

# Annual General Meeting 2025 Speech by Belén Garijo

Chair of the Executive Board and CEO

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## Check against delivery

Good morning, ladies and gentlemen,

I'm delighted to welcome all of you to our Annual General Meeting. The Executive Board and I are looking forward to a very productive discussion today.

Before we start, let's extend a warm welcome to Khadija Ben Hammada, our former Chief Human Resources Officer, who joined the Executive Board as Chief People Officer on March 1. Since joining our company in 2010, Khadija has led global transformations, major integrations, and strategic initiatives across Europe, Asia-Pacific, and the U.S., within and beyond HR. As Chief People Officer, she now oversees Site Management Darmstadt, Group HR, Corporate Sustainability, Quality & Trade Compliance, and Inhouse Consulting. The creation of this role highlights our commitment to our people and the importance of attracting and retaining the best talents for our company. Bringing these enabling functions under one Board member also strengthens our collaboration as ONE company.

Additionally, we announced two further leadership changes effective June 1, 2025. Jean-Charles Wirth will succeed Matthias Heinzl as CEO of Life Science. Jean-Charles joined the company in 2006 and is the Global Head of the Science and Lab Solutions business unit, which is the largest division within Life Science. Danny Bar-Zohar will succeed Peter Guenter as CEO of Healthcare. Danny joined the company in 2020 and has served as Global Head of Research & Development and Chief Medical Officer of Healthcare since 2022. I want to take this opportunity to sincerely thank Matthias Heinzl and Peter Guenter for their invaluable contribution during a very critical time for our company. Both of them have demonstrated

extraordinary leadership throughout their tenures at Merck KGaA, Darmstadt, Germany.

### **A new era of globalization and our response**

Ladies and gentlemen, we are entering a new era of globalization—one that is being tested by growing geopolitical multipolarity, rising protectionism, and evolving trade conflicts.

All of these present clear challenges to global economy. Yet, if history has taught us anything, it is that business thrives on collaboration, innovation, and open markets.

At Merck KGaA, Darmstadt, Germany, we advocate for a more connected world, not less. We cannot afford to retreat into silos. That's why we champion global trade and foster innovation across borders.

At the same time, we are also acutely aware of the shifting geopolitical dynamics that challenge us at every turn. In this volatile landscape, resilience is not just an advantage—it is a must for sustainable, long-term growth.

With more than 350 years of history behind us, our strength lies in the resilience of our company. This resilience rests on three pillars: First, our multi-industry business model; second, our regional diversification and region-for-region strategy; and third, the vast talent and expertise our employees bring to work every day.

All of this has shaped our global presence: We take pride in our European roots, our largest workforce by country is in the US, and our highest sales come from China and the rest of the Asia-Pacific region. You see: we think globally, and act locally.

To further enhance this kind of resilience, we have been making strategic investments to bolster our production and R&D capabilities across our key markets, including Europe, the US and Asia-Pacific.

Last year alone we invested in, among other things:

- A biosafety testing facility in Rockville, Maryland, USA
- expanding our ADC manufacturing capabilities and capacity in St. Louis, Missouri, USA
- A new Advanced Research Center in Darmstadt, Germany
- A new Bioprocessing Production Center in Korea
- A new Advanced Materials Center in Japan

All these are more than just facilities. They represent our commitment to innovation and staying strong, no matter what challenges arise.

### **Riding the wave of global megatrends as a leading science and technology company**

However, the world is not shaped by geopolitics alone. We are also living in an era where the seemingly impossible is becoming reality: Advances in science are rewriting the rules of medicine, technology is reshaping industries, and artificial intelligence is redefining human potential. The forces driving this transformation—biotechnologies, novel modalities, and AI—are not just passing trends; they are seismic shifts that will determine the future of mankind.

The question is not *whether* these breakthrough innovations will happen, but *where* and *how* they will happen.

Please allow me to add one aspect about Europe: It has the potential to lead in these areas — but only if we act decisively. To reestablish Europe as a powerhouse of innovation, we must cut red tape, accelerate investment in key technologies, and fully unlock the potential of the European single market.

As a company deeply rooted in Europe, we refuse to stand on the sidelines, we choose to lead.

That's why we've sharpened our portfolio with a laser focus on advanced technologies.

Antibody-drug conjugates, or ADCs, for example, represent the new and kinder generations of cancer treatments. They target cancer cells without damaging surrounding healthy cells. This means fewer side effects and allows more precise and safer cancer treatment. The market for ADCs is growing fast: According to a new report from MarketsandMarkets, the ADC industry will more than double from USD 9.7 billion in 2023 and to reach USD 19.8 billion by 2028.

Recognizing this potential, we've made significant investments across both our Life Science and Healthcare sectors. I've already mentioned our investment in expanding the ADC manufacturing capacity in St. Louis, Missouri. Our Mobius ADC Reactor, designed specifically for ADC manufacturing, is another example. It offers faster turnaround, lowers the risk of contamination, and ensures high product quality.

In Healthcare, we are excited about the potential of M9140—our first in-house developed ADC that has entered the clinic. It has already shown promising early data in colorectal cancer. In addition, we recently advanced our second ADC, M3554, into a Phase I clinical trial.

Breakthrough innovations like ADCs are clearly transformative forces shaping the future of humanity. Equally transformative is Artificial Intelligence, another area of focus for us. We recognize AI's immense power and potential, leveraging it across our value chain to drive business efficiencies and enhance customer experience.

But let me be clear: We are not just an AI user, we are also a leading AI enabler. Our Electronics business sector develops new materials for semiconductors that power AI models with advanced chips.

To strengthen our technology leadership in semiconductor materials, our Electronics business has sharpened its portfolio focus on advanced

technologies. The acquisition of Unity-SC and the divestment of Surface Solutions are pivotal strategic moves. Unity-SC is a provider of metrology and inspection instrumentation for the semiconductor industry. This acquisition enhances our role as an integrated solutions provider in next-generation chips.

### **Our vision: Sparking Discovery, Elevating Humanity**

All these efforts are deeply reflected in our vision: Sparking Discovery, Elevating Humanity. We introduced this vision last year to honor the outstanding commitment of our more than 62,000 colleagues worldwide and the impact of their work.

In everything we do—whether it's advancing ADCs, or developing groundbreaking solutions in semiconductors and AI—our vision serves as a powerful reminder: **There is nothing small in what we do.**

### **2024 – a year of profitable growth**

Our investments and portfolio moves are laying the foundation for sustainable, long-term growth. Our business performance in 2024, meanwhile, fueled our growth momentum by delivering on our targets.

I am also proud that we delivered on the commitments we set for the year, and returned to profitable growth in 2024. Group net sales grew organically by 2%, reaching €21.2 billion. EBITDA pre rose to €6.1 billion, reflecting a 6.9% organic increase. Earnings per share pre were 8.63 euros.

All three business sectors contributed to this achievement.

Now, let's take a closer look at some key developments in our three sectors, starting with Life Science.

### **Turnaround in Life Science**

Life Science resumed growth in the second half of 2024. However, the first half of the year was overshadowed by inventory destocking by customers and tough year-over-year comparable in the wake of Covid-19. This caused full-year sales to decline by 3.3% to 8.9 billion euros.

Let's take a look at individual business units:

The Science & Lab Solutions business unit offers product and service for pharmaceutical, biotechnology and academic research. This business unit recorded a slight organic sales increase of 0.2%.

The Process Solutions business unit, which markets solutions for the entire pharmaceutical production value chain, saw organic full-year sales decline of 6.4%. However, I am pleased with the good order intake in Process Solutions, which recorded low-teens growth sequentially in Q4 and an even higher growth year on year.

Life Science Services offers customers a fully integrated portfolio of services for contract development and manufacturing of medications as well as testing services. In 2024, sales of the business unit declined by 9.4% organically.

Across Life Science, we will continue to pursue bigger and bolder innovation projects. One area in which we've made strong progress is monoclonal antibody, or mAb, manufacturing. mAb is a lab-made molecule that mimics the immune system's certain ability to fight diseases.

We will also focus on breakthrough products and technologies, particularly in the areas of lab of the future, digital solutions, and novel modalities.

All of these will be supported by enhancing both our internal capabilities and exploring external opportunities. A notable example is our acquisition of Mirus Bio, which specializes in vector-based cell and gene therapy.

**Continuous strong performance in Healthcare**

Moving on to our Healthcare business sector. Healthcare was the best performer with 7% organic sales growth.

Key growth drivers were our Oncology and Cardiovascular, Metabolism and Endocrinology franchises, short: CM&E.

Oncology delivered organic sales growth of 13%, supported by Erbitux, Bavencio as well as Tepmetko. It is worth mentioning that our cancer drug Erbitux achieved sales of 1.2 billion euros and further consolidated its blockbuster status. Blockbuster is a term used in the industry to describe drugs with sales exceeding the billion-US-dollar mark.

CM&E delivered strong growth across all therapeutic areas and all regions, with an organic increase of 8%.

In Neurology & Immunology, sales increased by 2.3% organically.

Mavenclad, a medicine for the treatment of multiple sclerosis, recorded organic sales growth of 12% and achieved sales of 1.1 billion euros. This makes it another blockbuster in our portfolio.

Meanwhile, sales of Fertility were slightly up by 1% organically.

We are particularly proud that we served around **184 million** patients worldwide with our medicines in 2024. This includes 81 million patients supported through our commitment to combating schistosomiasis.

Of course, we were disappointed by the setback with xevinapant, an asset we investigated for the treatment of advanced head and neck cancer.

While this outcome was not what we had hoped for, such challenges are an inevitable part of the R&D process.

Looking forward, we remain confident in our ability to drive long-term growth. Why?

Because we have a strong commercial portfolio, a focused pipeline and a diverse network of partners. I've mentioned our advancements in ADCs



for our early-stage pipeline. In late-stage development, we have promising candidates such as pimicotinib for tenosynovial giant cell tumor or TGCT. Although TGCT is not cancerous, it is often locally aggressive and can seriously impact patients' quality of life. For this indication, a pivotal Phase III study has already met its primary endpoint. Pimicotinib is an in-licensed asset from our Chinese partner Abbisko Therapeutics. We own the worldwide commercialization rights of pimicotinib, including the US.

Moving forward, we are committed to driving long-term growth through both internal and external innovations, targeting approximately 50% of new product launches from external sources.

Before I move on to Electronics, I would like to briefly address the news you have seen last night. We are in late-stage discussions with SpringWorks Therapeutics, Inc. on a potential acquisition. SpringWorks is a U.S.-based commercial-stage biopharmaceutical company focused on rare tumors. I would like to reiterate that no final decision has been taken and no legally binding agreement has been entered into yet. I recognize that transparency is vital for our shareholders. As we have done in the past, we are committed to promptly and clearly communicate on such relevant news as soon as a definitive agreement is signed.

### **Profitable growth in Electronics**

Now let's turn to Electronics. There is a 99% chance that any electronic device containing a semiconductor that you touch has come into contact with our materials and equipment at some point.

The sector delivered an organic sales increase of 4.6% in 2024.

Semiconductor Solutions was once again the sales driver for the sector. The business unit develops products and services for the semiconductor industry. Sales increased 7.8% organically. The main growth came from high-value materials for advanced nodes driven by the strong demand for AI chip systems and other technologies.

The two other business units of Electronics – Display Solutions and Surface Solutions – recorded sales declines.

In the short term, we believe that the demand for materials for AI and advanced nodes will continue to grow. However, the wider semiconductor market is yet to see a rebound.

In the long term, we see strong growth opportunities, because we've strengthened our position as an integrated solution provider for next-generation chips. As mentioned before, the acquisition of Unity-SC has further reinforced our Display Solutions business unit, which has been renamed Optronics. This new name reflects our evolution beyond display technologies, positioning us as a leader in advanced optical technologies—a key driver of long-term growth.

### **Progress in Sustainability**

In sustainability, we are making great strides as well. We intend to reduce our direct and indirect greenhouse gas emissions by 50% from 2020 to 2030. During 2024, we cut these emissions by 26%. This means we've almost halved our direct and indirect emissions since 2020 and are confident that the 2030 target will be achieved significantly earlier than originally planned.

At the same time, we're proud of our progress in hiring top talent and promoting fairly, based on skills and results. Let me reaffirm that the richness of perspectives and experiences within our company is one of our greatest strengths. We will continue to put our people at the center and foster an inclusive workplace with equal opportunities for all. A notable example of how we do this is the recent launch of our Caregiver Leave Benefit. We offer a financially protected 10-day minimum leave to employees globally, whose family members are critically or terminally ill.

### **Recognition and proposal for dividend**

Overall, 2024 was a successful year for us. Most importantly, we kept our promise and returned to profitable growth. A big thanks to our more than 62 000 employees for such a remarkable year. At the same time, I would also like to extend my sincere gratitude to you –our shareholders – for your support. In recognition of your valuable contributions, we propose a stable dividend of 2.20 euros per share at today's Annual General Meeting.

## **Outlook 2025**

Now let's take a look at what 2025 will hold for us: we have an innovation-driven portfolio, a resilient business model, and a strong presence in key markets worldwide. All of this boosts our confidence in our future.

As already communicated in March at our annual press conference, we expect to continue with our profitable growth trajectory in 2025.

We anticipate that Life Science will return to profitable growth, powered by the momentum of our Process Solutions business. Healthcare will continue its organic growth, with our CM&E and Fertility franchise as the driving force. And in Electronics, the demand for AI applications and modern semiconductors will create even stronger tailwinds.

In 2025 and beyond, we will continue to focus on our three strategic priorities:

1. **Growth:** Growth is the **heartbeat** of our company. We will continue to drive profitable growth, by capitalizing on favorable macrotrends, including complex biologics, novel modalities, and semiconductors for AI.
2. **Innovation:** Innovation is the **lifeblood** of our business. We will continue to boost our own R&D capabilities while exploring external innovations.

3. **People:** People are the **backbone** of our success. We will continue to invest in our people, focusing on reskilling and upskilling.

**Closing:**

As we stand at the threshold of a new era, we are determined to be the riders of the waves. Our investments across key markets, our focus on cutting-edge technologies and our clear vision for the future position us not only to navigate the geopolitical uncertainties all around us, but to lead in the sphere of scientific and technological transformation.

We are a resilient, innovative company, stand for cutting-edge science and technology. We are ready to harness the power of megatrends and turn them into lasting opportunities. In 2025 and beyond, success means for us:

- Bringing life-changing therapies to patients faster
- Leveraging AI to boost our business
- Driving transformative innovations across our business sectors

With a strategic focus on growth, an unwavering commitment to innovation, and a deep dedication to our people, we are ready to turn 2025 into a year of tangible achievements.

Before I close my speech today, I am pleased to share that we will hold our Annual General Meeting in-person next year. Together with my colleagues from the Executive Board and the Supervisory Board, I look forward to meeting you in person in Frankfurt.

Thank you.