



Merck & Co., Inc.
Financial Highlights Package
Fourth Quarter 2019
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MERCK & CO., INC.
CONSOLIDATED STATEMENT OF INCOME - GAAP
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 1

	GAAP		% Change	GAAP		% Change
	4Q19	4Q18		Full Year 2019	Full Year 2018	
Sales	\$ 11,868	\$ 10,998	8%	\$ 46,840	\$ 42,294	11%
Costs, Expenses and Other						
Cost of sales ⁽¹⁾	3,669	3,289	12%	14,112	13,509	4%
Selling, general and administrative ⁽¹⁾	2,888	2,643	9%	10,615	10,102	5%
Research and development ⁽¹⁾⁽²⁾	2,548	2,214	15%	9,872	9,752	1%
Restructuring costs ⁽³⁾	194	138	41%	638	632	1%
Other (income) expense, net ⁽¹⁾	(223)	110	*	139	(402)	*
Income Before Taxes	2,792	2,604	7%	11,464	8,701	32%
Taxes on Income ⁽¹⁾	428	826		1,687	2,508	
Net Income	2,364	1,778	33%	9,777	6,193	58%
Less: Net Income (Loss) Attributable to Noncontrolling Interests ⁽¹⁾	7	(49)		(66)	(27)	
Net Income Attributable to Merck & Co., Inc.	\$ 2,357	\$ 1,827	29%	\$ 9,843	\$ 6,220	58%
Earnings per Common Share Assuming Dilution	\$ 0.92	\$ 0.69	33%	\$ 3.81	\$ 2.32	64%
Average Shares Outstanding Assuming Dilution	2,559	2,634		2,580	2,679	
Tax Rate ⁽⁴⁾	15.3%	31.7%		14.7%	28.8%	

* 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 for the full year of 2019 include a \$993 million charge for the acquisition of Peloton Therapeutics (Peloton). Research and development expenses for the full year of 2018 include a \$1.4 billion charge related to the formation of a collaboration with Eisai Co., Ltd. (Eisai), as well as a \$344 million charge for the acquisition of Viralytics Limited.

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

⁽⁴⁾ The effective income tax rates for the fourth quarter and the full year of 2019 include the unfavorable impact of a charge for the acquisition of Peloton for which no tax benefit was recognized and the favorable impact of product mix. The effective income tax rate for the full year of 2019 also reflects a net tax benefit of \$364 million related to the settlement of certain federal income tax matters.

The effective income tax rates for the fourth quarter and full year of 2018 include the unfavorable impact of adjustments to the provisional amounts recorded in the prior year associated with the enactment of U.S. tax legislation, including \$124 million related to the transition tax. The effective income tax rate for the full year of 2018 also includes the unfavorable impacts of a charge related to the formation of a collaboration with Eisai and a charge related to the termination of a collaboration agreement with Samsung for which no tax benefits were recognized.

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

Table 1a

	2019					2018					% Change	
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year	4Q	Full Year
Sales	\$ 10,816	\$ 11,760	\$ 12,397	\$ 11,868	\$ 46,840	\$ 10,037	\$ 10,465	\$ 10,794	\$ 10,998	\$ 42,294	8%	11%
Costs, Expenses and Other												
Cost of sales	3,052	3,401	3,990	3,669	14,112	3,184	3,417	3,619	3,289	13,509	12%	4%
Selling, general and administrative	2,425	2,712	2,589	2,888	10,615	2,508	2,508	2,443	2,643	10,102	9%	5%
Research and development	1,931	2,189	3,204	2,548	9,872	3,196	2,274	2,068	2,214	9,752	15%	1%
Restructuring costs	153	59	232	194	638	95	228	171	138	632	41%	1%
Other (income) expense, net	188	140	35	(223)	139	(291)	(48)	(172)	110	(402)	*	*
Income Before Taxes	3,067	3,259	2,347	2,792	11,464	1,345	2,086	2,665	2,604	8,701	7%	32%
Taxes on Income	205	615	440	428	1,687	604	370	707	826	2,508		
Net Income	2,862	2,644	1,907	2,364	9,777	741	1,716	1,958	1,778	6,193	33%	58%
Less: Net (Loss) Income Attributable to Noncontrolling Interests	(53)	(26)	6	7	(66)	5	9	8	(49)	(27)		
Net Income Attributable to Merck & Co., Inc.	\$ 2,915	\$ 2,670	\$ 1,901	\$ 2,357	\$ 9,843	\$ 736	\$ 1,707	\$ 1,950	\$ 1,827	\$ 6,220	29%	58%
Earnings per Common Share Assuming Dilution	\$ 1.12	\$ 1.03	\$ 0.74	\$ 0.92	\$ 3.81	\$ 0.27	\$ 0.63	\$ 0.73	\$ 0.69	\$ 2.32	33%	64%
Average Shares Outstanding Assuming Dilution	2,603	2,588	2,572	2,559	2,580	2,710	2,696	2,678	2,634	2,679		
Tax Rate	6.7%	18.9%	18.7%	15.3%	14.7%	44.9%	17.8%	26.5%	31.7%	28.8%		

* 100% or greater

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

MERCK & CO., INC.
GAAP TO NON-GAAP RECONCILIATION
FOURTH QUARTER 2019
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 2a

	GAAP	Acquisition and Divestiture-Related Costs ⁽¹⁾	Restructuring Costs ⁽²⁾	Certain Other Items	Adjustment Subtotal	Non-GAAP
Cost of sales	\$ 3,669	325	90		415	\$ 3,254
Selling, general and administrative	2,888	44	1		45	2,843
Research and development	2,548	166		11	177	2,371
Restructuring costs	194		194		194	-
Other (income) expense, net	(223)	(37)		7	(30)	(193)
Income Before Taxes	2,792	(498)	(285)	(18)	(801)	3,593
Income Tax Provision (Benefit)	428	(55) ⁽³⁾	(49) ⁽³⁾	(76) ⁽⁴⁾	(180)	608
Net Income	2,364	(443)	(236)	58	(621)	2,985
Net Income Attributable to Merck & Co., Inc.	2,357	(443)	(236)	58	(621)	2,978
Earnings per Common Share Assuming Dilution	\$ 0.92	(0.17)	(0.09)	0.02	(0.24)	\$ 1.16
Tax Rate	15.3%					16.9%

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⁾ Amount included in cost of sales primarily reflects \$306 million of expenses for the amortization of intangible assets recognized as a result of business acquisitions, as well as \$12 million of intangible asset impairment charges. Amount included in selling, general and administrative expenses primarily reflects integration, transaction and certain other costs related to business acquisitions and divestitures. Amount included in research and development expenses primarily reflects \$164 million of in-process research and development (IPR&D) impairment charges.

⁽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⁾ Primarily reflects an \$86 million tax benefit related to the reversal of tax reserves established in conjunction with the divestiture of Merck's Consumer Care business in 2014 as a result of the lapse in the statute of limitations.

MERCK & CO., INC.
GAAP TO NON-GAAP RECONCILIATION
FULL YEAR 2019
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 2b

	GAAP	Acquisition and Divestiture-Related Costs ⁽¹⁾	Restructuring Costs ⁽²⁾	Certain Other Items ⁽⁴⁾	Adjustment Subtotal	Non-GAAP
Cost of sales	\$ 14,112	2,126	251		2,377	\$ 11,735
Selling, general and administrative	10,615	126	34		160	10,455
Research and development	9,872	145	4	993	1,142	8,730
Restructuring costs	638		638		638	-
Other (income) expense, net	139	284		55	339	(200)
Income Before Taxes	11,464	(2,681)	(927)	(1,048)	(4,656)	16,120
Income Tax Provision (Benefit)	1,687	(493) ⁽³⁾	(155) ⁽³⁾	(380) ⁽⁵⁾	(1,028)	2,715
Net Income	9,777	(2,188)	(772)	(668)	(3,628)	13,405
Less: Net (Loss) Income Attributable to Noncontrolling Interests	(66)	(89)			(89)	23
Net Income Attributable to Merck & Co., Inc.	9,843	(2,099)	(772)	(668)	(3,539)	13,382
Earnings per Common Share Assuming Dilution	\$ 3.81	(0.82)	(0.30)	(0.26)	(1.38)	\$ 5.19
Tax Rate	14.7%					16.8%

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⁾ Amount included in cost of sales primarily reflects \$1.4 billion of expenses for the amortization of intangible assets recognized as a result of business acquisitions, as well as \$705 million of intangible asset impairment charges, including \$612 million related to SIVEXTRO. Amount included in selling, general and administrative expenses primarily reflects integration, transaction and certain other costs related to business acquisitions and divestitures, including costs related to the acquisition of Antelliq Corporation. Amounts included in research and development expenses primarily reflect \$172 million of in-process research and development (IPR&D) impairment charges, partially offset by a reduction in expenses related to a decrease in the estimated fair value measurement of liabilities for contingent consideration. Amount included in other (income) expense, net primarily reflects goodwill and intangible asset impairment charges related to certain businesses in the Healthcare Services segment and expenses related to 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⁾ Amount included in research and development represents the charge related to the acquisition of Peloton.

⁽⁵⁾ Primarily reflects a \$364 million net tax benefit related to the settlement of certain federal income tax matters, an \$86 million tax benefit related to the reversal of tax reserves established in conjunction with the divestiture of Merck's Consumer Care business in 2014 as a result of the lapse in the statute of limitations, and a \$117 million tax charge related to the finalization of treasury regulations associated with the 2017 enactment of U.S. tax legislation.

MERCK & CO., INC.
GAAP TO NON-GAAP RECONCILIATION
FOURTH QUARTER 2018
(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
Cost of sales	\$ 3,289	525	10	3	538	\$ 2,751
Selling, general and administrative	2,643	6	1		7	2,636
Research and development	2,214	91	1		92	2,122
Restructuring costs	138		138		138	-
Other (income) expense, net	110	179		(3)	176	(66)
Income Before Taxes	2,604	(801)	(150)	-	(951)	3,555
Income Tax Provision (Benefit)	826	(148) ⁽³⁾	(13) ⁽³⁾	186 ⁽⁴⁾	25	801
Net Income	1,778	(653)	(137)	(186)	(976)	2,754
Less: Net (Loss) Income Attributable to Noncontrolling Interests	(49)	(58)			(58)	9
Net Income Attributable to Merck & Co., Inc.	1,827	(595)	(137)	(186)	(918)	2,745
Earnings per Common Share Assuming Dilution	\$ 0.69	(0.23)	(0.05)	(0.07)	(0.35)	\$ 1.04
Tax Rate	31.7%					22.5%

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 cost of sales reflect expenses for the amortization of intangible assets recognized as a result of business acquisitions. Amounts included in selling, general and administrative expenses reflect integration, transaction and certain other costs related to business acquisitions and divestitures. Amounts included in research and development expenses reflect \$149 million of in-process research and development (IPR&D) impairment charges, partially offset by a reduction of expenses related to a decrease in the estimated fair value measurement of liabilities for contingent consideration. Amounts included in other (income) expense, net primarily reflect goodwill impairment charges related to certain businesses in the Healthcare Services segment and 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⁾ Includes the estimated tax impact on the reconciling items based on applying the statutory rate of the originating territory of the non-GAAP adjustments. Also includes adjustments to the provisional amounts recorded in the prior year associated with the enactment of U.S. tax legislation, including \$124 million related to the transition tax.

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

Table 2d

	GAAP	Acquisition and Divestiture-Related Costs ⁽¹⁾	Restructuring Costs ⁽²⁾	Certain Other Items ⁽³⁾	Adjustment Subtotal	Non-GAAP
Cost of sales	\$ 13,509	2,672	21	423	3,116	\$ 10,393
Selling, general and administrative	10,102	32	3		35	10,067
Research and development	9,752	98	2	1,744	1,844	7,908
Restructuring costs	632		632		632	-
Other (income) expense, net	(402)	264		(57)	207	(609)
Income Before Taxes	8,701	(3,066)	(658)	(2,110)	(5,834)	14,535
Income Tax Provision (Benefit)	2,508	(378) ⁽⁴⁾	(82) ⁽⁴⁾	85 ⁽⁵⁾	(375)	2,883
Net Income	6,193	(2,688)	(576)	(2,195)	(5,459)	11,652
Less: Net (Loss) Income Attributable to Noncontrolling Interests	(27)	(58)			(58)	31
Net Income Attributable to Merck & Co., Inc.	6,220	(2,630)	(576)	(2,195)	(5,401)	11,621
Earnings per Common Share Assuming Dilution	\$ 2.32	(0.98)	(0.22)	(0.82)	(2.02)	\$ 4.34
Tax Rate	28.8%					19.8%

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 cost of sales reflect expenses for the amortization of intangible assets recognized as a result of business acquisitions. Amounts included in selling, general and administrative expenses reflect integration, transaction and certain other costs related to business acquisitions and divestitures. Amounts included in research and development expenses reflect \$152 million of in-process research and development (IPR&D) impairment charges, partially offset by a reduction of expenses related to a decrease in the estimated fair value measurement of liabilities for contingent consideration. Amounts included in other (income) expense, net primarily reflect goodwill impairment charges related to certain businesses in the Healthcare Services segment and 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 cost of sales represents a charge related to the termination of a collaboration agreement with Samsung Bioepis Co., Ltd. for insulin glargine. Amounts included in research and development expenses represent a \$1.4 billion 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.

⁽⁵⁾ Includes the estimated tax impact on the reconciling items based on applying the statutory rate of the originating territory of the non-GAAP adjustments. Also includes adjustments to the provisional amounts recorded in the prior year associated with the enactment of U.S. tax legislation, including \$124 million related to the transition tax.

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

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Table 3

	2019					2018					4Q		Full Year	
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year	Norm %	Ex-Exch %	Norm %	Ex-Exch %
TOTAL SALES ⁽¹⁾	\$10,816	\$11,760	\$12,397	\$11,868	\$46,840	\$10,037	\$10,465	\$10,794	\$10,998	\$42,294	8	9	11	13
PHARMACEUTICAL	9,663	10,460	11,095	10,533	41,751	8,919	9,282	9,658	9,830	37,689	7	8	11	14
Oncology														
Keytruda	2,269	2,634	3,070	3,111	11,084	1,464	1,667	1,889	2,151	7,171	45	46	55	58
Alliance Revenue – Lynparza ⁽²⁾	79	111	123	132	444	33	44	49	62	187	111	112	137	141
Alliance Revenue – Lenvima ⁽²⁾	74	97	109	124	404		35	43	71	149	74	73	171	173
Emend	117	121	98	53	388	125	148	123	126	522	-58	-58	-26	-24
Vaccines ⁽³⁾														
Gardasil / Gardasil 9	838	886	1,320	693	3,737	660	608	1,048	835	3,151	-17	-16	19	21
ProQuad / M-M-R II / Varivax	496	675	623	481	2,275	392	426	525	455	1,798	6	7	27	28
Pneumovax 23	185	170	237	334	926	179	193	214	322	907	4	4	2	3
RotaTeq	211	172	180	227	791	193	156	191	188	728	21	21	9	10
Vaqta	47	58	62	71	238	37	65	66	72	239	-2	-1	0	2
Hospital Acute Care														
Bridion	255	278	284	313	1,131	204	240	217	256	917	22	24	23	26
Noxafil	190	193	177	103	662	176	188	188	191	742	-46	-44	-11	-7
Primaxin	59	71	77	67	273	72	68	72	53	265	25	27	3	7
Invanz	72	78	57	57	263	151	149	137	59	496	-5	-2	-47	-44
Cubicin	88	67	52	50	257	98	94	95	80	367	-38	-37	-30	-28
Candidas	61	67	62	58	249	91	87	79	69	326	-17	-15	-24	-20
Immunology														
Simponi	208	214	203	205	830	231	233	210	220	893	-7	-3	-7	-2
Remicade	123	98	101	89	411	167	157	135	123	582	-27	-25	-29	-25
Neuroscience														
Belsomra	67	76	80	83	306	54	71	66	69	260	19	16	18	17
Virology														
Isentress / Isentress HD	255	247	250	223	975	281	305	275	280	1,140	-20	-18	-15	-10
Zepatier	114	108	83	66	370	131	113	104	108	455	-38	-38	-19	-16
Cardiovascular														
Zetia	140	156	147	146	590	305	226	165	162	857	-9	-11	-31	-30
Vytorin	97	76	57	54	285	167	155	92	83	497	-35	-33	-43	-40
Atozet	94	92	97	108	391	73	101	84	89	347	22	26	13	18
Adempas	90	104	107	117	419	68	75	94	91	329	28	29	27	30
Diabetes ⁽⁴⁾														
Januvia	824	908	807	943	3,482	880	949	927	930	3,686	1	2	-6	-4
Janumet	530	533	503	475	2,041	544	585	563	535	2,228	-11	-9	-8	-5
Women's Health														
NuvaRing	219	240	241	179	879	216	236	234	216	902	-17	-17	-3	-2
Implanon / Nexplanon	199	183	199	206	787	174	174	186	169	703	22	23	12	14
Diversified Brands														
Singulair	191	160	152	195	698	175	185	161	187	708	4	5	-1	1
Cozaar / Hyzaar	103	109	116	113	442	120	125	103	105	453	8	9	-3	2
Nasonex	96	72	58	67	293	122	81	71	102	376	-34	-34	-22	-19
Arcoxia	75	75	72	67	288	83	84	83	86	335	-23	-22	-14	-10
Follistim AQ	57	63	62	58	241	67	70	60	70	268	-16	-15	-10	-7
Other Pharmaceutical ⁽⁵⁾	1,140	1,268	1,229	1,265	4,901	1,186	1,189	1,109	1,215	4,705	4	6	4	7
ANIMAL HEALTH	1,025	1,124	1,122	1,122	4,393	1,065	1,090	1,021	1,036	4,212	8	10	4	9
Livestock	611	671	726	777	2,784	652	633	660	684	2,630	14	16	6	11
Companion Animals	414	453	396	345	1,609	413	457	361	352	1,582	-2	0	2	5
Other Revenues ⁽⁶⁾	128	176	180	213	696	53	93	115	132	393	61	30	77	-26

* 200% or greater

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

⁽¹⁾ Only select products are shown.

⁽²⁾ Alliance Revenue represents Merck's share of profits, which are product sales net of cost of sales and commercialization costs.

⁽³⁾ Total Vaccines sales were \$1,887 million, \$2,037 million, \$2,517 million and \$1,928 million in the first, second, third and fourth quarters of 2019, respectively, and \$1,561 million, \$1,533 million, \$2,159 million and \$2,008 million for the first, second, third and fourth quarters of 2018, respectively.

⁽⁴⁾ Total Diabetes sales were \$1,402 million, \$1,480 million, \$1,360 million and \$1,472 million in the first, second, third and fourth quarters of 2019, respectively, and \$1,433 million, \$1,571 million, \$1,506 million and \$1,485 million for the first, second, third and fourth quarters of 2018, respectively.

⁽⁵⁾ Includes Pharmaceutical products not individually shown above.

⁽⁶⁾ 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
FOURTH QUARTER 2019
(AMOUNTS IN MILLIONS)
(UNAUDITED)

Table 3a

	Global			U.S.			International		
	4Q 2019	4Q 2018	% Change	4Q 2019	4Q 2018	% Change	4Q 2019	4Q 2018	% Change
TOTAL SALES ⁽¹⁾	\$11,868	\$10,998	8	\$5,142	\$4,787	7	\$6,726	\$6,211	8
PHARMACEUTICAL	10,533	9,830	7	4,694	4,402	7	5,839	5,427	8
Oncology									
Keytruda	3,111	2,151	45	1,780	1,243	43	1,331	907	47
Alliance Revenue - Lynparza ⁽²⁾	132	62	111	82	39	113	49	24	107
Alliance Revenue - Lenvima ⁽²⁾	124	71	74	70	46	53	53	25	111
Emend	53	126	-58	10	73	-86	42	53	-21
Vaccines ⁽³⁾									
Gardasil / Gardasil 9	693	835	-17	252	450	-44	441	384	15
ProQuad / M-M-R II / Varivax	481	455	6	358	333	8	123	122	1
Pneumovax 23	334	322	4	251	232	8	83	89	-7
RotaTeq	227	188	21	146	112	30	81	76	7
Vaqta	71	72	-2	28	32	-13	43	40	8
Hospital Acute Care									
Bridion	313	256	22	152	114	33	162	142	14
Noxafil	103	191	-46	14	96	-85	89	95	-7
Primaxin	67	53	25	1	1	-168	67	52	28
Candidas	58	69	-17	2	2	-21	56	67	-17
Invanz	57	59	-5	1	1	-102	57	58	-3
Cubicin	50	80	-38	13	41	-67	36	39	-8
Immunology									
Simponi	205	220	-7				205	220	-7
Remicade	89	123	-27				89	123	-27
Neuroscience									
Belsomra	83	69	19	24	20	18	59	49	20
Virology									
Isentress / Isentress HD	223	280	-20	95	130	-27	128	150	-15
Zepatier	66	108	-38	23		*	44	108	-60
Cardiovascular									
Zetia	146	162	-9	3	11	-73	144	151	-5
Vytorin	54	83	-35	4	(1)	*	49	84	-41
Atozet	108	89	22				108	89	22
Adempas	117	91	28				117	91	28
Diabetes ⁽⁴⁾									
Januvia	943	930	1	502	503		441	427	3
Janumet	475	535	-11	127	185	-31	348	350	-1
Women's Health									
Implanon / Nexplanon	206	169	22	147	120	22	59	48	21
NuvaRing	179	216	-17	150	171	-13	29	45	-35
Diversified Brands									
Singulair	195	187	4	5	4	14	190	183	4
Cozaar / Hyzaar	113	105	8	8	4	83	105	101	4
Nasonex	67	102	-34	7	15	-53	60	87	-31
Arcoxia	67	86	-23				67	86	-23
Follistim AQ	58	70	-16	22	33	-32	36	37	-3
Other Pharmaceutical ⁽⁵⁾	1,265	1,215	4	419	392	7	848	825	3
ANIMAL HEALTH	1,122	1,036	8	341	314	9	781	722	8
Livestock	777	684	14	177	144	23	600	540	11
Companion Animals	345	352	-2	164	170	-3	181	183	-1
Other Revenues ⁽⁶⁾	213	132	61	107	71	51	106	62	72

* 200% or greater

⁽¹⁾ Only select products are shown.⁽²⁾ Alliance Revenue represents Merck's share of profits, which are product sales net of cost of sales and commercialization costs.⁽³⁾ Total Vaccines sales were \$1,928 million and \$2,008 million on a global basis for fourth quarter 2019 and 2018, respectively.⁽⁴⁾ Total Diabetes sales were \$1,472 million and \$1,485 million on a global basis for fourth quarter 2019 and 2018, respectively.⁽⁵⁾ Includes Pharmaceutical products not individually shown above.⁽⁶⁾ 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
FULL YEAR 2019
(AMOUNTS IN MILLIONS)
(UNAUDITED)

Table 3b

	Global			U.S.			International		
	Full Year 2019	Full Year 2018	% Change	Full Year 2019	Full Year 2018	% Change	Full Year 2019	Full Year 2018	% Change
TOTAL SALES ⁽¹⁾	\$46,840	\$42,294	11	\$20,325	\$18,212	12	\$26,515	\$24,083	10
PHARMACEUTICAL	41,751	37,689	11	18,759	16,608	13	22,992	21,081	9
Oncology									
Keytruda	11,084	7,171	55	6,305	4,150	52	4,779	3,021	58
Alliance Revenue - Lynparza ⁽²⁾	444	187	137	269	127	112	176	61	190
Alliance Revenue - Lenvima ⁽²⁾	404	149	171	239	95	152	165	54	*
Emend	388	522	-26	183	312	-41	205	210	-2
Vaccines ⁽³⁾									
Gardasil / Gardasil 9	3,737	3,151	19	1,831	1,873	-2	1,905	1,279	49
ProQuad / M-M-R II / Varivax	2,275	1,798	27	1,683	1,430	18	592	368	61
Pneumovax 23	926	907	2	679	627	8	247	281	-12
RotaTeq	791	728	9	506	496	2	284	232	22
Vaqta	238	239		130	127	2	108	112	-4
Hospital Acute Care									
Bridion	1,131	917	23	533	386	38	598	531	13
Noxafil	662	742	-11	282	353	-20	380	389	-2
Primaxin	273	265	3	2	7	-72	271	258	5
Invanz	263	496	-47	30	253	-88	233	243	-4
Cubicin	257	367	-30	92	191	-52	165	176	-7
Cancidas	249	326	-24	6	12	-46	242	314	-23
Immunology									
Simponi	830	893	-7				830	893	-7
Remicade	411	582	-29				411	582	-29
Neuroscience									
Belsomra	306	260	18	92	96	-4	214	164	30
Virology									
Isentress / Isentress HD	975	1,140	-15	398	513	-22	576	627	-8
Zepatier	370	455	-19	118	8	*	252	447	-44
Cardiovascular									
Zetia	590	857	-31	14	45	-69	575	813	-29
Vytorin	285	497	-43	16	10	51	269	487	-45
Atozet	391	347	13				391	347	13
Adempas	419	329	27				419	329	27
Diabetes ⁽⁴⁾									
Januvia	3,482	3,686	-6	1,724	1,969	-12	1,758	1,718	2
Janumet	2,041	2,228	-8	589	811	-27	1,452	1,417	2
Women's Health									
NuvaRing	879	902	-3	742	722	3	136	180	-24
Implanon / Nexplanon	787	703	12	568	495	15	219	208	5
Diversified Brands									
Singulair	698	708	-1	29	20	46	669	688	-3
Cozaar / Hyzaar	442	453	-3	24	23	5	418	431	-3
Nasonex	293	376	-22	9	23	-61	284	353	-19
Arcoxia	288	335	-14				288	335	-14
Follistim AQ	241	268	-10	103	115	-11	138	153	-10
Other Pharmaceutical ⁽⁵⁾	4,901	4,705	4	1,563	1,319	18	3,343	3,380	-1
ANIMAL HEALTH	4,393	4,212	4	1,306	1,238	6	3,086	2,974	4
Livestock	2,784	2,630	6	582	528	10	2,201	2,102	5
Companion Animals	1,609	1,582	2	724	710	2	885	872	2
Other Revenues ⁽⁶⁾	696	393	77	260	366	-29	437	28	*

* 200% or greater

⁽¹⁾ Only select products are shown.⁽²⁾ Alliance Revenue represents Merck's share of profits, which are product sales net of cost of sales and commercialization costs.⁽³⁾ Total Vaccines sales were \$8,368 million and \$7,262 million on a global basis for December YTD 2019 and 2018, respectively.⁽⁴⁾ Total Diabetes sales were \$5,714 million and \$5,994 million on a global basis for December YTD 2019 and 2018, respectively.⁽⁵⁾ Includes Pharmaceutical products not individually shown above.⁽⁶⁾ 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

	2019					2018					% Change 4Q	% Change Full Year
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year		
TOTAL PHARMACEUTICAL	\$9,663	\$10,460	\$11,095	\$10,533	\$41,751	\$8,919	\$9,282	\$9,658	\$9,830	\$37,689	7	11
United States	4,175	4,758	5,132	4,694	18,759	3,716	3,841	4,649	4,402	16,608	7	13
% Pharmaceutical Sales	43.2%	45.5%	46.3%	44.6%	44.9%	41.7%	41.4%	48.1%	44.8%	44.1%		
Europe ⁽¹⁾	2,335	2,301	2,304	2,373	9,314	2,402	2,322	2,114	2,237	9,076	6	3
% Pharmaceutical Sales	24.2%	22.0%	20.8%	22.5%	22.3%	26.9%	25.0%	21.9%	22.8%	24.1%		
Japan	779	900	894	921	3,494	718	834	740	835	3,127	10	12
% Pharmaceutical Sales	8.1%	8.6%	8.1%	8.7%	8.4%	8.1%	9.0%	7.7%	8.5%	8.3%		
China	725	745	898	773	3,141	459	530	488	601	2,077	29	51
% Pharmaceutical Sales	7.5%	7.1%	8.1%	7.3%	7.5%	5.1%	5.7%	5.1%	6.1%	5.5%		
Asia Pacific (other than Japan and China)	642	606	638	614	2,500	653	694	566	598	2,512	3	0
% Pharmaceutical Sales	6.6%	5.8%	5.8%	5.8%	6.0%	7.3%	7.5%	5.9%	6.1%	6.7%		
Latin America	427	523	534	429	1,914	398	459	493	530	1,880	-19	2
% Pharmaceutical Sales	4.4%	5.0%	4.8%	4.1%	4.6%	4.5%	4.9%	5.1%	5.4%	5.0%		
Eastern Europe/Middle East Africa	343	388	423	423	1,577	335	356	347	349	1,388	21	14
% Pharmaceutical Sales	3.6%	3.7%	3.8%	4.0%	3.8%	3.8%	3.8%	3.6%	3.6%	3.7%		
Canada	177	179	211	216	783	196	192	177	211	776	2	1
% Pharmaceutical Sales	1.8%	1.7%	1.9%	2.0%	1.9%	2.2%	2.1%	1.8%	2.1%	2.1%		
Other	60	60	61	90	269	42	54	84	67	245	34	10
% Pharmaceutical Sales	0.6%	0.6%	0.5%	0.9%	0.6%	0.5%	0.6%	0.9%	0.7%	0.7%		

⁽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

	4Q19	4Q18	Full Year 2019	Full Year 2018
Interest income	\$ (50)	\$ (86)	\$ (274)	\$ (343)
Interest expense	220	203	893	772
Exchange losses	21	25	187	145
(Income) loss from investments in equity securities, net ⁽¹⁾	(119)	52	(170)	(324)
Net periodic defined benefit plan (credit) cost other than service cost	(136)	(128)	(545)	(512)
Other, net	(159)	44	48	(140)
Total	\$ (223)	\$ 110	\$ 139	\$ (402)

⁽¹⁾ Includes net realized and unrealized gains and losses from investments in equity securities either owned directly or through ownership interests in investment funds.