



Merck & Co., Inc.
Financial Highlights Package
Second Quarter 2018
Table of Contents

Table 1: GAAP P&L.....	1
Table 1a: GAAP P&L – Current Year and Prior Year by Quarter.....	2
Table 2a: GAAP to Non-GAAP Reconciliation 2Q18	3
Table 2b: GAAP to Non-GAAP Reconciliation June YTD 18	4
Table 2c: GAAP to Non-GAAP Reconciliation 2Q17.....	5
Table 2d: GAAP to Non-GAAP Reconciliation June YTD 17	6
Table 3: Sales – Current Year and Prior Year by Quarter	7
Table 3a: Sales – U.S. / Ex- U.S. 2Q18	8
Table 3b: Sales – U.S. / Ex- U.S. June YTD 18.....	9
Table 3c: Sales – Pharmaceutical Geographic Split	10
Table 4: Other (Income) Expense	11

MERCK & CO., INC.
CONSOLIDATED STATEMENT OF INCOME - GAAP
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 1

	GAAP		% Change	GAAP		% Change
	2Q18	2Q17		June YTD 2018	June YTD 2017	
Sales	\$ 10,465	\$ 9,930	5%	\$ 20,502	\$ 19,365	6%
Costs, Expenses and Other						
Materials and production ⁽¹⁾	3,417	3,116	10%	6,601	6,165	7%
Marketing and administrative ⁽¹⁾	2,508	2,500	--	5,016	4,972	1%
Research and development ⁽¹⁾⁽²⁾	2,274	1,782	28%	5,470	3,612	51%
Restructuring costs ⁽³⁾	228	166	37%	323	317	2%
Other (income) expense, net ⁽¹⁾	(48)	(73)	-34%	(340)	(143)	*
Income Before Taxes	2,086	2,439	-14%	3,432	4,442	-23%
Taxes on Income ⁽¹⁾	370	488	-24%	975	935	4%
Net Income	1,716	1,951	-12%	2,457	3,507	-30%
Less: Net Income Attributable to Noncontrolling Interests	9	5		14	11	
Net Income Attributable to Merck & Co., Inc.	\$ 1,707	\$ 1,946	-12%	\$ 2,443	\$ 3,496	-30%
Earnings per Common Share Assuming Dilution	\$ 0.63	\$ 0.71	-11%	\$ 0.90	\$ 1.27	-29%
Average Shares Outstanding Assuming Dilution	2,696	2,752		2,702	2,759	
Tax Rate ⁽⁴⁾	17.8%	20.0%		28.4%	21.0%	

* 100% or greater

⁽¹⁾ Amounts include the impact of acquisition and divestiture-related costs, restructuring costs and certain other items. See accompanying tables for details.

⁽²⁾ Research and development expenses in the second quarter and first six months of 2018 include a \$344 million charge for the acquisition of Viralytics Limited. Research and development expenses in the first six months of 2018 also include a \$1.4 billion aggregate charge related to the formation of a collaboration with Eisai Co., Ltd (Eisai).

⁽³⁾ Represents separation and other related costs associated with restructuring activities under the company's formal restructuring programs.

⁽⁴⁾ The effective income tax rate for the first six months of 2018 reflects the unfavorable impact of a \$1.4 billion aggregate pretax charge related to the formation of a collaboration with Eisai for which no tax benefit was recognized.

MERCK & CO., INC.
CONSOLIDATED STATEMENT OF INCOME - GAAP
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)

(UNAUDITED)

Table 1a

	2018			2017						% Change	
	1Q	2Q	June YTD	1Q	2Q	June YTD	3Q	4Q	Full Year	2Q	June YTD
Sales	\$ 10,037	\$ 10,465	\$ 20,502	\$ 9,434	\$ 9,930	\$ 19,365	\$ 10,325	\$ 10,433	\$ 40,122	5%	6%
Costs, Expenses and Other											
Materials and production	3,184	3,417	6,601	3,049	3,116	6,165	3,307	3,440	12,912	10%	7%
Marketing and administrative	2,508	2,508	5,016	2,472	2,500	4,972	2,459	2,643	10,074	--	1%
Research and development	3,196	2,274	5,470	1,830	1,782	3,612	4,413	2,314	10,339	28%	51%
Restructuring costs	95	228	323	151	166	317	153	306	776	37%	2%
Other (income) expense, net	(291)	(48)	(340)	(71)	(73)	(143)	(207)	(149)	(500)	-34%	*
Income Before Taxes	1,345	2,086	3,432	2,003	2,439	4,442	200	1,879	6,521	-14%	-23%
Taxes on Income	604	370	975	447	488	935	251	2,917	4,103		
Net Income (Loss)	741	1,716	2,457	1,556	1,951	3,507	(51)	(1,038)	2,418	-12%	-30%
Less: Net Income Attributable to Noncontrolling Interests	5	9	14	5	5	11	5	8	24		
Net Income (Loss) Attributable to Merck & Co., Inc.	\$ 736	\$ 1,707	\$ 2,443	\$ 1,551	\$ 1,946	\$ 3,496	\$ (56)	\$ (1,046)	\$ 2,394	-12%	-30%
Earnings (Loss) per Common Share Assuming Dilution ⁽¹⁾	\$ 0.27	\$ 0.63	\$ 0.90	\$ 0.56	\$ 0.71	\$ 1.27	\$ (0.02)	\$ (0.39)	\$ 0.87	-11%	-29%
Average Shares Outstanding Assuming Dilution ⁽¹⁾	2,710	2,696	2,702	2,766	2,752	2,759	2,727	2,715	2,748		
Tax Rate	44.9%	17.8%	28.4%	22.3%	20.0%	21.0%	125.5%	155.2%	62.9%		

* 100% or greater

Sum of quarterly amounts may not equal year-to-date amounts due to rounding.

On January 1, 2018, the company adopted a new accounting standard related to defined benefit plans that requires the components of net benefit cost/credit (other than service costs) be presented in the statement of income outside of operating expenses. Upon adoption, net periodic benefit cost/credit other than service cost was reclassified to *Other (income) expense, net* from the previous classifications within *Materials and production* costs, *Marketing and administrative* expenses and *Research and development* costs. Previously reported amounts have been reclassified to conform to the new presentation. There was no impact to net income as a result of adopting the new standard.

⁽¹⁾ Because the company recorded a net loss in the third and fourth quarters of 2017, no potential dilutive common shares were used in the computations of loss per common share assuming dilution as the effects would have been anti-dilutive.

MERCK & CO., INC.
GAAP TO NON-GAAP RECONCILIATION
SECOND QUARTER 2018
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 2a

	GAAP	Acquisition and Divestiture-Related Costs ⁽¹⁾	Restructuring Costs ⁽²⁾	Certain Other Items ⁽³⁾	Adjustment Subtotal	Non-GAAP
Materials and production	\$ 3,417	733	3		736	\$ 2,681
Marketing and administrative	2,508	16	1		17	2,491
Research and development	2,274	1	3	344	348	1,926
Restructuring costs	228		228		228	-
Other (income) expense, net	(48)	105		(32)	73	(121)
Income Before Taxes	2,086	(855)	(235)	(312)	(1,402)	3,488
Income Tax Provision (Benefit)	370	(113) ⁽⁴⁾	(28) ⁽⁴⁾	(114) ⁽⁴⁾	(255)	625
Net Income	1,716	(742)	(207)	(198)	(1,147)	2,863
Net Income Attributable to Merck & Co., Inc.	1,707	(742)	(207)	(198)	(1,147)	2,854
Earnings per Common Share Assuming Dilution	\$ 0.63	(0.28)	(0.08)	(0.07)	(0.43)	\$ 1.06
Tax Rate	17.8%					17.9%

Only the line items that are affected by non-GAAP adjustments are shown.

Merck is providing certain non-GAAP information that excludes certain items because of the nature of these items and the impact they have on the analysis of underlying business performance and trends. Management believes that providing this information enhances investors' understanding of the company's results as it permits investors to understand how management assesses performance. Management uses these measures internally for planning and forecasting purposes and to measure the performance of the company along with other metrics. Senior management's annual compensation is derived in part using non-GAAP income and non-GAAP EPS. This information should be considered in addition to, but not as a substitute for or superior to, information prepared in accordance with GAAP.

⁽¹⁾ Amounts included in materials and production costs reflect expenses for the amortization of intangible assets recognized as a result of business acquisitions. Amounts included in marketing and administrative expenses reflect integration, transaction and certain other costs related to business acquisitions and divestitures. Amounts included in research and development expenses reflect an increase in the estimated fair value measurement of liabilities for contingent consideration. Amounts included in other (income) expense, net reflect an increase in the estimated fair value measurement of liabilities for contingent consideration, partially offset by royalty income related to the termination of the Sanofi-Pasteur MSD joint venture.

⁽²⁾ Amounts primarily include employee separation costs and accelerated depreciation associated with facilities to be closed or divested related to activities under the company's formal restructuring programs.

⁽³⁾ Amount included in research and development expenses represents a charge for the acquisition of Viralytics Limited.

⁽⁴⁾ Represents the estimated tax impact on the reconciling items based on applying the statutory rate of the originating territory of the non-GAAP adjustments.

MERCK & CO., INC.
GAAP TO NON-GAAP RECONCILIATION
SIX MONTHS ENDED JUNE 30, 2018
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 2b

	GAAP	Acquisition and Divestiture-Related Costs ⁽¹⁾	Restructuring Costs ⁽²⁾	Certain Other Items ⁽³⁾	Adjustment Subtotal	Non-GAAP
Materials and production	\$ 6,601	1,467	9		1,476	\$ 5,125
Marketing and administrative	5,016	24	2		26	4,990
Research and development	5,470	2	5	1,744	1,751	3,719
Restructuring costs	323		323		323	-
Other (income) expense, net	(340)	95		(54)	41	(381)
Income Before Taxes	3,432	(1,588)	(339)	(1,690)	(3,617)	7,049
Income Tax Provision (Benefit)	975	(204) ⁽⁴⁾	(49) ⁽⁴⁾	(109) ⁽⁴⁾	(362)	1,337
Net Income	2,457	(1,384)	(290)	(1,581)	(3,255)	5,712
Net Income Attributable to Merck & Co., Inc.	2,443	(1,384)	(290)	(1,581)	(3,255)	5,698
Earnings per Common Share Assuming Dilution	\$ 0.90	(0.51)	(0.11)	(0.59)	(1.21)	\$ 2.11
Tax Rate	28.4%					19.0%

Only the line items that are affected by non-GAAP adjustments are shown.

Merck is providing certain non-GAAP information that excludes certain items because of the nature of these items and the impact they have on the analysis of underlying business performance and trends. Management believes that providing this information enhances investors' understanding of the company's results as it permits investors to understand how management assesses performance. Management uses these measures internally for planning and forecasting purposes and to measure the performance of the company along with other metrics. Senior management's annual compensation is derived in part using non-GAAP income and non-GAAP EPS. This information should be considered in addition to, but not as a substitute for or superior to, information prepared in accordance with GAAP.

⁽¹⁾ Amounts included in materials and production costs reflect expenses for the amortization of intangible assets recognized as a result of business acquisitions. Amounts included in marketing and administrative expenses reflect integration, transaction and certain other costs related to business acquisitions and divestitures. Amounts included in research and development expenses reflect an increase in the estimated fair value measurement of liabilities for contingent consideration. Amounts included in other (income) expense, net reflect an increase in the estimated fair value measurement of liabilities for contingent consideration, partially offset by royalty income related to the termination of the Sanofi-Pasteur MSD joint venture.

⁽²⁾ Amounts primarily include employee separation costs and accelerated depreciation associated with facilities to be closed or divested related to activities under the company's formal restructuring programs.

⁽³⁾ Amounts included in research and development expenses represent a \$1.4 billion aggregate charge related to the formation of a collaboration with Eisai Co., Ltd., as well as a \$344 million charge for the acquisition of Viralytics Limited.

⁽⁴⁾ Represents the estimated tax impact on the reconciling items based on applying the statutory rate of the originating territory of the non-GAAP adjustments.

MERCK & CO., INC.
GAAP TO NON-GAAP RECONCILIATION
SECOND QUARTER 2017
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 2c

	GAAP	Acquisition and Divestiture-Related Costs ⁽¹⁾	Restructuring Costs ⁽²⁾	Certain Other Items	Adjustment Subtotal	Non-GAAP
Materials and production	\$ 3,116	827	33		860	\$ 2,256
Marketing and administrative	2,500	9	2		11	2,489
Research and development	1,782	7	9		16	1,766
Restructuring costs	166		166		166	-
Other (income) expense, net	(73)	39			39	(112)
Income Before Taxes	2,439	(882)	(210)		(1,092)	3,531
Income Tax Provision (Benefit)	488	(127) ⁽³⁾	(45) ⁽³⁾	(88) ⁽⁴⁾	(260)	748
Net Income	1,951	(755)	(165)	88	(832)	2,783
Net Income Attributable to Merck & Co., Inc.	1,946	(755)	(165)	88	(832)	2,778
Earnings per Common Share Assuming Dilution	\$ 0.71	(0.27)	(0.06)	0.03	(0.30)	\$ 1.01
Tax Rate	20.0%					21.2%

Only the line items that are affected by non-GAAP adjustments are shown.

Merck is providing certain non-GAAP information that excludes certain items because of the nature of these items and the impact they have on the analysis of underlying business performance and trends. Management believes that providing this information enhances investors' understanding of the company's results as it permits investors to understand how management assesses performance. Management uses these measures internally for planning and forecasting purposes and to measure the performance of the company along with other metrics. Senior management's annual compensation is derived in part using non-GAAP income and non-GAAP EPS. This information should be considered in addition to, but not as a substitute for or superior to, information prepared in accordance with GAAP.

⁽¹⁾ Amounts included in materials and production costs primarily reflect \$779 million of expenses for the amortization of intangible assets recognized as a result of business acquisitions, as well as an intangible asset impairment charge of \$47 million. Amounts included in marketing and administrative expenses reflect integration, transaction and certain other costs related to business acquisitions and divestitures. Amounts included in research and development expenses primarily reflect an increase in the estimated fair value measurement of liabilities for contingent consideration. Amounts included in other (income) expense, net reflect an increase in the estimated fair value measurement of liabilities for contingent consideration, partially offset by royalty income related to the termination of the Sanofi-Pasteur MSD joint venture.

⁽²⁾ Amounts primarily include employee separation costs and accelerated depreciation associated with facilities to be closed or divested related to activities under the company's formal restructuring programs.

⁽³⁾ Represents the estimated tax impact on the reconciling items based on applying the statutory rate of the originating territory of the non-GAAP adjustments.

⁽⁴⁾ Represents a tax benefit related to the settlement of a state income tax issue.

MERCK & CO., INC.
GAAP TO NON-GAAP RECONCILIATION
SIX MONTHS ENDED JUNE 30, 2017
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 2d

	GAAP	Acquisition and Divestiture-Related Costs ⁽¹⁾	Restructuring Costs ⁽²⁾	Certain Other Items	Adjustment Subtotal	Non-GAAP
Materials and production	\$ 6,165	1,682	96		1,778	\$ 4,387
Marketing and administrative	4,972	29	3		32	4,940
Research and development	3,612	18	9		27	3,585
Restructuring costs	317		317		317	-
Other (income) expense, net	(143)	36		(9)	27	(170)
Income Before Taxes	4,442	(1,765)	(425)	9	(2,181)	6,623
Income Tax Provision (Benefit)	935	(285) ⁽³⁾	(93) ⁽³⁾	(85) ⁽⁴⁾	(463)	1,398
Net Income	3,507	(1,480)	(332)	94	(1,718)	5,225
Net Income Attributable to Merck & Co., Inc.	3,496	(1,480)	(332)	94	(1,718)	5,214
Earnings per Common Share Assuming Dilution	\$ 1.27	(0.53)	(0.12)	0.03	(0.62)	\$ 1.89
Tax Rate	21.0%					21.1%

Only the line items that are affected by non-GAAP adjustments are shown.

Merck is providing certain non-GAAP information that excludes certain items because of the nature of these items and the impact they have on the analysis of underlying business performance and trends. Management believes that providing this information enhances investors' understanding of the company's results as it permits investors to understand how management assesses performance. Management uses these measures internally for planning and forecasting purposes and to measure the performance of the company along with other metrics. Senior management's annual compensation is derived in part using non-GAAP income and non-GAAP EPS. This information should be considered in addition to, but not as a substitute for or superior to, information prepared in accordance with GAAP.

⁽¹⁾ Amounts included in materials and production costs primarily reflect \$1.6 billion of expenses for the amortization of intangible assets recognized as a result of business acquisitions, as well as intangible asset impairment charges of \$123 million. Amounts included in marketing and administrative expenses reflect integration, transaction and certain other costs related to business acquisitions and divestitures. Amounts included in research and development expenses primarily reflect an increase in the estimated fair value measurement of liabilities for contingent consideration. Amounts included in other (income) expense, net reflect an increase in the estimated fair value measurement of liabilities for contingent consideration, partially offset by royalty income related to the termination of the Sanofi-Pasteur MSD joint venture.

⁽²⁾ Amounts primarily include employee separation costs and accelerated depreciation associated with facilities to be closed or divested related to activities under the company's formal restructuring programs.

⁽³⁾ Represents the estimated tax impact on the reconciling items based on applying the statutory rate of the originating territory of the non-GAAP adjustments.

⁽⁴⁾ Represents the estimated tax impact on the reconciling items based on applying the statutory rate of the originating territory of the non-GAAP adjustments, as well as a tax benefit of \$88 million related to the settlement of a state income tax issue.

MERCK & CO., INC.
FRANCHISE / KEY PRODUCT SALES
(AMOUNTS IN MILLIONS)
(UNAUDITED)
Table 3

	2018			2017						2Q		June YTD	
	1Q	2Q	June YTD	1Q	2Q	June YTD	3Q	4Q	Full Year	Nom %	Ex-Exch %	Nom %	Ex-Exch %
TOTAL SALES ⁽¹⁾	\$10,037	\$10,465	\$20,502	\$9,434	\$9,930	\$19,365	\$10,325	\$10,433	\$40,122	5	4	6	4
PHARMACEUTICAL	8,919	9,282	18,201	8,185	8,759	16,944	9,156	9,290	35,390	6	3	7	3
Oncology													
Keytruda	1,464	1,667	3,131	584	881	1,465	1,047	1,297	3,809	89	86	114	108
Emend	125	148	273	133	143	276	137	143	556	3	1	-1	-4
Temodar	57	56	113	66	65	130	68	73	271	-13	-16	-13	-17
Alliance Revenue – Lynparza	33	44	76				5	16	20				
Alliance Revenue – Lenvima		35	35										
Vaccines ⁽²⁾													
Gardasil / Gardasil 9	660	608	1,269	532	469	1,001	675	633	2,308	30	26	27	23
ProQuad / M-M-R II / Varivax	392	426	818	355	399	754	519	403	1,676	7	6	8	7
Pneumovax 23	179	193	372	163	166	329	229	263	821	16	15	13	11
RotaTeq	193	156	349	224	123	347	179	160	686	27	26	1	-1
Zostavax	65	44	108	154	160	313	234	121	668	-73	-74	-65	-67
Hospital Acute Care													
Bridion	204	240	444	148	163	310	185	209	704	48	45	43	38
Noxafil	176	188	363	141	155	296	162	179	636	21	17	23	17
Invanz	151	149	300	136	150	286	159	157	602	-1	-1	5	3
Cubicin	98	94	192	96	103	198	91	92	382	-9	-11	-3	-7
Candidas	91	87	178	121	112	233	94	95	422	-23	-27	-24	-29
Primaxin	72	68	140	62	71	133	73	74	280	-4	-11	5	-2
Immunology													
Simponi	231	233	464	184	199	383	219	217	819	17	9	21	10
Remicade	167	157	324	229	208	437	214	186	837	-24	-29	-26	-33
Neuroscience													
Belsomra	54	71	125	42	52	94	56	60	210	35	33	33	30
Virology													
Isentress / Isentress HD	281	305	586	305	282	587	310	308	1,204	8	6	0	-3
Zepatier	131	113	243	378	517	895	468	296	1,660	-78	-80	-73	-75
Cardiovascular													
Zetia	305	226	531	334	367	701	320	323	1,344	-39	-42	-24	-30
Vytorin	167	155	322	241	182	423	142	186	751	-15	-20	-24	-30
Atozet	73	101	174	49	63	112	59	54	225	62	51	55	42
Adempas	68	75	143	84	67	151	70	79	300	13	8	-5	-11
Diabetes ⁽³⁾													
Januvia	880	949	1,829	839	948	1,787	1,012	938	3,737	0	-2	2	0
Janumet	544	585	1,129	496	563	1,059	513	586	2,158	4	1	7	3
Women's Health													
NuvaRing	216	236	452	160	199	359	214	188	761	18	17	26	24
Implanon / Nexplanon	174	174	348	170	178	349	155	183	686	-3	-3	0	-1
Diversified Brands													
Singulair	175	185	360	186	203	389	161	182	732	-9	-13	-7	-13
Cozaar / Hyzaar	120	125	245	112	119	231	128	125	484	5	1	6	1
Nasonex	122	81	203	139	85	224	42	120	387	-5	-7	-9	-13
Arcoxia	83	84	166	103	89	192	80	91	363	-6	-8	-13	-17
Follistim AQ	67	70	138	81	79	160	72	66	298	-11	-14	-14	-18
Fosamax	55	59	114	61	66	127	53	62	241	-11	-15	-10	-16
Dulera	57	42	99	82	69	151	59	77	287	-39	-40	-35	-35
Other Pharmaceutical ⁽⁴⁾	989	1,053	2,045	995	1,064	2,062	952	1,048	4,065	-1	0	-1	-5
ANIMAL HEALTH	1,065	1,090	2,155	939	955	1,894	1,000	981	3,875	14	12	14	9
Livestock	652	633	1,286	578	582	1,161	647	668	2,476	9	7	11	7
Companion Animals	413	457	869	361	373	733	353	313	1,399	23	19	18	14
Other Revenues ⁽⁵⁾	53	93	146	310	216	527	169	162	857	-57	-7	-72	-14

Sum of quarterly amounts may not equal year-to-date amounts due to rounding.

⁽¹⁾ Only select products are shown.

⁽²⁾ Total Vaccines sales were \$1,561 million and \$1,533 million in the first and second quarters of 2018, respectively, and \$1,516 million, \$1,404 million, \$1,924 million and \$1,704 million for the first, second, third and fourth quarters of 2017, respectively.

⁽³⁾ Total Diabetes sales were \$1,433 million and \$1,571 million in the first and second quarters of 2018, respectively, and \$1,338 million, \$1,520 million, \$1,531 million and \$1,533 million for the first, second, third and fourth quarters of 2017, respectively.

⁽⁴⁾ Includes Pharmaceutical products not individually shown above.

⁽⁵⁾ Other Revenues are comprised primarily of Healthcare Services segment revenues, third-party manufacturing sales and miscellaneous corporate revenues, including revenue hedging activities.

MERCK & CO., INC.
FRANCHISE / KEY PRODUCT SALES
SECOND QUARTER 2018
(AMOUNTS IN MILLIONS)
(UNAUDITED)
Table 3a

	Global			U.S.			International		
	2Q 2018	2Q 2017	% Change	2Q 2018	2Q 2017	% Change	2Q 2018	2Q 2017	% Change
TOTAL SALES ⁽¹⁾	\$10,465	\$9,930	5	\$4,243	\$4,308	-2	\$6,222	\$5,623	11
PHARMACEUTICAL	9,282	8,759	6	3,822	3,929	-3	5,461	4,830	13
Oncology									
Keytruda	1,667	881	89	959	556	73	707	325	118
Emend	148	143	3	89	83	7	59	60	-3
Temodar	56	65	-13	1	3	-60	54	61	-11
Alliance Revenue - Lynparza	44			31			13		
Alliance Revenue - Lenvima	35						35		
Vaccines ⁽²⁾									
Gardasil / Gardasil 9	608	469	30	302	312	-3	306	156	96
ProQuad / M-M-R II / Varivax	426	399	7	356	341	4	70	58	20
Pneumovax 23	193	166	16	122	104	17	71	61	16
RotaTeq	156	123	27	99	72	38	57	51	11
Zostavax	44	160	-73	1	107	-99	43	52	-18
Hospital Acute Care									
Bridion	240	163	48	95	54	78	145	109	33
Noxafil	188	155	21	87	77	13	100	78	29
Invanz	149	150	-1	87	93	-7	63	57	9
Cubicin	94	103	-9	48	53	-9	46	50	-8
Candidas	87	112	-23	4	6	-36	83	106	-22
Primaxin	68	71	-4		1	-90	68	70	-3
Immunology									
Simponi	233	199	17				233	199	17
Remicade	157	208	-24				157	208	-24
Neuroscience									
Belsomra	71	52	35	29	25	16	42	28	52
Virology									
Isentress / Isentress HD	305	282	8	132	136	-3	174	146	19
Zepatier	113	517	-78	(10)	256	-104	123	261	-53
Cardiovascular									
Zetia	226	367	-39	8	122	-93	218	246	-11
Vytorin	155	182	-15	3	30	-91	152	152	1
Atozet	101	63	62				101	63	62
Adempas	75	67	13				75	67	13
Diabetes ⁽³⁾									
Januvia	949	948		503	541	-7	446	407	10
Janumet	585	563	4	209	248	-16	377	315	20
Women's Health									
NuvaRing	236	199	18	187	153	22	49	47	4
Implanon / Nexplanon	174	178	-3	114	125	-9	60	53	14
Diversified Brands									
Singulair	185	203	-9	5	6	-20	180	197	-9
Cozaar / Hyzaar	125	119	5	7	3	170	118	116	1
Arcoxia	84	89	-6				84	89	-6
Nasonex	81	85	-5		21	-98	81	64	26
Follistim AQ	70	79	-11	27	32	-16	43	47	-8
Fosamax	59	66	-11	3	2	74	56	65	-13
Dulera	42	69	-39	35	63	-46	7	5	39
Other Pharmaceutical ⁽⁴⁾	1,053	1,064	-1	289	304	-5	765	761	1
ANIMAL HEALTH	1,090	955	14	311	270	15	779	685	14
Livestock	633	582	9	107	103	4	526	479	10
Companion Animals	457	373	23	204	167	22	253	206	23
Other Revenues ⁽⁵⁾	93	216	-57	110	109	1	(18)	106	-117

⁽¹⁾ Only select products are shown.

⁽²⁾ Total Vaccines sales were \$1,533 million and \$1,404 million on a global basis for second quarter 2018 and 2017, respectively.

⁽³⁾ Total Diabetes sales were \$1,571 million and \$1,520 million on a global basis for second quarter 2018 and 2017, respectively.

⁽⁴⁾ Includes Pharmaceutical products not individually shown above.

⁽⁵⁾ Other Revenues are comprised primarily of Healthcare Services segment revenue, third-party manufacturing sales and miscellaneous corporate revenues, including revenue hedging activities.

MERCK & CO., INC.
FRANCHISE / KEY PRODUCT SALES
JUNE YEAR-TO-DATE 2018
(AMOUNTS IN MILLIONS)
(UNAUDITED)
Table 3b

	Global			U.S.			International		
	June YTD 2018	June YTD 2017	% Change	June YTD 2018	June YTD 2017	% Change	June YTD 2018	June YTD 2017	% Change
TOTAL SALES ⁽¹⁾	\$20,502	\$19,365	6	\$8,376	\$8,503	-1	\$12,126	\$10,862	12
PHARMACEUTICAL	18,201	16,944	7	7,538	7,690	-2	10,663	9,255	15
Oncology									
Keytruda	3,131	1,465	114	1,797	917	96	1,333	547	144
Emend	273	276	-1	168	169		105	107	-2
Temodar	113	130	-13	2	4	-42	111	126	-12
Alliance Revenue - Lynparza	76			55			22		
Alliance Revenue - Lenvima	35						35		
Vaccines ⁽²⁾									
Gardasil / Gardasil 9	1,269	1,001	27	682	711	-4	586	290	102
ProQuad / M-M-R II / Varivax	818	754	8	668	639	5	150	115	30
Pneumovax 23	372	329	13	234	219	7	137	110	24
RotaTeq	349	347	1	250	251		99	96	3
Zostavax	108	313	-65	17	216	-92	91	97	-6
Hospital Acute Care									
Bridion	444	310	43	175	99	77	269	211	27
Noxafil	363	296	23	168	142	19	195	154	26
Invanz	300	286	5	177	175	1	123	111	10
Cubicin	192	198	-3	95	107	-11	97	92	6
Candidas	178	233	-24	7	11	-35	171	222	-23
Primaxin	140	133	5	5	2	*	135	132	2
Immunology									
Simponi	464	383	21				464	383	21
Remicade	324	437	-26				324	437	-26
Neuroscience									
Belsomra	125	94	33	52	45	15	73	49	50
Virology									
Isentress / Isentress HD	586	587		260	279	-7	326	308	6
Zepatier	243	895	-73	(10)	455	-102	253	440	-42
Cardiovascular									
Zetia	531	701	-24	25	233	-89	505	468	8
Vytorin	322	423	-24	11	120	-91	311	303	3
Atozet	174	112	55				174	112	55
Adempas	143	151	-5				143	151	-5
Diabetes ⁽³⁾									
Januvia	1,829	1,787	2	968	1,048	-8	862	740	17
Janumet	1,129	1,059	7	401	442	-9	729	617	18
Women's Health									
NuvaRing	452	359	26	357	265	35	95	94	1
Implanon / Nexplanon	348	349		242	257	-6	106	92	16
Diversified Brands									
Singulair	360	389	-7	11	12	-11	350	377	-7
Cozaar / Hyzaar	245	231	6	14	6	150	231	226	2
Nasonex	203	224	-9	2	39	-95	201	185	9
Arcoxia	166	192	-13				166	192	-13
Follistim AQ	138	160	-14	56	74	-24	81	86	-5
Fosamax	114	127	-10	1	3	-63	113	124	-9
Dulera	99	151	-35	85	139	-39	14	12	18
Other Pharmaceutical ⁽⁴⁾	2,045	2,062	-1	563	611	-8	1,483	1,449	2
ANIMAL HEALTH	2,155	1,894	14	618	553	12	1,537	1,341	15
Livestock	1,286	1,161	11	231	223	4	1,055	938	12
Companion Animals	869	733	18	387	330	17	482	403	20
Other Revenues ⁽⁵⁾	146	527	-72	220	260	-15	(74)	266	-128

* 200% or greater

⁽¹⁾ Only select products are shown.

⁽²⁾ Total Vaccines sales were \$3,094 million and \$2,919 million on a global basis for June YTD 2018 and 2017, respectively.

⁽³⁾ Total Diabetes sales were \$3,003 million and \$2,858 million on a global basis for June YTD 2018 and 2017, respectively.

⁽⁴⁾ Includes Pharmaceutical products not individually shown above.

⁽⁵⁾ Other Revenues are comprised primarily of Healthcare Services segment revenue, third-party manufacturing sales and miscellaneous corporate revenues, including revenue hedging activities.

MERCK & CO., INC.
PHARMACEUTICAL GEOGRAPHIC SALES
(AMOUNTS IN MILLIONS)
(UNAUDITED)

Table 3c

	2018			2017						% Change 2Q
	1Q	2Q	June YTD	1Q	2Q	June YTD	3Q	4Q	Full Year	
TOTAL PHARMACEUTICAL	\$8,919	\$9,282	\$18,201	\$8,185	\$8,759	\$16,944	\$9,156	\$9,290	\$35,390	6
United States	3,716	3,822	7,538	3,761	3,929	7,690	4,197	3,967	15,854	-3
% Pharmaceutical Sales	41.7%	41.2%	41.4%	45.9%	44.9%	45.4%	45.8%	42.7%	44.8%	
Europe ⁽¹⁾	2,402	2,322	4,724	1,977	2,082	4,059	2,174	2,290	8,522	12
% Pharmaceutical Sales	26.9%	25.0%	26.0%	24.2%	23.8%	24.0%	23.7%	24.7%	24.1%	
Japan	718	834	1,552	688	818	1,507	756	780	3,043	2
% Pharmaceutical Sales	8.1%	9.0%	8.5%	8.4%	9.3%	8.9%	8.3%	8.4%	8.6%	
Asia Pacific	1,112	1,224	2,336	889	946	1,835	994	1,054	3,883	29
% Pharmaceutical Sales	12.5%	13.2%	12.8%	10.9%	10.8%	10.8%	10.9%	11.3%	11.0%	
China	459	530	989	328	353	681	377	439	1,497	50
Latin America	398	459	856	375	462	837	451	547	1,836	-1
% Pharmaceutical Sales	4.5%	4.9%	4.7%	4.6%	5.3%	4.9%	4.9%	5.9%	5.2%	
Eastern Europe/Middle East Africa	335	356	691	255	314	569	349	397	1,314	13
% Pharmaceutical Sales	3.8%	3.8%	3.8%	3.1%	3.6%	3.4%	3.8%	4.3%	3.7%	
Canada	196	192	388	182	171	353	193	193	739	12
% Pharmaceutical Sales	2.2%	2.1%	2.1%	2.2%	2.0%	2.1%	2.1%	2.1%	2.1%	
Other	42	73	116	58	37	94	42	62	199	97
% Pharmaceutical Sales	0.5%	0.8%	0.6%	0.7%	0.4%	0.6%	0.5%	0.7%	0.6%	

⁽¹⁾ Europe primarily represents all European Union countries and the European Union accession markets.

MERCK & CO., INC.
OTHER (INCOME) EXPENSE, NET - GAAP
(AMOUNTS IN MILLIONS)
(UNAUDITED)
Table 4

OTHER (INCOME) EXPENSE, NET

	2Q18	2Q17	June YTD 2018	June YTD 2017
Interest income	\$ (81)	\$ (96)	\$ (165)	\$ (194)
Interest expense	194	193	379	375
Exchange losses	71	19	77	11
Equity (income) losses from affiliates	(64)	(5)	(12)	8
Net periodic defined benefit plan (credit) cost other than service cost	(130)	(131)	(265)	(260)
Other, net	(38)	(53)	(354)	(83)
Total	\$ (48)	\$ (73)	\$ (340)	\$ (143)

On January 1, 2018, the company adopted a new accounting standard related to defined benefit plans that requires the components of net benefit cost/credit (other than service costs) be presented in the statement of income outside of operating expenses. Upon adoption, net periodic benefit cost/credit other than service cost was reclassified to *Other (income) expense, net* from the previous classifications within *Materials and production* costs, *Marketing and administrative* expenses and *Research and development* costs. Previously reported amounts have been reclassified to conform to the new presentation. There was no impact to net income as a result of adopting the new standard.