



Merz continues its growth in Aesthetics and Neurotoxins

Frankfurt, Germany, November 17, 2016 - In the fiscal year 2015/16, Merz Pharma has strengthened its strategic positioning as a leading global provider in the fields of Aesthetics and Neurotoxins. This core business has grown by 8.9% from EUR 809.8 million to EUR 881.9 million. The company's total revenue of EUR 1,092.9 million has declined by 5.5% compared to previous year (EUR 1,157.0 million) as a result of lower royalties for the Alzheimer's disease drug Memantine due to expiration of patent protection.

“Our two core business areas Aesthetics and Neurotoxins now generate 63.7% of our product sales - seven percentage points more than last year,” said CEO Philip Burchard. “We will continue to focus on these segments and expect to see continued growth here.”

Significant milestones

“In the previous fiscal year, we have made significant progress in implementing our corporate strategy,” Burchard added. As an example, he mentioned the medical device Ultherapy, an ultrasound system for non-invasive skin lifting. During the two years since the 2014 acquisition of the US medical device company Ulthera, Ultherapy has become the product with the highest revenue in the Merz Aesthetics portfolio.

In addition, Merz has received a number of approvals for additional therapeutic and aesthetic indications. In December 2015, the botulinum neurotoxin Xeomin was approved by the FDA for treatment of adult upper limb spasticity. In March 2016, Bocouture became the first and only neurotoxin to be approved in the European Union for the treatment of upper facial lines. And the dermal filler Radiesse with the integrated local anesthetic Lidocaine was approved by European regulatory authorities in June 2016.

Merz has also strengthened its focus on innovation with its Venture Capital Initiative launched in late 2015, which aims to identify and foster innovative early-stage development projects from start-ups and universities. As part of this offering, Merz also takes a partnership approach to clinical development and market launch.

Merz Pharma GmbH & Co. KGaA
Corporate Communications
Ute Weinhold
Eckenheimer Landstraße 100
60318 Frankfurt am Main
+49 69 1503-889
ute.weinhold@merz.de

www.merz.de



In April 2016, Merz announced its investment in the US company Cytrellis Biosystems. This start-up is developing a new, minimally invasive technology designed to remove excess facial skin, eliminate wrinkles and reverse age-related sagging of the skin. In August, Merz completed its acquisition of the US medical device company ON Light Sciences. This company manufactures a special patch allowing for more efficient and less painful laser based tattoo removal procedures.

Overall, Merz has invested 7.7% more in research and development in the fiscal year 2015/16 (EUR 160.2 million) compared to 2014/15 (EUR 148.8 million).

International growth

Merz's operating revenue has grown in all regions. Again, international business was the main driver of growth. In the Asia Pacific region, revenue increased by 31% from EUR 61.9 million to EUR 81.0 million. In North America, currently the region with the highest revenue, sales rose by 15.9% to EUR 377.0 million (previous year: EUR 325.3 million). In Latin America, revenue increased by 13.8% to EUR 55.1 million (previous year: EUR 48.4 million). The EMEA region (Europe, Middle East, Africa) generated revenue of EUR 352.4 million with a 2.1% increase (previous year: EUR 345.2 million).

Merz Consumer Care also continued its growth in the past fiscal year. This business generated EUR 74.4 million, a 6.4% increase compared to the previous year (EUR 69.9 million), primarily due to the positive development of its tetesept brand.

As a result of falling royalty income for the Alzheimer's disease drug Memantine, total EBIT declined by 48.4% to EUR 131.8 million (previous year: EUR 255.6 million). "Due to the expiry of Memantine's patent protection, this diminishing income from our license partner business was expected," said Burchard.

As of the June 30, 2016 reporting date, Merz had a total workforce of 3,005 employees (previous year: 2,754). 1,972 employees are located outside of Germany (previous year: 1,750), representing approximately two-thirds of the company's overall headcount.

Reorganization of R&D and Administration

Philip Burchard announced that Merz will support its strategy by creating a more flexible organization. "We will modify our internal structures to



become more powerful, agile, and effective,” he said. “In this process, we will realign R&D as well as certain administrative departments. Unfortunately, this will also lead to a workforce reduction.”

In Germany, less than 100 positions will be affected, mainly in the headquarters in Frankfurt. Globally, the staff reduction will impact between 250 and 300 jobs, the majority of which were already realized in North America in July 2016. “In Germany, we have begun negotiations with the Works Council for an interest reconciliation agreement and a social compensation plan. Our objective is to approach any workforce reduction in the most socially responsible way,” said Hans-Jörg Bergler, Global Head of HR.

About Merz Pharma Group

With approximately 3,000 employees and 34 subsidiaries, Merz is a leading global provider in the fields of Aesthetics and Neurotoxins. Privately held for more than 100 years, the company is distinguished by its in-house research and development, solid financial strength and continuous growth. Complementing its unique portfolio of products for minimally invasive and non-invasive skin rejuvenation and tightening, Merz also develops neurotoxin therapy to treat neurologically induced movement disorders. OTC medicines, dietary supplements and skincare products round off the offerings from the company, which is headquartered in Frankfurt, Germany. In fiscal year 2015/16, the Merz Pharma Group generated revenue of EUR 1,092.9 million. More information is available at www.merz.com.

Your contact:

Merz Pharma GmbH & Co. KGaA
Ute Weinhold
Corporate Communications
Eckenheimer Landstraße 100
60318 Frankfurt
Tel.: +49 69 1503-889
Ute.weinhold@merz.de