

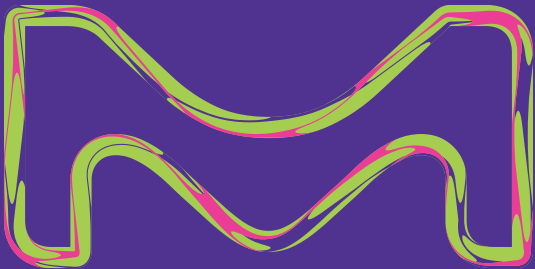


# CAPITAL MARKETS DAY 2018

## MEET MANAGEMENT

Stefan Oschmann, CEO  
Marcus Kuhnert, CFO

Darmstadt – October 16, 2018





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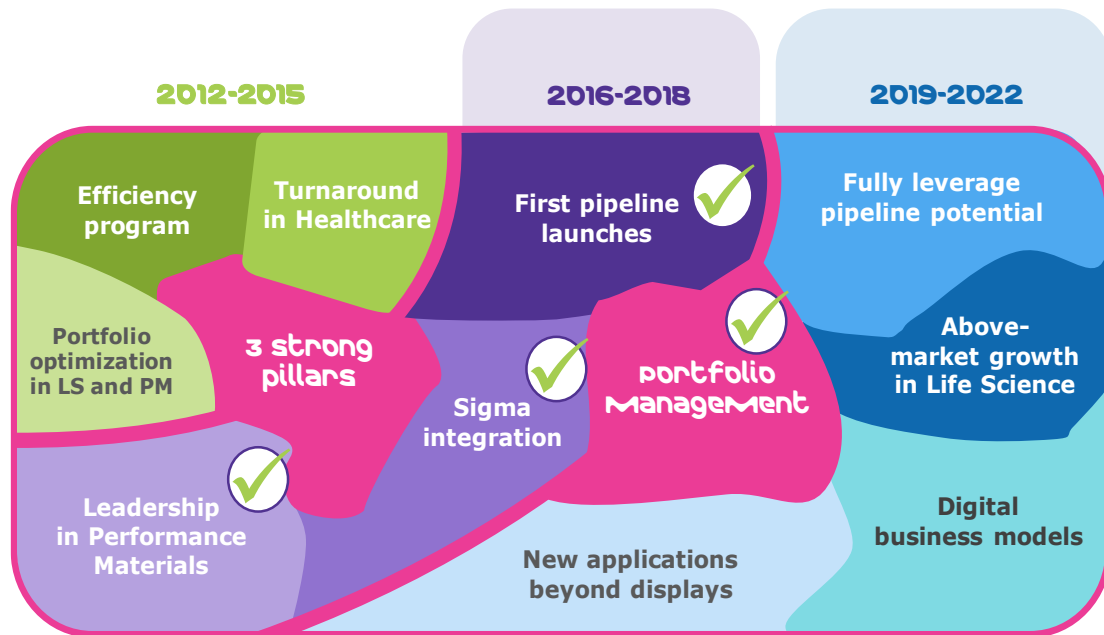
This presentation contains certain financial indicators such as EBITDA pre exceptionals, net financial debt and earnings per share pre exceptionals, which are not defined by International Financial Reporting Standards (IFRS). These financial indicators should not be taken into account in order to assess the performance of Merck KGaA, Darmstadt, Germany in isolation or used as an alternative to the financial indicators presented in the consolidated financial statements and determined in accordance with IFRS. The figures presented in this statement have been rounded. This may lead to individual values not adding up to the totals presented.

# Agenda

- 01** Transition & Execution Phase 2016-2018
- 02** Growth & Expansion Phase 2019-2022
- 03** Healthcare - Transitioning into period of pipeline-derived earnings growth
- 04** Life Science - Set for sustainable profitable growth
- 05** Performance Materials - Back to growth as leader in electronic materials
- 06** Conclusions and Take-aways

Group

## Well on track to deliver on 2016-2022 strategic roadmap



### Transition and execution

- Merck KGaA, Darmstadt, Germany entered a phase of integration and deleveraging following Sigma acquisition
- By now, major milestones have been achieved



### Growth and expansion

- Merck KGaA, Darmstadt, Germany is now ready for the growth phase in its strategic roadmap
- First steps have already been initiated

**Completion of execution phase puts Merck KGaA, Darmstadt, Germany in good shape to now enter the growth phase of its 2016-2022 strategic agenda**



01

**TRANSITION &  
EXECUTION PHASE  
2016-2018**

## Group

# First phase of strategic roadmap delivered (1/2)



### Healthcare

- Maximize growth of existing franchises
- Deliver pipeline: one product launch or indication p.a. from 2017



- **Bavencio®** and **Mavenclad®** ramped up to ~**€84 M** sales in **first full year** (Q3 2017 – Q2 2018)
- Core business grown for **consecutive 29 quarters\***
- Diligent development and management **of pipeline**
- Positive **news flow** on pipeline **catalysts** (e.g. BTKi, RCC1L, TGF-β Trap)



### Life science

- Focus on seamless integration and deliver cost synergies
- Leverage strategic capabilities for value creation



- **€280 M synergies** confirmed for 2018
- Sales **CAGR ~6%** since 2015 = 200 bps above market despite integration
- **eCommerce** platform **seamlessly** integrated
- **supply chain globally leveraged** despite portfolio complexity of ~300,000 products
- **FOCUS** shifting on **innovation** projects to foster industry-leading growth and profitability

\*Healthcare total

## Group

# First phase of strategic roadmap delivered (2/2)



### Performance Materials

- Drive innovation and technology leadership across all businesses
- Reposition for future growth



- **Leading Market positions Maintained** despite sales and profit decline
- **Transformation program** to deliver on **electronics solutions provider** strategy
- **NEW R&D** framework established



### Group

- Deleverage to <2x net debt / EBITDA pre in 2018
- No large<sup>1</sup> acquisitions until end of 2018 (unless financed by divestments)
- Dividend policy that ensures a sustainable and resilient development



- **Leverage target** for end 2018 confirmed
- **conservative approach to M&A:** divestments (Consumer Health<sup>2</sup>, Biosimilars) > acquisitions (BioControl, Vertex, F-Star, Natrix)
- **Dividend and EPS pre growing in sync** at ~9-10% CAGR 2011-2017

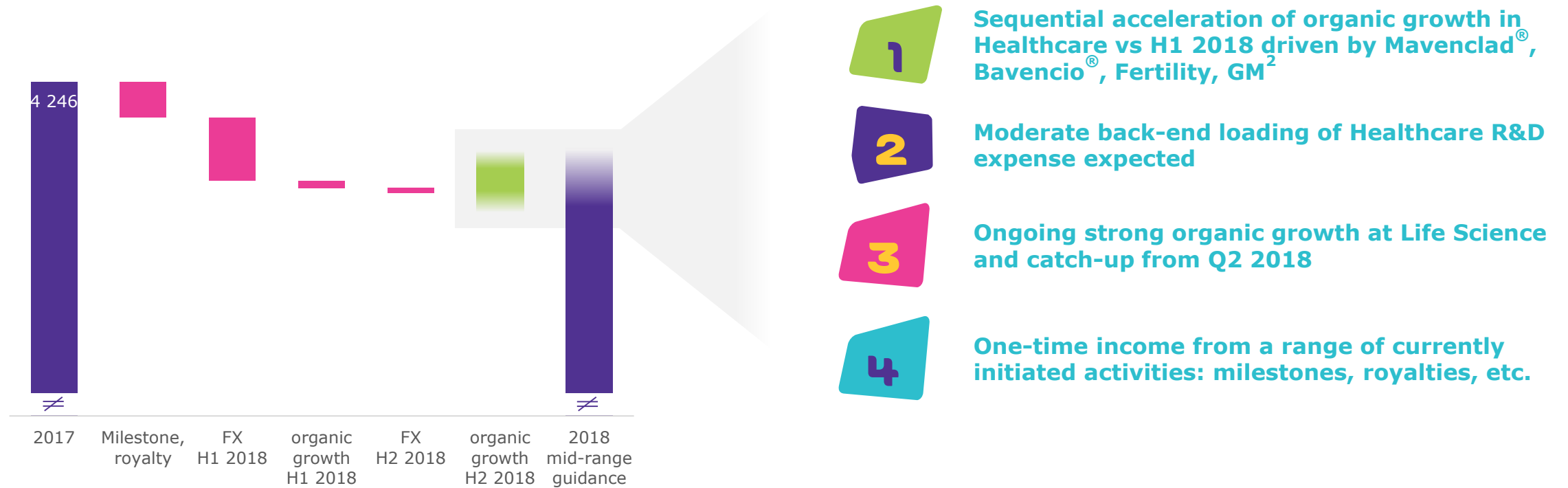
<sup>1</sup>>€500 m; <sup>2</sup>Closing of transaction expected for end of Q4 2018



Group

## Organic growth drivers in H2 2018 underpin full-year EBITDA pre guidance

Expected EBITDA pre development in 2018<sup>1</sup> [€m YoY]



**Confident to achieve 2018 guidance of slight organic decline in group EBITDA pre in the range of -1% to -3%<sup>3</sup>**

<sup>1</sup>Based on mid-range of guidance from August 9, 2018: ~€3,750m - €4,000m; excludes CH; <sup>2</sup>GM = General Medicine - includes General Medicine, CardioMetabolic Care (CMC), Endocrinology & Allergopharma; <sup>3</sup>guidance reflects underlying organic YoY change in EBITDA pre as well as YoY changes in milestone and royalty income



02

**GROWTH &  
EXPANSION PHASE  
2019-2022**

Group

**2018 is a year of transition to deliver quality growth from 2019 again**

## Group commitment

to 2019 earnings growth confirmed and well-founded ...

Investment

Growth



... as **Businesses**

deliver on their 2019 ambition

	Net sales	EBITDA pre	EBITDA pre margin
HC	↗	↗	↗
LS	↗	↗	↗
PM	↗	↗	↗

# Group

## Key earnings drivers to remember for 2019



### EBITDA\*-supporting factors

- Organic sales growth in Healthcare's core business in line with mid-term ambition until 2022
- Ongoing strength at Life Science with organic net sales growth slightly above market
- Strong sales contribution from Mavenclad® and Bavencio®; possible upside from first sales contribution from Mavenclad® US in case of approval
- Erbitux/Lilly end of exclusive marketing rights outside of the US and Canada at the end of 2018
- High level of cost consciousness and prioritization



### EBITDA\*-reducing factors

- Slight absolute increase in R&D costs budgeted for Healthcare but decrease as % of sales (actual development will be subject to clinical data outcome of priority projects and prioritization decisions)
- Healthcare underlying margins negatively impacted by product mix
- Performance Materials sales and earnings reaching trough due to expected decline in Liquid Crystals

**Topline growth will be the key contributor in 2019 to outperform 2018 EBITDA pre**

## First steps for Growth & Expansion phase 2019-2022 initiated

- **Focus** and **priority** development of key pipeline projects
- Major **phase III read-outs** expected in next 18 months
- Regular **inflow of early-stage** assets to ensure long-term pipeline potential

Fully leverage  
**Healthcare**  
pipeline potential

Above-market  
growth in **Life**  
**science**

- **Favorable** portfolio mix with exposure to **growth market segments**
- Full **operating leverage** drives **margin progression**
- Strategic initiatives enable **sustained above-market growth**
- Capacity investments to support **industry growth dynamics**

- Driving development into a leading **electronics solutions** provider
- Stronger focus to existing **end-market needs**
- **Stabilize** and optimize Display Solutions business
- Rigorous **innovation and project prioritization process** implemented

Repositioning of  
**performance**  
**Materials** for  
growth

**Digital**  
business  
models

- Developing **new digital business models**
- Leverage **big data** on predictive planning
- **Differentiated** market presence

## Group

# Strategic capital allocation until 2022 newly defined

### portfolio guardrails

- Three balanced pillars with no business marginalized
- Leading market positions in attractive markets
- Clear portfolio roles assigned

### Defining portfolio criteria

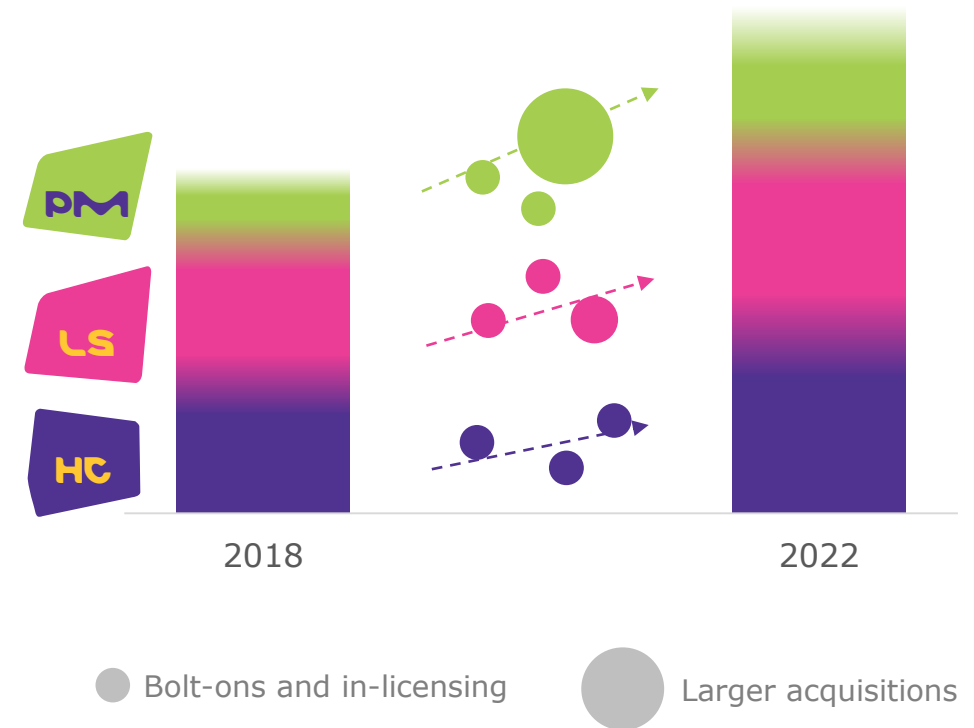
- Market attractiveness & capabilities
- Best strategic owner
- Risk profile

### clear financial M&A criteria

- $IRR > WACC$
- EPS pre accretive
- Maintain investment-grade credit rating

**Regular portfolio review and disciplined capital allocation will continue to ensure sufficiently diversified and value-creating structure of three strong pillars**

## Illustration Group's sales and earnings drivers





03

## **HEALTHCARE**

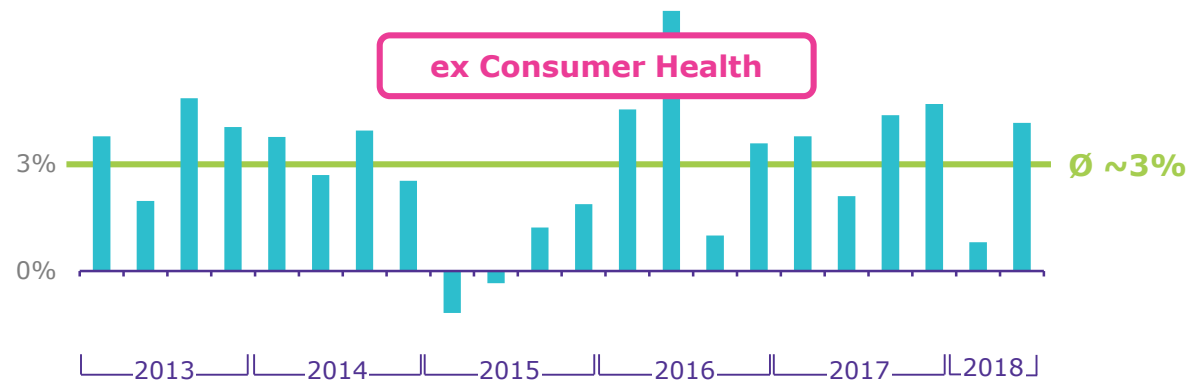
Transitioning into period  
of pipeline-derived  
earnings growth

# Healthcare

## Core business consistently growing and on track to reach 2022 ambition

### Impressive growth track record of core business ...

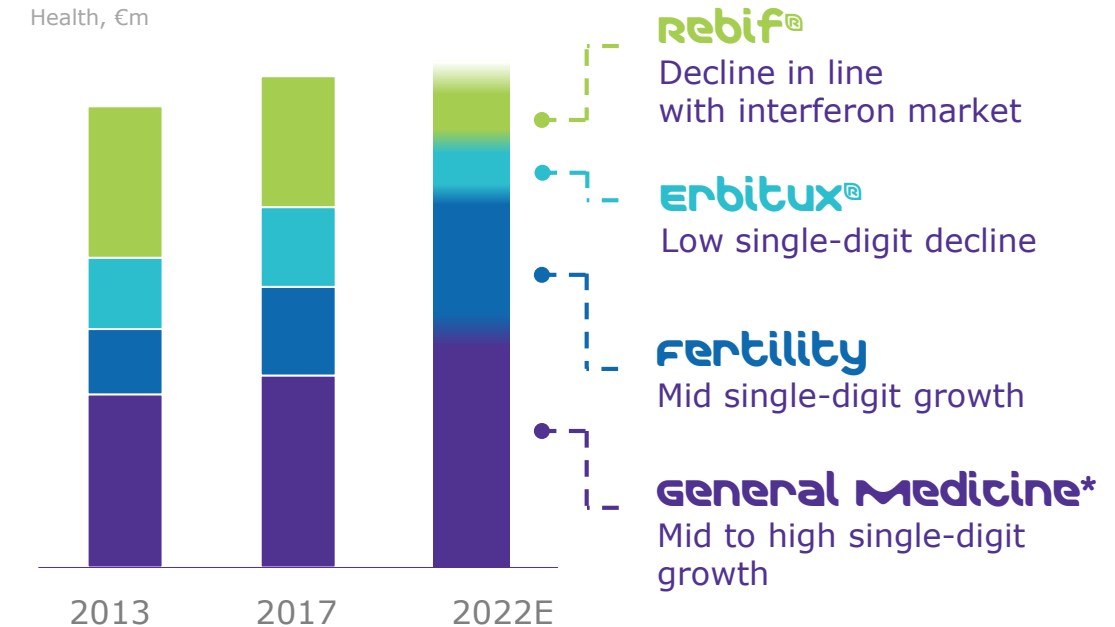
Organic net sales,  
% YoY



- Achieved **~3% growth** of core business since 2013 – **even excluding CH** and **without** new **pipeline** products
- Organic sales growth is primarily driven by **consistently solid volume growth**; overall **pricing** trend has been **slightly negative**

### ... lays solid foundation to deliver on 2022 ambition

Net sales ex Consumer  
Health, €m



- Keeping net sales of **core business** organically **at least stable** until 2022
- Healthcare benefits from **emerging market** dynamics, and **broad diversification** of therapeutic areas and regions

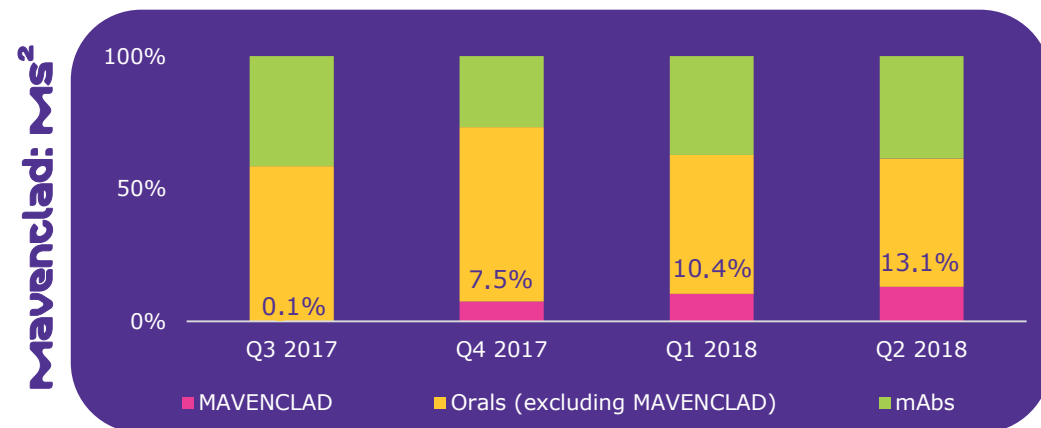
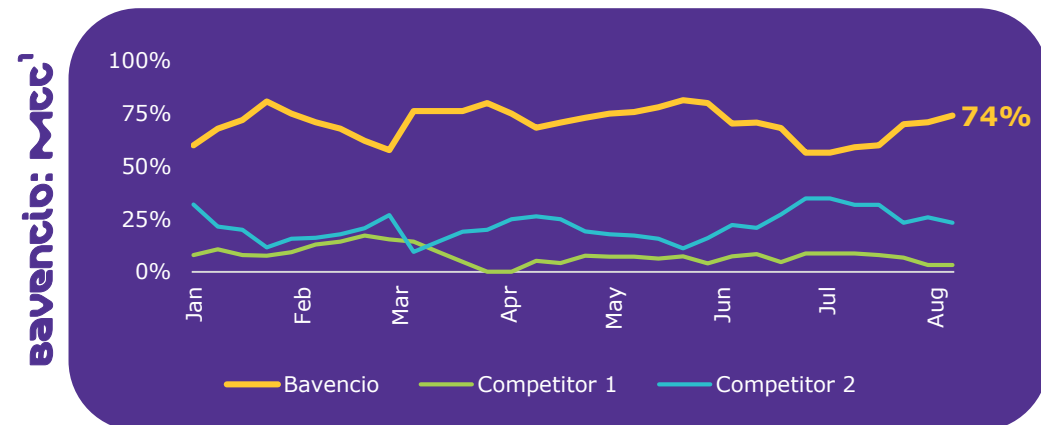
\*Includes General Medicine, CardioMetabolic Care (CMC), Endocrinology & Allergopharma



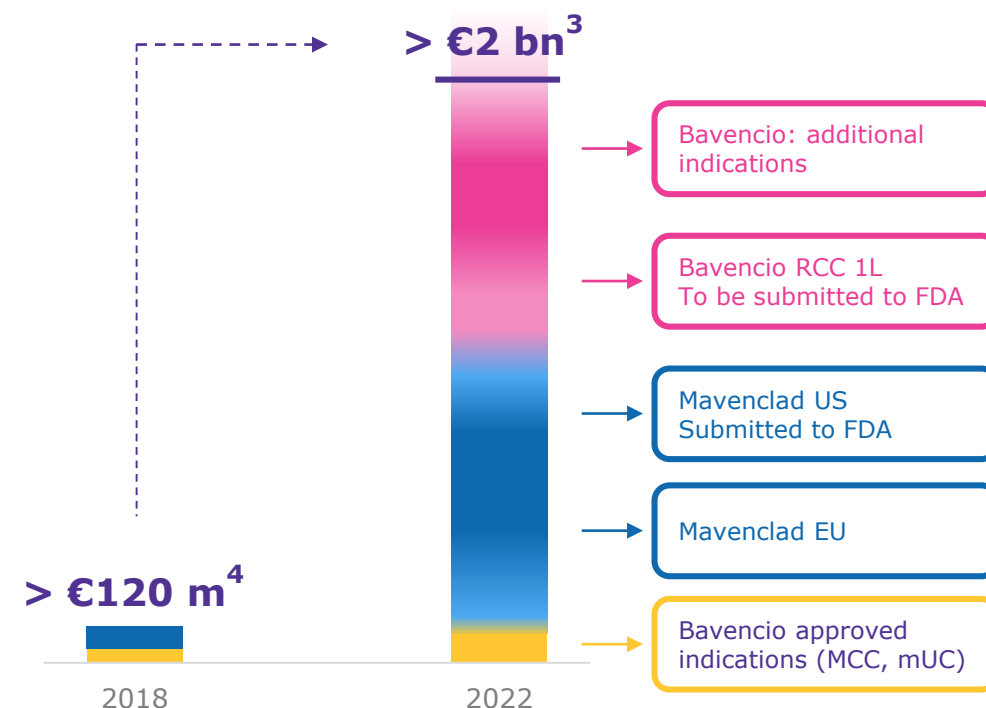
# Healthcare

## Mavenclad<sup>®</sup> and Bavencio<sup>®</sup> are growing well and support €2 bn pipeline target

Recently launched products are gaining market traction in 2018 ...



... and support €2 bn pipeline sales ambition for 2022



<sup>1</sup>US: naïve/1L Patient share of IO class in 2018 - Data sources: IMS claims data, Week ending Aug 10, 2018; <sup>2</sup>Germany; share of HE dynamic patients (RMS only) - Data sources: actual patients per IMS and shares estimated from IPSOS MS Monitor; Dynamic markets per internal company estimates; <sup>3</sup>Indication, risk adjusted; composition is an illustration and may change subject to data read-outs and registration outcomes; <sup>4</sup>Guidance 2018

## Recent successes demonstrate pipeline attractiveness

### Phase II Evobrutinib MS

Presented at **ECTRIMS**<sup>1</sup>  
on Oct 12, 2018

- Study **met primary endpoint**
- Evobrutinib 75mg QD<sup>2</sup> and 75mg BID<sup>2</sup> significantly **reduced the number** of gadolinium enhancing **T1 lesions** in comparison to placebo (24 weeks; mean total no. of lesions placebo: 3.85, evobrutinib 75mg QD: 1.69, evobrutinib 75mg BID: 1.15)
- ! Evobrutinib also led to **clinically relevant decreases in annualised relapse rate** (24 weeks; annualized relapse rate evobrutinib 75mg QD: 0.13, 75mg BID: 0.08, placebo: 0.37)
- Evobrutinib is the **first BTK inhibitor to show clinical proof-of-concept** in relapsing MS

### Phase III Avelumab+ Inlyta 1L RCC<sup>2</sup>

Data to be presented at **ESMO**<sup>3</sup>  
on Oct 21, 2018

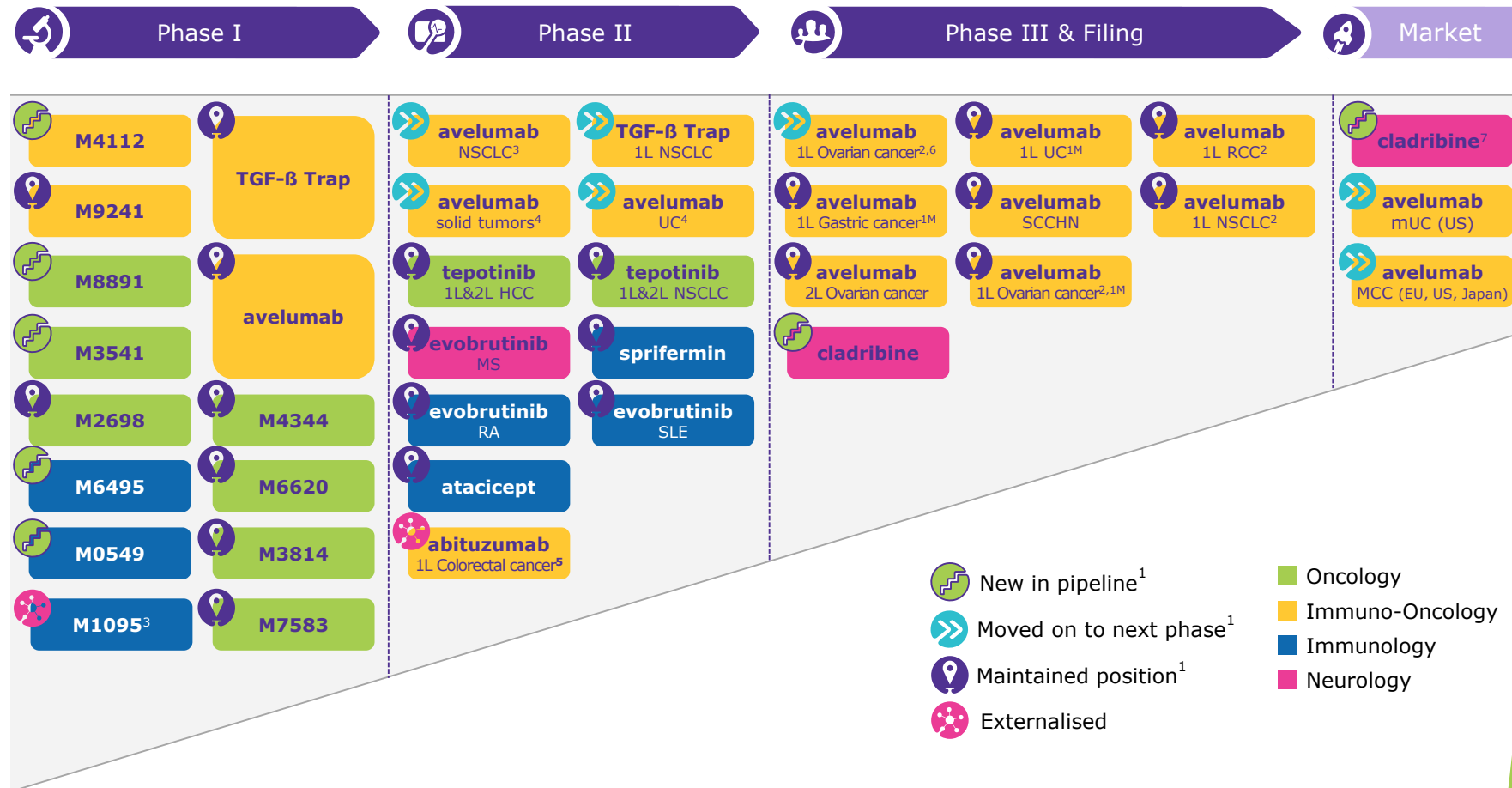
- Study showed a **statistically significant improvement in progression-free survival (PFS)** in
  - patients whose tumors had PD-L1<sup>4</sup>-positive expression greater than 1% (**primary objective**)
  - the entire study population regardless of **PD-L1 tumor expression (secondary objective)**
- **Study will continue as planned** for the other primary endpoint of overall survival (OS)
- ! The alliance intends to **pursue a regulatory submission in the US** based on these interim results

<sup>1</sup>European Committee for Treatment and Research In Multiple Sclerosis, oral presentation "Primary Analysis of a Randomised, Placebo-Controlled, Phase II Study of the Bruton's Tyrosine Kinase Inhibitor Evobrutinib (M2951) in Patients with Relapsing Multiple Sclerosis"; QD= once a day, BID= twice a day, RCC= Renal cell carcinoma;

<sup>3</sup>ESMO= European Society for Medical Oncology; <sup>4</sup>Programmed death ligand-1

# Healthcare

## Our diverse and dynamic pipeline has progressed dynamically



## Takeaways

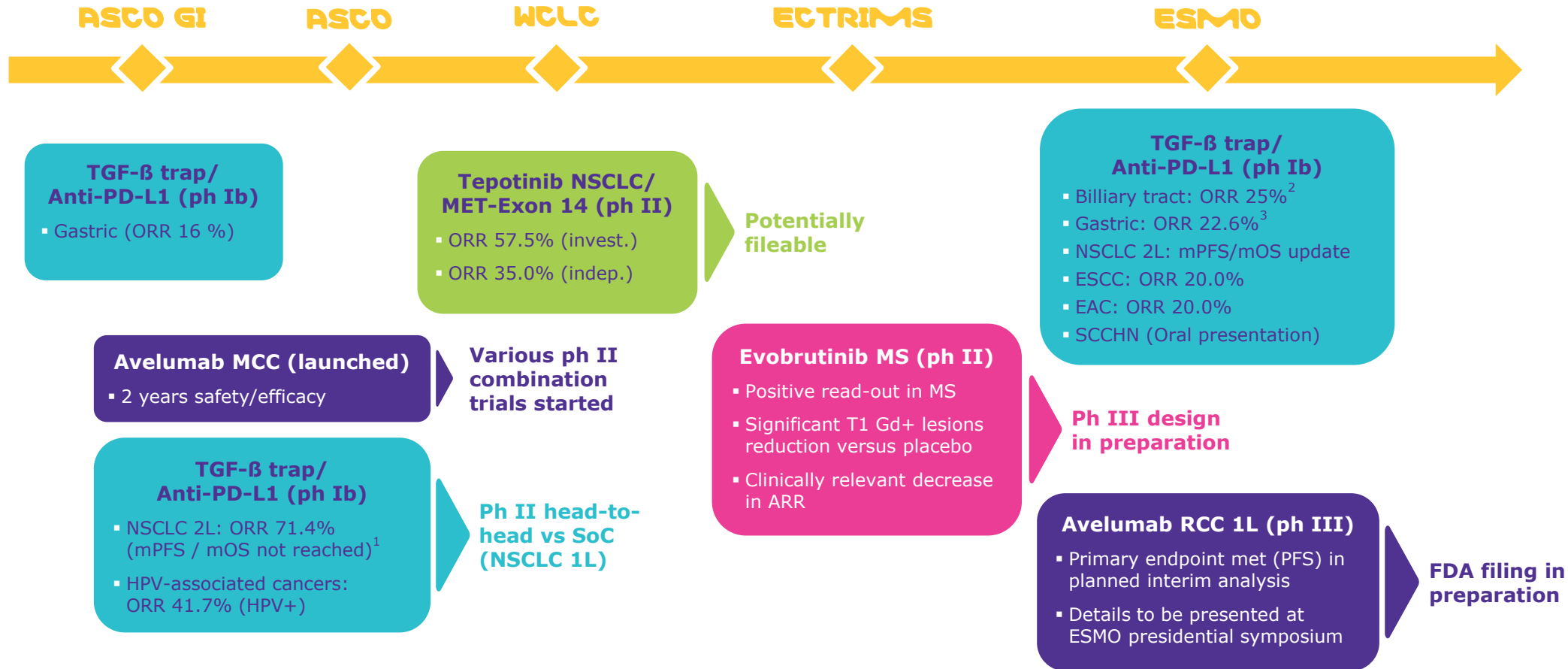
Pipeline contains highly attractive and innovative assets in key indications

Well-filled funnel of early and advanced compounds

Fast-progress pipeline requires regular prioritization

Pipeline products are under clinical investigation and have not been proven to be safe and effective. There is no guarantee any product will be approved in the sought-after indication; <sup>1</sup>compared to pipeline as of Q2 2017 results release on Aug 3, 2017; <sup>2</sup>First Line treatment; <sup>1M</sup>First-line maintenance treatment; <sup>3</sup>As announced on March 30 2017, in an agreement with Avillion, anti-IL-17 A/F nanobody will be developed by Avillion for plaque psoriasis and commercialized by Merck KGaA, Darmstadt, Germany; <sup>4</sup>Avelumab combination studies with talazoparib, axitinib, ALK inhibitors, chemotherapy, or novel immunotherapies; <sup>5</sup>As announced on May 2 2018, in an agreement with SFJ Pharmaceuticals Group, abrituzumab will be developed by SFJ for colorectal cancer through Phase II/III clinical trials; <sup>6</sup>Study of avelumab in combination with talazoparib; <sup>7</sup>As announced on July 30 2018, the US Food and Drug Administration (FDA) has accepted the resubmission of the New Drug Application (NDA) for cladribine tablets

## Impressive clinical data in 2018 triggered next phase for key assets







### Leading-edge clinical data validates pipeline attractiveness

<sup>1</sup>PD-L1 high; <sup>2</sup>PD-L1≥1%; <sup>3</sup>Update from ASCO GI, Abbreviations: 2L = second line therapy; PR = partial response; ORR = objective response rate; NSCLC = Non-small-cell lung carcinoma; (m)PFS = (median) progression-free survival; (m)OS = (median) Overall survival; HPV = human papillomavirus; SoC = standard of care; MCC = Merkel cell carcinoma; RCC = Renal cell carcinoma; RR = lesion rate ratio; ARR = annualised relapse rate; SCCHN = squamous cell carcinoma of the head and neck; ESCC = Esophageal squamous cell carcinoma; EAC = Esophageal adenocarcinoma; CRC = Colorectal Cancer

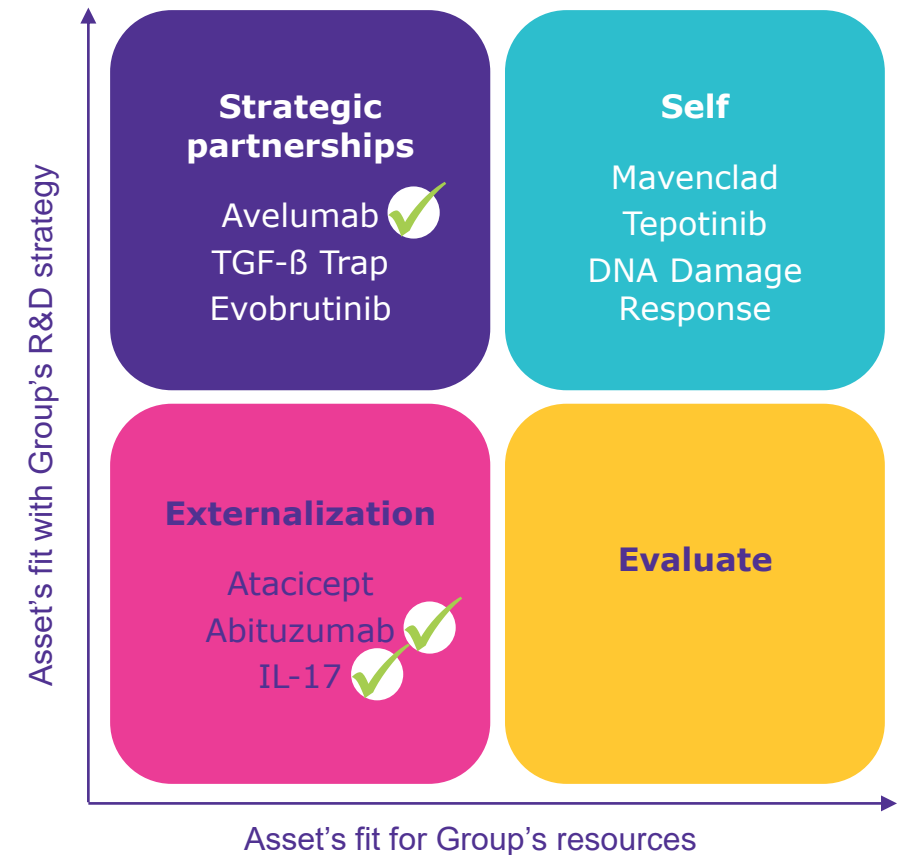
## Healthcare

# Active management of Merck KGaA, Darmstadt, Germany's full pipeline to maximize its value

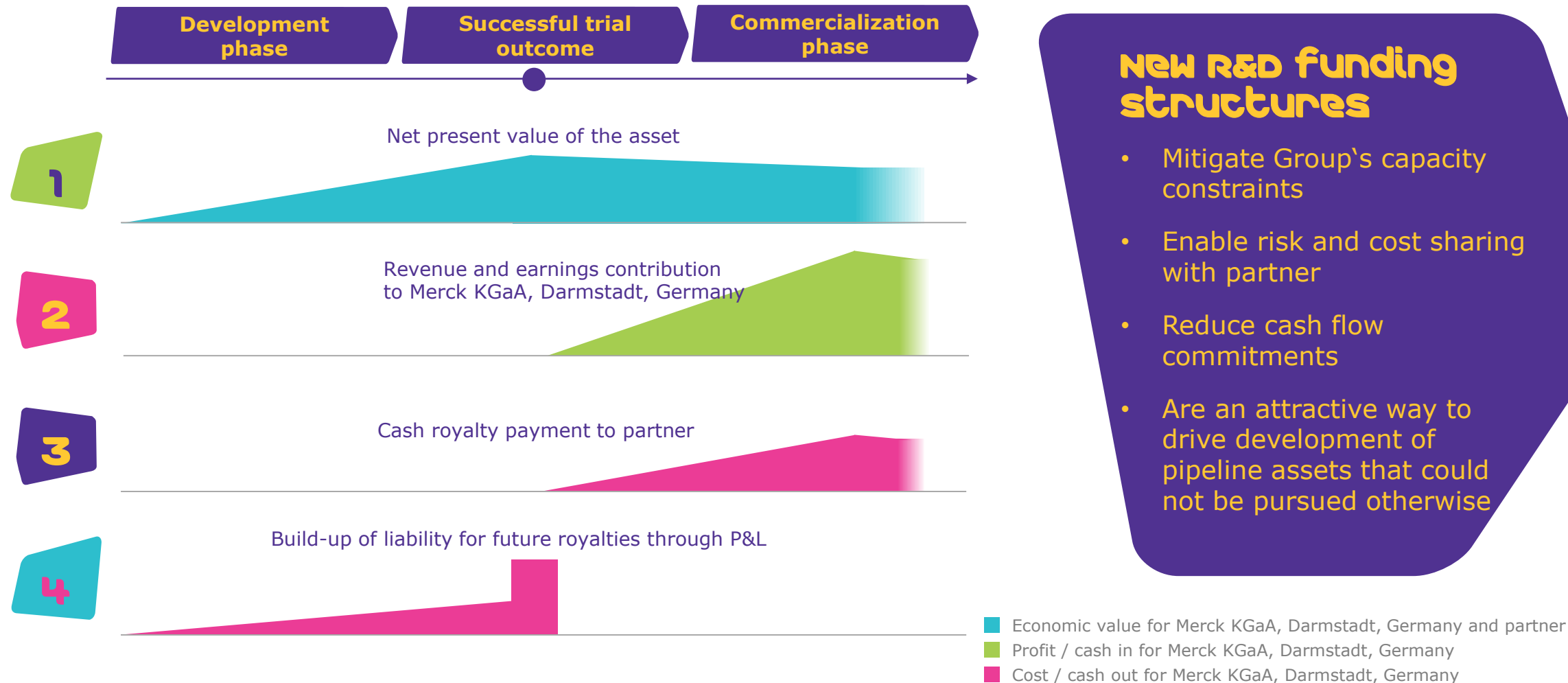
Full pipeline requires regular **prioritization** and **de-risking** decisions

-  Merck KGaA, Darmstadt, Germany continuously **monitors all pipeline candidates**
-  **Regular assessment of their potential** is based on clinical data, strategic fit and financial criteria
-  Merck KGaA, Darmstadt, Germany then decides on **how to best develop** the assets going forward
-  **Strategic partnerships** and **external financing** are key to de-risk the pipeline and maximize its value

### Merck KGaA, Darmstadt, Germany's key pipeline compounds\*



## External financing maximizes value of non-strategic pipeline assets



## Healthcare

### Key priorities for 2019 and beyond



**Deliver on ambition to keep core business at least stable until 2022**



**Transition from investment to earnings phase by 2019**



**Foster successful Bavencio<sup>®</sup> and Mavenclad<sup>®</sup> ramp up**



**Stringent pipeline execution**

**Healthcare**

Drive positioning as  
global specialty innovator



## **LIFE SCIENCE**

Set for sustainable  
profitable growth



## Life Science

### Serving customers across the highly attractive life science industry

#### RESEARCH

~€45-50 bn

Low single-digit growth



Academic and government institutions

Biopharma R&D

Industry R&D

#### PROCESS

~€50 bn

High single-digit growth



Pharmaceutical companies

Small biotech

Contract manufacturing organizations

#### APPLIED

~€55 bn

Mid single-digit growth



Diagnostic manufacturers

Clinical testing labs

Food & Beverage manufacturers

**~€150 bn\* market growing at ~4% CAGR**

- Growth in volume of experiments
- Mild growth in academic funding
- Investment in industry R&D

- Drug volume growth
  - from biologics
  - from emerging modalities
- Continued shift to single-use

- Volume growth from
  - Population growth
  - Rise in quality standards
  - Increased testing needs

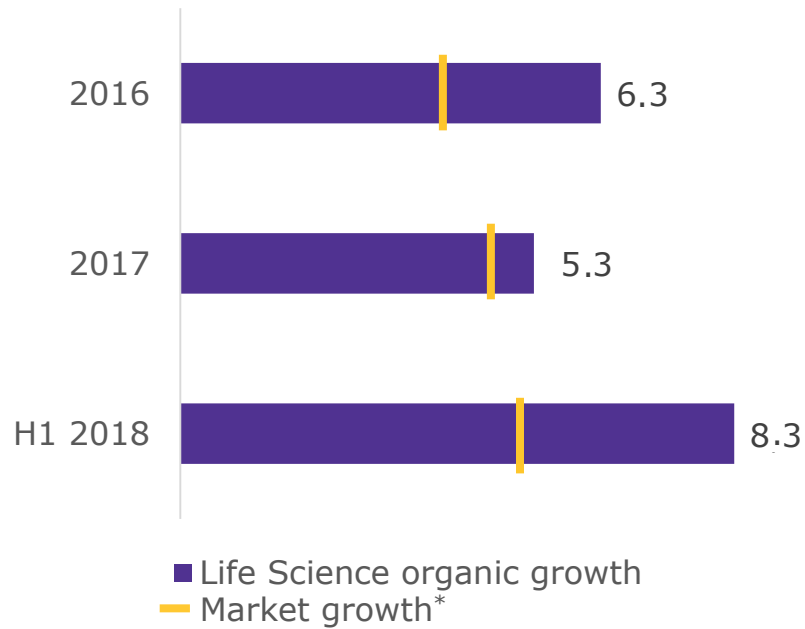
\*Source: Merck KGaA, Darmstadt, Germany estimate 2018

# Life Science

## Market leading growth and profitability maintained during integration

### Consistent above-market growth

Organic sales growth vs market\* [% YoY]



**Ambition to grow above market through to 2022**

### Key industry player

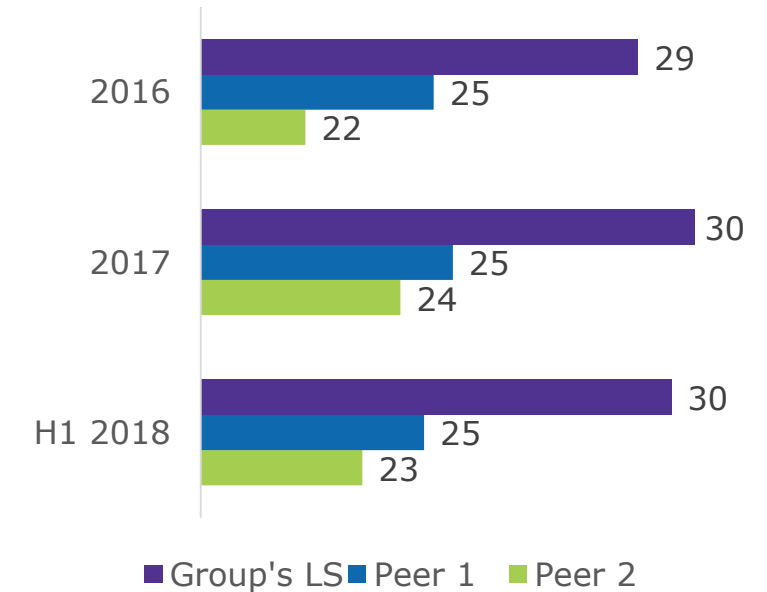
Life Science net sales [€m]



**Secure leading market position**

### Superior profitability

EBITDA pre margin [%]



**Maintaining industry-leading margin**

\*Based on integrated life science peers' performance, analyst reports and Laboratory Products Association report

## Portfolio and focus are key drivers of above-market growth

### Life Science net sales organic CAGR 2015-2017\*

#### Out-Performance

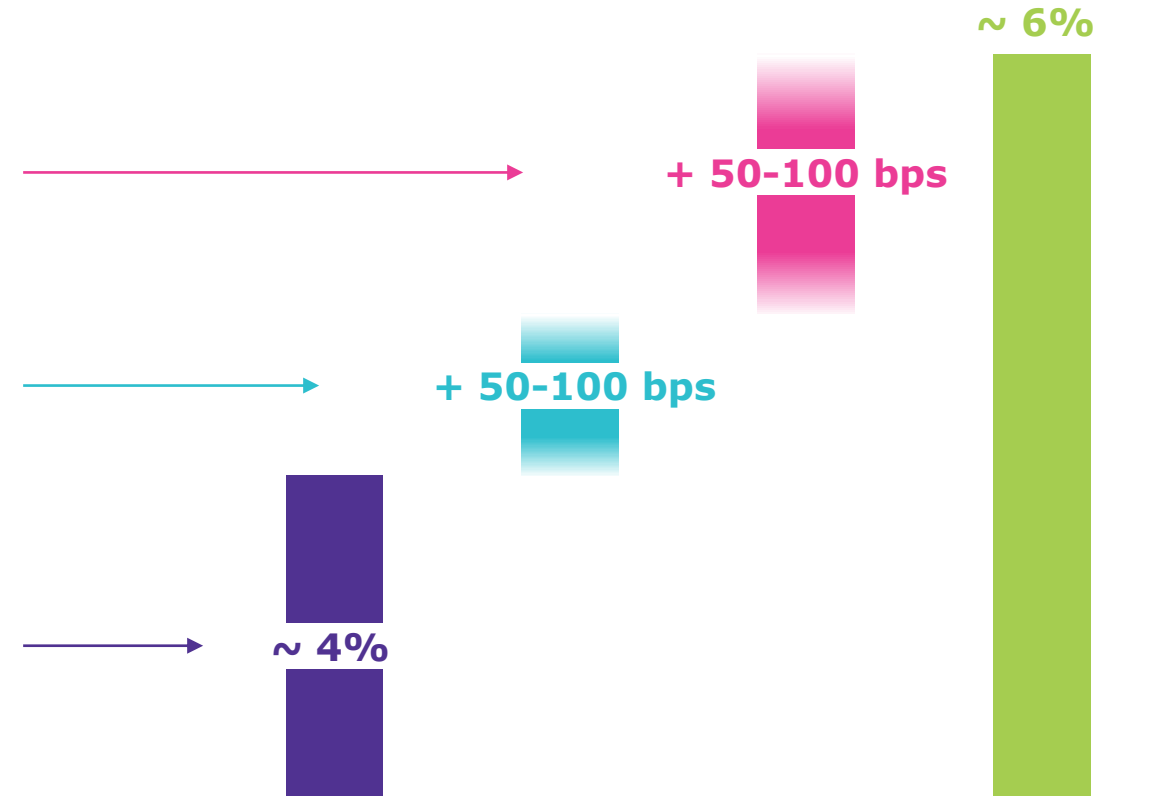
- We grow within the relevant market segments
- Broad range of differentiated products and services
- E-commerce platform

#### Portfolio advantage

- We focus on higher-growth segments of the market
- E.g. bioprocessing, lab water, diagnostics offerings

#### Life science market

- The life science industry grows rapidly and develops dynamically



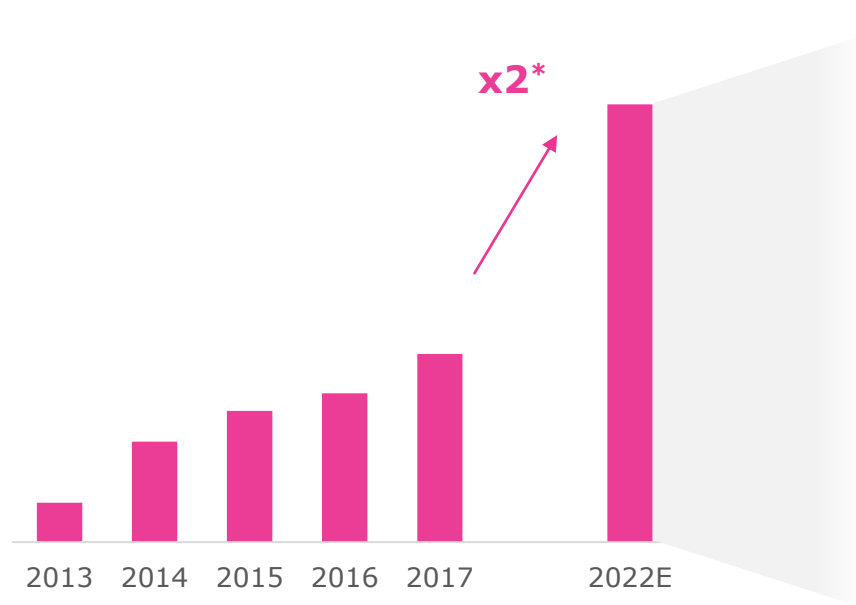
\*Indication

## Life Science

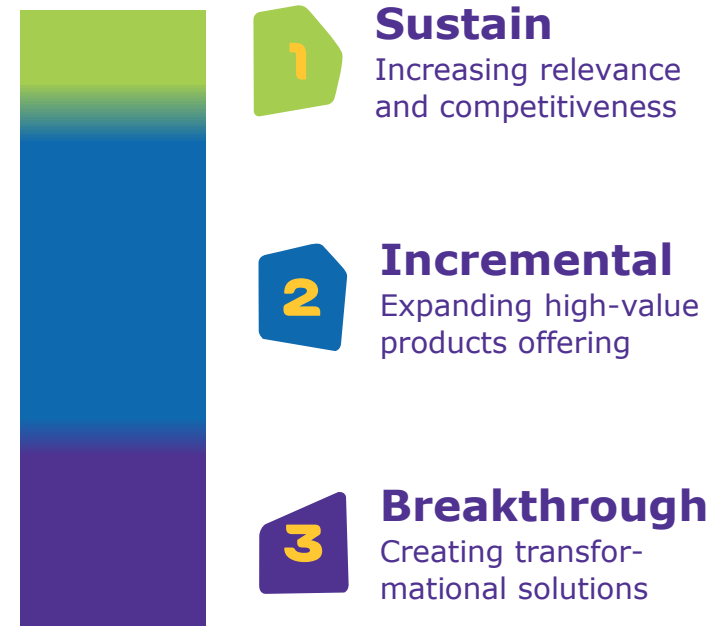
# Innovation underpins Life Science's position as growth engine for us

### Products launched after 2013

% of total net sales



### Categories of innovation



### Industry trends

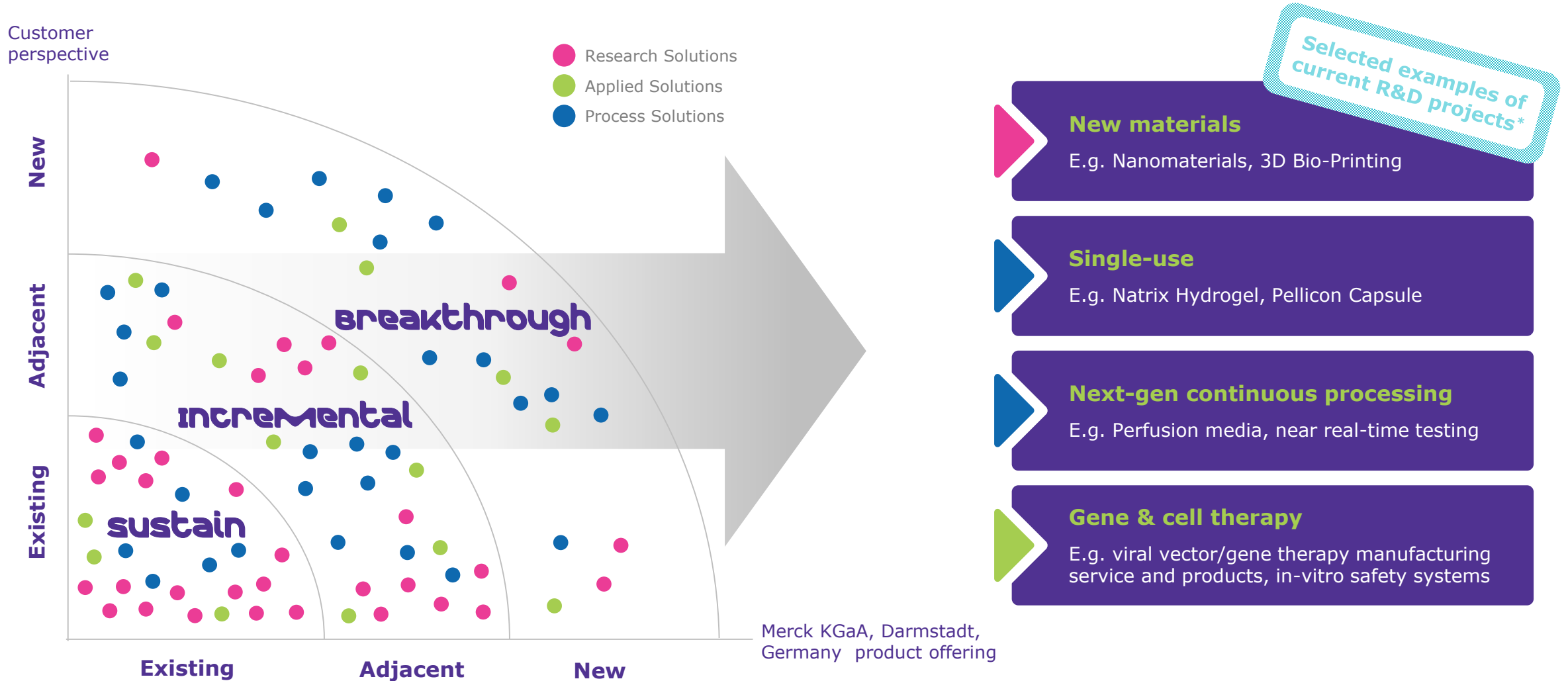
Customer requirements, scientific standards and therapies are evolving continuously

Our strong and innovative portfolio ensures well-balanced strategic growth

**Innovation pipeline is key to differentiate in the market in order to sustain Life Science's above-market growth trajectory**

\*Indication

## Structured and broadly diversified portfolio of projects supports key trends



\*Status per H1 2018; number and type of projects are subject to regular review and may change

## Research Solutions

### Wide range of projects\* to support and facilitate customers' R&D activities

#### 3D Bioprinting

Engineered biocompatibility

- Tissue engineering polymers
- 3D bio-ink formulations with unique attributes and properties

#### connected Lab

Reimagined workflow

- Wireless & bluetooth enabled devices
- Hand-held, in-hood devices that improve workflow and link with e-notebooks

#### Duolink

New standard in antibody-based detection of cellular events

- Custom assay development
- Adaptation into high throughput screening
- Platform pairing
- Pathway and antibody specific applications

#### nanomaterials

Novel reliable, ready-to-use materials

- For use in flexible electronics, implantable wearable sensors, batteries, solar energy generation, biomedical



**Research Solutions is a leading supplier of premium products, with fast delivery times, and unparalleled customer experience and support**

\*Selected examples; projects are subject to regular review and may change

# Process Solutions

## Next-generation bioprocessing on the cards

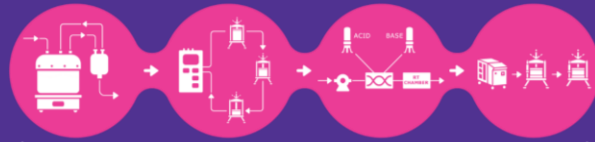
**Make**

**purify**

Today's  
process & portfolio



**MAb process intensification 2017 - 2020+**



**continuous processing >2025**



**Continuous bioprocessing will ...**

- be an evolution in mAb bioprocessing
- take time to establish
- leverage the present
- lead to hybrid solutions

Tomorrow's  
process

## Process Solutions

### Merck KGaA, Darmstadt, Germany's single-use technologies drive flexibility in modern bioprocessing

30,000 l  
stain-less  
steel tank



500 l  
single-use  
tank

#### Traditional Multi-use facility

CAPEX* required	~\$500 m to \$1 bn
Time to construct	5 to 10 years
Change over time	4 weeks
Footprint	~>70,000 m <sup>2</sup>

#### Innovative single-use facility

CAPEX required	\$20 m to \$100 m
Time to construct	1.5 years
Change over time	0.5 days
Footprint	~11,000 m <sup>2</sup>

**Strong demand for single-use technologies and Process Solutions' broad offering was and will remain a key source of growth for Life Science**



## Applied Solutions

# Broad offering across the dynamic cell and gene therapy value chain



### Merck KGaA, Darmstadt, Germany offering

Develop **cutting-edge tools** for scientists to

- Uncover **foundational understanding**, e.g. CRISPR patent grants in 7 geographies
- **Modify** genetic functions, e.g. CRISPR/Cas 9 tools, library and reagents, ZFN

Create **cell lines and cell models** for testing **safety and efficacy**

- Pharmacokinetics (ADME)
- Toxicology testing
- Potency model
- Examples: primary human hepatocytes, Intestine, liver and kidney assays

- Offer cGMP clinical and commercial manufacturing, e.g. manufacture **viral vectors**
- Improve the **supply chain of cell therapy**, e.g. cell and gene therapy products and services

**Merck KGaA, Darmstadt, Germany is a supplier of novel products and services with a strong IP portfolio to meet the rapidly growing demand for novel therapies**

\*Abbreviations: CRISPR = Clustered Regularly Interspaced Short Palindromic Repeats; VGT = Virology and Gene Therapy, ZFN = zinc finger nuclease; ADME = absorption, distribution, metabolism, and excretion; GMP = good manufacturing practice

## Leading e-Commerce and operational excellence to serve customers

### unique customer Experience



Hundreds of  
thousands of products

SEARCH



Articles, protocols  
and peer reviewed  
papers



SCIENTIFIC  
CONTENT



Real-time pricing  
and availability

ORDER

### Highly reputable e-COMMERCE platform

**#1** in Life Science for web traffic

Ranking of websites:\*



<b>sigmaaldrich.com</b>	<b>No. 1</b>
thermofisher.com	No. 2
fishersci.com	No. 3
vwr.com	No. 4
<b>emdmillipore.com</b>	<b>No. 5</b>

**>100 M** unique visits

**>€ 1.5 Bn** sales

**>30%** of Merck KGaA, Darmstadt,  
Germany eCommerce orders contain  
products from former Sigma  
AND EMD Millipore

### Impeccable supply chain

**>300K** products

**~13 M** lines shipped  
per year

**~90%** fill rate globally

**>80%** of lines shipped  
within 24-48 hours in Western  
Europe and North America

\*Alexa report, global, all sectors – Web traffic ranking June 2018: sigmaaldrich.com = Rank 3,361, thermofisher.com = Rank 3,935, fishersci.com = Rank 17,473, vwr.com = Rank 27,061, EMDmillipore.com = Rank 29,637

Life Science

## Focus on profitable growth



**Strengthen position as differentiated player in a highly attractive market**



**Maintain consistent above-market growth trajectory and superior profitability**



**Implement dynamic strategy for future profitable growth**

**Life  
science**

Highly differentiated  
leader positioned for  
sustained profitable  
growth



05

## **PERFORMANCE MATERIALS**

Back to growth as leader  
in electronic materials

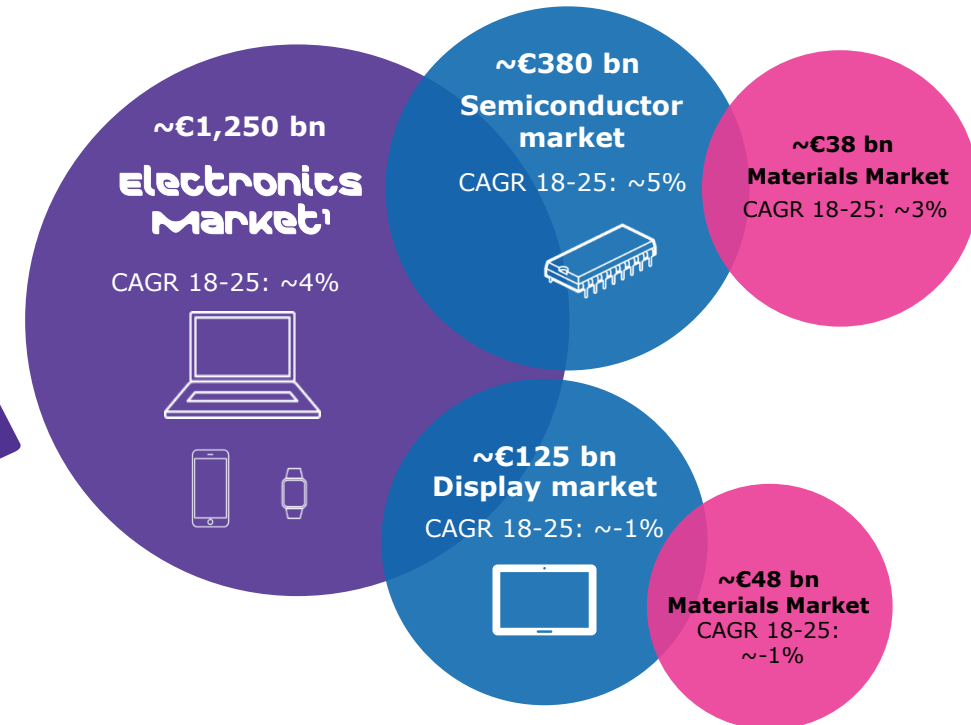
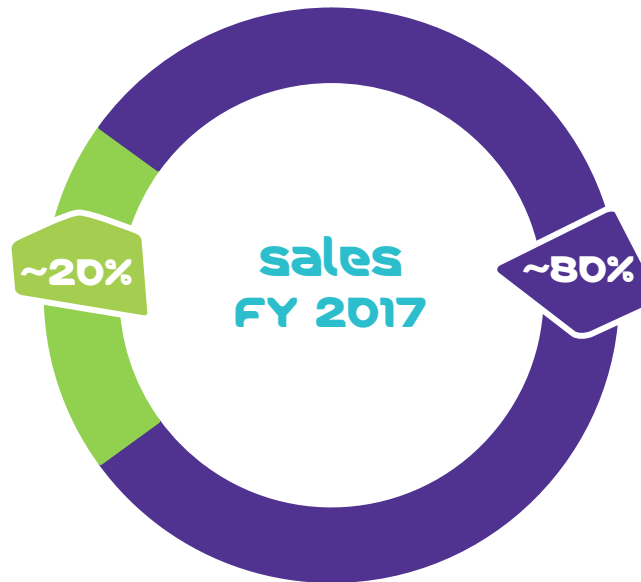
# Performance Materials

## Focusing on the attractive and highly diverse electronics market

- Global GDP growth
- Rising living standards and higher disposable income



### Performance Materials sales by end-market

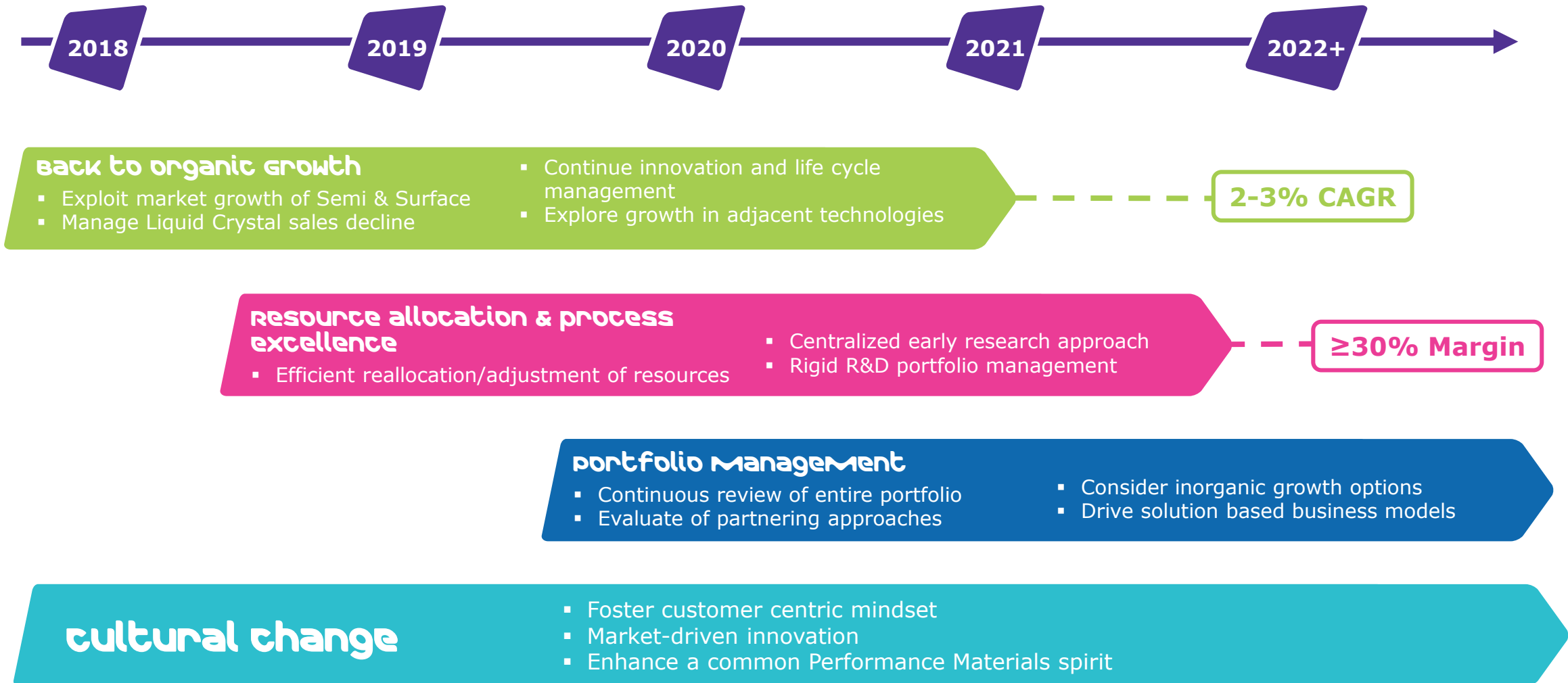


- Driven by digital disruptions and megatrends such as Digitization
- Heterogeneous end-use applications
- Semiconductors as driving engine of all electronic systems

<sup>1</sup>Source: McClean 2018/IC Insights 2017, Gartner 2017, Prismark 2018, Statista 2016; IHS 2017  
Abbreviation: CAGR = Compound annual growth rate; GDP = Gross domestic product

## Performance Materials

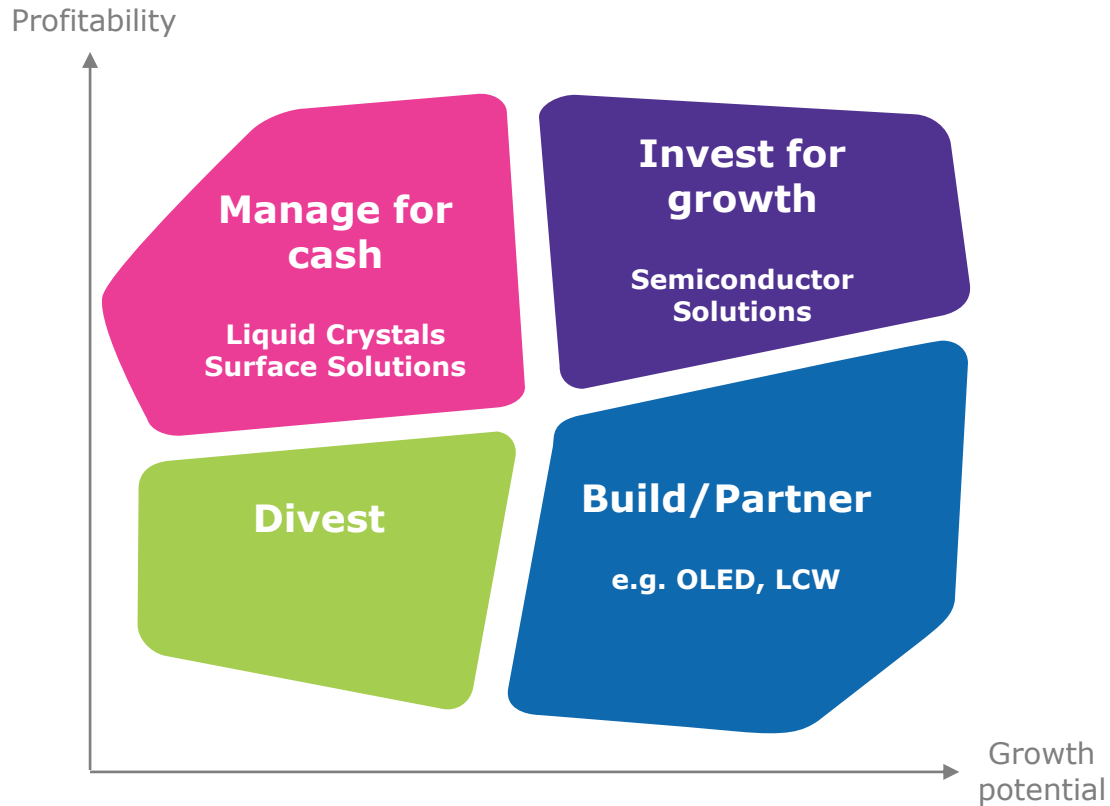
### 5-year transformation program to drive long-term performance



## Performance Materials

# New portfolio and R&D approaches will drive future value creation

### Clear portfolio roles defined



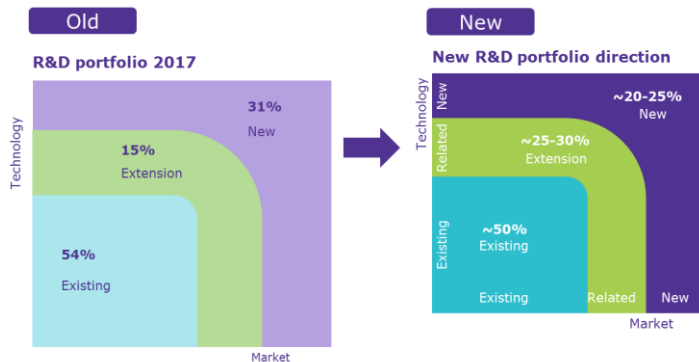
### New R&D approach implemented



# Performance Materials

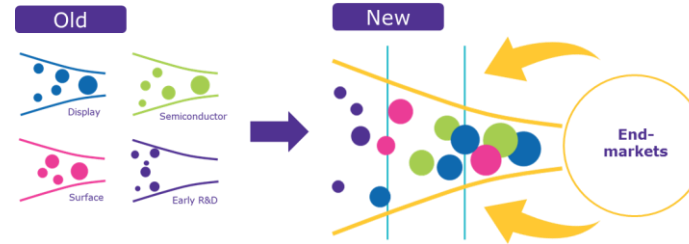
## R&D activities will follow three principles to ensure higher R&D efficiency

### Optimized R&D risk portfolio



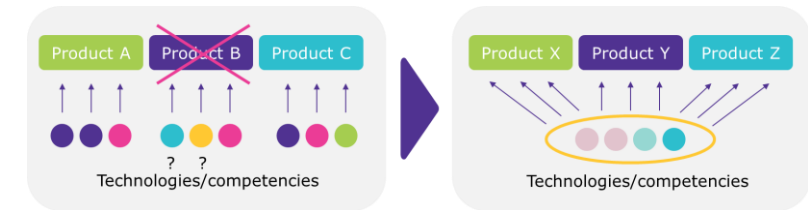
- Stronger focus on existing end-market needs
- Shifting resources towards extension projects
- Reducing reliance on individual large projects in category "New technologies in new markets"

### Centralized portfolio management



- Faster stop/go decision making
- Risk-adjusted pipeline assessment
- Improved transparency

### Integrated R&D organization

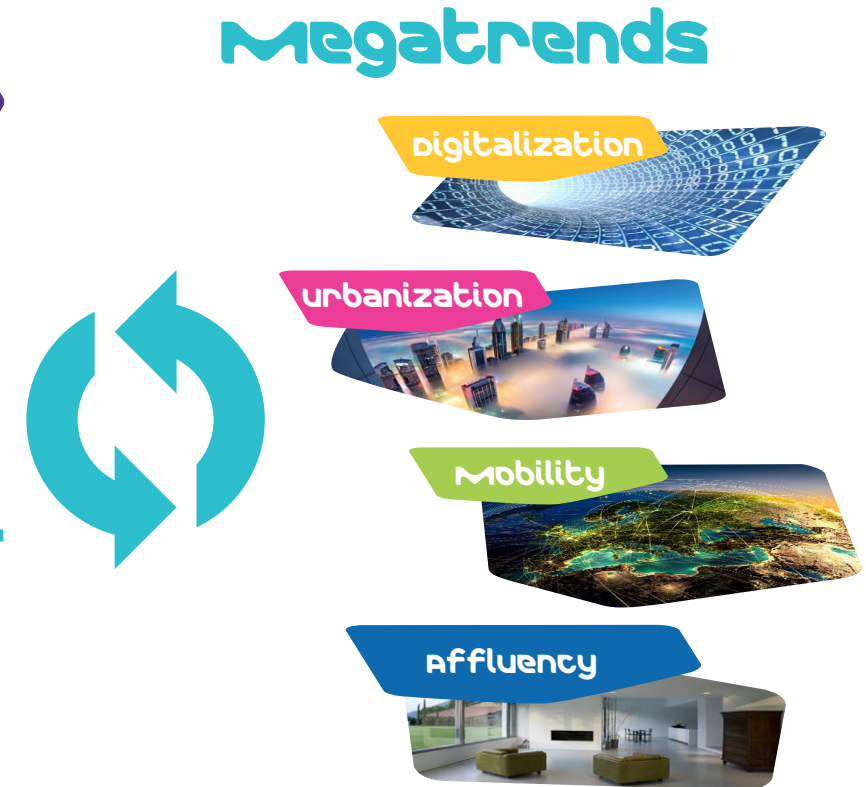
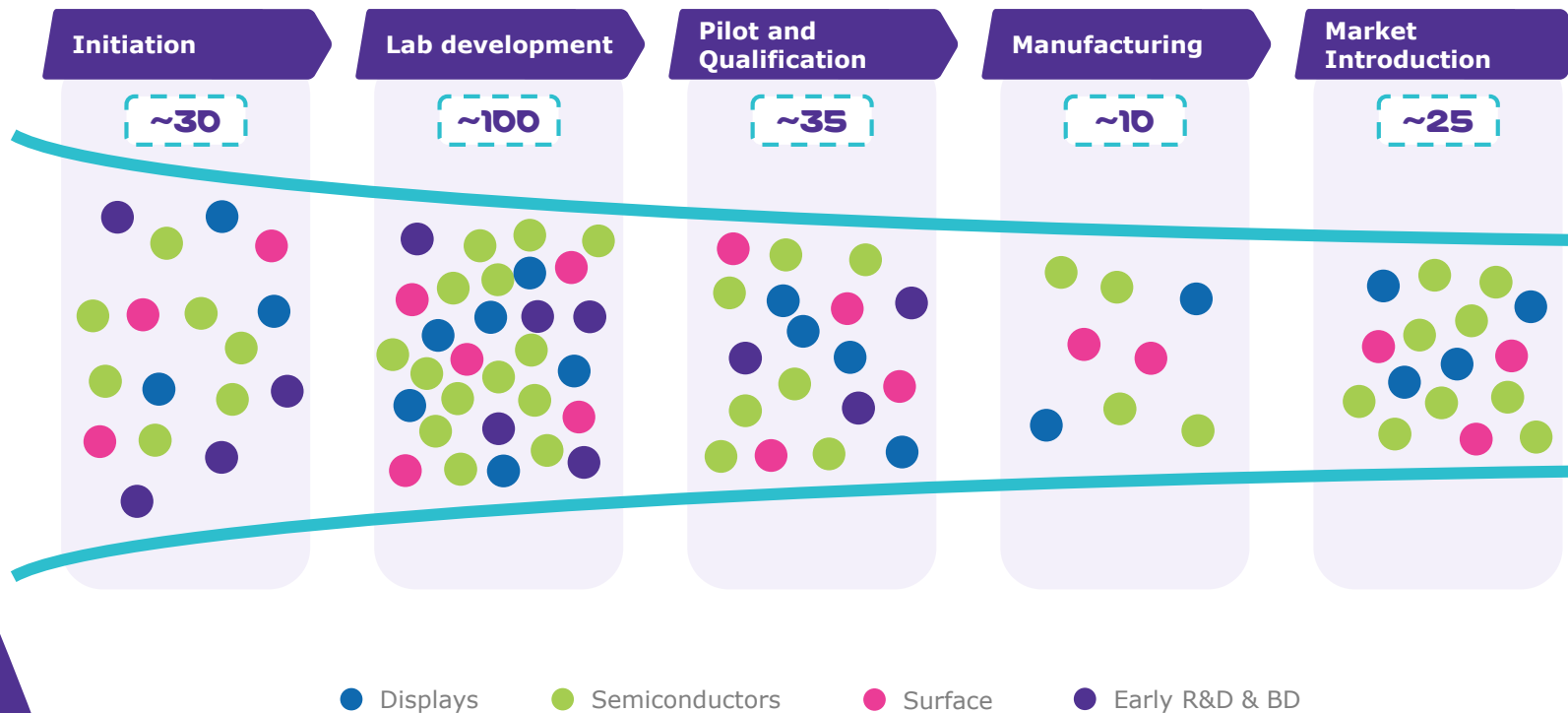


- Central resource allocation
- Responding faster to changing customer requirements
- Leverage competence across projects and businesses



# Performance Materials

**Rich R&D funnel with ~200 projects\* to address customers' needs**



\*Illustration: number and type of projects are subject to regular review and may change

## Performance Materials

Since 3<sup>rd</sup> July, first measures of “Bright future” program have been implemented



Production cost improvements



Conscious management applied to all cost lines



R&D headcount shifted towards new R&D priority project categories “Existing” and “Extension”



Full workforce involvement: generated >400 ideas on PM strategy implementation

...



## Performance Materials

### Key priorities for 2019 and beyond



**Deliver on growth ambition of 2-3% CAGR**



**Implement 5-year transformation program**



**Ensure efficient resource allocation to reach financial ambition of 30% margin**



**Maintain strong cash generation and cash conversion**

**Performance  
Materials**

Back to growth as leader  
in electronic materials



## 06 CONCLUSIONS AND TAKE-AWAYS

## Group

# Merck KGaA, Darmstadt, Germany cannot de-couple from but prepare well to manage external events

**protectionism:**  
rational arguments  
to be considered

### Facts

- US and China are important markets for Group = combined 36% of 2017 sales
- ~25% of employees in both countries
- Significant manufacturing and research facilities there in both countries

### Impact

- So far, only minimal effects observed
- Pharmaceutical products are currently not affected
- Effects on chemicals products are limited
- Merck KGaA, Darmstadt, Germany hopes rational arguments will be taken into consideration to limit negative consequences

**Brexit:**  
hope for the best but  
prepare for the worst

### Facts

- ~1,500 employees at 14 locations
- Low single digit % of sales
- Numerous successful R&D collaborations

### Actions

- Interdisciplinary task force set up
- Main watch-outs: trade & supply chain, regulatory, quality & safety, intellectual property and human resources
- Initiated precautionary measures, e.g. securing trade routes and supply chains, ensuring regulatory registrations & approvals
- Implemented ongoing evaluation process across our businesses

# Group Executive Summary

1

**Guidance for 2018 is confirmed and return to growth for 2019 is re-iterated**

2

**Healthcare: delivering on pipeline and keeping core business organically stable until 2022**

3

**Life Science: setting the benchmark in innovation and sustaining profitable growth slightly above markets**

4

**Performance Materials: executing on 5-year transformation program and positioning as leading electronics materials and solutions provider**

**MERCK KGaA,  
Darmstadt,  
Germany –**  
transition to  
profitable  
growth phase  
well founded

