer patients
- On-going Phase II study in m-Merkel cell carcinoma

### Strategic approach

## GLOBAL CO-DEVELOPMENT AND CO-COMMER- CIALIZATION

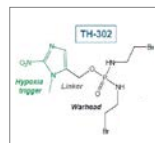


- Competitive process for global co-development and co-commercialization has been initiated
- Decision will be driven by development, regulatory and commercial track record as well as deal financials
- Currently in advanced discussions with several oncology players



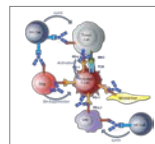
# Indicative timeline for pipeline priority projects in selected indications

## Pipeline Priority Projects<sup>1</sup>



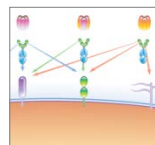
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Phase III	Soft Tissue Sarcoma	Interim Analysis	H2 2014
		Primary Analysis Date	H2 2015
Phase III	Pancreatic Cancer	Primary Analysis Date	H1 2016



Anti-PD-L1

Phase I	Various Indications	Interim Analysis	H2 2014
Phase II	mMCC <sup>2</sup>	Primary Completion Date	H1 2016
Phase III	Various Indications	Under Preparation	H2 2014



Atacicept

Phase II	SLE <sup>3</sup>	Primary Completion Date	H1 2016
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<sup>1</sup> As of September 2014; <sup>2</sup> Metastatic Merkel Cell Carcinoma; <sup>3</sup> Systemic Lupus Erythematosus

# Agenda

Our strategic priorities for sustainable success

Maximizing our core franchises

Driving Emerging Markets leadership

R&D for long-term sustainable growth

**Executive summary**

# Merck Serono – Poised for sustainable growth



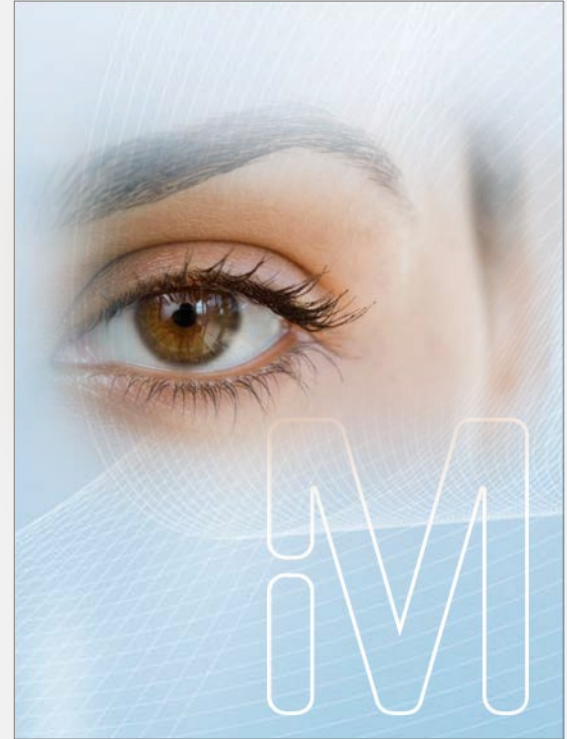
**Underlying business expected to remain resilient, stable and profitable**

**Improved R&D pipeline management will lead to improved pipeline productivity**

**Enhanced R&D to deliver long-term sustainable growth in specialty areas**

**Continuous upgrade of critical talent in core country and focus positions**

**Solid prospects of sustainable success**



## Back-up information

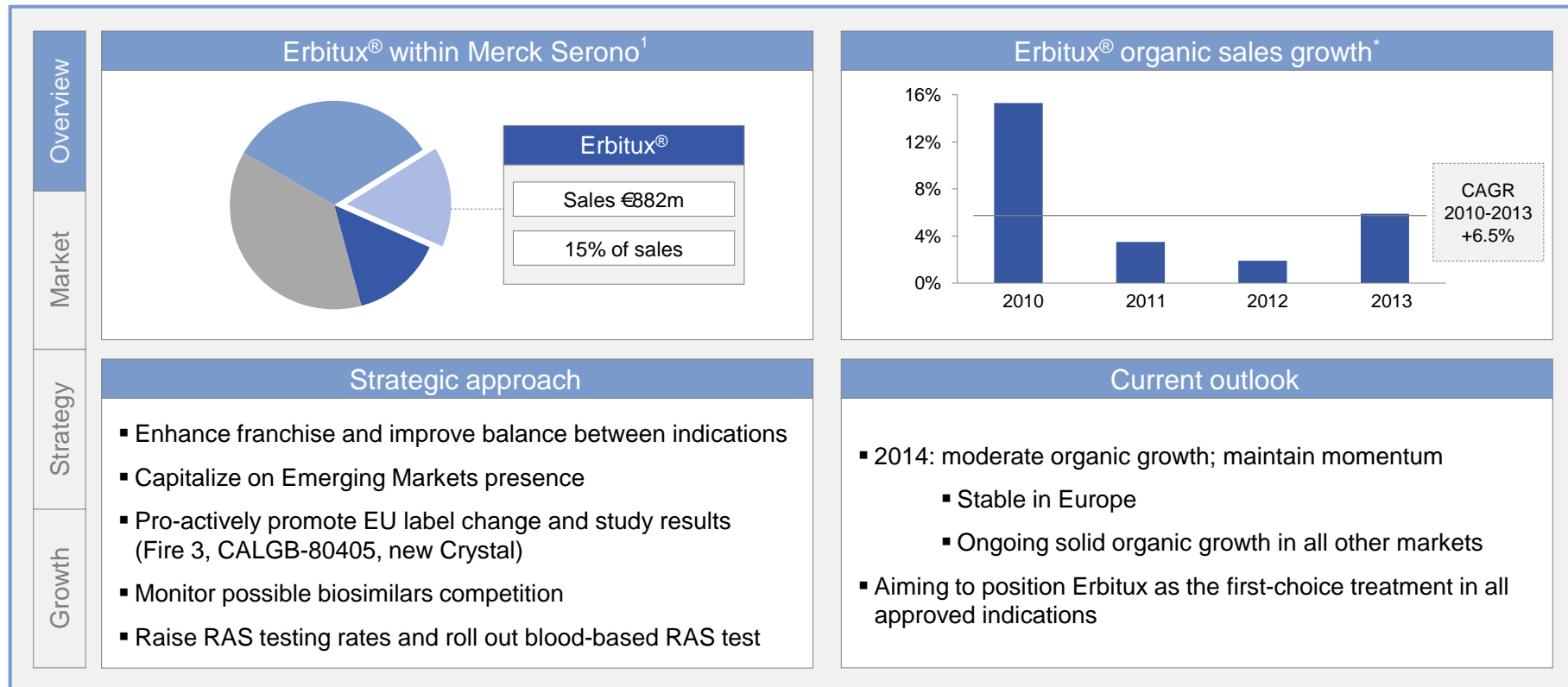
**Erbitux**

Rebif

Fertility

General Medicine

# Erbitux® – Further enhancing the value of personalized treatments



<sup>1</sup>Source: Annual Report 2013



# Erbitux® – Niche indications secure stability and competitiveness

Overview

Market

Strategy

Growth

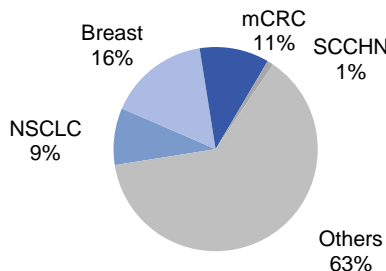
## General trends

- Rising importance of patient stratification
- Ongoing cost containment, price focus and regulation limit upside
- Increasing focus on value

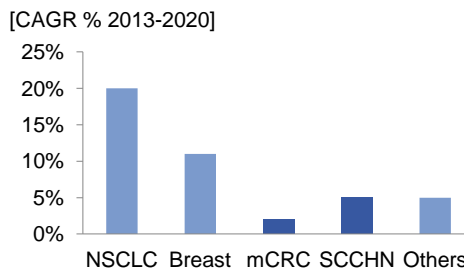
## Competitive situation

- Biosimilars players tend to focus on larger products
- Biosimilars players exploring; not expected until 2018; need to monitor
- No new 1<sup>st</sup> line mCRC competition expected

## Global oncology market 2013<sup>1</sup>



## Expected growth rates<sup>2</sup>



## mCRC

- Global mCRC market CAGR 2013-2018E ~2%
- Good stability
- Trend towards further personalizing therapy

## SCCHN

- Global SCCHN market CAGR 2013-2018E ~5%
- Specialized niche; limited competition; currently no other antibodies
- Opportunity to enhance with limited investment

<sup>1</sup>Source: Evaluate Pharma - All Cancer types & all products; <sup>2</sup>Source: Evaluate Pharma - All Cancer types & all products by 2020 (currently marketed, filed, PhIII, PhII risk adjusted)  
Sales data according to EvaluatePharma® a service of Evaluate Ltd. (UK), [www.evaluategroup.com](http://www.evaluategroup.com), accessed July 2014

# Erbix<sup>®</sup> – Strategies to raise value contribution for Merck

Overview

Market

Strategy

Growth

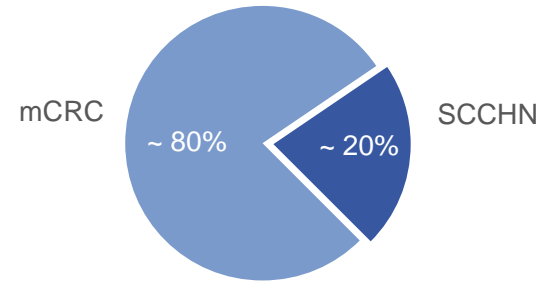
## Exploit and expand market potential

- Develop market: raise share of untreated patients, share of biologics therapies, manage treatment duration and drop-out rates
- Expand indications and lines of treatment in certain markets, e.g. China
- Broaden geographic reach

## Drive franchise positioning

- Improve marketing and focus on Emerging Markets
- Capitalize on latest trial results (Fire 3, CALGB-80405, new CRYSTAL retrospective)
- Build market share: label change leads to improved outcomes for indicated population - RAS / Sysmex collaboration
- Prepare for possible biosimilars competition
- Position Erbix as first-choice treatment

Erbix  
Sales by indication\*



# Erbitux® – Focusing on three areas of growth



Overview

Market

Strategy

Growth

## Capitalize on clinical data



- Clinical data: new CRYSTAL, Fire 3, CALGB-80405
- Highlight Erbitux' advantages for targeted patient populations and relevance of RAS testing
- Prepare for possible biosimilars competition but not immediate effects expected

## Drive patient stratification



- EU Label change (RAS\*) in December 2013 allows to position Erbitux as an “all-RAS” therapy in mCRC in a crowded market
- Helps identify patients who are most likely to benefit from Erbitux, thus benefiting patients and payers
- Continuously raise RAS testing, supported by blood-based RAS test (Sysmex) which further reduces turn-around times for results

## Develop regions



- Expand into indications and regions (e.g. SSCHN China) and into new lines of treatment
- Japan: gradual improved marketing shows visible results in mCRC; successful launch into head & neck indication
- Emerging Markets: Focus on Latin America (Brazil / reimbursement); China (ongoing trials)

\*RAS = rat sarcoma

## Back-up information

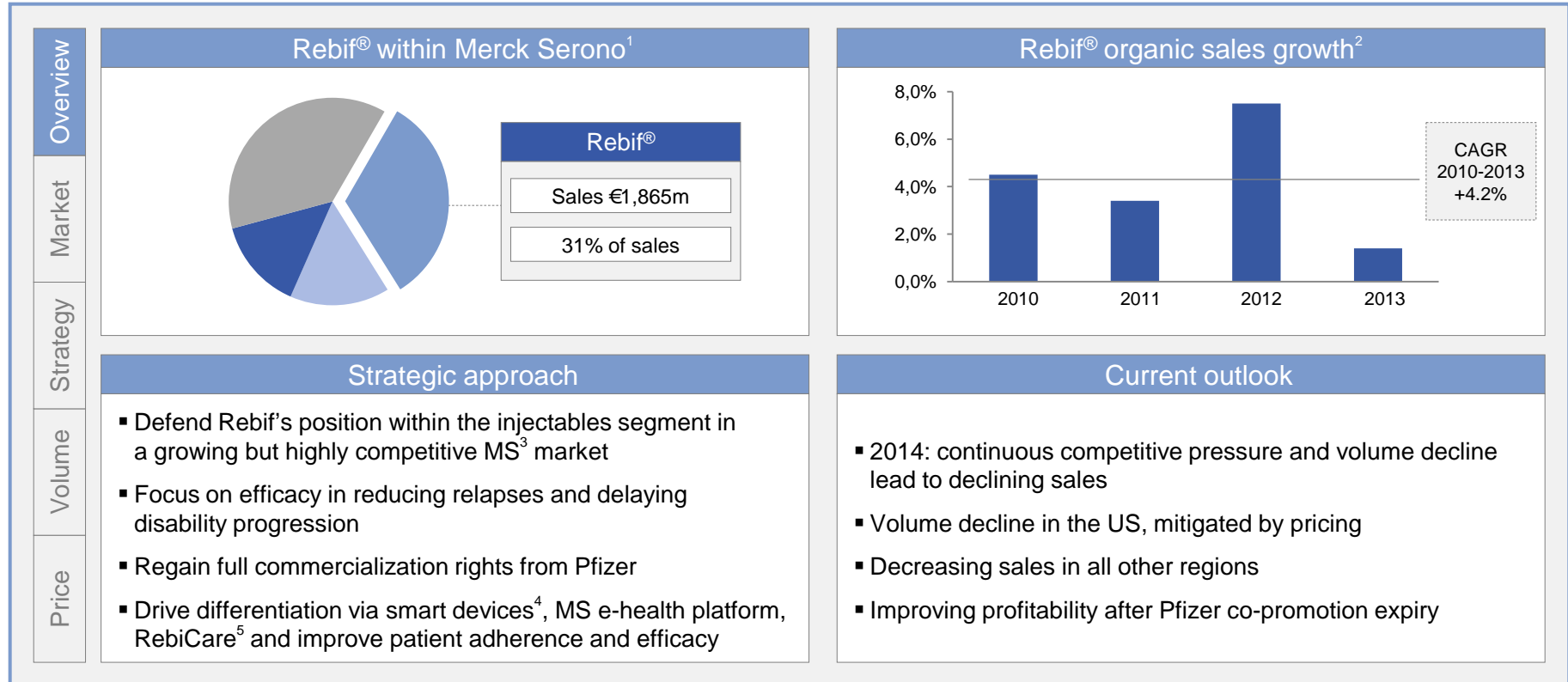
Erbitux

**Rebif**

Fertility

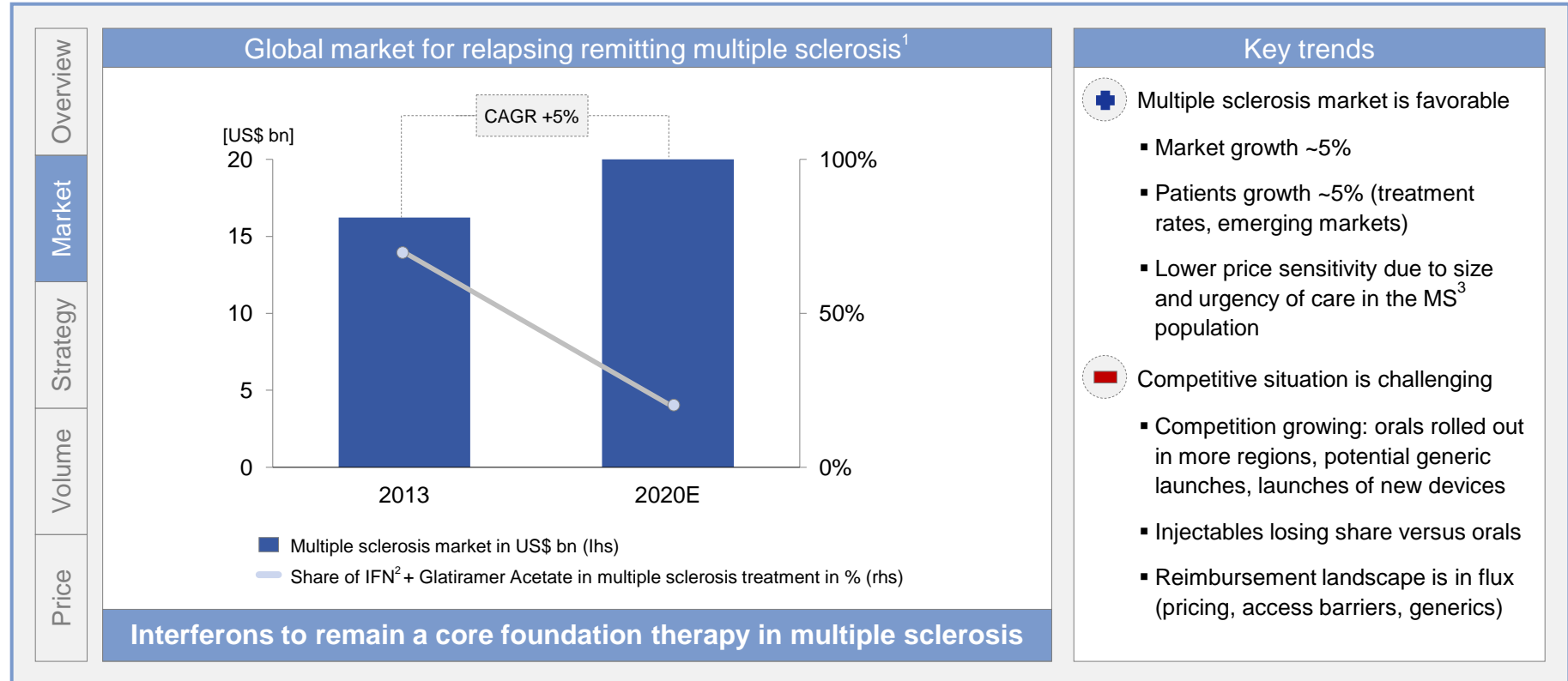
General Medicine

# Rebif® – Defending the franchise



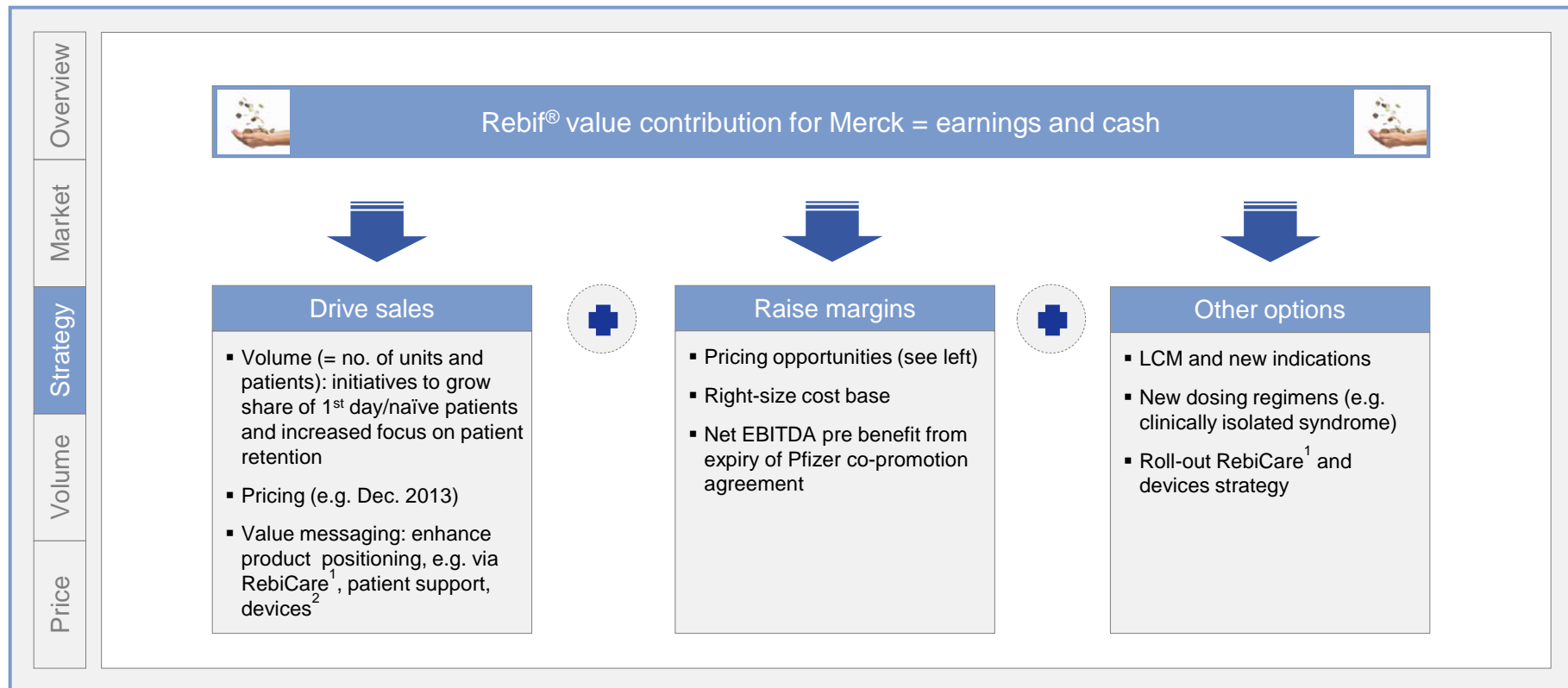
<sup>1</sup>Source: Annual Report 2013; <sup>2</sup>Source: Merck Serono; <sup>3</sup>MS = multiple sclerosis; <sup>4</sup>Not all devices are available in all markets; <sup>5</sup>Not available in the U.S.

# Rebif® – Competitively challenging but growing market



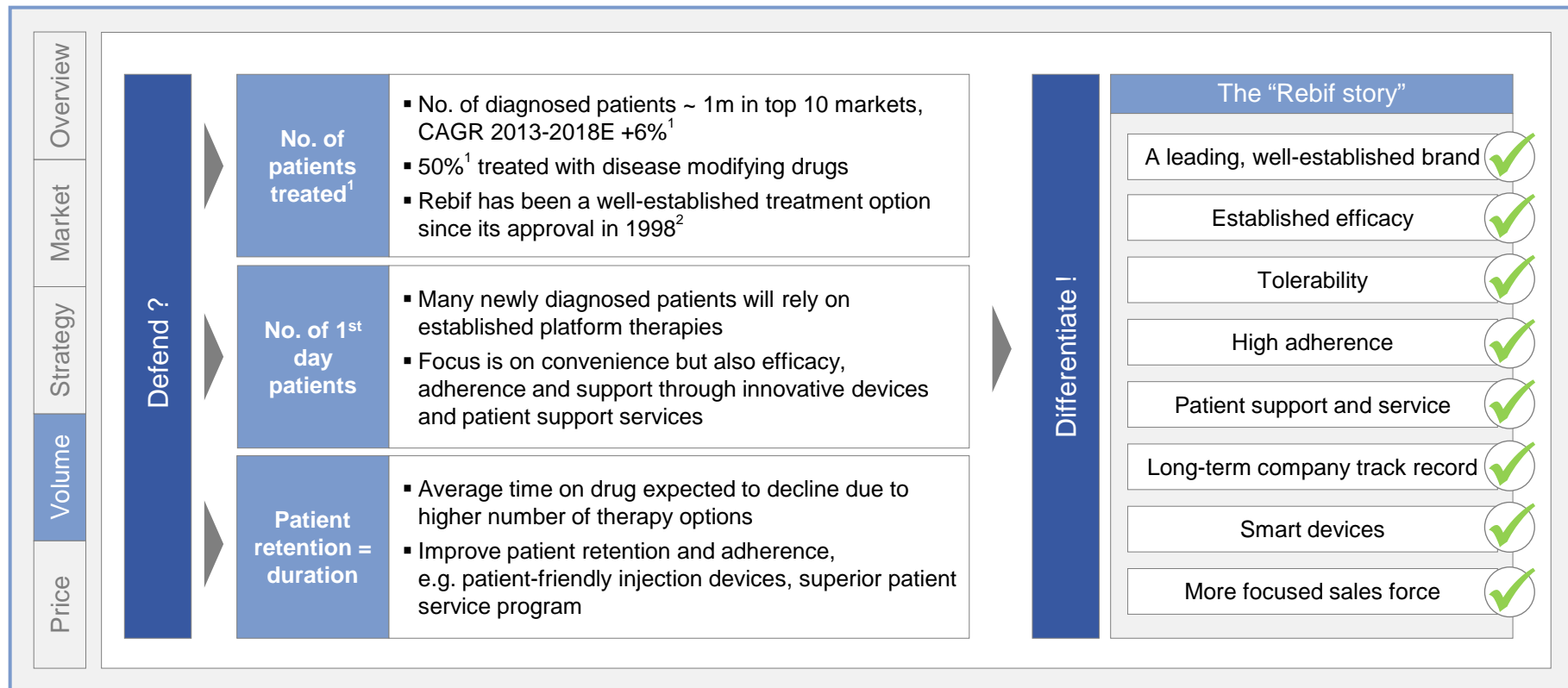
<sup>1</sup>Source: Sales data according to EvaluatePharma® a service of Evaluate Ltd. (UK), [www.evaluategroup.com](http://www.evaluategroup.com), accessed September 2014; <sup>2</sup>IFN = interferons; <sup>3</sup>MS = multiple sclerosis

# Rebif® – Several levers to sustain Rebif's value



<sup>1</sup>Not available in the U.S.; <sup>2</sup>Not all devices are available in all markets

# Rebif® – Initiatives to differentiate and defend share



<sup>1</sup>Multiples sclerosis; Source: Merck Serono; <sup>2</sup>Approval in the EU, approval in the U.S. in 2002



# Rebif® – Priorities for value pricing



<sup>1</sup>Source: Merck Serono with 2013 data from GBI and IMS Health ; <sup>2</sup>MS = multiple sclerosis ; <sup>3</sup>Source: Prime Therapeutics' Abstract 2012; <sup>4</sup>Not available in the U.S.

## Back-up information

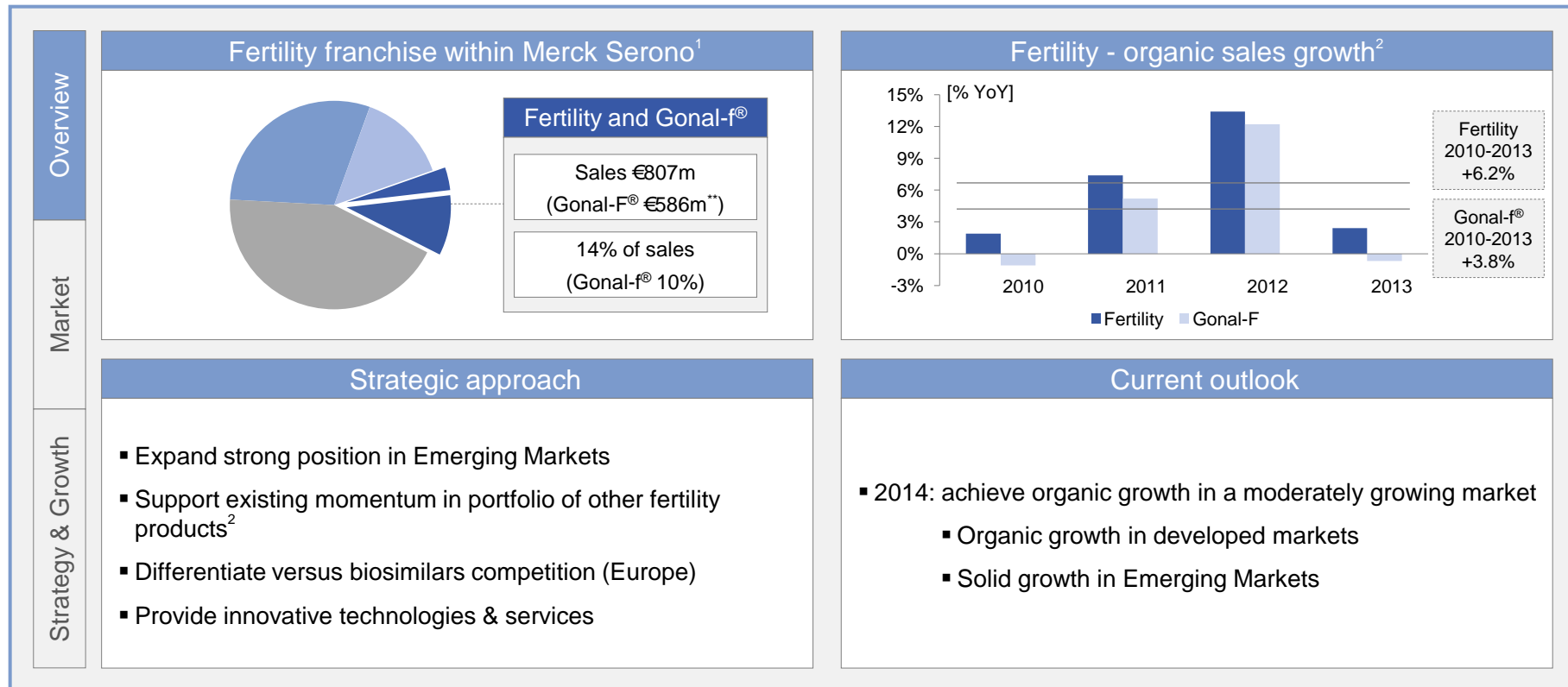
Erbitux

Rebif

**Fertility**

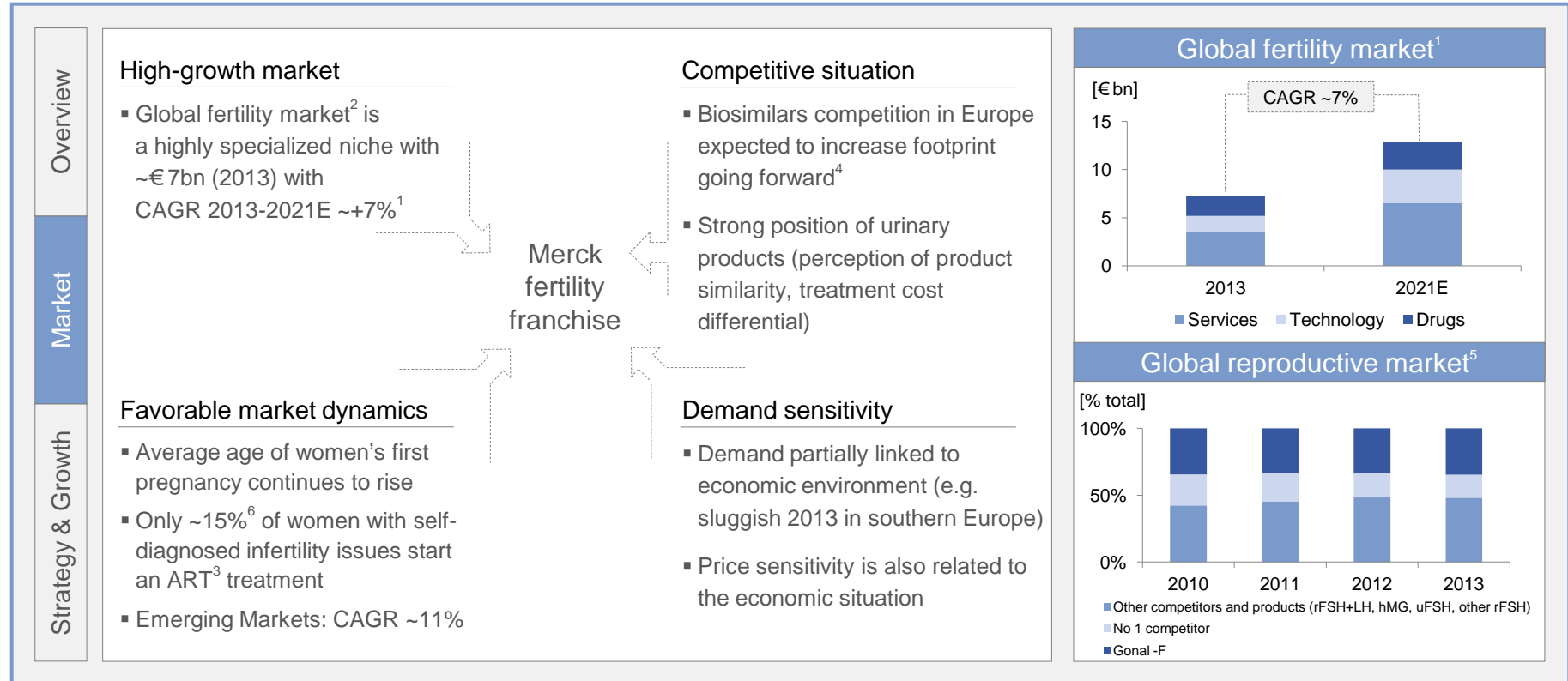
General Medicine

# Fertility – Taking the franchise to beyond drugs



<sup>1</sup>Source: Annual Report 2013; <sup>2</sup>Other products included in the Fertility franchise: Cetrotide, Ovidrel, Crinone, Pergoveris

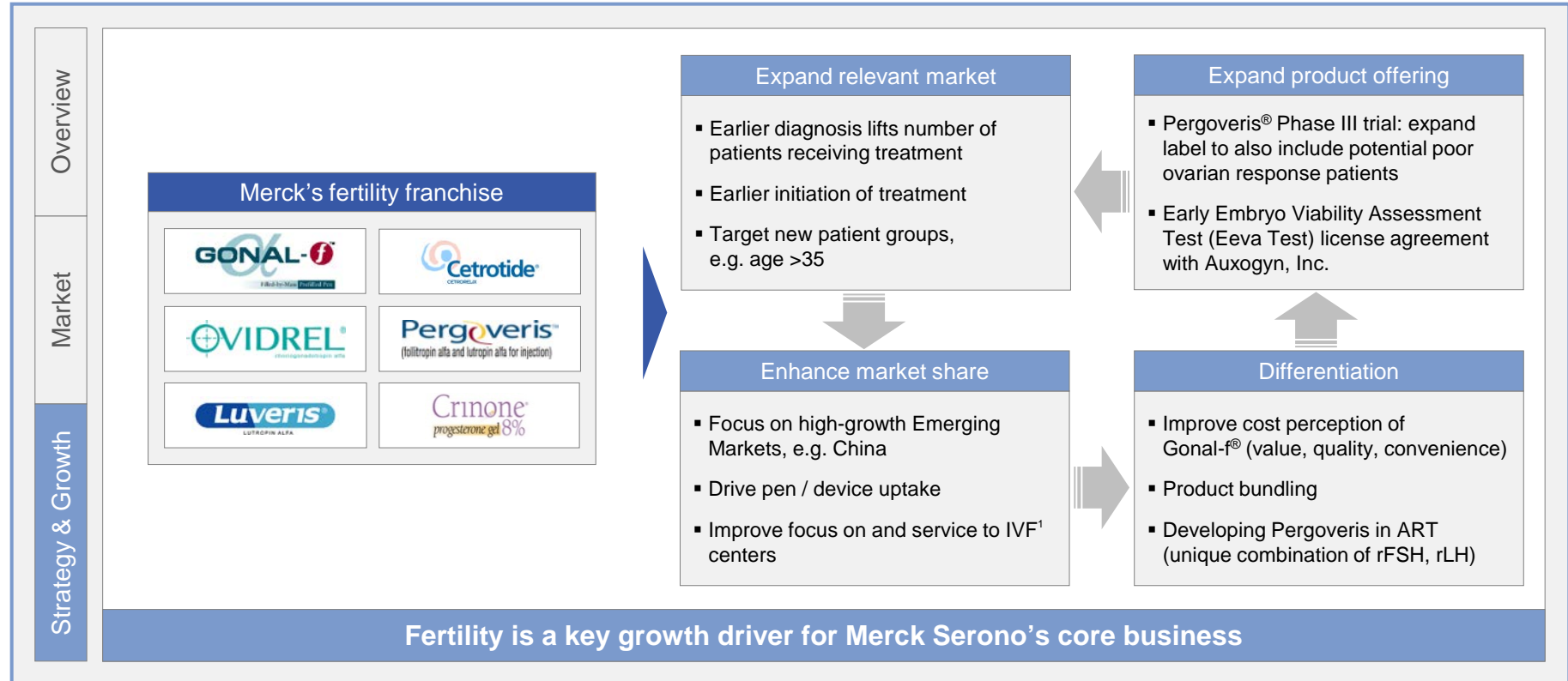
# Fertility – Sustainable market trends key drivers of continued growth



<sup>1</sup>Source: Merck Serono based on Transparency market research 2010; US IV Clinics 2011, CDC, ESHRE, press; <sup>2</sup>Includes drugs, technology, services; Source: Merck Serono based on Transparency market research 2010; US IV Clinics 2011, CDC, ESHRE, press, <sup>3</sup>ART = Assisted Reproductive Technology; <sup>4</sup>Approved and launched in various markets;

<sup>5</sup>Source: Merck Serono based on own research, BCG; <sup>6</sup>Merck Serono market research

# Fertility – Four opportunities to drive franchise growth



<sup>1</sup>IVF = in-vitro fertilisation

## Back-up information

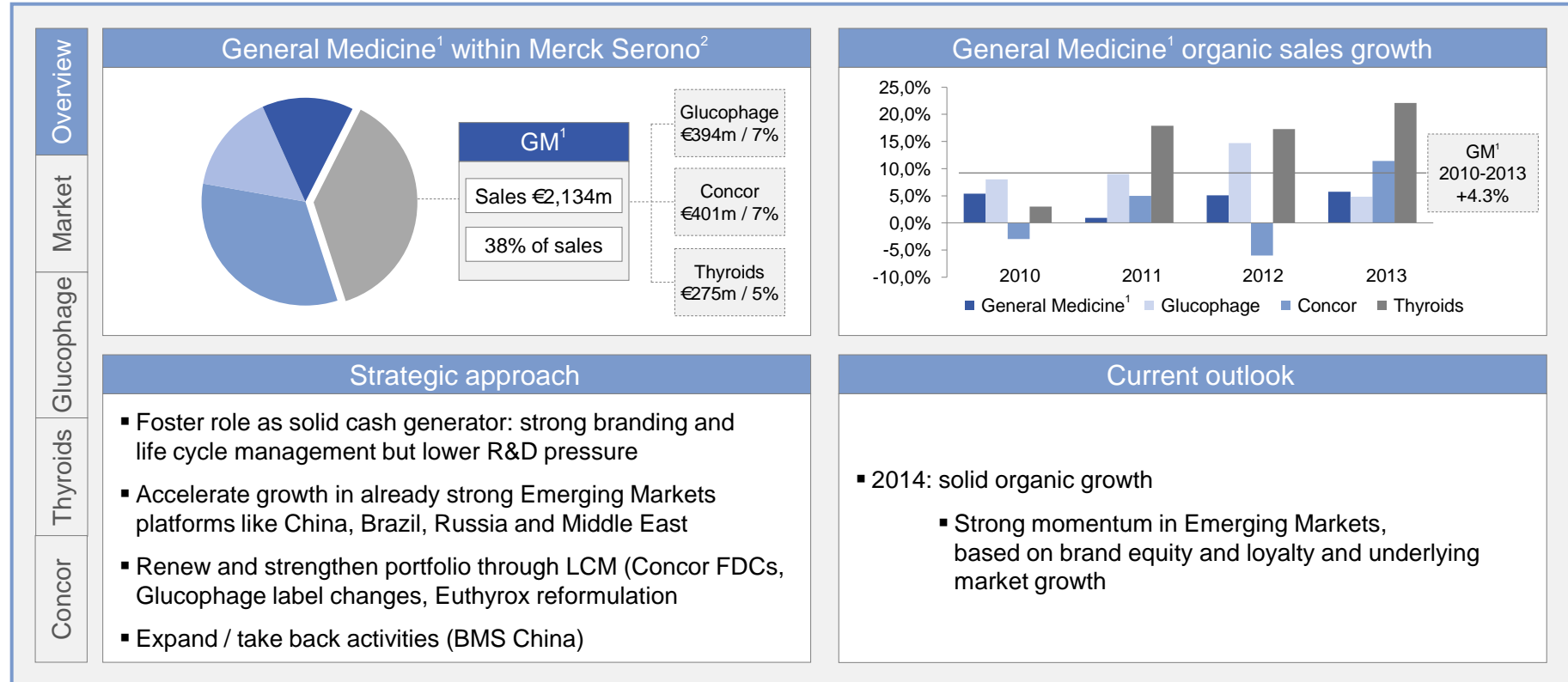
Erbitux

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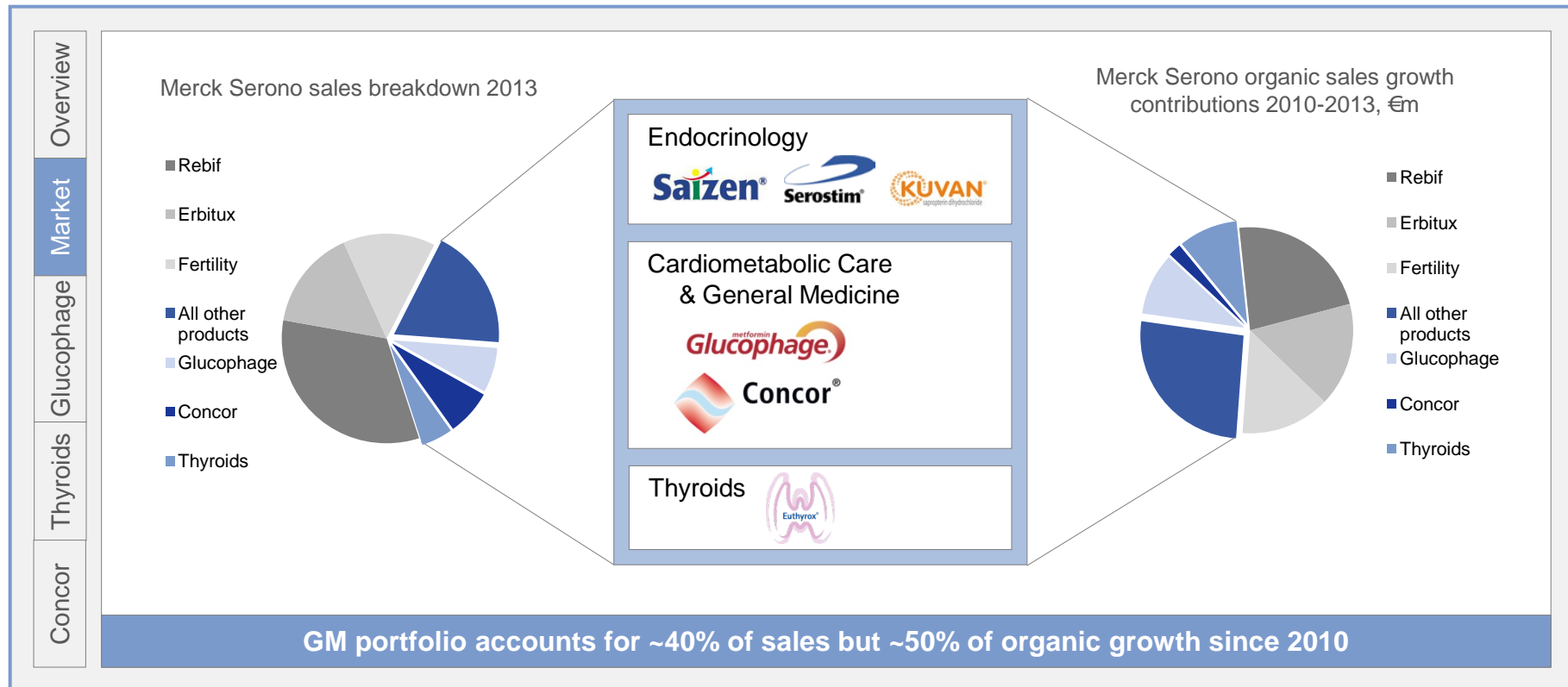
**General Medicine**

# General Medicine<sup>1</sup> – Strong Emerging Markets franchise enables continued profitable growth

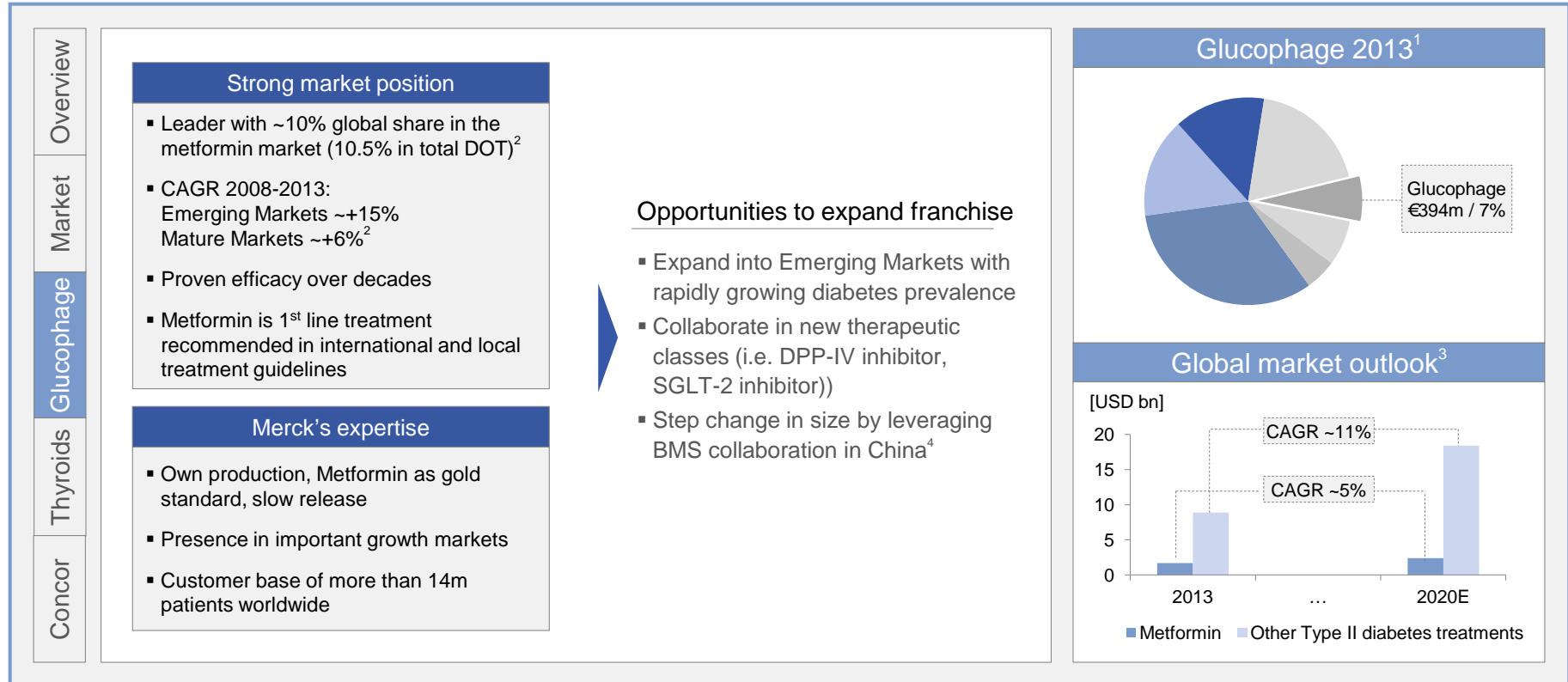


<sup>1</sup>GM = General Medicine including General Medicine, Cardiometabolic Care, Endocrinology, Others; <sup>2</sup>Source: Annual Report 2013

# General Medicine – Growth engine for Merck Serono in the past and future



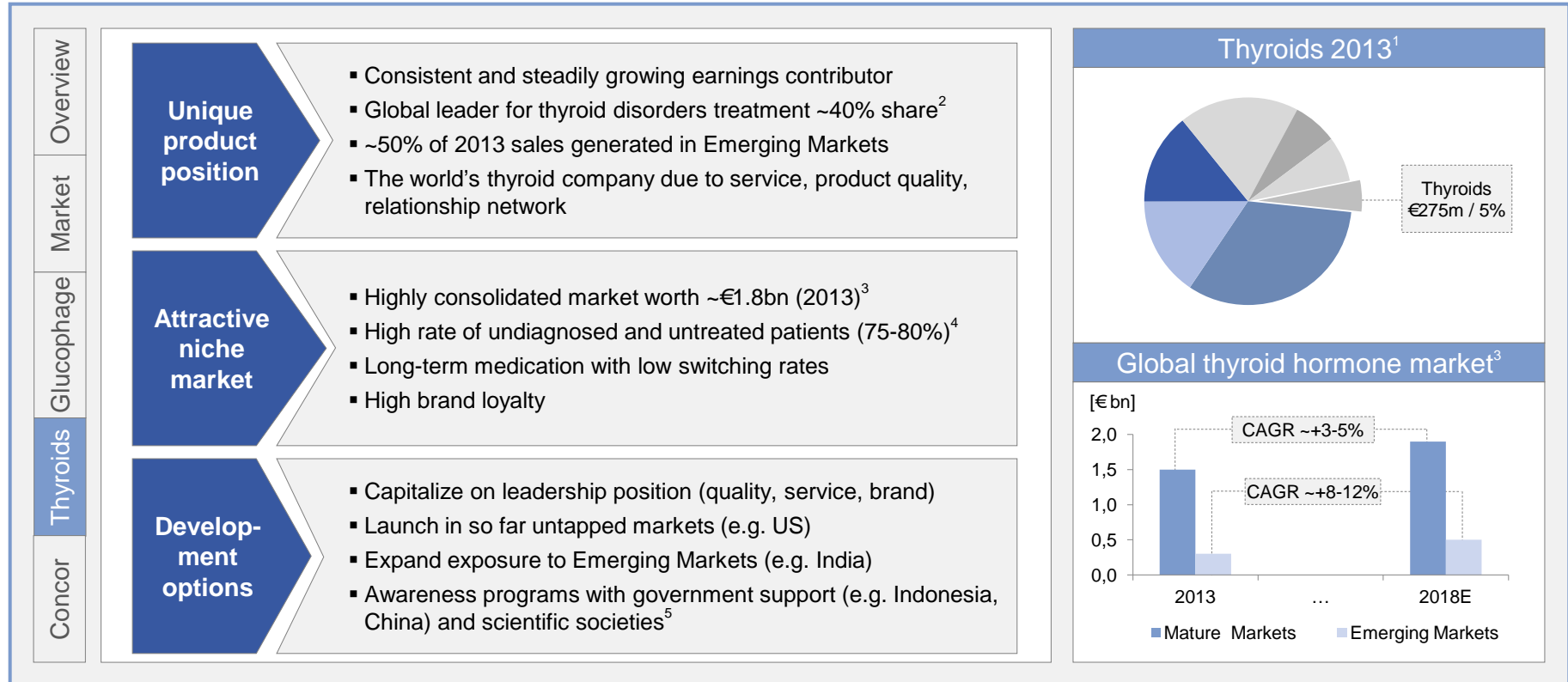




<sup>1</sup>Source: Annual Report 2013; <sup>2</sup>Source: IMS Midas; <sup>3</sup>Source: Sales data according to EvaluatePharma® a service of Evaluate Ltd. (UK), [www.evaluategroup.com](http://www.evaluategroup.com), accessed July 2014;

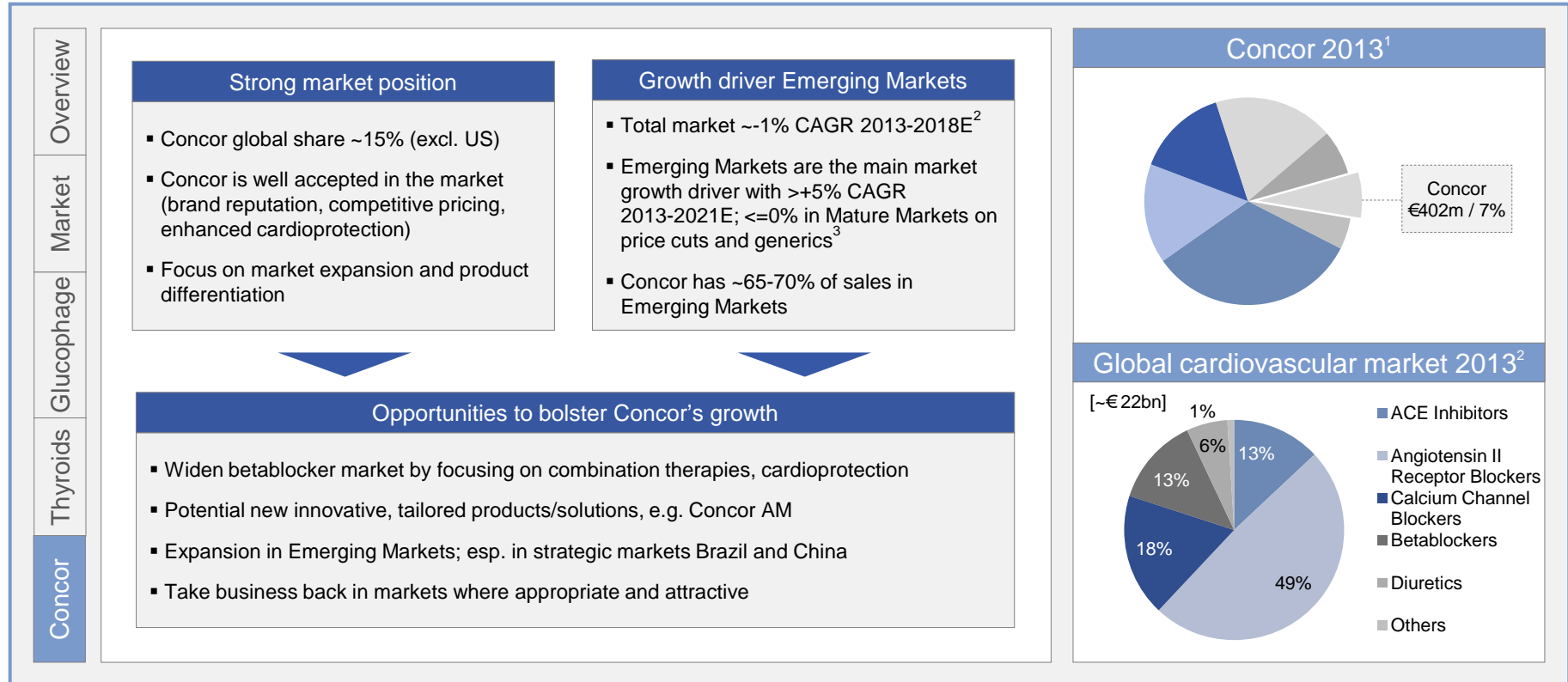
<sup>4</sup>Current co-promotion to end at the end of 2016; new plant as of 2018

# General Medicine – Thyroids



<sup>1</sup>Source: Annual Report 2013; <sup>2</sup>Source: IMS, Midas, 2013 without US-Market (incl. US = 13%); <sup>3</sup>Source: IMS, Dataview, 2013; excluding U.S.;

<sup>4</sup>Own Estimate (Expert Opinion, CTY expectation); <sup>5</sup>E.g. International Awareness Thyroid Week



<sup>1</sup>Source: Annual Report 2013; <sup>2</sup>Source: Sales data according to EvaluatePharma® a service of Evaluate Ltd. (UK), [www.evaluategroup.com](http://www.evaluategroup.com), accessed July 2014;

<sup>3</sup>Sources: Cardiovascular: IMS, Merck Serono, validation by regions

