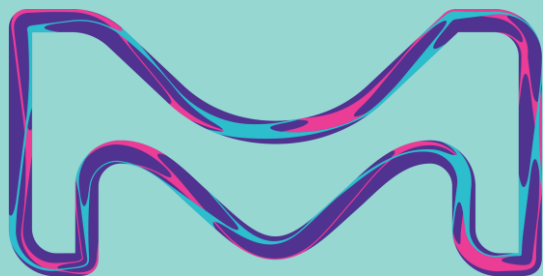


capital Markets Day 2021

**Meet Merck KGaA, Darmstadt, Germany
Management**

2nd Virtual CMD – September 9, 2021



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Meet Our Management

Merck KGaA, Darmstadt, Germany Capital Markets Day 2021

GROUP & BUSINESS SECTORS update & outlook

September 9, 10:00 a.m. - 12:00 p.m. CEST

01 Strategy update

Belén Garijo - CEO

02 Financial perspective

Marcus Kuhnert - CFO

03 CEO & CFO Q&A

Belén Garijo & Marcus Kuhnert

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

SECTOR GROWTH DRIVERS deep dive sessions

September 9, 1:00 p.m. - 1:45 p.m. CEST

Healthcare

Management presentation and Q&A

September 9, 2:00 p.m. - 2:45 p.m. CEST

Life Science

Management presentation and Q&A

September 9, 3:00 p.m. - 3:45 p.m. CEST

Electronics

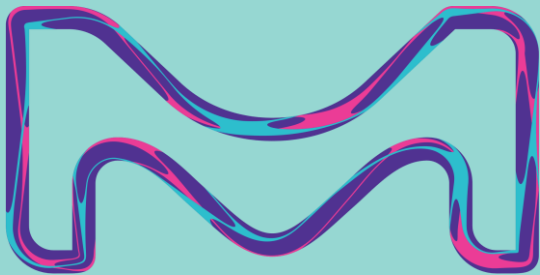
Management presentation and Q&A



strategy update

Belén Garijo, CEO

2nd Virtual CMD – September 9, 2021



Agenda: Strategy Update

- 01** Accelerating science and technology leadership
- 02** Fueling BIG3 growth through focused investments
- 03** Driving organizational strength, sustainability & diversity
- 04** Executive summary





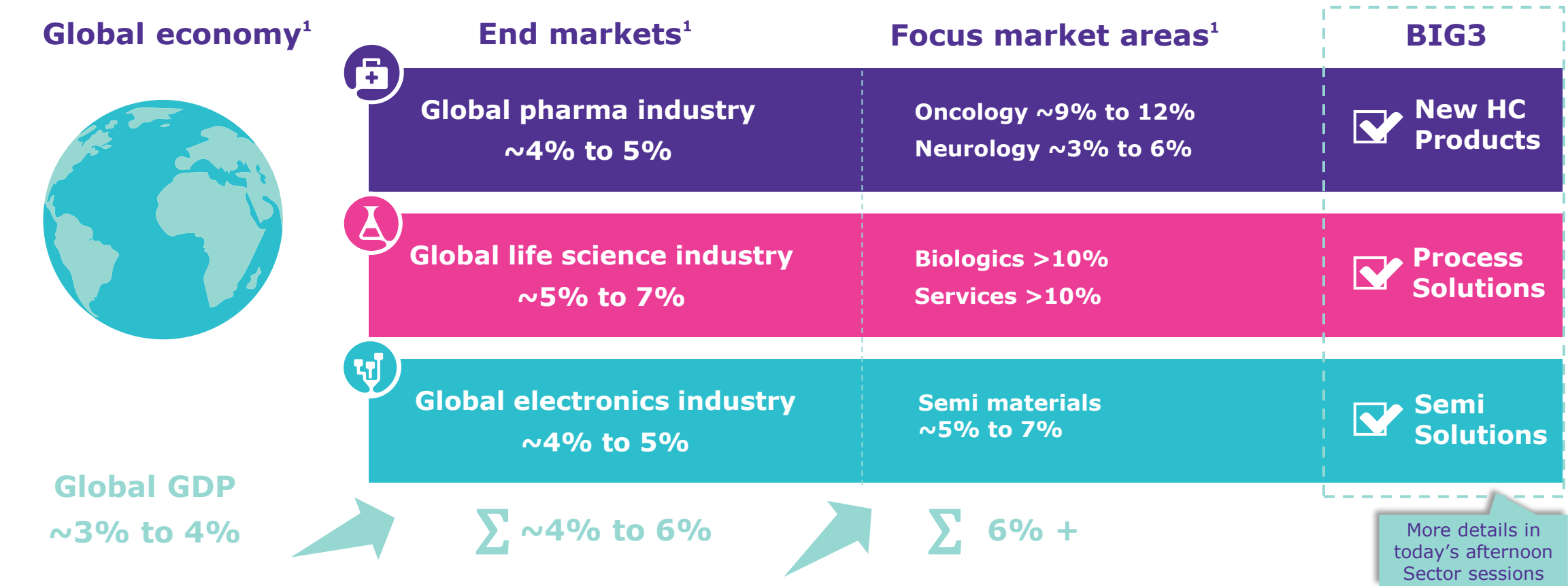
01

**Accelerating
science &
technology
leadership**



Group

Well positioned to win in high-growth focus areas



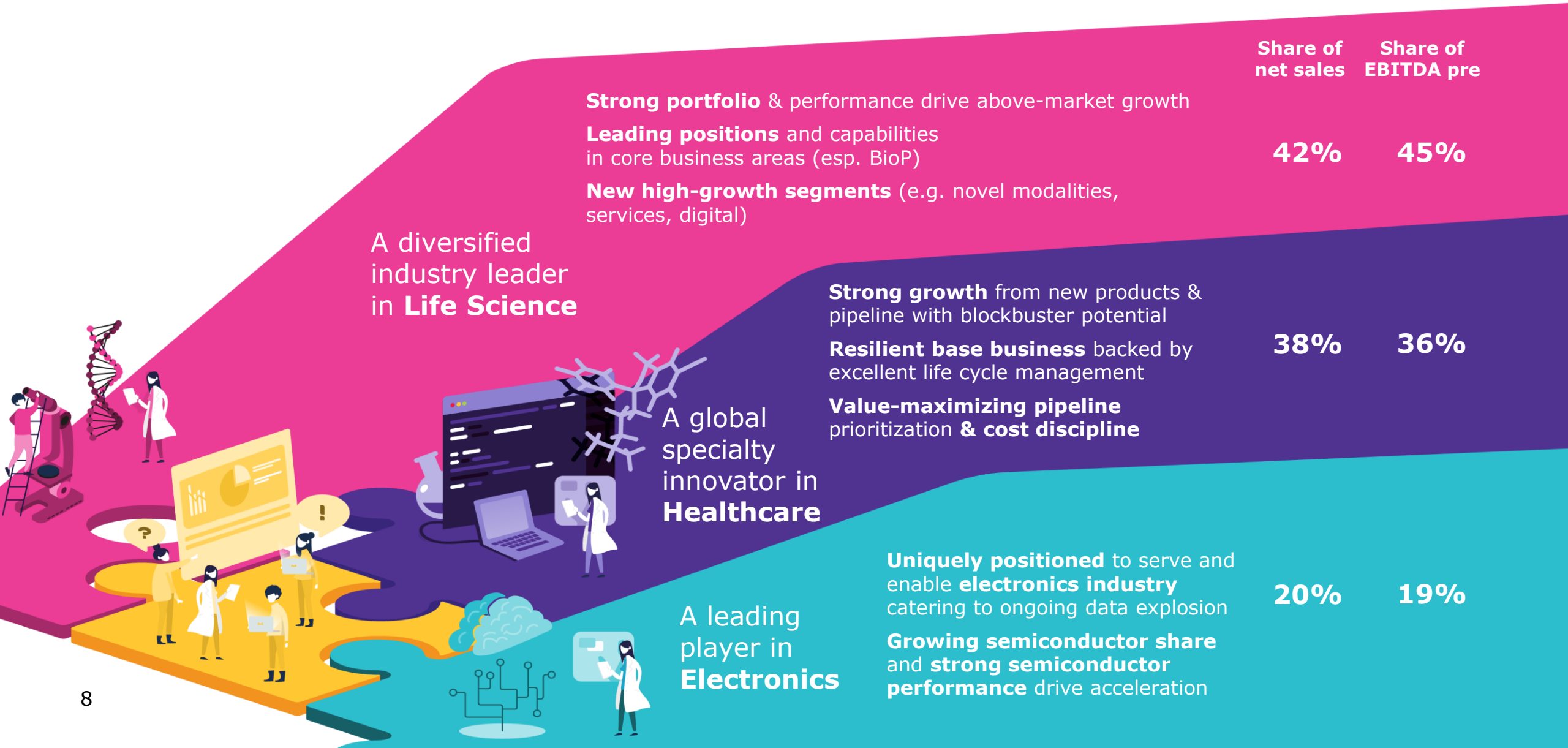
➤ **Uniquely positioned to address** inevitable market trends
Diligent execution of **focused & disciplined investments** plan to **fuel BIG3 growth**

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



Group

Leading positions in fastest growing science & technology markets



Boundaries of human progress today
will become **reality tomorrow**

Tomorrow **we will live longer, healthier
& more sustainably** than ever before ...

- Prevention of disease
- Personalized medicine
- More treatment options than ever

Tomorrow
**unprecedented
connectedness &
augmentation**
will be the norm

- Instant access to limitless information
- Connectedness to everything and everybody
- Assisted and augmented intelligence

4 Innovation fields
will push the boundaries

1. Biotechnology

- Genetic engineering
- Novel biological delivery modes
- Sustainable nutrition

2. Next-gen chips

- Quantum Computing
- Neuromorphic Computing
- Highly energy efficient chips

3. Next-gen code

- Artificial Intelligence
- Big data ecosystems
- Blockchain technology

4. Human-machine interfaces

- Augmented reality
- Bioelectronic sensors & devices
- Brain-computer interface

Unique **position to
drive** key innovations

A **leader** in three
sectors at the core
of tomorrow's reality

**Strong networks
& collaborations**

- Top innovators & industry consortia
- Industry leaders

**Proactive
trend scouting**

- Sector breadth allows access to wider opportunities

**M Ventures &
Innovation Center**

- Disruptive & more sustainable tech
- Collaboration opportunities

Group

Accelerated science & tech leadership driving growth

New Strategic Framework			Core pillars
Direction	Mobilize for growth in the BIG3	Focus on profitable top line growth in BIG3	
Frame	Accelerating science & technology leadership	Innovation as key driver for sustainable growth	
Foundation	Focused & disciplined capital allocation	No "coffee for all" Disciplined and focused investment in Enterprise Planning Units	
Values	Continued long-term orientation & sustainability	Continued long-term focus as part of the DNA further reinforced by significant sustainability effort	
Drivers	Agility, diversity, cost discipline	Strong, diverse, fast, agile and unbureaucratic; cost discipline in non-focus & support areas	Supporting pillars

company innovation center darmstadt



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O2

**FUELING BIG3
growth through
focused
investments**

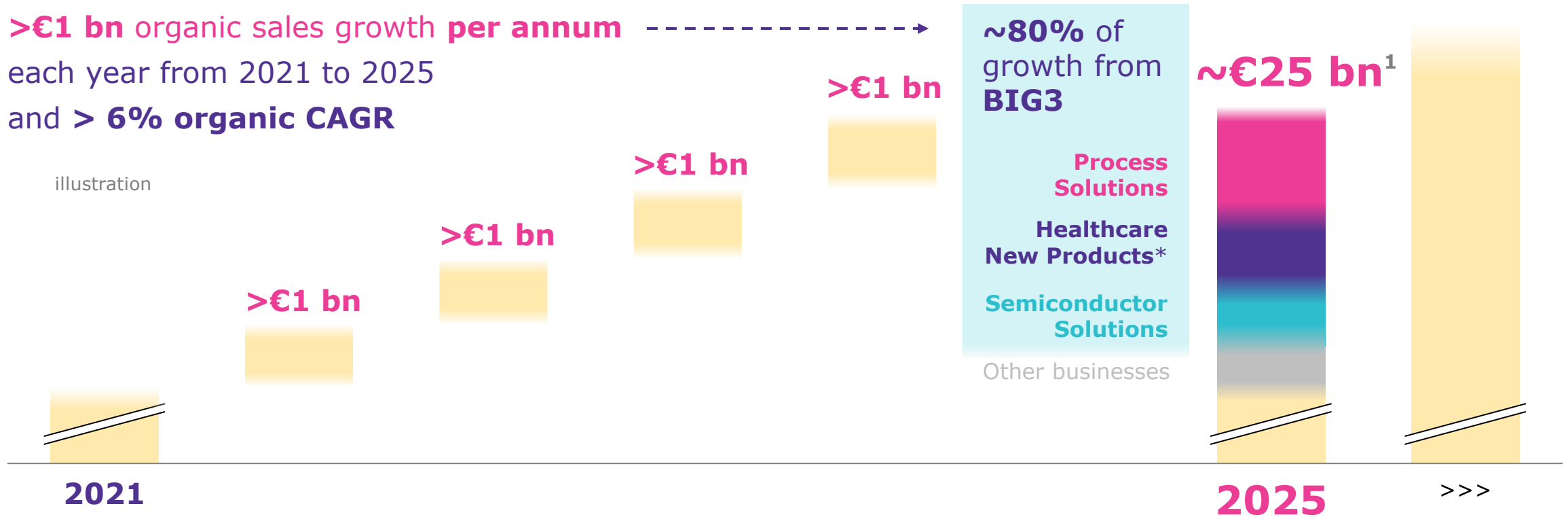


Group

#25by25: delivering €5 bn+ organic additional sales by 2025

>€1 bn organic sales growth **per annum**
each year from 2021 to 2025
and > 6% organic CAGR

illustration



➤ **Clear commitment to efficient growth**

1) including potential bolt-on M&A

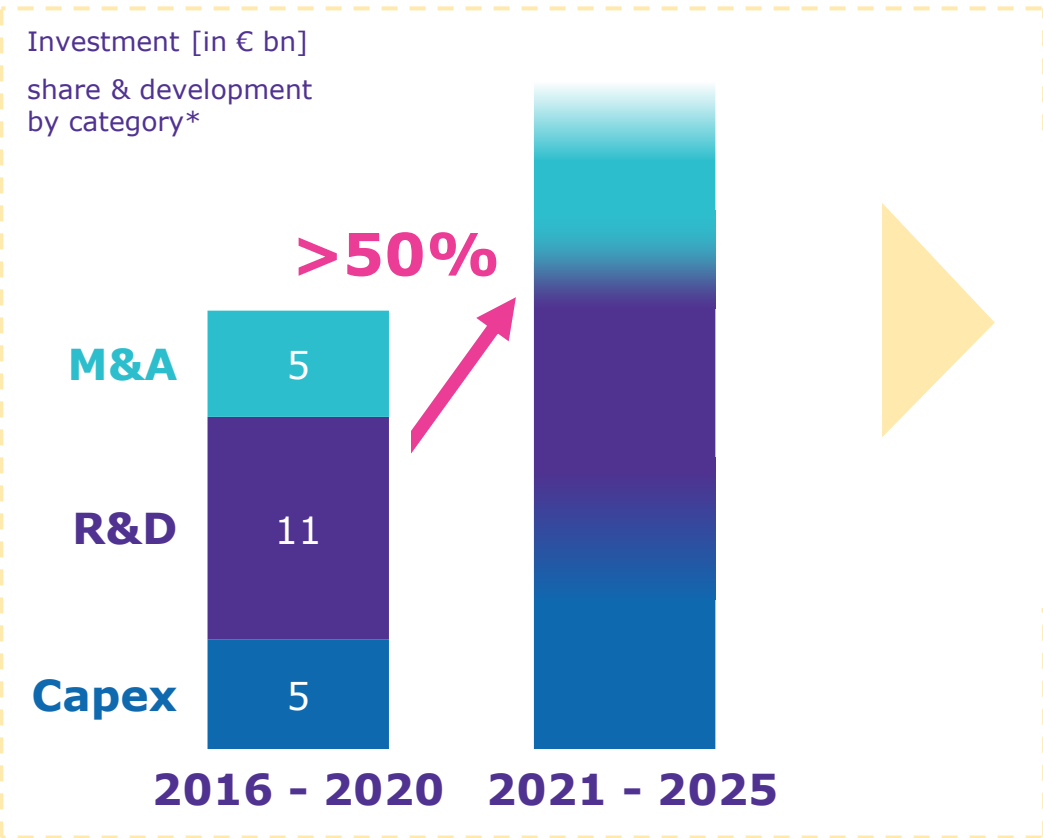
*) Updated scope: New Products consist of recent launches (Bavencio®, Mavenclad®, Tepmetko® MET-exon 14) and risk-adjusted launches to come until 2025



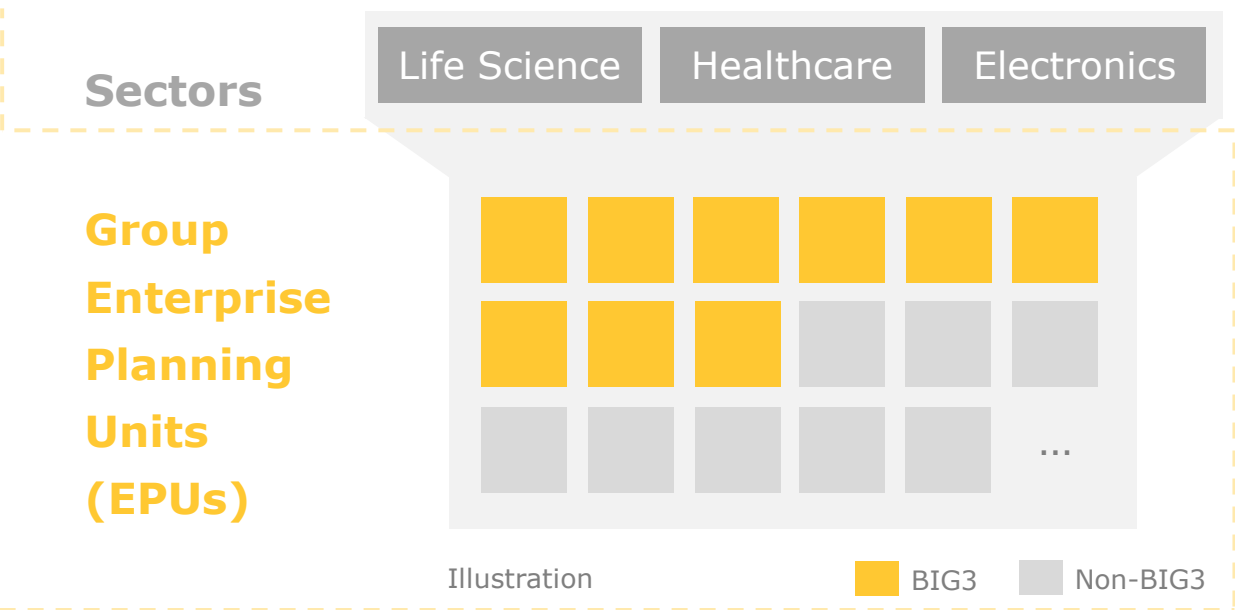
Group

Committing to record investments - targeted @BIG3 growth engines

Leading positions in **growth markets** fuel significant **boost in investment capacity**



Targeted, disciplined & focused capital allocation across **>20 enterprise planning units**



BIG3 consist of ~10 planning units with a **capital allocation target of >70%** between 2021 and 2025

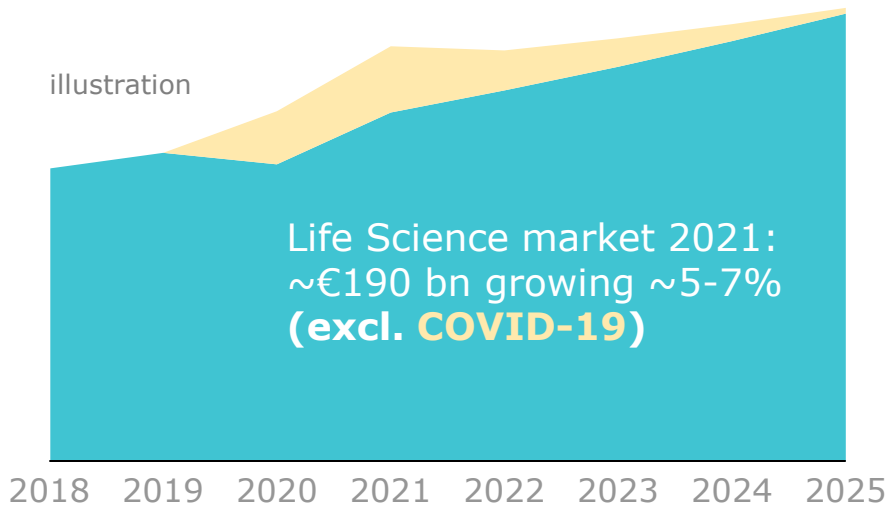
* >50% statement primarily valid for R&D and CAPEX plan, future M&A purely illustrative as it is deal-dependent



Life Science

Driving growth and expanding leadership in Process Solutions

Robust market with diverse growth pockets, **elevated during pandemic**



- Attractive **base market**, on slightly higher growth trajectory post 2021
- Significant **demand from COVID-19**, expected to decline as pandemic recedes

Life Science will be fully equipped to capture growth opportunities with a **focus on Process Solutions**

- Major **capacity and network expansion** to fuel growth of key product portfolios, **especially bioprocessing**
- Targeted scaling of **high value CDMO/CTO services** across traditional and novel modalities
- **Relevant and diversified** portfolio in **Research and Applied**, not only for cash and resilience, more importantly for **innovation and trend scouting**
- Programmatic **bolt-on M&A** plus rising focus on **China/APAC, innovation, and digital**

➤ **Upgrading** mid-term financial ambition to **7-10% org. sales CAGR** (incl. fading COVID business)






Healthcare

Well positioned in a dynamic environment, focused leadership in R&D

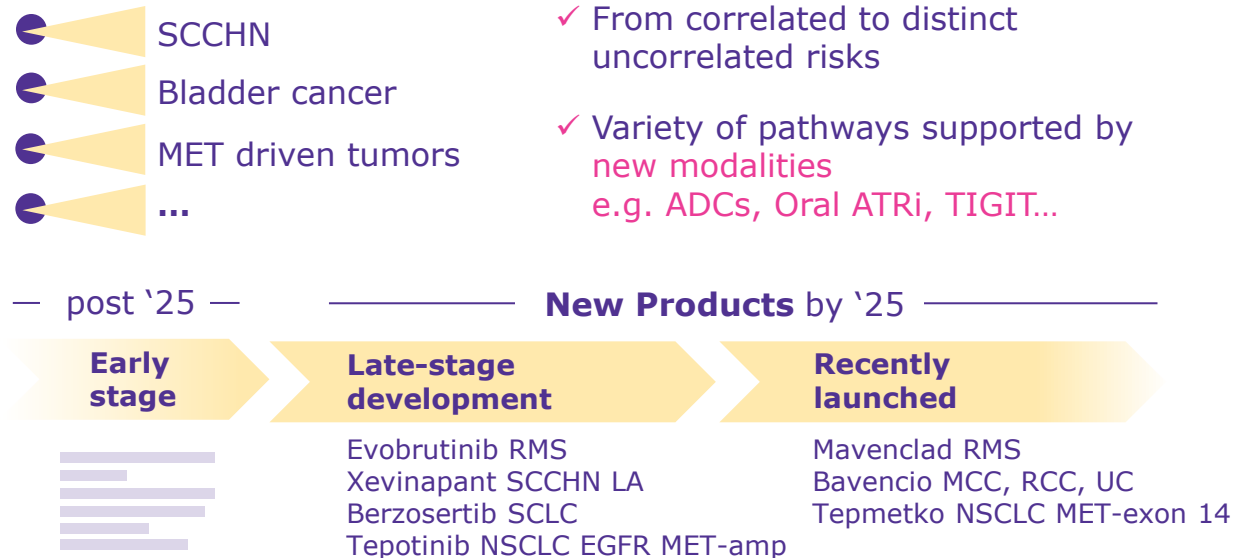
Existing market trends unchanged...

- High growth in largest TA Oncology
- Precision medicines to further increase share
- Cost pressure and pricing volatility growing

... well positioned to grow further

-  **Long-term Oncology strategy** with diversified clinical portfolio
-  **Innovative models** of treatment personalization, e.g. in Fertility
-  **Diversified geographical sales footprint**, lower exposure to potential U.S. pricing reforms
-  **Global while local** - 18 manufacturing sites and 4 R&D hubs across the globe
-  **Broad spectrum of payer types** due to TA and geographical variety

Focused leadership in R&D driven by recent launches & pipeline

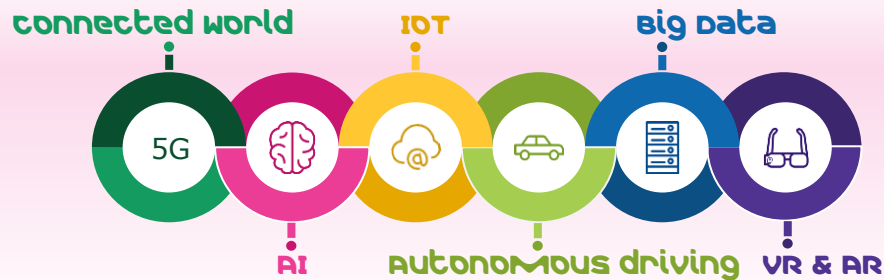


Introducing mid-term financial ambition
of mid single-digit org. sales CAGR

Electronics

Building on leading positions in semiconductor materials

External trends drive strong demand



Tech trends inevitably drive exponential data growth requiring semiconductors and displays in virtually all data applications

- Customers & governments significantly **accelerating semi capacity expansions**
- **Semiconductor materials market** expected to **accelerate growth** based on **broader demand**

Electronics well positioned to capture it

- ✓ **One of the strongest portfolios** – providing solutions necessary to **enable industry growth**
- ✓ **Enabling breakthrough technologies**, in **high value areas** of wafer processing & display innovation
- ✓ **Pioneering** in **high-throughput experimentation** and **Big Data & AI projects** with key customers
- ✓ **Shift to executing growth** accelerating **investment** and **innovation in sync** with customer plans

Further upgrading mid-term financial ambition **to 3 to 6% org. sales CAGR**

Abbreviations: AI = Artificial Intelligence; IoT= Internet of Things; VR = Virtual Reality ; AR = Augmented Reality



03

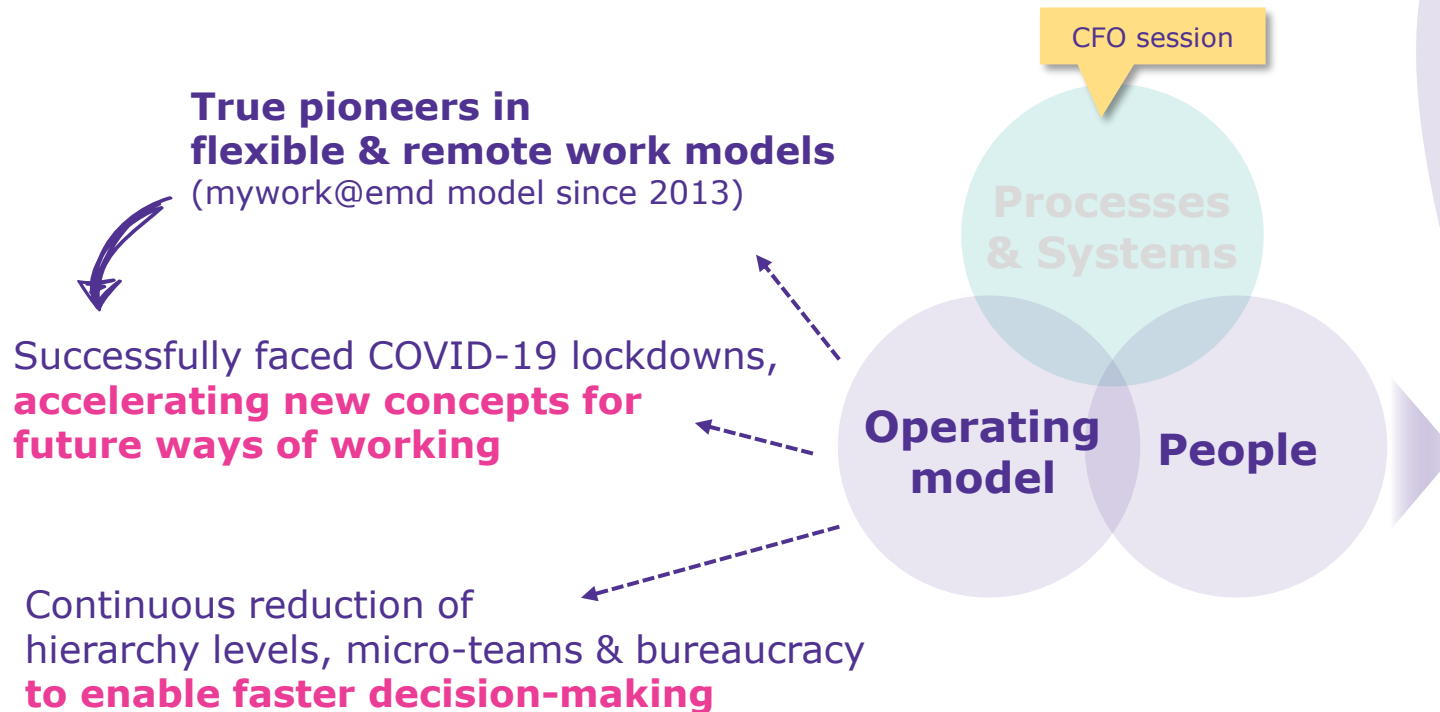
**Driving
organizational
strength,
sustainability &
diversity**



Group

Organizational strength & diversity enable focused growth

Continuous focus on enabling people and transforming operating model...



...building organizational capabilities ready for growth

People are the foundation of everything!

► Talent

Attract, develop & retain the best people; a home for exceptional talents with new skill sets

► Leadership culture

Encouragement, empowerment & accountability creating NextGen work environment where curious minds thrive

Diversity & Inclusion
focus areas with clear ambitions

► Gender equity

► Culture & ethnicity

► Inclusion



Accelerating positive impact on environment and society

Positive impact through our products

- Provide access to medicine
- Enable cutting-edge technologies
- Support greener production

Stabilize production and minimize risks

- Actively manage ESG risks
- Training on policies & standards
- Manage and secure supply chain

Minimize negative impact through our operations

- Achieve climate neutrality
- Manage water efficiency
- Reduce waste

Our sustainability goals

1 Dedicated to human progress

*In 2030, we will advance human progress for
>1 billion people through sustainable science & technology*

- Sustainable innovations and technology for our customers
- Impact of our technologies and products on health and well-being



2 Creating sustainable value chains

*By 2030, we will integrate sustainability into
all our value chains*

- Sustainability culture & values
- Sustainable and transparent supply chain
- Securing our social license to operate in all regions



3 Reducing our ecological footprint

*By 2040, we will achieve **climate neutrality**
and **reduce our resource consumption***

- Climate change & emissions
- Water & resource intensity



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04

**EXECUTIVE
SUMMARY**



...in conclusion

**4 key priorities to deliver on
our science & tech ambitions**



**Mobilizing for
Efficient growth**



**Leveraging
Innovation
in the BIG3**



**Driving
Culture & Leadership**



**Focusing on
Sustainability**



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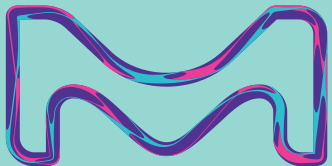


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