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# consolidated Financial statements

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[ar2015.emdgroup.com/downloads](http://ar2015.emdgroup.com/downloads)



# Consolidated Income Statement<sup>1</sup>

€ million	Note	2015	2014
<b>Net sales</b>	→ 8	<b>12,844.7</b>	<b>11,362.8</b>
Cost of sales	→ 9	- 4,076.3	- 3,526.4
<i>(of which: amortization of intangible assets)<sup>2</sup></i>		<i>(- 166.6)</i>	<i>(- 94.0)</i>
<b>Gross profit</b>		<b>8,768.4</b>	<b>7,836.4</b>
Marketing and selling expenses	→ 10	- 4,049.5	- 3,589.1
<i>(of which: amortization of intangible assets)<sup>2</sup></i>		<i>(- 778.9)</i>	<i>(- 719.0)</i>
Administration expenses		- 719.9	- 608.6
Research and development costs	→ 11	- 1,709.2	- 1,703.7
<i>(of which: amortization of intangible assets)<sup>2</sup></i>		<i>(- 2.7)</i>	<i>(- 3.8)</i>
Other operating income	→ 12	470.7	564.4
Other operating expenses	→ 13	- 917.3	- 737.4
<b>Operating result (EBIT)</b>		<b>1,843.2</b>	<b>1,762.0</b>
Financial result	→ 14	- 356.7	- 205.0
<b>Profit before income tax</b>		<b>1,486.5</b>	<b>1,557.0</b>
Income tax	→ 15	- 368.0	- 392.2
<b>Profit after tax from continuing operations</b>		<b>1,118.5</b>	<b>1,164.8</b>
<b>Profit after tax from discontinued operations</b>		<b>5.6</b>	<b>-</b>
<b>Profit after tax</b>		<b>1,124.1</b>	<b>1,164.8</b>
of which: attributable to shareholders of Merck KGaA, Darmstadt, Germany (net income)		1,114.8	1,157.3
of which: attributable to non-controlling interests	→ 25	9.3	7.5
<b>Earnings per share (in €)</b>	→ 16		
basic		2.56	2.66
- thereof from continuing operations		2.55	2.66
- thereof from discontinued operations		0.01	-
diluted		2.56	2.66
- thereof from continuing operations		2.55	2.66
- thereof from discontinued operations		0.01	-

<sup>1</sup>The reporting structure has changed, see "Changes to accounting and measurement principles and disclosure changes".

<sup>2</sup>Excluding amortization of internally generated or separately acquired software.

# Consolidated Statement of Comprehensive Income

€ million	Note	2015	2014
<b>Profit after tax</b>		<b>1,124.1</b>	<b>1,164.8</b>
<b>Items of other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</b>			
<b>Remeasurement of the net defined benefit liability</b>			
Changes in remeasurement	→ 26	160.5	-861.5
Tax effect		-45.3	149.2
Changes recognized in equity		115.2	-712.3
		115.2	-712.3
<b>Items of other comprehensive income that may be reclassified to profit or loss in subsequent periods:</b>			
<b>Available-for-sale financial assets</b>			
Fair value adjustments		18.5	-1.4
Reclassification to profit or loss		-10.9	-0.1
Tax effect		-2.5	0.4
Changes recognized in equity		5.1	-1.1
<b>Derivative financial instruments</b>			
Fair value adjustments		725.5	411.7
Reclassification to profit or loss		71.0	-43.0
Reclassification to assets		-1,380.3	-
Tax effect		15.6	-20.2
Changes recognized in equity		-568.2	348.5
<b>Exchange differences on translating foreign operations</b>			
Changes taken directly to equity		971.8	682.4
Reclassification to profit or loss		-	0.1
Changes recognized in equity		971.8	682.5
		408.7	1,029.9
<b>Other comprehensive income</b>		<b>523.9</b>	<b>317.6</b>
<b>Comprehensive income</b>		<b>1,648.0</b>	<b>1,482.4</b>
of which attributable to shareholders of Merck KGaA, Darmstadt, Germany		1,635.9	1,469.1
of which attributable to non-controlling interests	→ 25	12.1	13.3

# Consolidated Balance Sheet<sup>1</sup>

€ million	Note	Dec. 31, 2015	Dec. 31, 2014
<b>Non-current assets</b>			
Intangible assets	→ 17	25,339.0	11,395.5
Property, plant and equipment	→ 18	4,009.1	2,990.4
Non-current financial assets	→ 19	131.5	94.4
Other non-current assets	→ 20	127.8	56.5
Deferred tax assets	→ 15	1,049.6	992.9
		<b>30,657.0</b>	<b>15,529.7</b>
<b>Current assets</b>			
Inventories	→ 21	2,619.8	1,659.7
Trade accounts receivable <sup>2</sup>	→ 22	2,738.3	2,219.5
Current financial assets	→ 19	227.0	2,199.4
Other current assets <sup>2</sup>	→ 20	496.2	1,226.3
Income tax receivables	→ 23	391.0	297.0
Cash and cash equivalents	→ 24	832.2	2,878.5
Assets held for sale	→ 4	45.7	-
		<b>7,350.2</b>	<b>10,480.4</b>
<b>Total assets</b>		<b>38,007.2</b>	<b>26,010.1</b>
<b>Total equity</b>			
	→ 25		
Equity capital		565.2	565.2
Reserves		9,678.9	9,038.9
Gains/losses recognized in equity		2,543.4	2,137.5
<b>Equity attributable to shareholders of Merck KGaA, Darmstadt, Germany</b>		<b>12,787.5</b>	<b>11,741.6</b>
Non-controlling interests		67.8	59.4
		<b>12,855.3</b>	<b>11,801.0</b>
<b>Non-current liabilities</b>			
Provisions for pensions and other post-employment benefits	→ 26	1,836.1	1,820.1
Other non-current provisions	→ 27	855.3	626.1
Non-current financial liabilities	→ 28	9,616.3	3,561.1
Other non-current liabilities	→ 29	608.5	782.0
Deferred tax liabilities	→ 15	2,852.7	818.4
		<b>15,768.9</b>	<b>7,607.7</b>
<b>Current liabilities</b>			
Current provisions	→ 27	535.4	561.7
Current financial liabilities	→ 28	4,096.6	2,075.9
Trade accounts payable	→ 30	1,921.2	1,539.4
Income tax liabilities	→ 31	1,011.3	849.8
Other current liabilities	→ 29	1,818.5	1,574.6
Liabilities directly related to assets held for sale	→ 4	-	-
		<b>9,383.0</b>	<b>6,601.4</b>
<b>Total equity and liabilities</b>		<b>38,007.2</b>	<b>26,010.1</b>

<sup>1</sup> Since January 1, 2015, the consolidated balance sheet of the Group has been structured in descending order of maturity.

<sup>2</sup> Previous year's figures have been adjusted, see "Changes to accounting and measurement principles and disclosure changes".

# Consolidated Cash Flow Statement

€ million	Note	2015	2014
<b>Profit after tax</b>		<b>1,124.1</b>	<b>1,164.8</b>
Depreciation/amortization/impairment losses/reversals of impairments		1,510.9	1,360.9
Changes in inventories		-90.0	20.9
Changes in trade accounts receivable <sup>1</sup>		-84.5	-94.8
Changes in trade accounts payable		166.5	52.8
Changes in provisions		214.7	-341.6
Changes in other assets and liabilities <sup>1</sup>		-636.3	533.1
Neutralization of gains/losses on disposal of assets		-42.0	-9.3
Other non-cash income and expenses		31.8	18.7
<b>Net cash flows from operating activities</b>	→ 34	<b>2,195.2</b>	<b>2,705.5</b>
<b>thereof: from discontinued operations</b>		<b>5.6</b>	<b>-</b>
Payments for investments in intangible assets		-179.1	-143.3
Payments from the disposal of intangible assets		27.4	2.1
Payments for investments in property, plant and equipment		-513.9	-480.9
Payments from the disposal of property, plant and equipment		8.9	14.0
Payments for investments in financial assets		-1,740.8	-3,143.3
Payments for acquisitions less acquired cash and cash equivalents		-13,482.3	-1,419.3
Payments from the disposal of other financial assets		3,858.0	3,508.6
Payments from the divestment of assets held for sale		86.0	20.9
<b>Net cash flows from investing activities</b>	→ 35	<b>-11,935.8</b>	<b>-1,641.2</b>
<b>thereof: from discontinued operations</b>		<b>84.4</b>	<b>-</b>
Dividend payments to shareholders of Merck KGaA, Darmstadt, Germany		-129.2	-122.8
Dividend payments to non-controlling interests		-3.6	-3.1
Dividend payments to E. Merck KG, Darmstadt, Germany		-435.0	-382.7
Payments from new borrowings of financial liabilities from E. Merck KG, Darmstadt, Germany		560.0	610.0
Repayments of financial liabilities to E. Merck KG, Darmstadt, Germany		-483.6	-470.6
Payments for the acquisition of non-controlling interests		-	-351.3
Repayments of bonds		-1,737.7	-
Payments from issuance of bonds		5,756.3	1,482.9
Payments from new borrowings of other current and non-current financial liabilities		4,106.5	322.6
Repayments of other current and non-current financial debt liabilities		-469.9	-324.5
<b>Net cash flows from financing activities</b>	→ 35	<b>7,163.8</b>	<b>760.5</b>
<b>thereof: from discontinued operations</b>		<b>-</b>	<b>-</b>
<b>Changes in cash and cash equivalents</b>		<b>-2,576.8</b>	<b>1,824.8</b>
Changes in cash and cash equivalents due to currency translation		530.5	72.9
Cash and cash equivalents as of January 1		2,878.5	980.8
Cash and cash equivalents as of December 31		832.2	2,878.5
Plus cash and cash equivalents included in assets held for sale		-	-
<b>Cash and cash equivalents as of December 31 (consolidated balance sheet)</b>	→ 24	<b>832.2</b>	<b>2,878.5</b>

<sup>1</sup> 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 [25] "Equity".

€ million	Equity capital			Retained earnings	
	General partner's equity Merck KGaA, Darmstadt, Germany	Subscribed capital Merck KGaA, Darmstadt, Germany	Capital reserves (share premium) Merck KGaA, Darmstadt, Germany	Retained earnings/ Net retained profit	Remeasurement of defined benefit plans
<b>Balance as of January 1, 2014</b>	<b>397.2</b>	<b>168.0</b>	<b>3,813.7</b>	<b>6,090.1</b>	<b>-562.7</b>
Profit after tax	-	-	-	1,157.3	-
Other comprehensive income	-	-	-	-	-712.0
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,157.3</b>	<b>-712.0</b>
Dividend payments	-	-	-	-122.8	-
Profit transfer to/from E. Merck KG, Darmstadt, Germany including changes in reserves	-	-	-	-435.0	-
Transactions with no change of control	-	-	-	-189.4	-
Changes in scope of consolidation/Other	-	-	-	-0.3	-
<b>Balance as of December 31, 2014</b>	<b>397.2</b>	<b>168.0</b>	<b>3,813.7</b>	<b>6,499.9</b>	<b>-1,274.7</b>
<b>Balance as of January 1, 2015</b>	<b>397.2</b>	<b>168.0</b>	<b>3,813.7</b>	<b>6,499.9</b>	<b>-1,274.7</b>
Profit after tax	-	-	-	1,114.8	-
Other comprehensive income	-	-	-	-	115.2
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,114.8</b>	<b>115.2</b>
Dividend payments	-	-	-	-129.2	-
Profit transfer to/from E. Merck KG, Darmstadt, Germany including changes in reserves	-	-	-	-461.0	-
Transactions with no change of control	-	-	-	-	-
Changes in scope of consolidation/Other	-	-	-	0.2	-
<b>Balance as of December 31, 2015</b>	<b>397.2</b>	<b>168.0</b>	<b>3,813.7</b>	<b>7,024.7</b>	<b>-1,159.5</b>

Gains/losses recognized in equity					
Available-for-sale financial assets	Derivative financial instruments	Currency translation difference	Equity attributable to Merck KGaA, Darmstadt, Germany, shareholders	Non-controlling interests	Total equity
<b>1.0</b>	<b>44.2</b>	<b>1,068.5</b>	<b>11,020.0</b>	<b>49.2</b>	<b>11,069.2</b>
-	-	-	1,157.3	7.5	1,164.8
-1.1	348.5	676.4	311.8	5.8	317.6
<b>-1.1</b>	<b>348.5</b>	<b>676.4</b>	<b>1,469.1</b>	<b>13.3</b>	<b>1,482.4</b>
-	-	-	-122.8	-3.1	-125.9
-	-	-	-435.0	-	-435.0
-	-	-	-189.4	-161.9	-351.3
-	-	-	-0.3	161.9	161.6
<b>-0.1</b>	<b>392.7</b>	<b>1,744.9</b>	<b>11,741.6</b>	<b>59.4</b>	<b>11,801.0</b>
<b>-0.1</b>	<b>392.7</b>	<b>1,744.9</b>	<b>11,741.6</b>	<b>59.4</b>	<b>11,801.0</b>
-	-	-	1,114.8	9.3	1,124.1
5.1	-568.2	969.0	521.1	2.8	523.9
<b>5.1</b>	<b>-568.2</b>	<b>969.0</b>	<b>1,635.9</b>	<b>12.1</b>	<b>1,648.0</b>
-	-	-	-129.2	-3.6	-132.8
-	-	-	-461.0	-	-461.0
-	-	-	-	-	-
-	-	-	0.2	-0.1	0.1
<b>5.0</b>	<b>-175.5</b>	<b>2,713.9</b>	<b>12,787.5</b>	<b>67.8</b>	<b>12,855.3</b>