

Report on Expected Developments

The following report provides a forecast for the development of net sales and EBITDA pre for the Group and the individual business sectors Life Science, Healthcare and Electronics as well as a forecast for Group operating cash flow in 2024.

€ million	Net Sales	EBITDA pre ¹	Operating cash flow
Group	<ul style="list-style-type: none"> Slight to moderate organic growth Negative foreign exchange effect 0% to -3% 	<ul style="list-style-type: none"> Slight to moderate organic growth Negative foreign exchange effect - 1% to -4% 	<ul style="list-style-type: none"> Moderate to strong growth
Life Science	<ul style="list-style-type: none"> Slight organic decline to slight organic growth About stable to slightly negative foreign exchange effect 	<ul style="list-style-type: none"> Moderate organic decline to slight organic growth About stable to slightly negative foreign exchange effect 	
Healthcare	<ul style="list-style-type: none"> Moderate to solid organic growth About stable to moderate negative foreign exchange effect 	<ul style="list-style-type: none"> Organic growth in the low teens percentage range Slight to significant negative foreign exchange effect 	
Electronics	<ul style="list-style-type: none"> About stable organic development to moderate organic growth About stable to slightly negative foreign exchange effect 	<ul style="list-style-type: none"> Moderate organic decline to moderate organic growth About stable to moderate negative foreign exchange effect 	
Corporate and Other		<ul style="list-style-type: none"> Rise in costs due to lower currency hedging gains 	

¹ Not defined by International Financial Reporting Standards (IFRS); EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

Fundamental assumptions

Against the backdrop of the ongoing highly dynamic development of macroeconomic, geopolitical and industry-specific conditions, the forecast is also subject to greater uncertainty and volatility in fiscal 2024 than is normally the case. In terms of expected inflation, we assume a slow normalization.

We also expect a persistently volatile environment as regards the development of foreign exchange rates. For 2024, we forecast an unfavorable foreign exchange development, albeit to a weaker extent than in fiscal 2023. The negative foreign exchange effects are expected to be primarily attributable to the development of the U.S. dollar as well as individual Asian currencies. For the average euro/U.S. dollar exchange rate, our full-year assumption ranges between 1.07 and 1.11 for 2024.

Net sales

For fiscal 2024, we expect to return to organic sales growth, which is likely to be slight to moderate. The Healthcare business sector is expected to be the strongest growth driver, with Mavenclad® and products from the Cardiovascular, Metabolism & Endocrinology franchise making the main contributions to growth. For Life Science, we assume that sales in the first half of the year will still be influenced by customer destocking of increased inventories and that the expected recovery will thus mainly set in during the second half of 2024. We do not expect any further significant contributions from demand for products in connection with Covid-19 in 2024. In the Electronics business sector, we forecast that the turnaround in the semiconductor materials market will come in the second half of the year, leading as expected to organic sales growth with products from the Semiconductor Materials business. The expected declining Display Solutions business will have a negative impact as will the project business within the Semiconductor Solutions business unit, which, as expected, is subject to stronger fluctuations owing to the dependency on major individual orders. Overall, we forecast foreign exchange effects of 0% to -3% for the Group.

EBITDA pre¹

For Group EBITDA pre, we also forecast a slight to moderate organic increase, which is expected to be driven primarily by the Healthcare business sector. Apart from the expected sales growth, the termination of the alliance with Pfizer Inc., USA, effective June 30, 2023 and the subsequent regain of the exclusive rights to develop, manufacture and commercialize Bavencio® had a positive effect on EBITDA pre as did lower costs, especially in research and development, as a result of the failure of evobrutinib to meet its primary endpoint as demonstrated by the results of the clinical trials published on December 6, 2023. EBITDA pre of the Life Science business sector is expected to be adversely impacted by negative mix effects, which we will mitigate as far as possible with corresponding cost savings. In the Electronics business sector, a favorable mix effect on sales as well as positive effects from active cost management are expected; however, the sale of a portfolio of licenses and patents in fiscal 2023 will have an opposing effect. The rise in costs in Corporate and Other will be mainly attributable to lower foreign currency hedging gains. The forecast foreign exchange development is likely to lower Group EBITDA pre by between -1% and -4%.

Operating cash flow

The forecast for operating cash flow is generally subject to a higher fluctuation corridor than the forecast for EBITDA pre. We provide an estimate of the development of operating cash flow only for the Group as a whole.

The development of operating cash flow will be in line with the expected positive performance of the operating business. In addition, we expect positive effects from stringent management of working capital. Foreign exchange is expected to have a negative effect. Accordingly, for the Group, we forecast a moderate to strong increase in operating cash flow. As regards the composition of operating cash flow, we refer to the section entitled “**Internal Management System**” in the combined management report as well as the **Consolidated Cash Flow Statement** in the Consolidated Financial Statements.

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