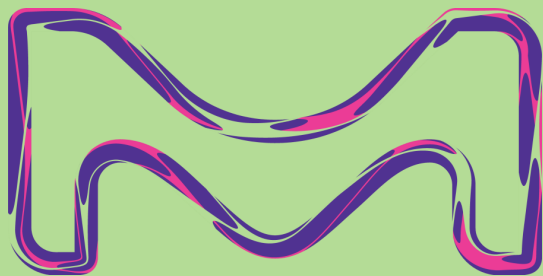


# capital Markets Day 2020

**Meet Management**

1<sup>st</sup> Virtual CMD of Merck KGaA, Darmstadt, Germany  
September 16, 2020





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Meet Management

## Merck KGaA, Darmstadt, Germany, Capital Markets Day 2020

### Group & Business sectors update & outlook

September 16, 10:00-12:00 CEST

#### 01 Delivering growth

Stefan Oschmann - CEO

#### 02 Financial perspectives

Marcus Kuhnert - CFO

#### 03 Sector intros & Q&A

Group Executive Board

Follow this [link](#) for all sessions.

### Key Growth Drivers Deep Dive sessions

September 16, 12:45-13:45 CEST

#### 01 Process Solutions

Management presentation & Q&A

September 16, 14:00-15:00 CEST

#### 02 Semiconductor Solutions

Management presentation & Q&A

September 25, 14:30-16:00 CEST

#### 03 Healthcare R&D Update Call

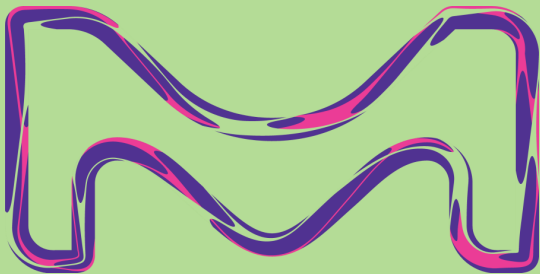
Management presentation & Q&A



# Delivering growth

Stefan Oschmann, CEO

1<sup>st</sup> Virtual CMD of Merck KGaA, Darmstadt, Germany  
September 16, 2020



# Agenda

- 01** Transformation into a leading science and technology company
- 02** Executing on the growth and expansion phase
- 03** The “BIG3” – key growth drivers to 2022 and beyond
- 04** Executive summary



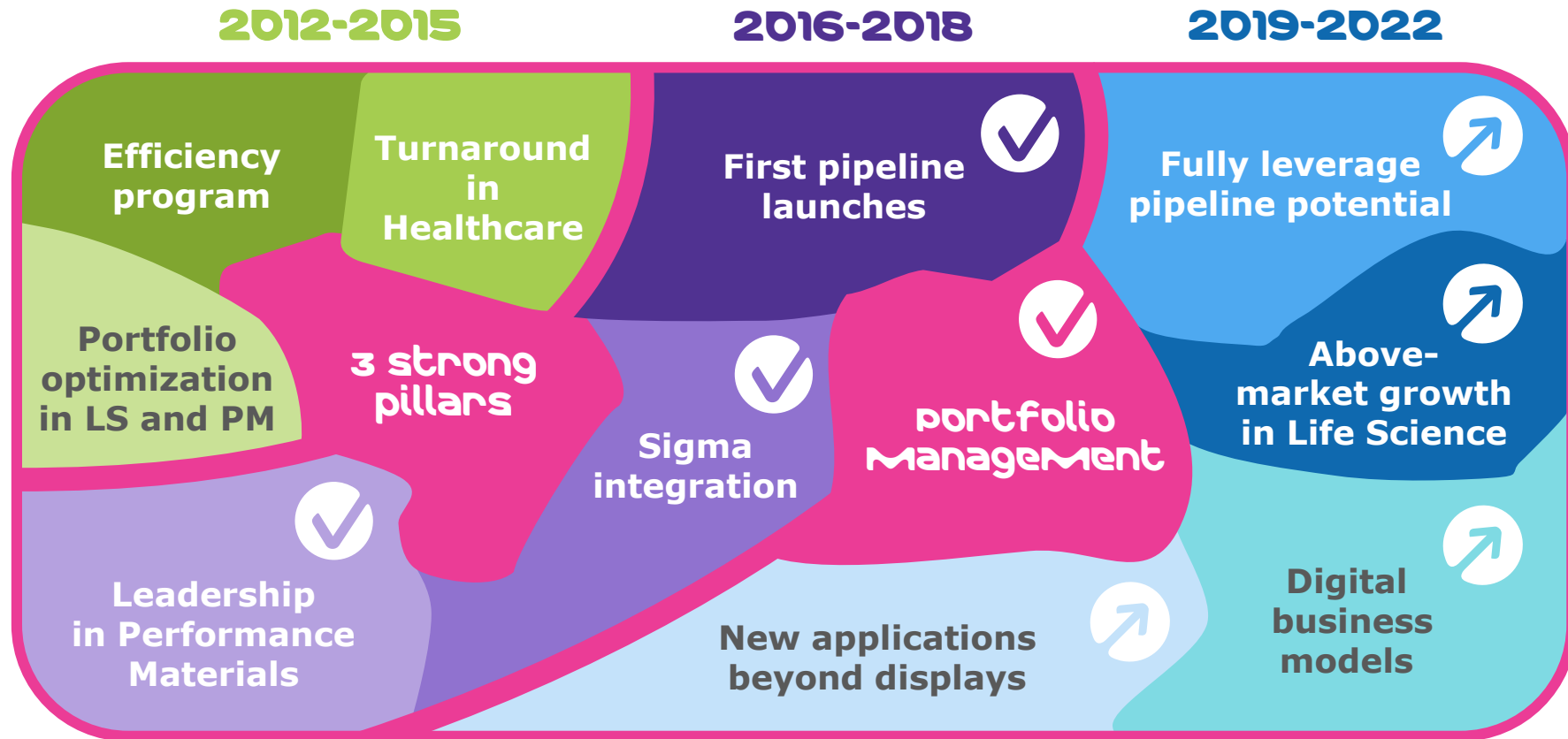
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01

**Transformation  
into a leading  
science and  
technology  
company**

Group

## The 2016 vision – a strategic agenda until 2022



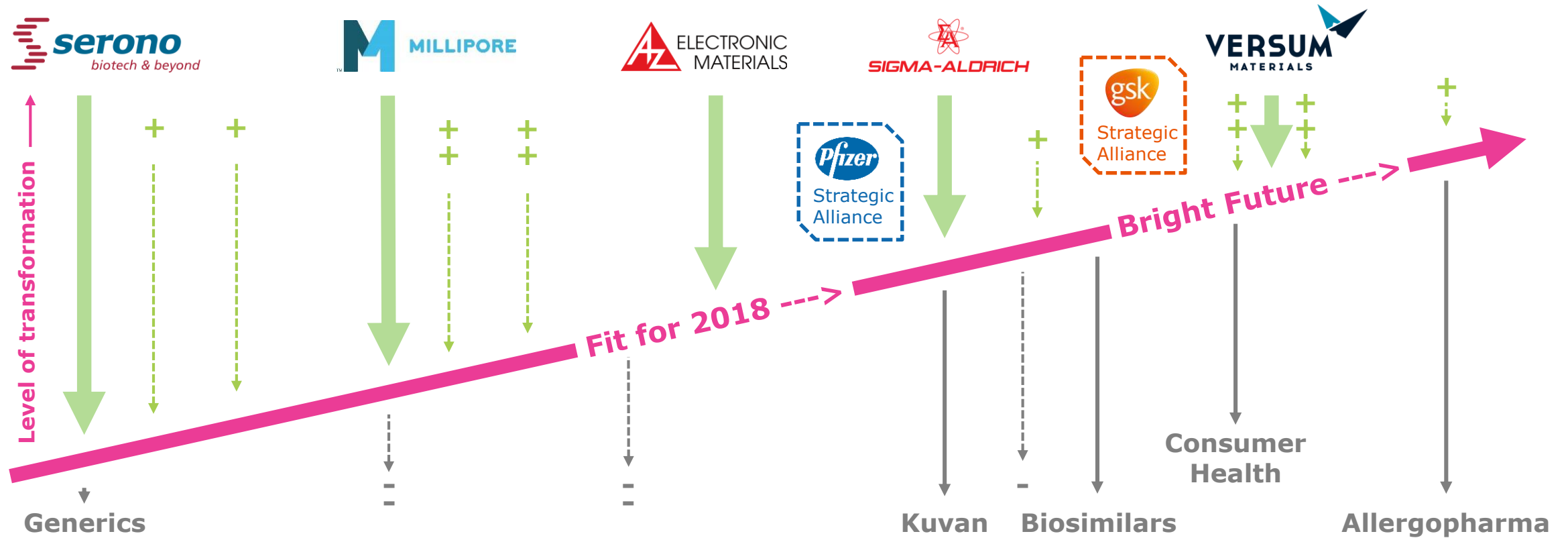
Executing on the growth and expansion phase of the 2016-22 strategic agenda

✓ = delivered; ↗ = well on track



## Group

# Transformation into a leading science and technology company



**Total deal volume of ~€50 billion<sup>1</sup> as proof of successful journey**

<sup>1</sup> Since 2007: acquisitions worth ~€36 bn and divestments worth ~€10 bn, plus two strategic alliances with combined upfront payments of ~€1 bn and potential milestone payments of ~€5 bn  
"→" = larger acquisition; "+→" = bolt-on acquisition; "→" = larger divestment; "-→" = smaller divestment



# Group

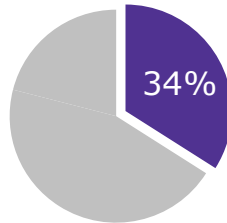
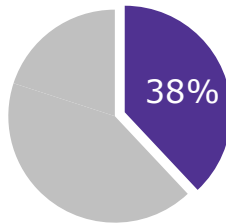
## Group today – three strong pillars as basis for profitable growth

### H1 2020 contribution to

Sales

EBITDA pre

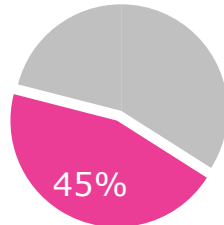
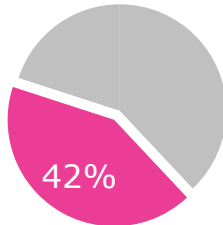
#### 1. Healthcare



#### Global specialty innovator poised for above-industry growth

- **Resilient core business** backed by excellent life cycle management
- **Strong growth** from new products, late-stage pipeline assets with blockbuster potential
- **Rigorous cost discipline** and value-maximizing pipeline prioritization

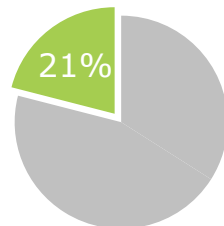
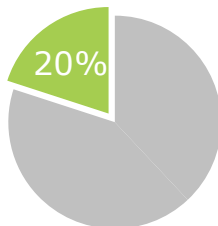
#### 2. Life Science



#### Diversified industry leader poised for above-market growth

- **Portfolio advantage** and outperformance drive above-market growth
- **Strengthen core:** products (PS), chemistry (RS), lab water (AS)
- **Establish new pillars:** PS services, gene editing and novel modalities

#### 3. Performance Materials



#### Leading electronics player poised for accelerating growth

- **Growing semiconductor share** as key driver for acceleration
- **More resilient growth** through rising diversification
- **Strict cost discipline** in maturing parts of the portfolio

Acronyms: PS = Process Solutions, RS = Research Solutions, AS = Applied Solutions



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# O2

**Executing on the  
growth and  
expansion phase**

# Group

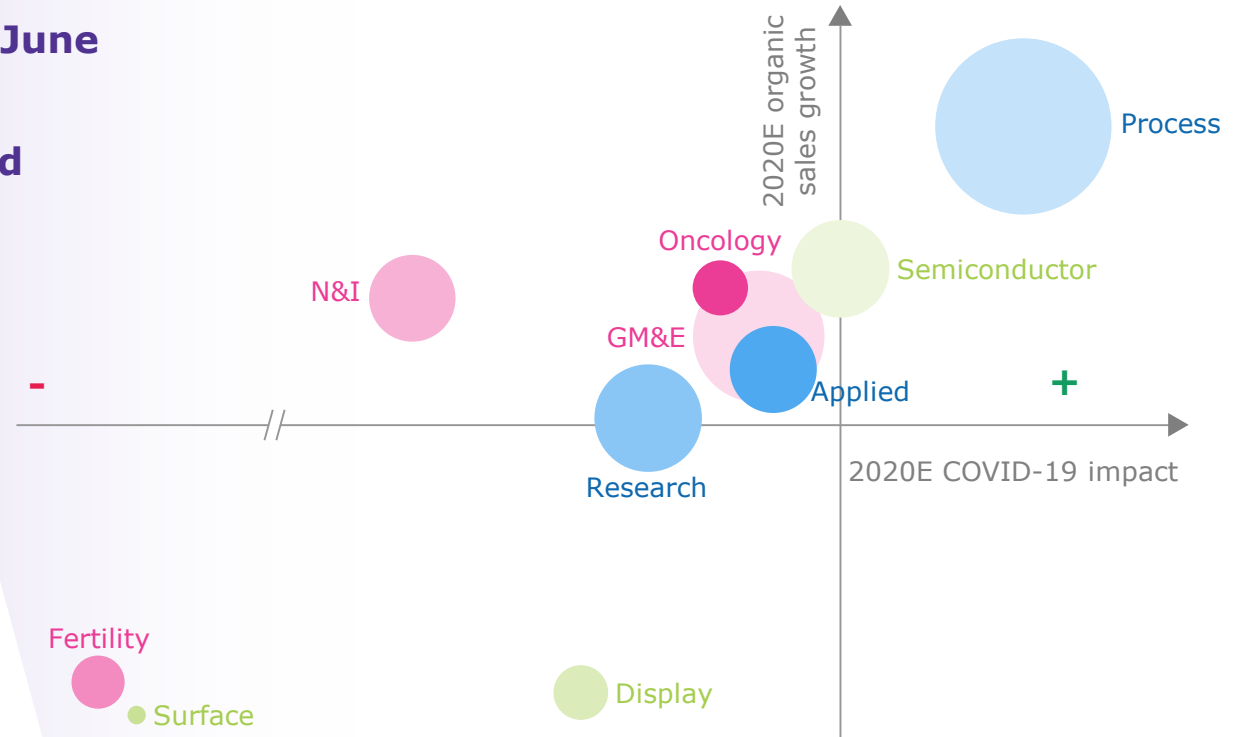
## 2020 – strong resilience in times of global crisis

- **2020 guidance confirmed; recovery started in June**
- **Most businesses growing** despite COVID-19
- **Largest business** growing and **positively affected**
- Smallest businesses with biggest impact

### Delivery on priorities during crisis

- ✓ **Health & safety of employees**
- ✓ **Business continuity**
- ✓ **Contributions to public health and society**
- ✓ **Sustainability aspects further enforced**

### Growth and COVID-19 impact by business<sup>1</sup>



CMD 2019

**Merck KGaA, Darmstadt, Germany - steady earnings growth with high margins and a low risk profile**

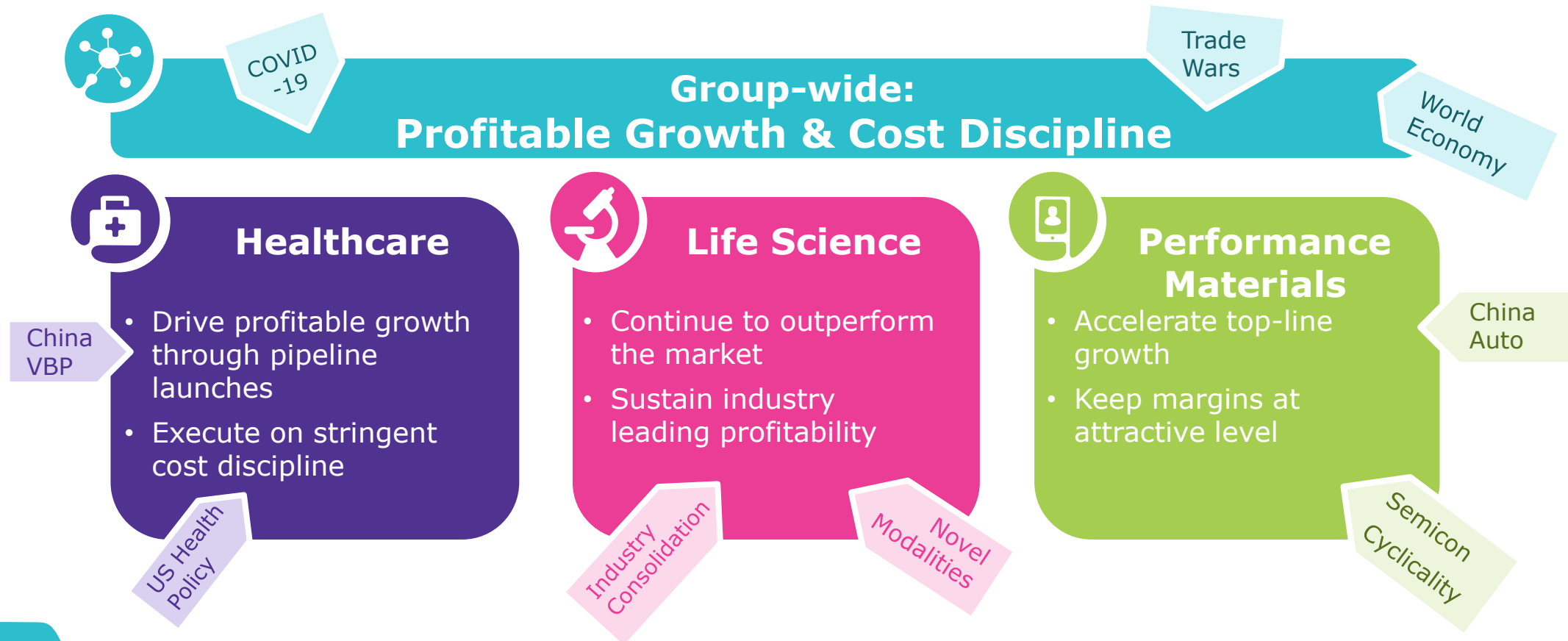


<sup>1</sup> Indicative only and based on guidance from August 6: slight to moderate organic sales and EBITDA pre growth, COVID-19 with up to a mid single-digit impact on sales of which 50-60% hitting EBITDA pre



Group

## 2021 and beyond – poised for growth in a challenging environment



**Staying on course in a potentially volatile environment**

Acronym: VBP = volume based procurement

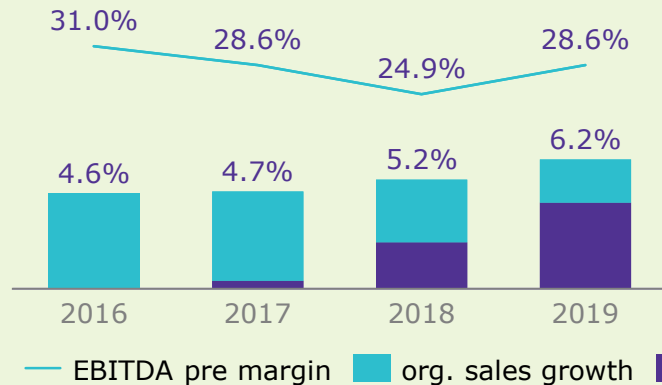


# Group

## All three business sectors delivering on their strategic priorities

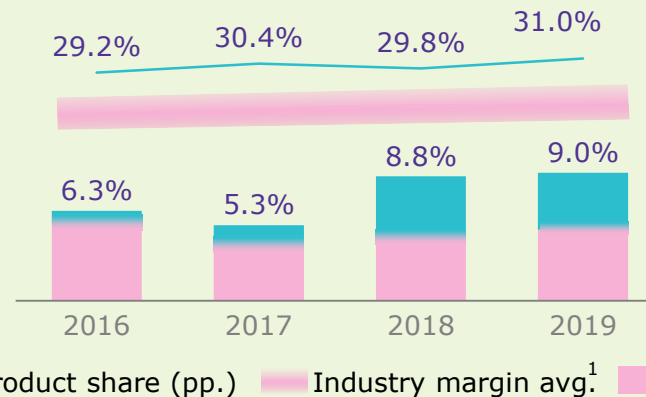
### Healthcare

- **Accelerating organic growth** with rising contribution from launches (Mavenclad<sup>®</sup>, Bavencio<sup>®</sup>)
- **Margin trough behind, pipeline progressing well**



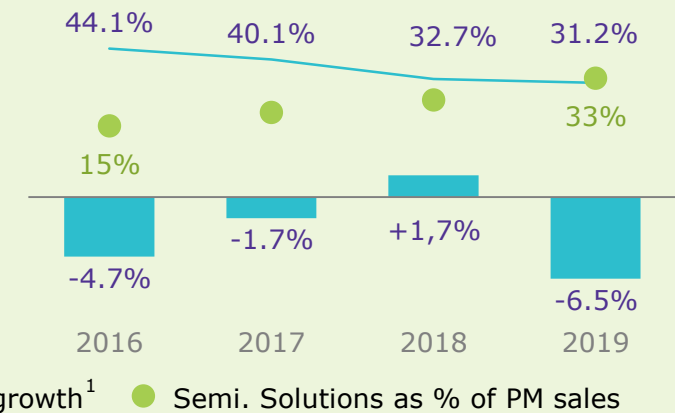
### Life Science

- **Above-market organic growth** paired with **industry-leading margin**
- Significant **growth investments** (organic, inorganic & partnerships)



### Performance Materials

- Significant portfolio change **towards higher growth business** (Semi, OLED)
- **Margin stabilizing** at ~30% amid sound execution of Bright Future



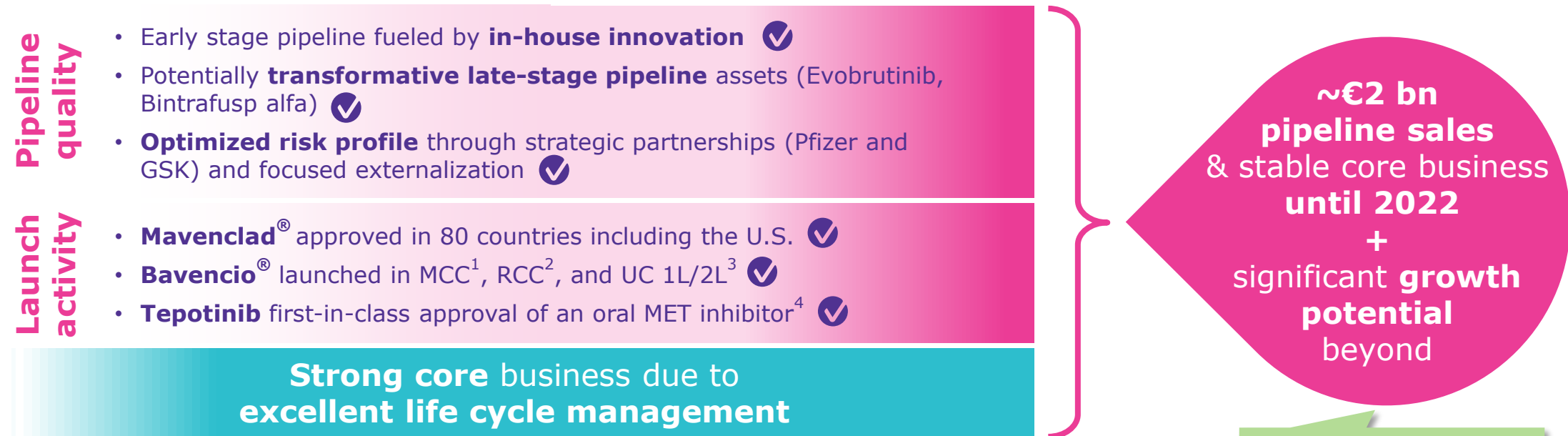
<sup>1</sup> Company estimate based on industry data and reporting by peers



## Creating optionality through **focused pipeline approach**

### Pipeline and launch progress supported by strong core

### Mid-term outlook Healthcare



 **Confirming financial ambition of a **stable core business** and **~€2 bn pipeline sales until 2022** with further significant **growth potential beyond****

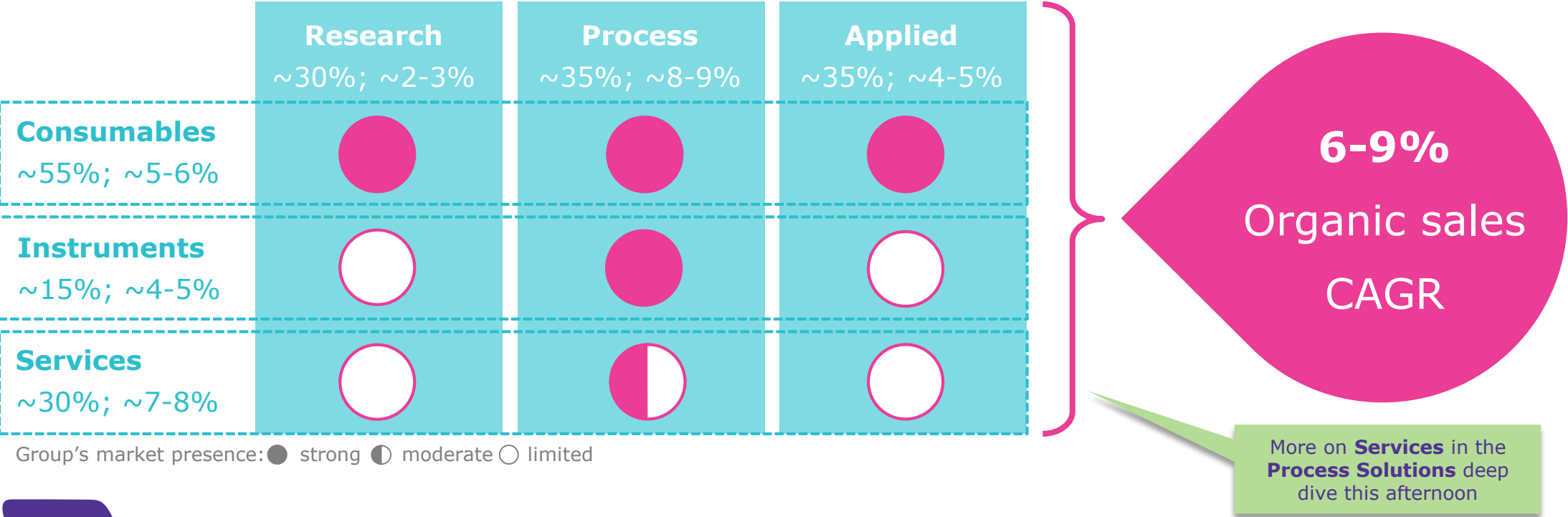
<sup>1</sup> MCC = Merkel Cell Carcinoma, launched in all major jurisdictions; <sup>2</sup> RCC = Renal Cell Carcinoma, launched in all major jurisdictions; <sup>3</sup> UC = Urothelial Carcinoma, 1L = first line, 2L = second line, launched in the U.S., filed for approval in Europe and Japan; <sup>4</sup> approved in Japan for advanced NSCLC (non-small cell lung cancer), filed for approval in the U.S. under RTOR (Real-Time Oncology Review)

# Life Science

## Building growth momentum with focus on attractive market segments

**Total Life Science Market<sup>1</sup>**  
~€170-180 bn; ~5-6% CAGR

**Mid-term outlook**  
Life Science



 **Upgrading** mid-term financial ambition to **6-9% organic sales CAGR**

<sup>1</sup> Company estimate based on industry forecast over 5-year horizon

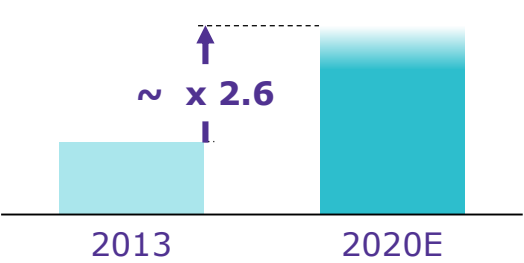




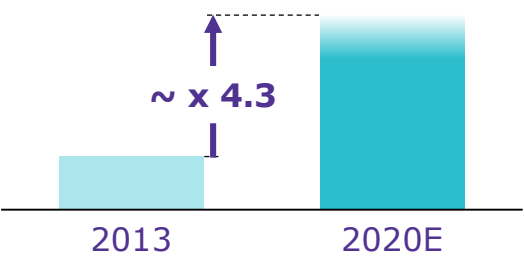
# Performance Materials

## Electronics focus leads to **greater resilience** and **accelerated growth**

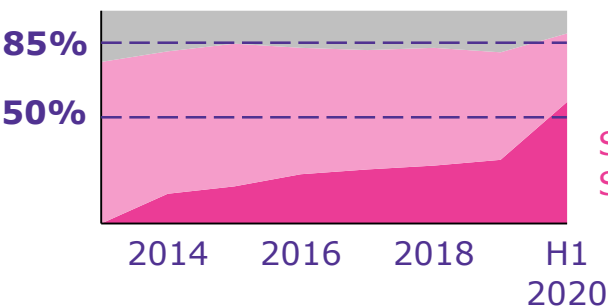
# of customers  
[that make up 80% of Sales]



# of product groups  
[that make up 80% of Sales]



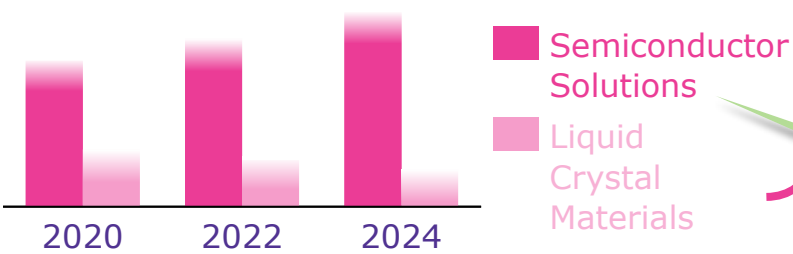
Performance Materials sales split  
[% of total]



Mid-term outlook  
Performance Materials



Semi vs. Liquid Crystals  
[illustrative anticipated sales development]



More on **Semiconductor Solutions** in the **deep dive** this afternoon



**Updating** mid-term financial ambition **to 3-4% organic sales CAGR**



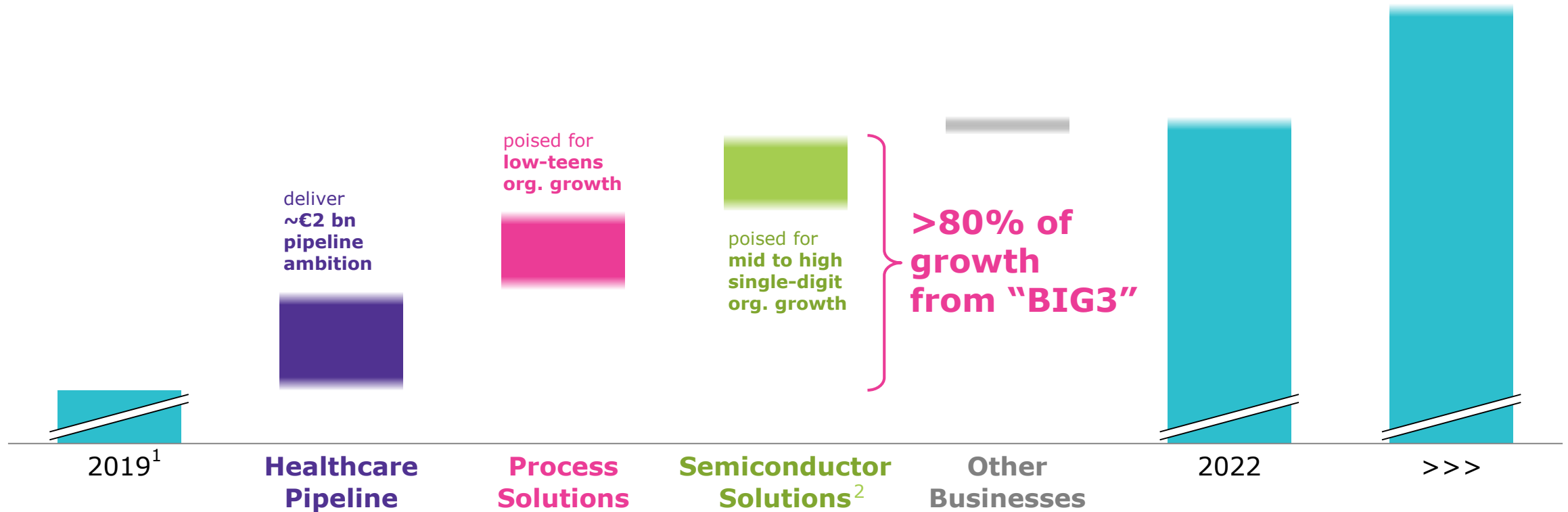
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# 03

**The "BIG3" - key  
growth drivers to  
2022 and beyond**

Group

## Three main drivers of growth to 2022 and beyond



**Beyond 2022: further significant growth potential from "BIG3" and increasing contributions from other businesses**

<sup>1</sup> 2019 Group sales of €16.2 bn; <sup>2</sup> Including Versum portfolio effect

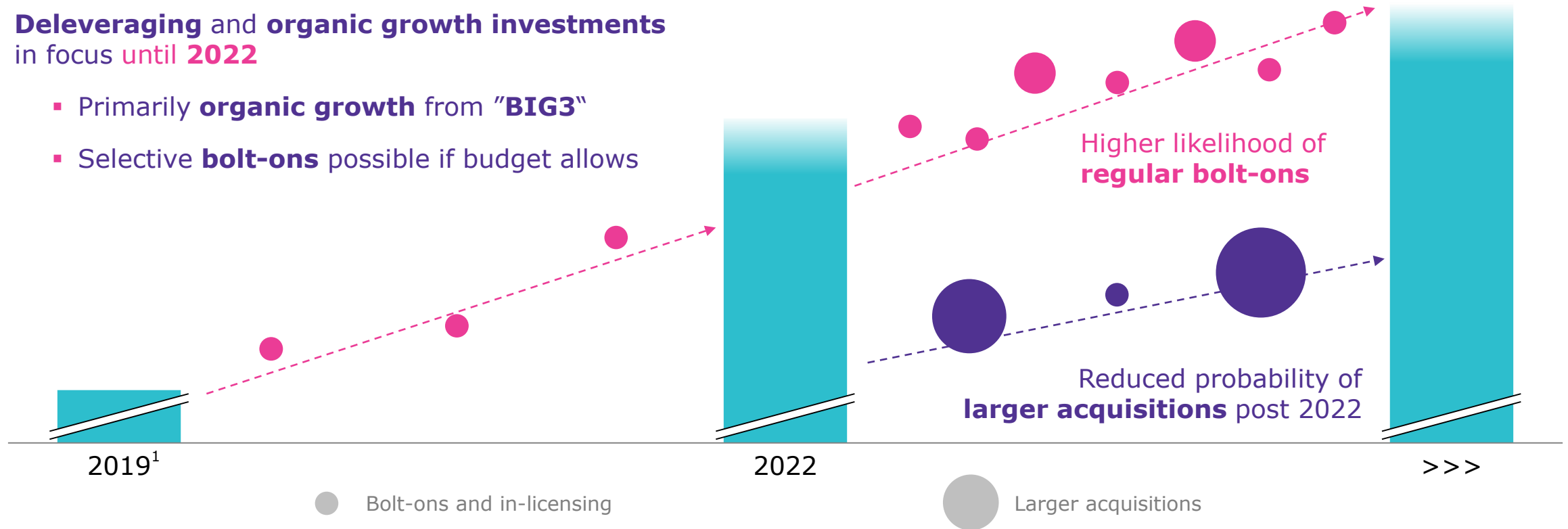


## Group

# Portfolio strategy – from transformation to evolution

**Deleveraging** and **organic growth investments**  
in focus **until 2022**

- Primarily **organic growth** from “**BIG3**”
- Selective **bolt-ons** possible if budget allows



**Strong portfolio: significant organic growth potential to 2022 and beyond  
...and higher likelihood of regular bolt-ons post 2022**

<sup>1</sup> 2019 Group sales of €16.2 bn



The background features a green-to-white gradient. On the left side, there is a cluster of large, glossy pink spheres. Scattered across the green area are several smaller, semi-transparent pink spheres of varying sizes.

**04**

**EXECUTIVE  
SUMMARY**

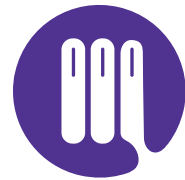
# Executive Summary



## Group

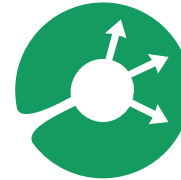
Successfully driving transformation into a leading science and technology company

steady earnings growth  
with high margins and a low risk profile



## setup

Three-pillar structure strengthened further as a resilient basis; COVID-19 crisis as another proof point



## Growth Engines

Healthcare pipeline, Process Solutions and Semiconductor Solutions will be key drivers of growth to 2022 and beyond



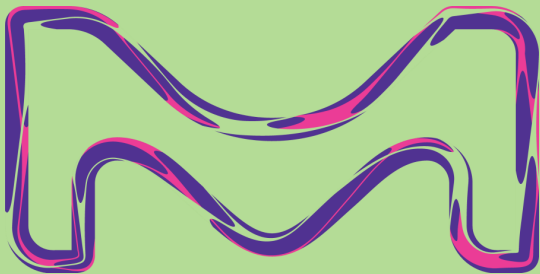
## Execution

Delivery on strategic priorities ensures profitable growth; regaining financial flexibility with higher likelihood of regular bolt-ons post 2022

# financial perspectives

Marcus Kuhnert, CFO

1<sup>st</sup> Virtual CMD of Merck KGaA, Darmstadt, Germany  
September 16, 2020



# Agenda

- 01**      **Group outlook**
- 02**      **Business sector growth drivers**
- 03**      **Capital allocation priorities**
- 04**      **Executive summary**







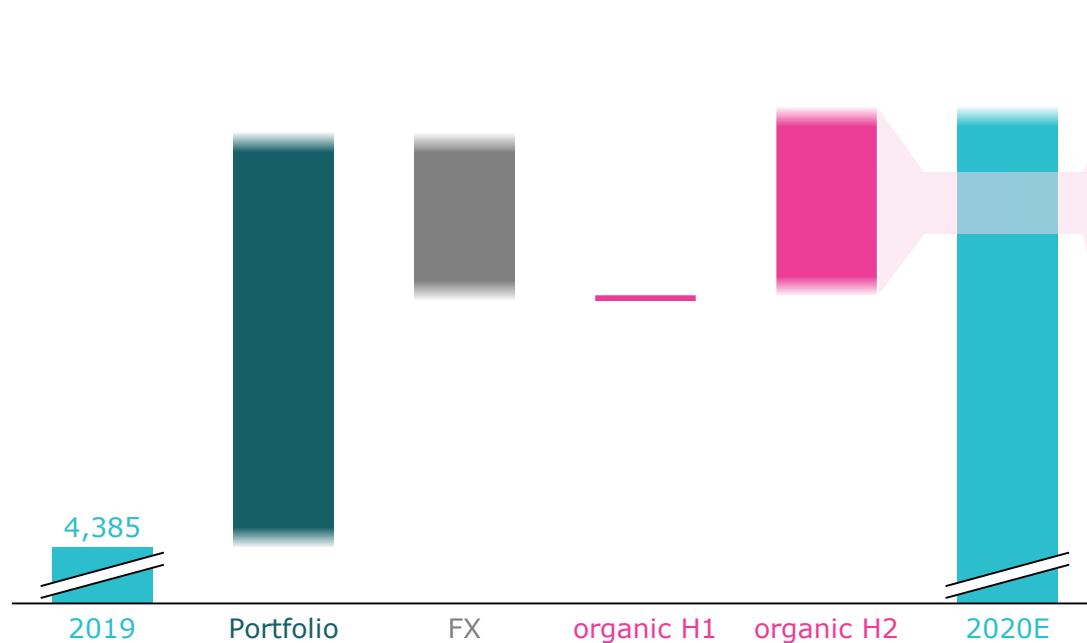
**group outlook**

# Group

## Poised for accelerating EBITDA pre growth in H2 2020

### Expected EBITDA pre development in 2020<sup>1</sup>

[in € million YoY]



### Drivers of accelerating growth in H2

- **Healthcare:** further uptake of new products and easing COVID-19 effects especially in Fertility, higher non-recurring income, rigorous cost management continues
- **Life Science:** ongoing strength of Process paired with improving trends in Applied and Research, mainly driven by rising lab activity
- **Performance Materials:** continued strength of Semiconductor and ongoing cost discipline
- **Group-wide:** improving top-line momentum as lockdowns are lifted, ongoing cost focus and active crisis management continue



**Confident to achieve 2020 guidance of slight to moderate organic growth in Group sales and EBITDA pre, including confirmed adverse effects from COVID-19**

<sup>1</sup> Based on mid-range of guidance from August 6: slight to moderate organic EBITDA pre growth, mid single-digit percentage range growth from Versum, FX headwinds of -2% to -4% YoY



# Group

## Three-pillar structure – positioned to win in high-growth markets

### Global economy<sup>1</sup>



Global  
GDP

~3% to 4%

### End markets<sup>1</sup>



Global pharma industry  
~4% to 5%



Global life science industry  
~5% to 6%



Global electronics industry  
~4%

### Focus market areas<sup>1</sup>



**Oncology:** ~10%  
**Immunology:** ~5% to 9%



**Biologics:** ~10% to 12%  
**Services:** ~7% to 8%



**Semi materials:** ~4% to 6%

More details at  
**R&D update call**  
on Sep 25

More details in  
the **Process  
Solutions deep  
dive** this  
afternoon

More details on  
**Semiconductor  
Solutions** in the  
**deep dive** this  
afternoon



~4% to 5%



6%-plus



**Purposefully positioned in attractive markets with secular growth above global GDP  
...further focusing investments on attractive sub-segments**

<sup>1</sup> Company estimates of mid-term growth outlook based on industry forecasts and reports from public research institutes (e.g. IMF, IQVIA, EvaluatePharma, Prismark, etc.)





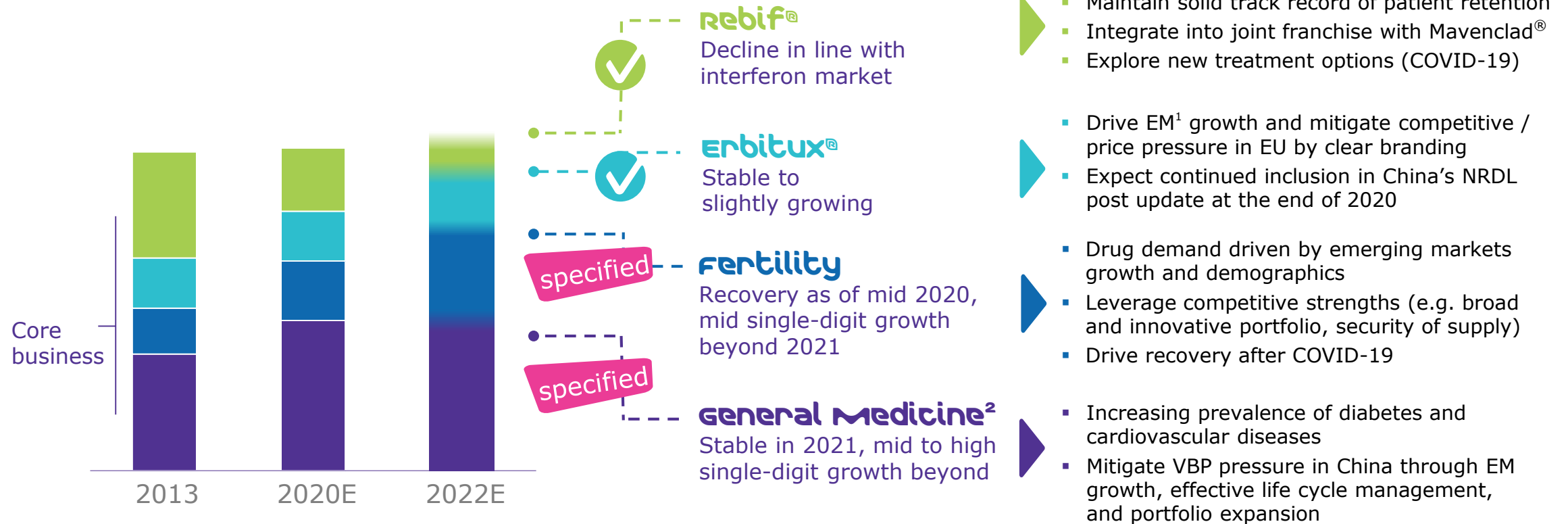
**02**

**business sector  
growth drivers**

# Healthcare

## Confirming ambition to keep core business at least stable to 2022

### Healthcare core business net sales until 2022



Core business with **36 consecutive quarters of growth** (Q2 2011 – Q1 2020)

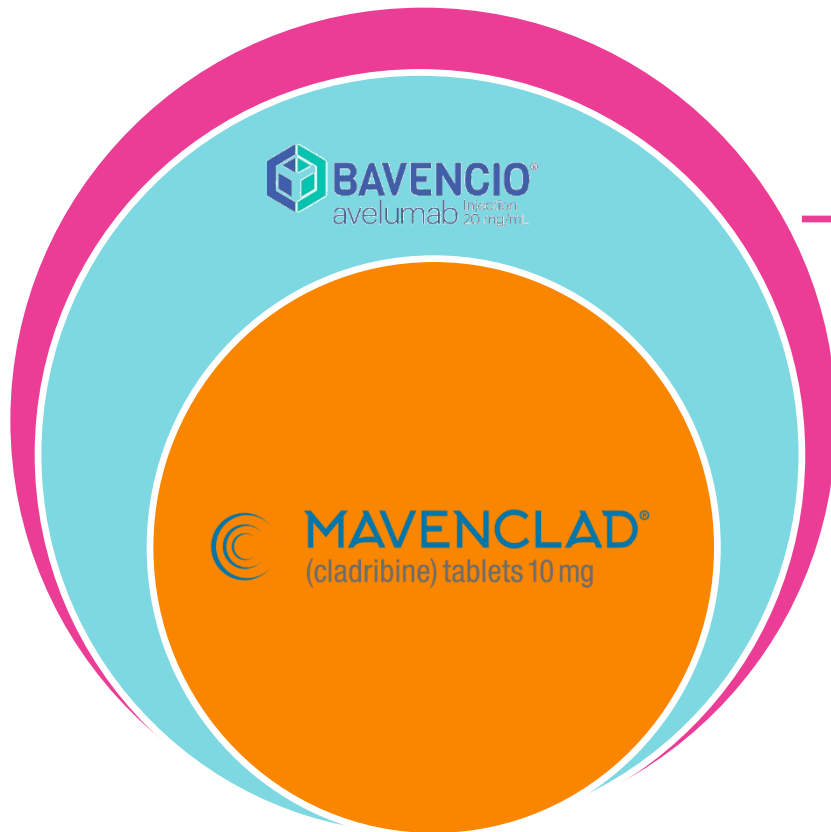
Growth to **pick up after COVID-19 impact** in Q2 2020, further **growth potential after 2022**

<sup>1</sup> EM: emerging markets; <sup>2</sup> includes General Medicine, CardioMetabolic Care (CMC) and Endocrinology



# Healthcare

## Mavenclad and Bavencio launches on track for ~€2 bn pipeline ambition in 2022



### Tepotinib

- Approved in Japan on March 25, 2020 (Sakigake and ODD granted in 2018 & 2019)
- Filing accepted by US FDA on August 25, 2020 (granted priority review under RTOR)

### Bintrafusp alfa

- Multiple potentially registrational studies across various tumor types ongoing
- First data read-outs expected in early 2021

### Bavencio®

- Approved for aRCC (USA, EU, Japan), mMCC (50 countries incl. USA and EU), and UC 2L (USA, Canada, Israel)
- UC 1L: Approved by FDA on June 30, 2020; Application accepted by EMA and Japanese MHLW in June 2020
- Phase III read-out remaining: NSCLC 1L

### Mavenclad®

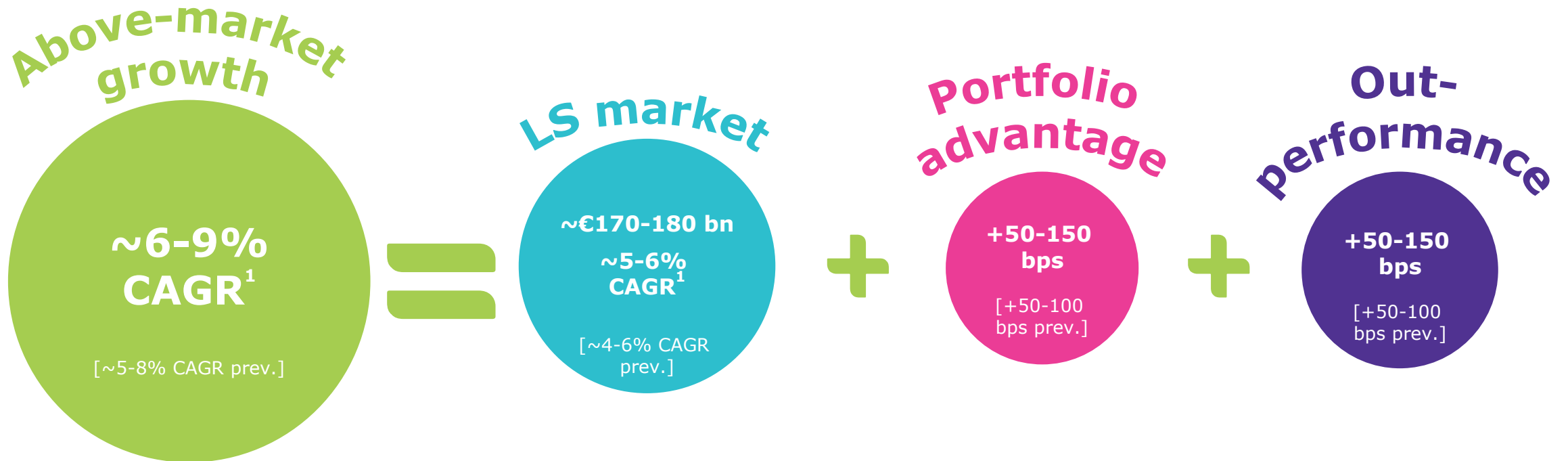
- Global peak sales: €1.0–1.4 bn
- Approved in 80 countries, including USA, EU, Canada and Australia
- Global launch continuing to make progress
- Recovery from peak COVID impact visible as of June

ILLUSTRATIVE - Not to scale;

Acronyms: BTM = Breakthrough Designation; ODD = Orphan Drug Designation; IA = Interim Analysis; RTOR = Real-Time Oncology Review; sBLA = Supplemental Biologics License Application



## Improved mid-term outlook driven by market and portfolio focus

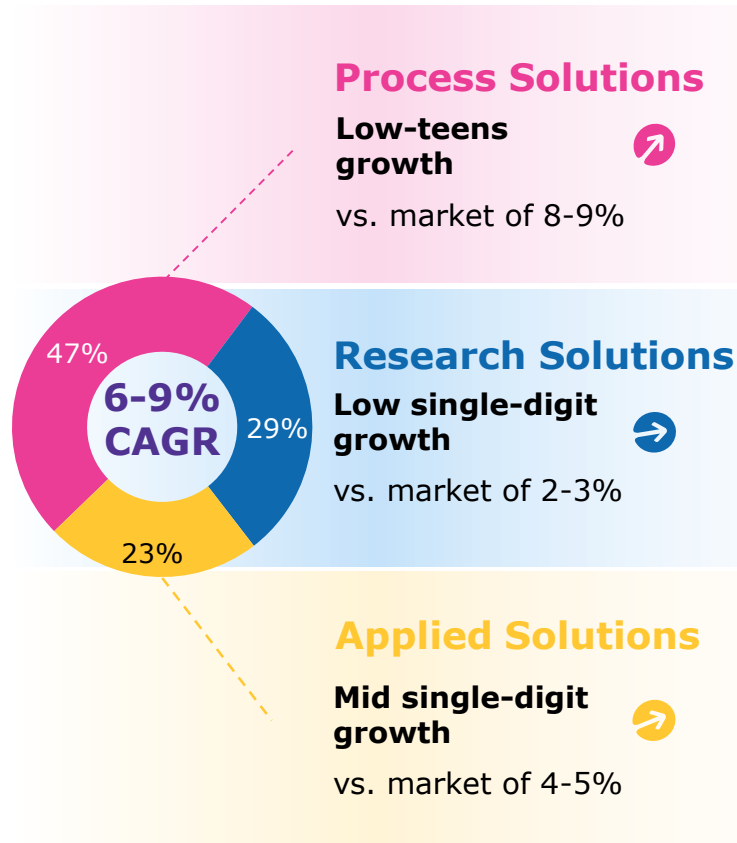


- **Market outlook improving** further, mainly due to **Process** segment
- **Above-market growth set to continue** due to **portfolio advantage** and **outperformance**

<sup>1</sup> Company estimate based on industry forecast over 5-year horizon

## All business units contributing to above-market growth

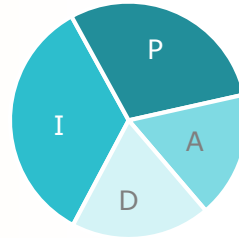
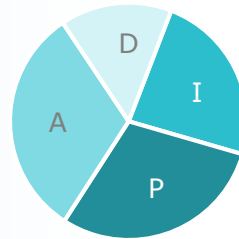
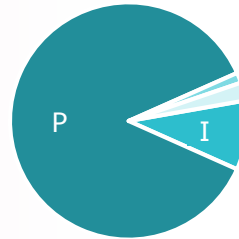
### Sales split<sup>1</sup>



### Mid-term outlook<sup>2</sup>

### Customer Split<sup>3</sup>

### Fundamental growth drivers



- **Biologics:** global mAbs<sup>4</sup> production growing by ~11-15% p.a. for 2020-2024<sup>5</sup> driven by new molecules and biosimilars
- **Diversification:** contribution by top 10 molecules will decline to ~30% until 2024 from ~50% in 2020<sup>6</sup>
- **Novel modalities:** cell & gene therapy market with >30% CAGR 2020-2024<sup>5</sup>, complex delivery drives demand for services and viral vectors
- **Research activity:** >9,000 pre-clinical projects in research pipelines<sup>7</sup>; rising number of experiments backs healthy growth in biotechs/CROs<sup>8</sup>
- **Public and private funding:** availability, access and predictability drive demand from academia and emerging biotechs
- **Emerging technologies:** high growth technologies for drug discovery and development, e.g. advanced cell culture and AI drug discovery
- **Regulation:** rise in quality standards and increasing demand for testing across customer segments
- **Population and economic growth:** demand for access to more sophisticated products and services rises, e.g. in emerging markets
- **Speed:** need for fast testing results raises requirements for Applied customers, esp. in clinical testing and food & beverage testing

**Customer Segments:** **P** Pharma and Biotech **I** Industrial and Testing **A** Academia **D** Diagnostics

<sup>1</sup> Based on H1 2020, CAGR is organic mid-term ambition; <sup>2</sup> growth rates are organic CAGRs; <sup>3</sup> indicative only; <sup>4</sup> mAbs = monoclonal antibodies; <sup>5</sup> Source: company estimate based on industry forecasts;

<sup>6</sup> Source: EvaluatePharma; <sup>7</sup> Source: statista; <sup>8</sup> CRO = Contract Research Organization

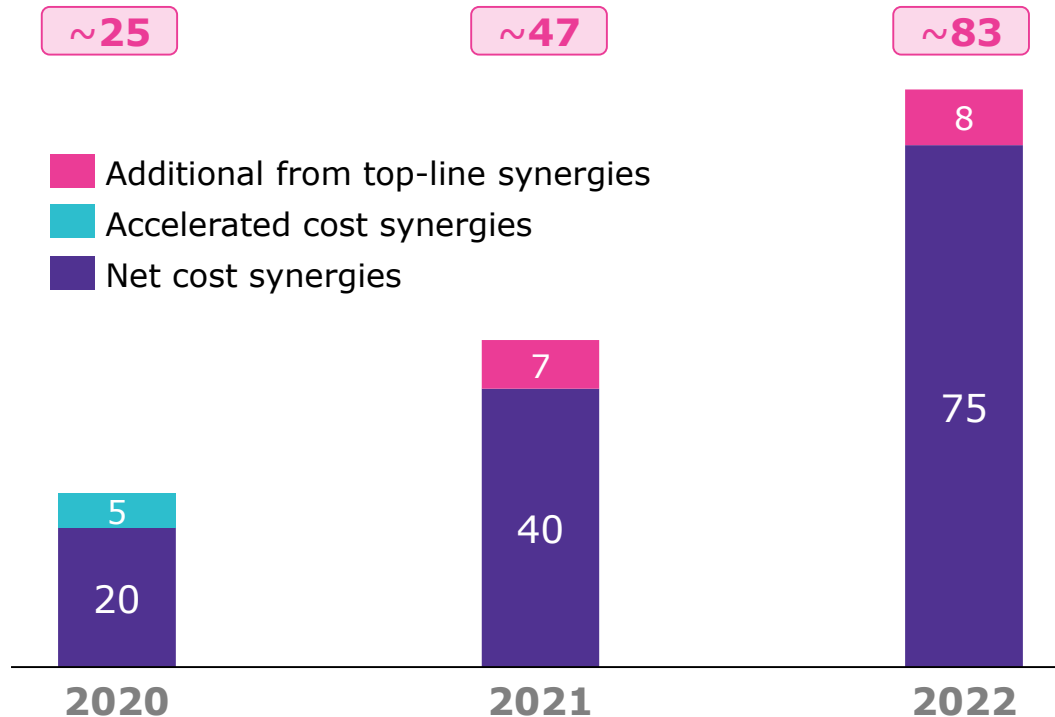




# Performance Materials

## Synergy upgrade driven by fast 2020 execution and top-line synergies

### EBITDA pre impact of synergy ramp-up [€ m]



**Synergy upgrade of ~10% confirms strong integration capabilities**

### Sources of synergies

#### Cost synergy update (for 2020)

- **faster** synergy implementation in all areas
- **2020** expected total cost synergies of **~€25 M**
- Integration costs of **€125 M** remain unchanged

#### Top-line synergies (from 2021)

- **cross-selling** of broader portfolio (e.g. Versum legacy opportunities due to Merck KGaA, Darmstadt, Germany, specialty account relations)
- **new product** introduction (e.g. integrated solutions between Planarization and Thin Films)
- **overarching** initiatives (e.g. enhanced customer access, technology synergies across business sectors of Merck KGaA, Darmstadt, Germany)

# Performance Materials

## Refocus on electronics materials drives mid-term guidance upgrade

### Previous guidance<sup>1</sup>

#### Semiconductor Solutions:

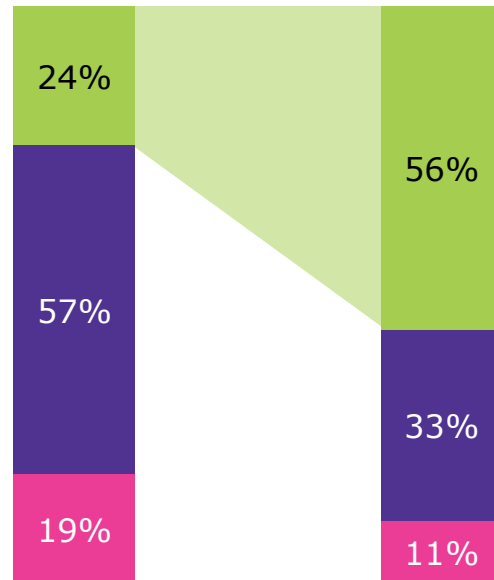
Mid to high single-digit growth

#### Display Solutions:

Low single-digit decline

#### Surface Solutions:

Low single-digit growth



Sales: 2 to 3% CAGR  
Margin: ~30% EBITDA pre

### Guidance update<sup>2</sup> (post Versum & COVID-19)

#### Updated growth rates

#### Semiconductor Solutions

Mid to high single-digit growth

#### Display Solutions

Low single-digit decline

#### Surface Solutions

Low single-digit growth



Sales: **3 to 4% CAGR**  
Margin: ~**30% EBITDA pre**

#### Underlying assumptions

- **4 to 6%** market growth<sup>3</sup>
- **200 to 300bps\*** above-market growth from **share gains & better portfolio**  
\*incl. 100 to 150bps additional growth from **integration top-line synergies**
- **3 to 4%** growth of total **LCD** m<sup>2</sup> area<sup>4</sup>, while price pressure continues<sup>2</sup>
- **18 to 22% growth** of total **OLED** m<sup>2</sup> area<sup>4</sup> with slight to moderate market share gains
- Light vehicle production and relevant cosmetics end markets returning to growth in 2021 and reaching 2019 levels by 2022 and beyond<sup>5</sup>

**Subject to development of market assumptions above**

<sup>1</sup> Previous guidance given in 2018, percentages show sales split for Q3 2019 (first quarter where sales were disclosed by business unit), growth guidance given as organic CAGR 2019 to 2022; <sup>2</sup> Sales split based on H1 2020, growth guidance given as organic mid-term CAGR; <sup>3</sup> Source: Jan 2020 IC Insights 2018-2024 CAGR for wafer starts in million units; <sup>4</sup> Source: Omdia Display Market Outlook, Q1 2020; <sup>5</sup> Sources: LMC Automotive Light Vehicles Forecast, Aug 2020 & Euromonitor BPC (Beauty & Personal Care) Aug 2020



The background features a green-to-white gradient. On the left side, there is a cluster of large, glossy pink spheres. Scattered across the green area are several smaller, semi-transparent pink spheres of varying sizes.

03

**capital allocation  
priorities**

# Group

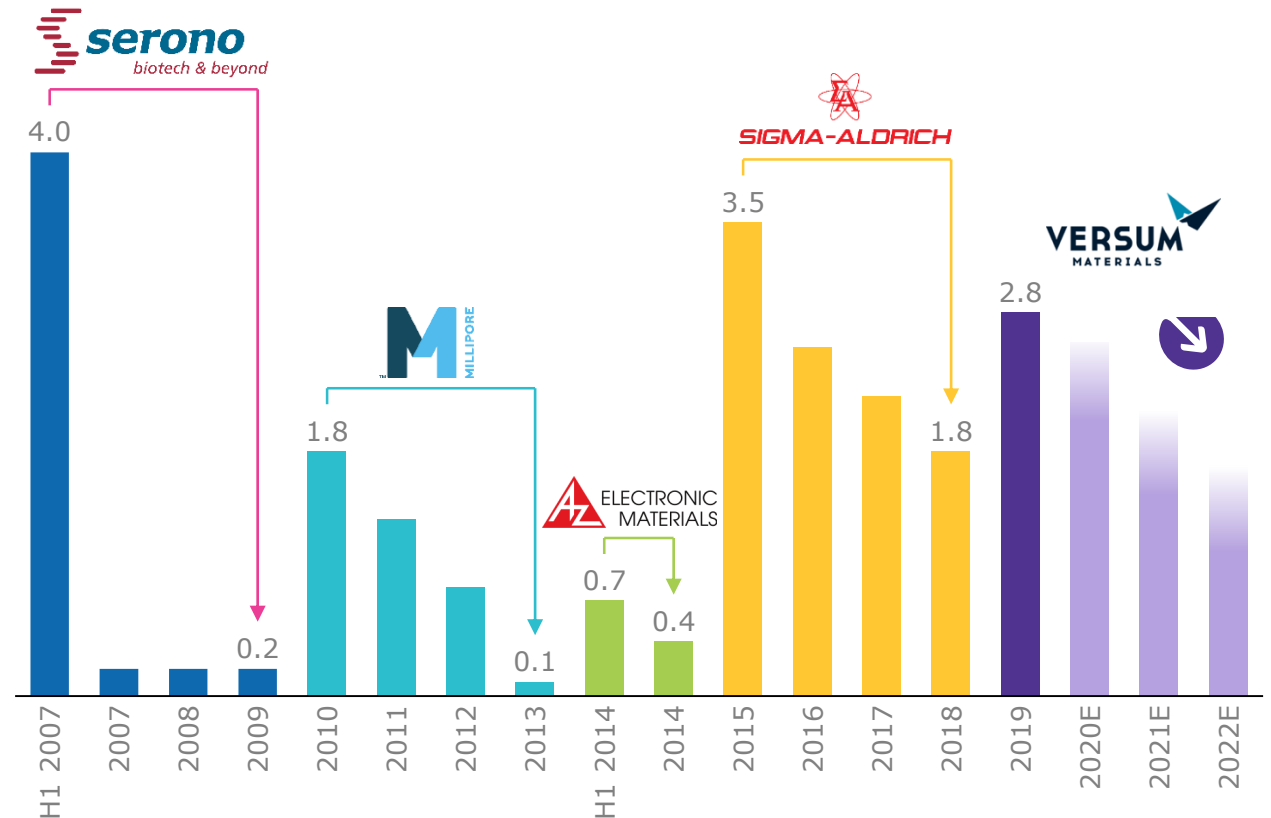
## Focus on organic growth and deleveraging to 2022

**Proven swift deleveraging**  
after major acquisitions

**UPDATE**

- **Deleverage to <2x** net debt/EBITDA pre in 2022
- **M&A on hold until 2022**; only smaller deals to be realized if budget available
- New mid-term capex ceiling of ~€1.3 bn reflects **increased focus on organic investment** and Versum consolidation
- Dividend policy mirrors **sustainable earnings trend**

## Net debt / EBITDA pre track record & outlook



## Regular portfolio review remains key to success

### strong track record

- Acquisitions and divestments are part of Group's history
- Licensing and partnerships remain on our agenda
- All prior transactions earned their cost of capital



### defining portfolio guard rails

- Three strong pillars with no business marginalized
- Leading market position in attractive markets
- Focus on innovation and sustainability through science and technology



### clear financial M&A criteria

- Supporting profitable growth strategy
- $IRR > WACC$
- EPS pre accretive
- Maintain investment grade rating



 **Current set-up is strong and organic investment opportunities are attractive**

 **Expect to regain financial flexibility by 2022 to pursue external growth opportunities**

 **Targeted and more regular bolt-on approach more likely than large transformative deals**

The background of the slide is a solid light green. On the left side, there is a large, detailed cluster of pink, glossy bubbles. Several smaller, out-of-focus pink bubbles are scattered across the green background, creating a sense of depth and movement.

**D4**

**EXECUTIVE  
SUMMARY**

## Group

# Key earnings drivers to remember for 2021



### EBITDA pre - supporting factors

- Increasing Mavenclad® & Bavencio® contribution
- Ongoing strength in Life Science with above-market organic sales growth
- Continued strong outlook in Semiconductor Solutions with above-market organic sales growth
- High level of cost consciousness (e.g. M&S and R&D in Healthcare to further decrease as % of sales)
- Potential milestone payments (e.g. Bavencio®)



### EBITDA pre - reducing factors

- Glucophage impacted by VBP in China
- Continued decline of liquid crystals and Rebif®



**Discipline and prioritization will be key ingredients to deliver**

## Clear set of priorities for the next two years



Focus on **cash flow and deleveraging**

- Strong cash flow used to drive down gearing to **<2x net debt/EBITDA pre in 2022**
- Acquisitions on hold until 2022 except smaller deals
- **Dividend** policy reflects **sustainable** earnings trend



Ongoing **cost discipline**

- **Cost discipline** continues in all business sectors
- Versum **synergies realization** a top priority
- Further **efficiency gains** from ongoing improvement and harmonization of processes and systems



Efficient **capital allocation**

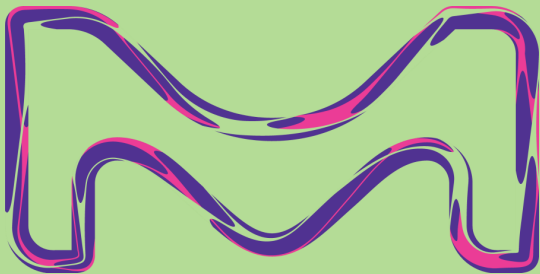
- **Significant organic growth potential** in all business sectors
- **Growth investments** based on sound business cases
- **Regular portfolio reviews** continue with regular bolt-ons more likely than large deals after 2021 given strong set-up



# sector intros

Belén Garijo (Deputy Group CEO and CEO Healthcare)  
Chris Ross (Interim Sector Head of Life Science)  
Kai Beckmann (CEO Performance Materials)

1<sup>st</sup> Virtual CMD of Merck KGaA, Darmstadt, Germany  
September 16, 2020



# Healthcare

## On track to becoming a global specialty innovator

More details at R&D  
update call on Sep 25

### Business today

- H1 2020: **Growing organically**, resilient Oncology and General Medicine portfolio, **visibly strong June** signals COVID-19 recovery
- **Bavencio®: Transformative UC1L data** presented at ASCO; **strong U.S. launch** with positive early feedback, EMA & JP filings accepted
- **Mavenclad®: Visible ramp-up recovery** post pandemic starting in June (Rx volumes & share)
- **Tepotinib: First-in-class approval** in Japan, U.S. filing accepted (priority review, under RTOR)
- **Potentially transformative pipeline:** Bintrafusp alfa, Evobrutinib, DDR<sup>1</sup> portfolio

### ...and tomorrow

#### Healthcare

#### Creating optionality through **focused pipeline approach**

##### Pipeline and launch progress supported by strong core

- |                         |   |
|-------------------------|---|
| <b>Pipeline quality</b> | <ul style="list-style-type: none"><li>• Early stage pipeline fueled by <b>in-house innovation</b> ✓</li><li>• Potentially <b>transformative late-stage pipeline</b> assets (Evobrutinib, Bintrafusp alfa) ✓</li><li>• <b>Optimized risk profile</b> through strategic partnerships (Pfizer and GSK) and focused externalization ✓</li></ul> |
| <b>Launch activity</b>  | <ul style="list-style-type: none"><li>• <b>Mavenclad®</b> approved in 80 countries including the U.S. ✓</li><li>• <b>Bavencio®</b> launched in MCC<sup>1</sup>, RCC<sup>2</sup>, and UC 1L/2L<sup>3</sup> ✓</li><li>• <b>Tepotinib</b> first-in-class approval of an oral MET inhibitor<sup>4</sup> ✓</li></ul>                             |

**Strong core business due to excellent life cycle management**

##### Mid-term outlook Healthcare

**~€2 bn pipeline sales & stable core business until 2022 + significant growth potential beyond**

More details at R&D update call on Sep 25



**Confirming financial ambition of a stable core business and ~€2 bn pipeline sales until 2022 with further significant growth potential beyond**

<sup>1</sup>MCC = Metastatic Cell Carcinoma, launched in all major jurisdictions; <sup>2</sup>RCC = Renal Cell Carcinoma, launched in all major jurisdictions; <sup>3</sup>UC = Urothelial Carcinoma, 1L = first line, 2L = second line, launched in the U.S., filed for approval in Europe and Japan; <sup>4</sup>approved in Japan for advanced NSCLC (non-small cell lung cancer), filed for approval in the U.S. under RTOR (Real-Time Oncology Review)

**MERCK**



**Inflection point achieved: reaping the benefits of pipeline investments**

<sup>1</sup> DNA Damage Response



**Further build & deliver on innovator strategy to drive sustainable success**



## Diversified industry leader poised for continued profitable growth

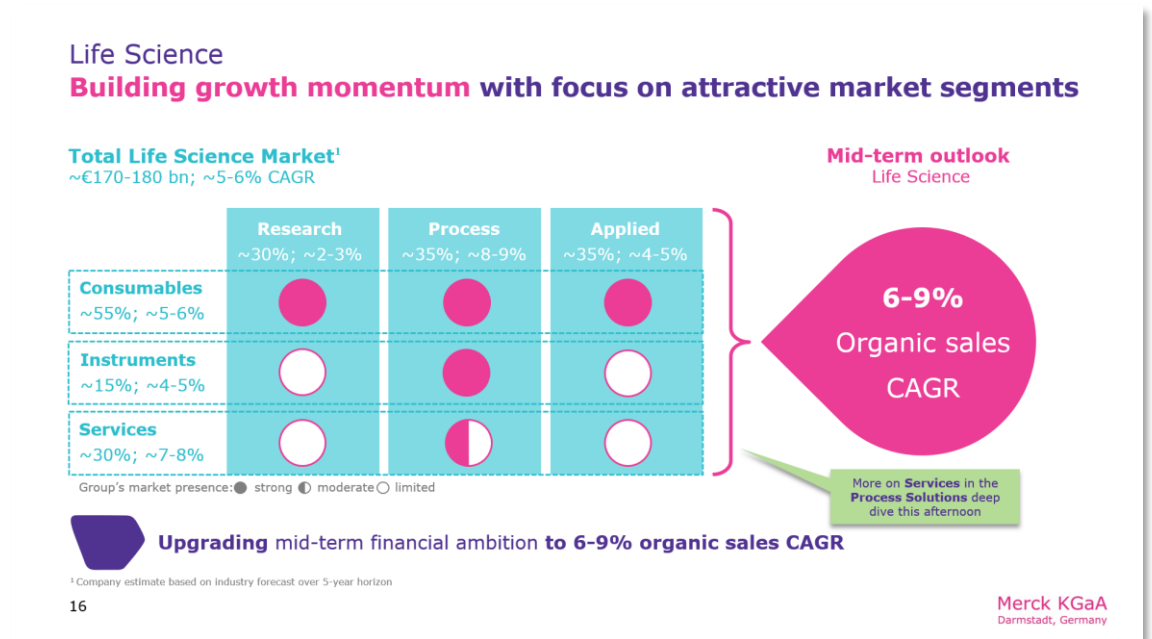
### Business today

- H1 2020: **mid-teens organic growth of Process Solutions** partly off-set by COVID-19 related slow-down in Research and Applied
- **Growth of >40% in Process Solutions order book** indicates upside from COVID-19
- **Strong fundamentals** in all businesses
- Continued **focus on innovation** sustains and augments differentiated products and services
- **Tailored customer interface and strong capabilities** (eCommerce, supply chain, quality, regulatory) as key success factors



**Diversified industry leader with superior growth and margins**

### ...and tomorrow



**Investments in attractive areas supporting further outperformance**

# Performance Materials

## Well set to expand position as a leading electronic materials player

### Business today

- H1 2020: **double-digit organic growth of Semiconductor Solutions** softens COVID-19 impact on Display and Surface Solutions
- New combined Semiconductor Solutions business with **one of the most comprehensive offerings in entire industry**
- Significantly **broader products & services range** and **customer base** than ever before



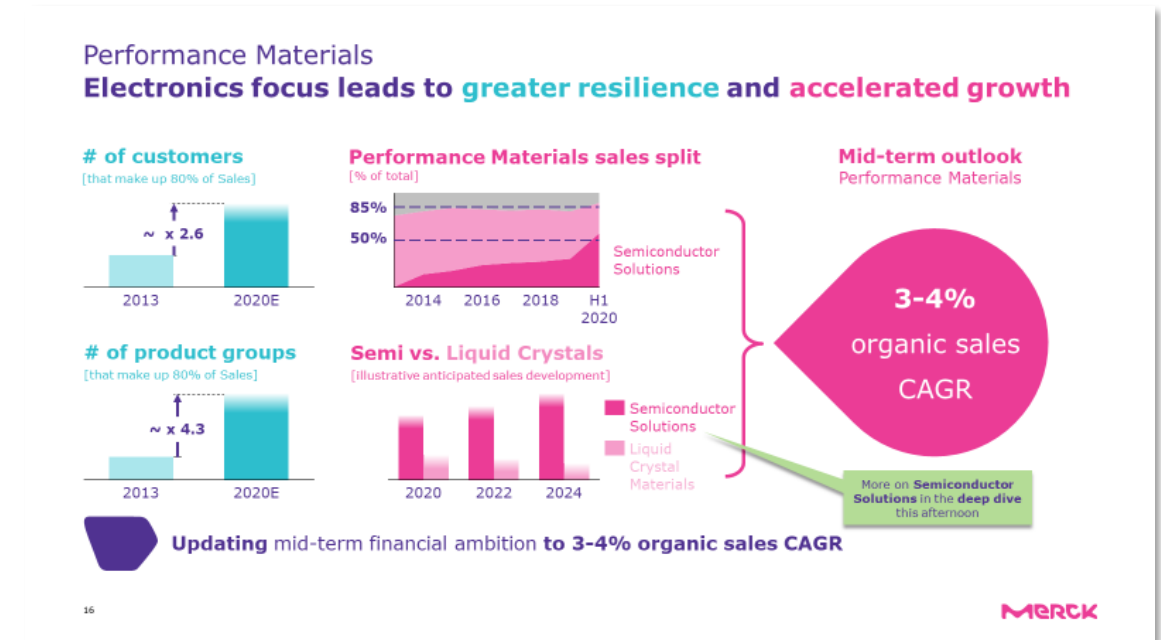
Mid-term the portfolio will consist of **10 ~equally sized businesses**, >60% serving chip makers



**Successful transformation into an industry-leading electronics player**

1) Deposition/Spin-On Dielectrics; 2) Patterning/Cleans; 3) Specialty Gases; 4) Planarization; Packaging; 5) Delivery Systems and Services 6) Liquid Crystals; 7) OLED Materials; 8) Display Adjacent 10) Surface Solutions

### ...and tomorrow

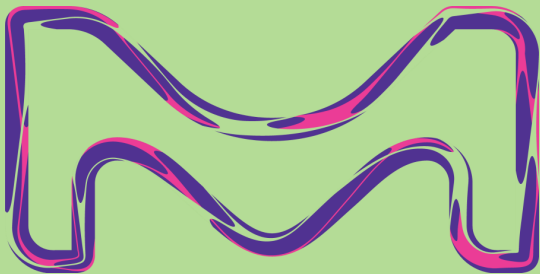


**Strong & resilient new portfolio leads to upgraded mid-term guidance**

# Q&A

Stefan Oschmann (Group CEO)  
Marcus Kuhnert (Group CFO)  
Belén Garijo (Deputy Group CEO and CEO Healthcare)  
Chris Ross (Interim Sector Head of Life Science)  
Kai Beckmann (CEO Performance Materials)

1<sup>st</sup> Virtual CMD of Merck KGaA, Darmstadt, Germany  
September 16, 2020



Q&A

## We are looking forward to your questions

**Stefan Oschmann**  
Group CEO



**Belén Garijo**  
Deputy Group CEO  
CEO Healthcare



**Kai Beckmann**  
CEO Performance Materials

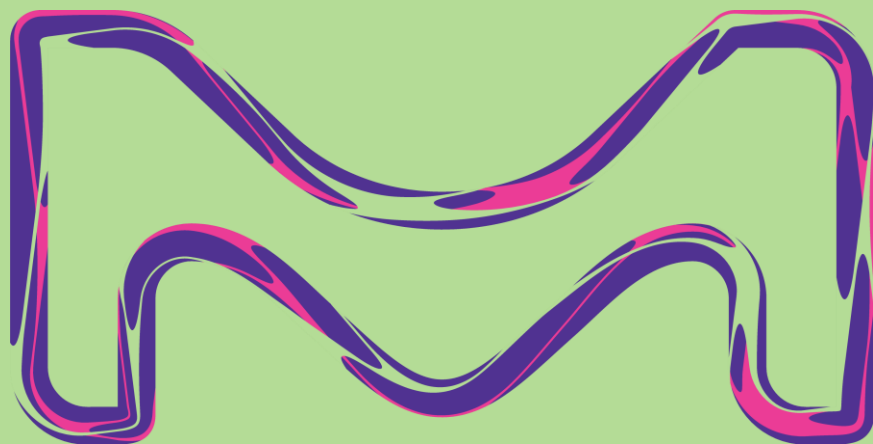


**Marcus Kuhnert**  
Group CFO



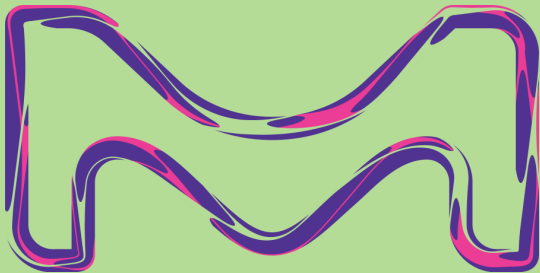
**Chris Ross**  
Interim Sector Head of Life Science





# Appendix

1<sup>st</sup> Virtual CMD of Merck KGaA, Darmstadt, Germany  
September 16, 2020



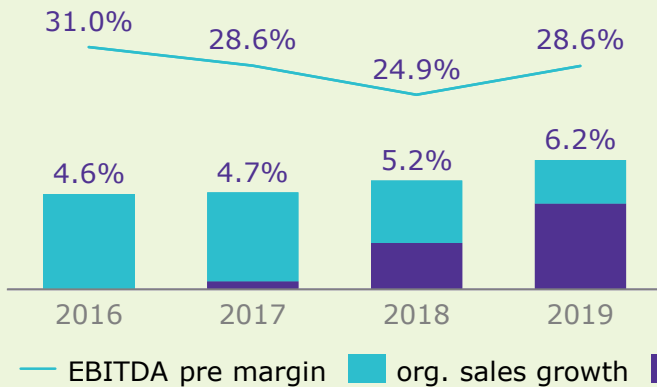


# Group

## All three business sectors delivering on their strategic priorities

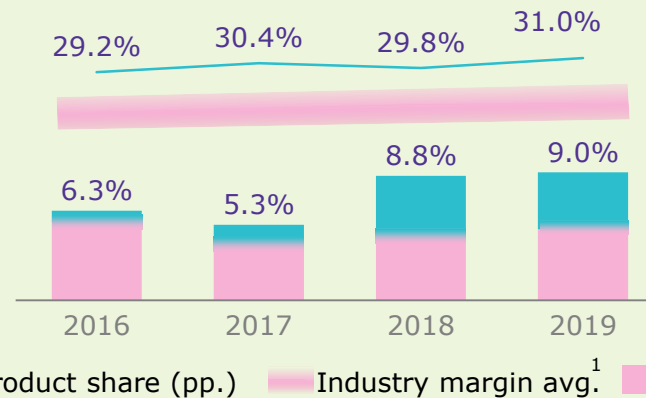
### Healthcare

- **Faster growth** from launches
- Margin **trough behind**



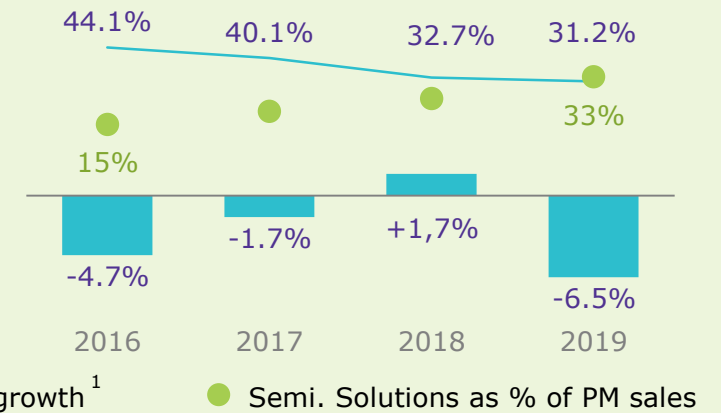
### Life Science

- **Above-market** growth and margin
- Significant **growth investments**



### Performance Materials

- Portfolio shift to **high-growth business**
- **Margin stabilizing** at ~30%



- From investment to earnings phase ✓
- Core business at least stable ↗
- Successful Bavenico® and Mavenclad® ramp-up ↗
- Stringent pipeline execution ↗
- ~€2 bn pipeline sales ambition ↗

- Maintain above-market growth ↗ trajectory and superior profitability
- Strengthen position as differentiated player in a highly attractive market ↗
- Implement dynamic strategy for future profitable growth ↗

- Deliver on ambition of 2-3% CAGR +
- Efficient resource allocation to reach financial ambition of 30% margin ↗
- Implement 5-year transformation ↗

<sup>1</sup> Company estimate based on industry data and reporting by peers

Strategic priorities presented at **previous CMDs & PM Strategy Update Call:**

✓ = delivered; ↗ = well on track; + = updated



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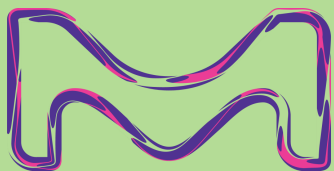


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