

Q3: All sectors onto profitable growth

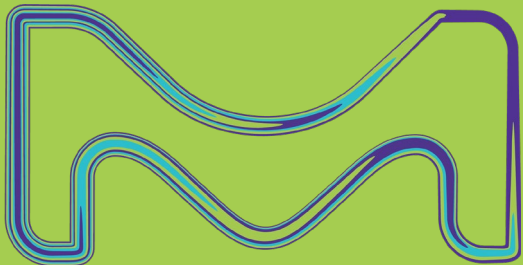
Merck KGaA, Darmstadt, Germany

Q3 2024 results

Presentation Media Call

Helene von Roeder, CFO

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Merck KGaA
Darmstadt, Germany

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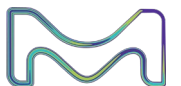
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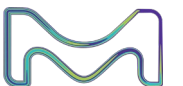


Agenda

01 Executive summary

02 Financial overview

03 Outlook & Guidance



EXECUTIVE SUMMARY

01

Highlights: Group accelerates organic growth with outstanding profitability



Operations

Life Science:

- Delivering quarterly growth for the first time since Q1'23, with sales up +2% org.
- PS returns to organic growth with orders and sales sequentially recovering; SLS up org. amid soft pharma research spending

Healthcare:

- Solid sales increase (+6% org.) driven by CM&E (+8% org.), Oncology (+9% org.) and N&I (+7% org.)
- Healthcare is the largest growth contributor to the Group

Electronics:

- Sales up slightly (+2% org.) driven by strong growth in Semiconductor Solutions (+7% org.)
- Continued demand for differentiated materials, particularly in AI and adv. node applications, drive yet another quarter of growth in Semiconductor Materials



Group Financials

Q3 organic sales: +3.8%

Q3 organic EBITDA pre: +16.9%

Guidance:

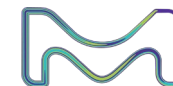
Net sales: €20.7bn to €22.1 bn

EBITDA pre: €5.8 bn to €6.4 bn

EPS pre: €8.20 to €9.30

Net financial debt to EBITDA pre:

1.3x on Sept. 30, 2024



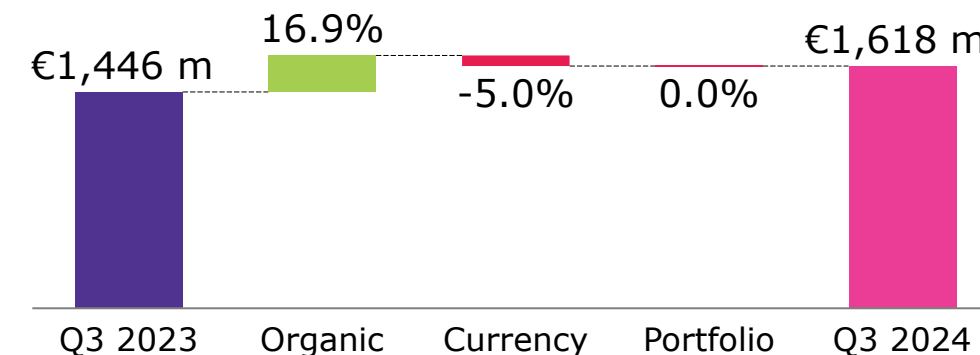
All sectors driving strong profitable growth

Q3 YoY Net Sales

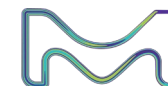
	Organic	Currency	Portfolio	Total
Life Science	2.1%	-1.2%	0.0%	0.9%
Healthcare	6.2%	-3.0%	0.0%	3.2%
Electronics	2.4%	-1.5%	-0.2%	0.8%
Group	3.8%	-2.0%	0.0%	1.8%

- Life Science: PS returning to org. sales growth; SLS contributing solid org. sales growth; CTO drives underlying¹ LSS performance
- Healthcare: Solid organic sales growth, with strong contributions from CM&E, Oncology, and N&I; Slight Fertility growth while competitor stock-outs ease
- Electronics: Slight org. sales growth; Substantial AI-driven growth in Semi Materials; Delays to customer fabs impacts DS&S project scheduling; Display and Surface see softer sales

Q3 YoY EBITDA pre



- Life Science: Strong growth in EBITDA pre, with margin expansion driven by operational efficiencies and cost discipline
- Healthcare: Substantial EBITDA pre growth, as sales rise, and R&D spend is temporarily lower
- Electronics: Considerable growth in EBITDA pre with operational leverage on higher sales
- All business sectors facing FX headwinds



Financial Overview

02

Q3 2024: Overview

Key figures

[€m]	Q3 2023	Q3 2024	Δ
Net sales	5,173	5,266	1.8%
EBITDA pre	1,446	1,618	11.9%
Margin (in % of net sales)	27.9%	30.7%	2.8pp
EPS pre	2.07	2.30	11.1%
Operating cash flow	1,255	1,458	16.2%

[€m]	Dec. 31, 2023	Sept. 30, 2024	Δ
Net financial debt	-7,500	-7,553	0.7%
Net working capital	5,093	5,449	7.0%
Employees	62,908	62,255	-1.0%

Comments

- Sales up +2% with solid organic growth overcompensating slight FX headwinds
- Sales growth across all business sectors
- EBITDA pre growth and margin expansion in all businesses
- Growth in EPS pre broadly in line with EBITDA pre, with financial result slightly lower
- Operating cash flow up, mainly due to higher operative profitability and favorable NWC movement
- Net financial debt around stable, strong OCF sees net financial debt lower QoQ



Life Science Q3: Profitable growth driven by PS and SLS

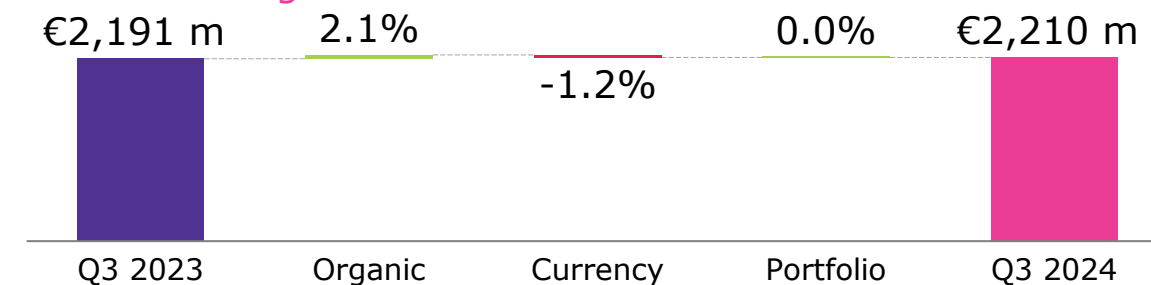
Life Science P&L

[€m]	IFRS		Pre	
	Q3 2023	Q3 2024	Q3 2023	Q3 2024
Net sales	2,191	2,210	2,191	2,210
M&S	-556	-543	-555	-544
Admin	-103	-104	-94	-98
R&D	-90	-92	-90	-92
EBIT	396	411	411	437
EBITDA	601	621	-	-
EBITDA pre	615	646	615	646
(in % of net sales)	28.1%	29.3%	28.1%	29.3%

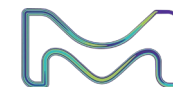
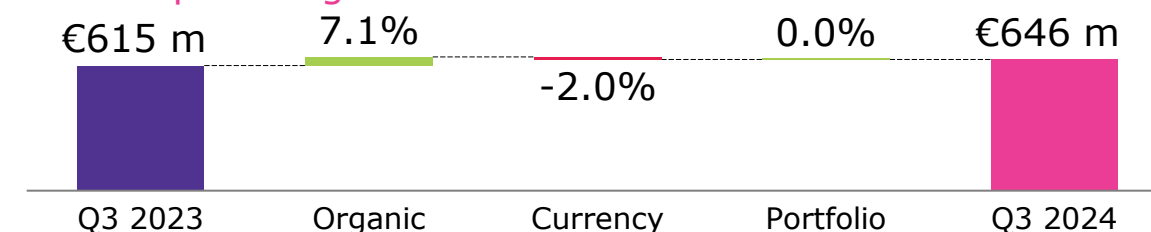
Comments

- Process Solutions: sales up +4% org. with easier comparables; gradual QoQ growth progression across most geographies; orders with continued sequential improvement
- Science & Lab Solutions: +4% org. sales growth driven by Industrial & Testing / Diagnostics; amid soft demand from pharma customers, mainly in North America and prior period impacted by SAP migration²
- Life Science Services: org. sales down -17% org. driven mainly by non-repeat of one-off COVID-19 related contract payment in Q3'23¹
- M&S spend slightly down, reflecting good cost control
- Slightly higher R&D expenses; Continued investment in innovation as a key driver of future growth
- EBITDA pre up +7%, and margins improving by +120 bps, with strong focus on operational efficiencies mitigating idle costs from underutilization and start-up costs as new capacities begin to come online
- FX headwinds persist

Net sales bridge



EBITDA pre bridge



Healthcare Q3: Strong top- and bottom-line growth

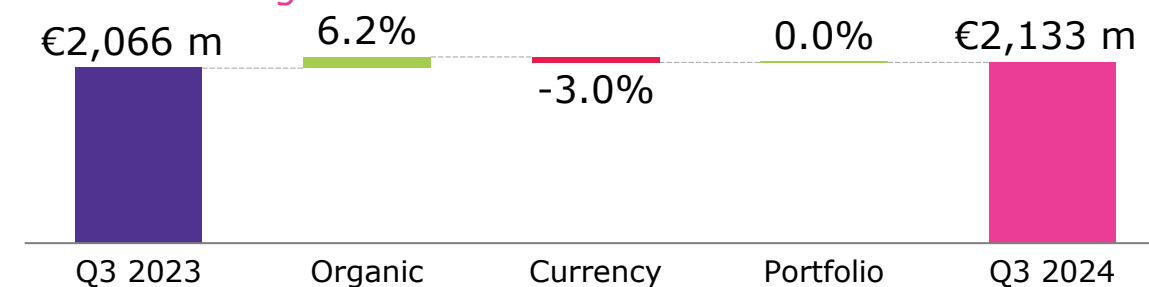
Healthcare P&L

[€m]	IFRS		Pre	
	Q3 2023	Q3 2024	Q3 2023	Q3 2024
Net sales	2,066	2,133	2,066	2,133
M&S	-405	-416	-400	-416
Admin	-79	-73	-74	-69
R&D	-391	-330	-391	-327
EBIT	653	742	615	748
EBITDA	723	829	-	-
EBITDA pre	685	836	685	836
(in % of net sales)	33.2%	39.2%	33.2%	39.2%

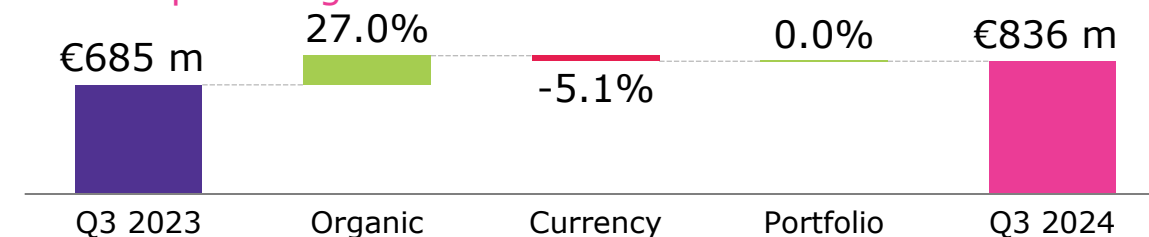
Comments

- Oncology +9% org., driven by Erbitux® growth in all major regions (+14% org.) and Tepmetko® (+37% org.), with Bavencio® about stable (-1% org.)
- N&I sales up +7% org., driven by strong Mavenclad® (+20% org.) amid soft comps, growth in US and Europe. Rebif® down -10% org.
- CM&E growth +8% org., broadly based across regions and therapeutic areas; Fertility slightly up (+1% org.) against the headwind of easing competitor stock-outs

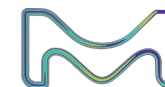
Net sales bridge



EBITDA pre bridge



- M&S growing broadly in line with sales
- Lower R&D costs as spending envelope is planned to gradually recover in '25 from mid-teens percentage level
- EBITDA pre margin of 39.2% fueled by strong sales growth, temporarily lower R&D costs and strict cost control



Electronics Q3: Semiconductor Materials drives profitable growth

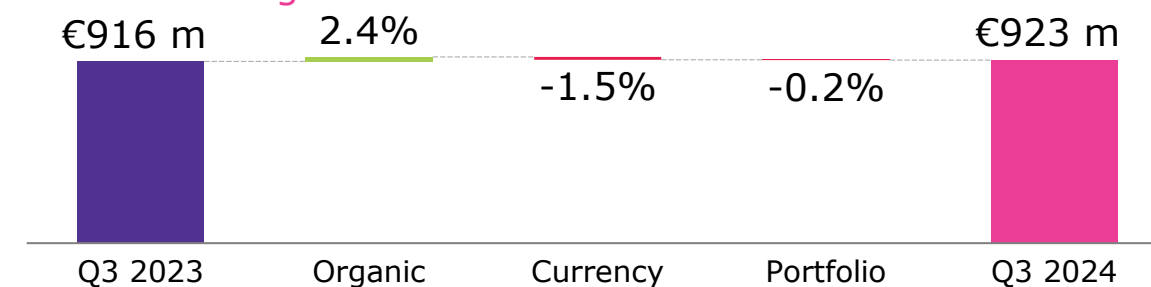
Electronics P&L

[€m]	IFRS		Pre	
	Q3 2023	Q3 2024	Q3 2023	Q3 2024
Net sales	916	923	916	923
M&S	-144	-140	-142	-141
Admin	-40	-43	-32	-32
R&D	-75	-74	-74	-74
EBIT	52	96	78	114
EBITDA	186	218	-	-
EBITDA pre	208	235	208	235
(in % of net sales)	22.7%	25.5%	22.7%	25.5%

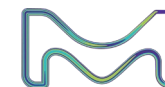
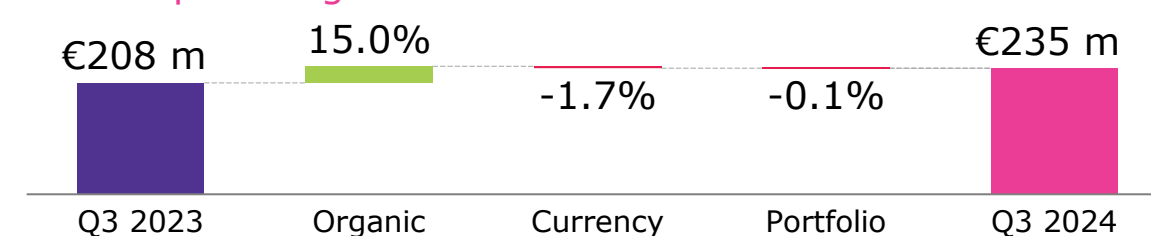
Comments

- Semiconductor Solutions: sales up +7% org., driven by double-digit growth in Semi Materials; AI and adv. nodes secular growth trends drive differentiated materials demand, amid delayed wider market recovery
- DS&S scheduling with some projects delayed into at least '25
- Display Solutions: down -9% org., mainly driven by continuous price pressure and lower volumes in Liquid Crystals
- Surface Solutions: down -3% org.
- M&S costs about stable amid strict cost discipline and efficiency measures
- Sustained high level of R&D investment to drive mid-term growth
- EBITDA pre up +15% org., mainly driven by visible expansion in gross profit margins with support from efficiency measures

Net sales bridge



EBITDA pre bridge



outlook & Guidance

03

Group

Full-year 2024 guidance

Net sales:

Organic: +2% to +5% YoY

FX: -3% to 0% YoY

~€20.7 – €22.1 bn, trending in the lower half of the range

EBITDA pre:

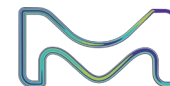
Organic: +4% to +10% YoY

FX: -5% to -1% YoY

~€5.8 – €6.4 bn, trending around the mid-point

EPS pre:

~€8.20 – €9.30, trending around the mid-point



2024 business sector guidance¹

Life Science

Net sales

- Organic: -2% to +2% YoY
- FX: -3% to +1% YoY
- ~€8.80 bn to €9.50 bn, trending slightly above the lower end of the range
- Return to organic growth in H2 amid soft markets
- Gradual recovery in PS throughout 2024
- COVID-19 sales to fall to negligible levels (~€250 m in 2023)

EBITDA pre

- Organic: -6% to +1% YoY
- FX: -4% to 0% YoY
- ~€2.55 bn to €2.80 bn, trending slightly above the lower end of the range

Healthcare

Net sales

- Organic: +6% to +9% YoY
- FX: -4% to 0% YoY
- ~€8.20 bn to €8.75 bn, trending slightly below the mid-point
- Driven by CM&E and Oncology

EBITDA pre

- Organic: +18% to +23% YoY
- FX: -6% to -2% YoY
- ~€2.85 bn to €3.05 bn, trending in the upper half of the range

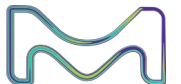
Electronics

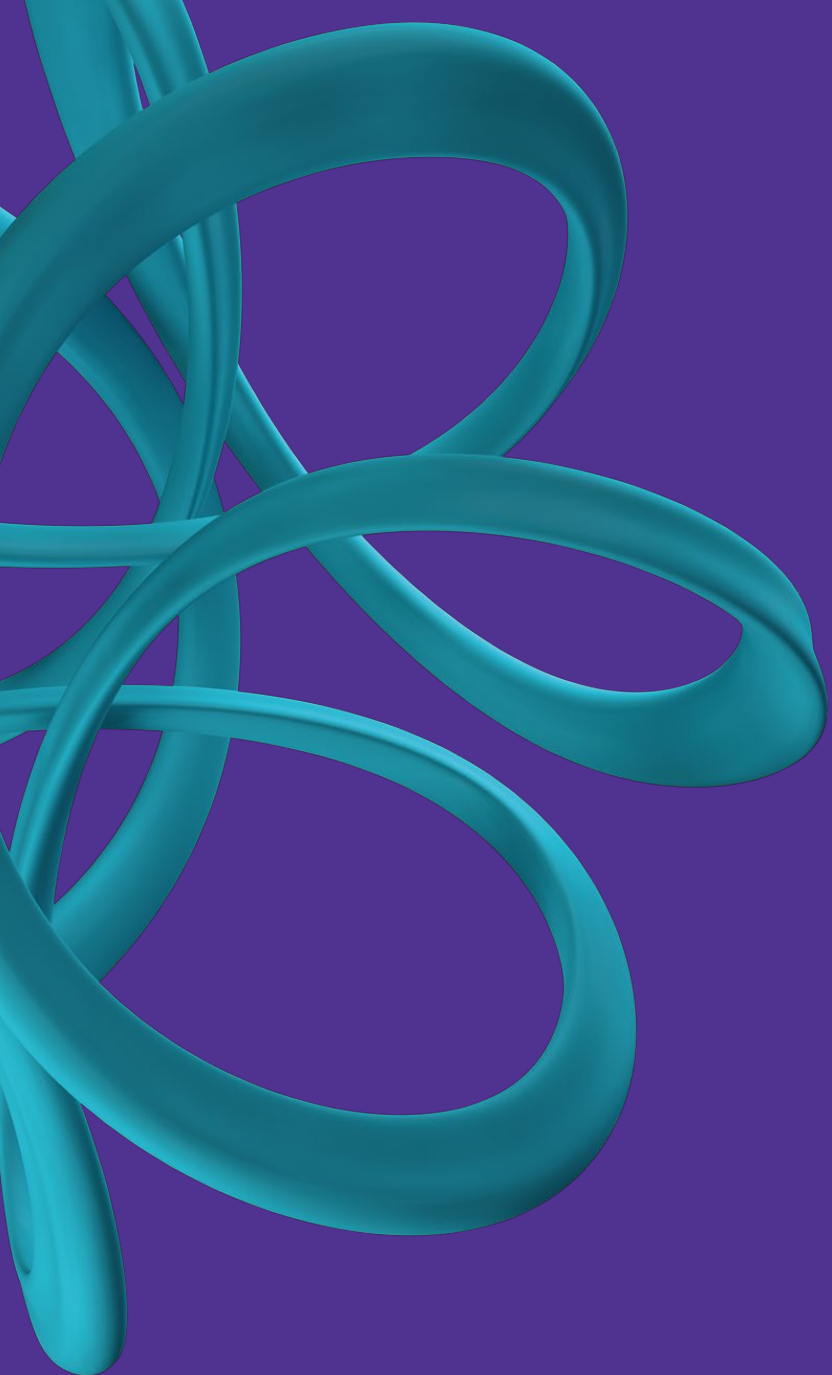
Net sales

- Organic: +4% to +8% YoY
- FX: -3% to 0% YoY
- ~€3.65 bn to €3.95 bn, trending in the lower half of the range
- Semi Materials growth driven by secular AI trend
- Wider semi recovery extending further into 2025, mature logic growth tempering

EBITDA pre

- Organic: +5% to +11% YoY
- FX: -2% to +1% YoY
- ~€950 m to €1,020 m, trending slightly above the lower end of the range





Q3 2024

Merck KGaA, Darmstadt, Germany,

Accelerates growth

driven by all business sectors