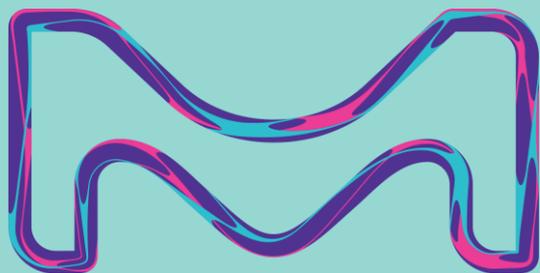


Financial perspective

Marcus Kuhnert, CFO

2nd Virtual CMD – September 9, 2021



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Agenda: Financial perspective

- 01** Capital allocation & portfolio roles
- 02** Organizational agility & cost discipline
- 03** Outlook
- 04** Executive summary





01

**capital allocation
& portfolio roles**

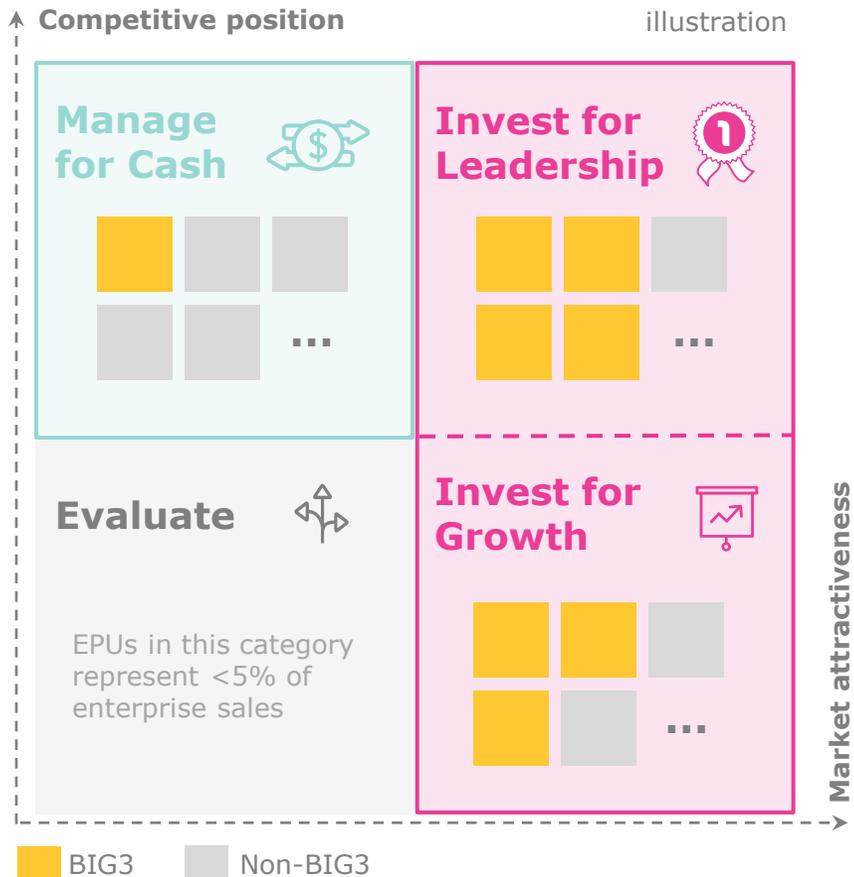


Group

Optimized capital allocation through distinct portfolio roles

Roles determined by **thorough analysis** of **markets** and **competitive positions**

Investment focus on businesses with **greatest strengths** and **attractive opportunities**



- Segmentation in planning units allows **right level of granularity** in market & competitive analysis (vs. sector level or product level)
- **Enterprise Portfolio Units (EPUs) with different roles** drive balance between **strong cash generation & targeted capital allocation**

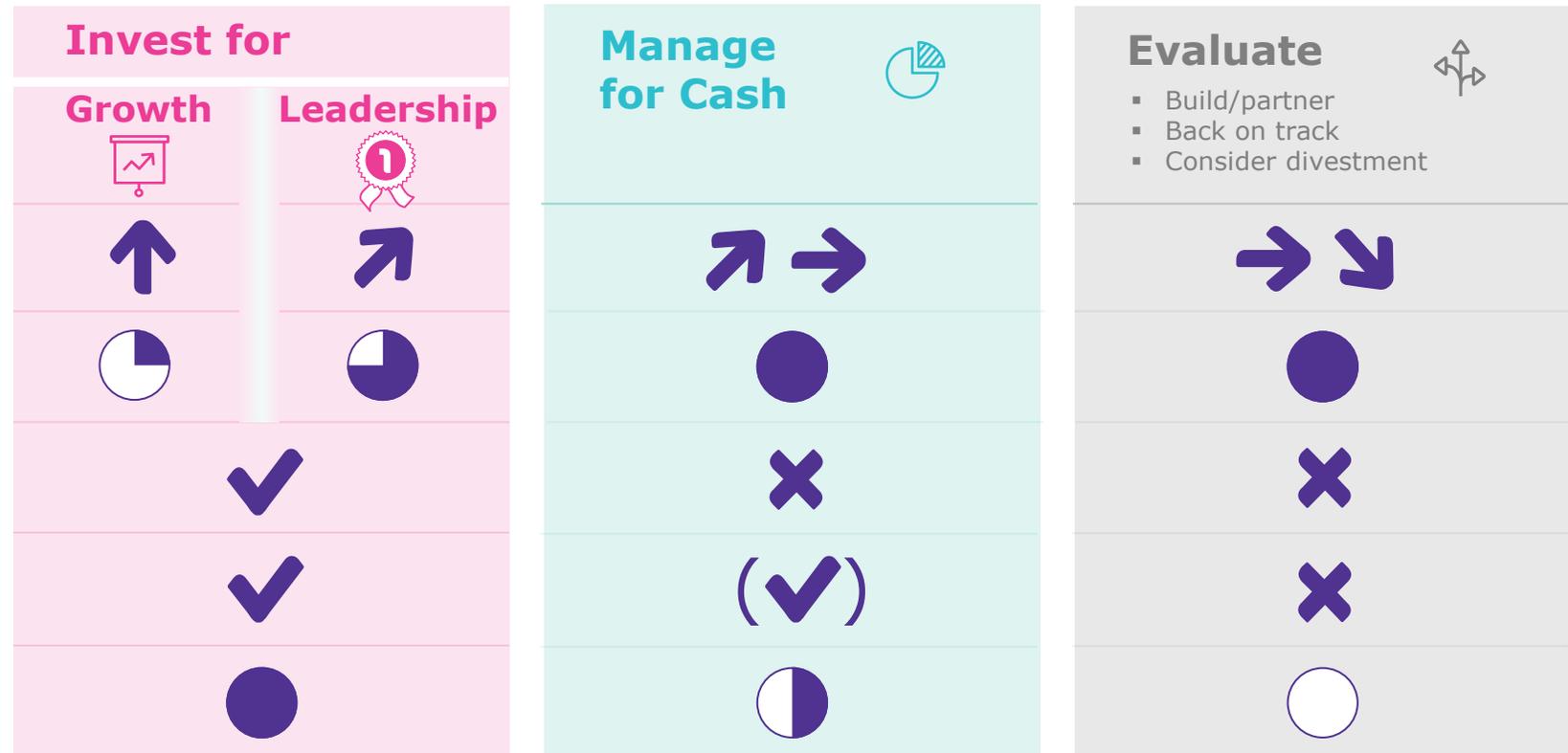
- ✓ **Strong, well-positioned portfolio**
- ✓ Enterprise setup allows **boosted investment capacity and optionality** that would be unattainable to 3 standalone businesses
- ✓ **No need for further diversification** (within or across sectors) or target sector ratios



Group

Portfolio roles provide clear guidance to resource allocation

Simplified portfolio unit life cycle



● High importance ○ Low importance



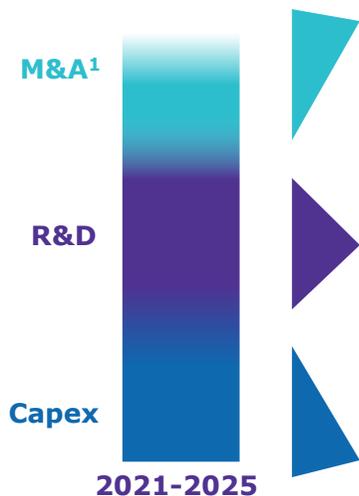
Group

Financial flexibility fueling investment capacity

Accelerated deleveraging to <2x net debt to EBITDA pre ratio enables **unprecedented financial flexibility**

>50% higher investment*
with BIG3 capital allocation target of >70%

Investment € bn share illustration



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

¹ M&A: Mergers and Acquisitions

Abundant growth opportunities make **strategic capital allocation** more important than ever

M&A

- **Strong operating cash flow & increased debt capacity**
- **High single-digit C bn financial flexibility by end of 2022**
- Continued higher likelihood of **bolt-on** vs. large transformational deals

R&D

Clear focus on **innovation** & further development of **pipeline productivity**

- **Life Science:** accelerating targeted R&D scale-up to capture trends & strengthen portfolio
- **Electronics:** continuous alignment with customer technology roadmaps incl. new R&D labs
- **Healthcare:** driving "R&D productivity" to benchmark levels with focused leadership

CAPEX

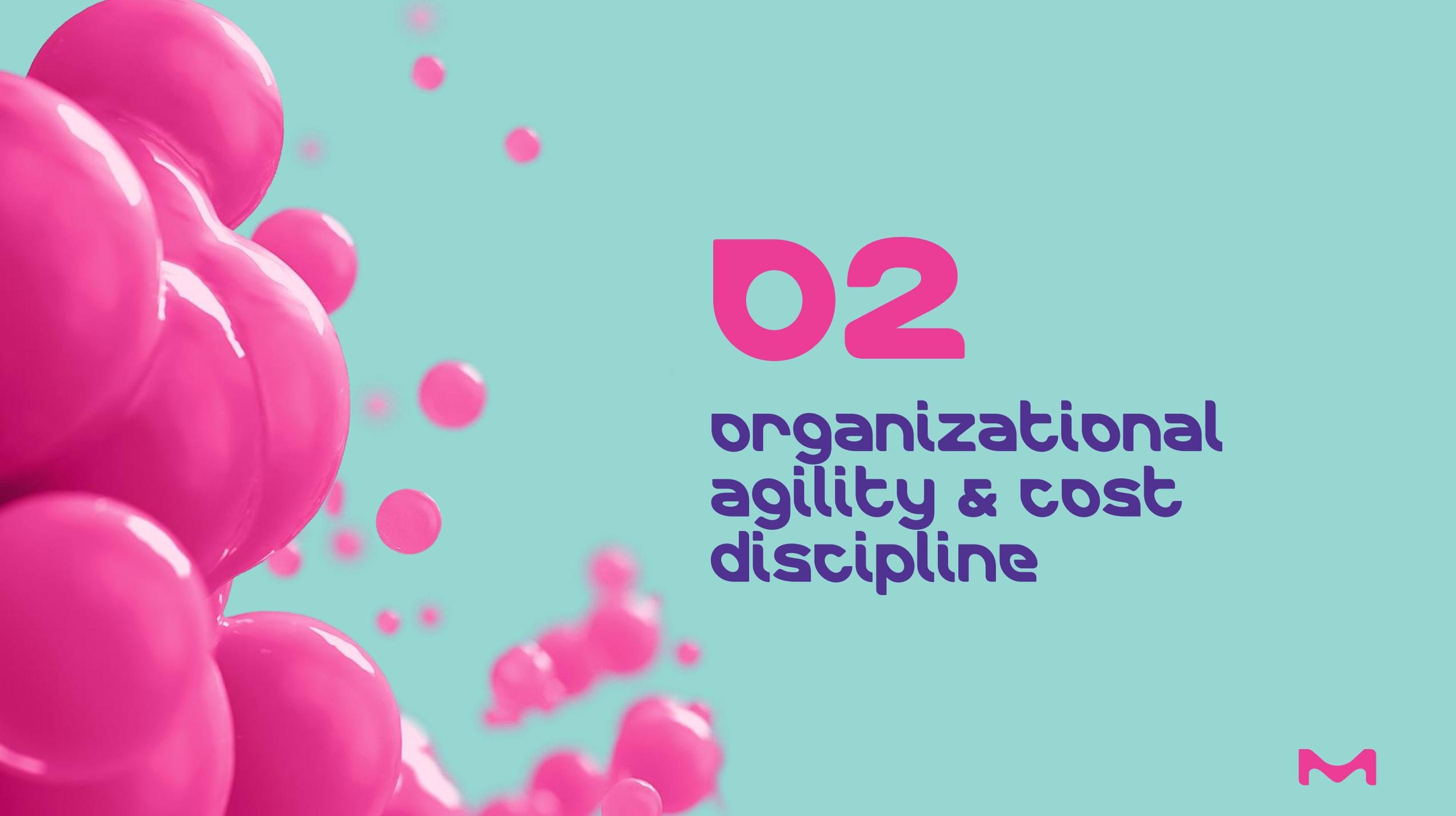
More **complex & multifaceted** CAPEX decisions requiring **discipline**

Rich growth opportunities driven by demand step changes, e.g.

- Process Solutions **capacity & network expansion**, targeted scaling of **high value CDMO/CTO services** across traditional & novel modalities
- Semi capacity expansion in line with customer demand & smart localization

▶ **Annual capex guidance: from ~€1.5 bn in 2021 to ~€2 bn by 2023**



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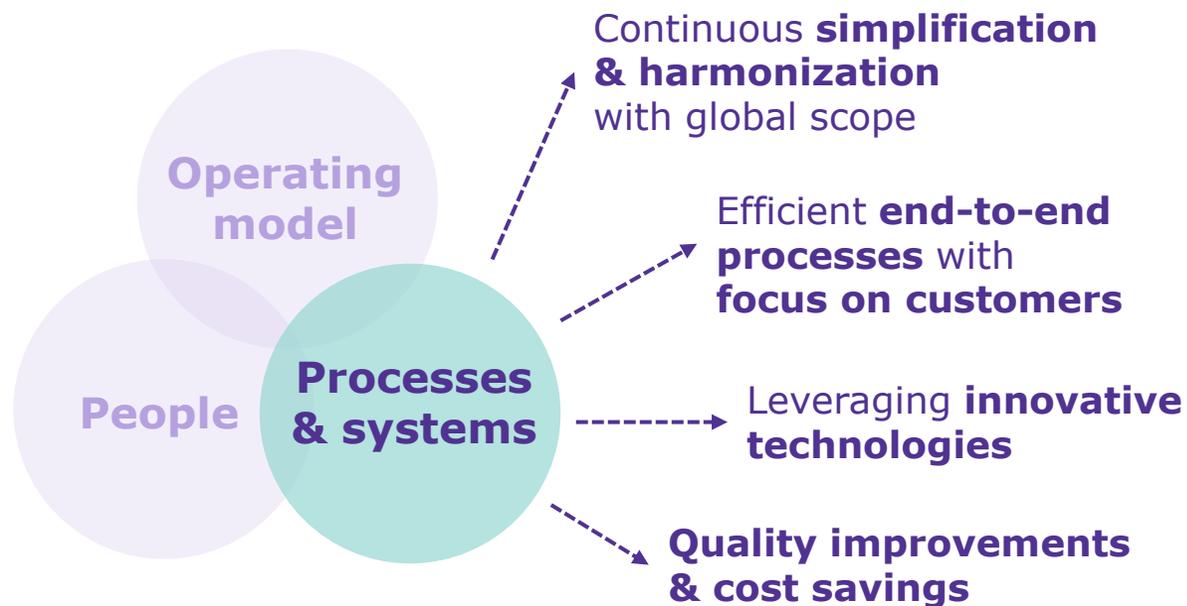
02

**organizational
agility & cost
discipline**



Organizational agility part of DNA and further reinforced with each successful transformation

Just like people, **processes & systems are continuously improving ...**



... leading to **increasing efficiencies and scalability of the organization**

Proven track record of organizational agility

- ✓ **Transformation programs** (Fit for 2018, Bright Future, ...)
- ✓ **Successful carveouts & integrations**
- ✓ **MBS**
- ✓ **Successful management of Covid-19**

processes & systems ready for growth!

MBS

Leveraging organizational agility

Efficiency gains



€80 m

Permanent cost savings since 2016
95% achieved by the end of 2021

22%

Personnel cost reduction
in Group functions*

Global service experts



serving 279
legal entities in
57 countries

900+

Roles shifted to shared
service centers

120+

Transformation projects
completed by end of 2021

A scalable platform ready for growth!

- ✓ Cost efficient & sustainable quality through improved organizational structure and global end-to-end service delivery across functions
- ✓ Enabling further efficiencies and business agility due to centralization, simplification and increased automation of tasks

*in Human Resources, Finance, Procurement since 2016

Continuously expanding service delivery scope...



Employee Services



Finance Services



Buy & Pay Services



Country Services



Global Support Center



NEW SERVICES



Group

Sustainable culture of cost consciousness fueling efficient growth

Permanent cost discipline part of DNA



Various ongoing, successful initiatives targeted at primary spend

- ✓ Biggest cost items in permanent focus
- ✓ Active monitoring & steering of spend
- ✓ Sustainable culture of cost-conscious behavior and cost ownership

Learning from COVID-19 for further efficient growth



- ✓ Behavioral change including new working modes & more virtual collaboration
- ✓ Further sharpened focus on managing key spend categories, ensuring healthy spend levels moving forward



Fully integrated into organization



- ✓ Cost consciousness translated into processes & systems
- ✓ Increased transparency of cost categories & drivers, enabling higher diligence
- ✓ Active resource allocation to fuel strategic growth opportunities

With solid proof points



- ✓ Over €400 m sustainable savings in focus categories (such as professional fees, marketing or events) supporting margin improvement over the recent years
- ✓ Additional sustainable savings of 20% vs. pre COVID-19 in travel & entertainment

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03

outlook



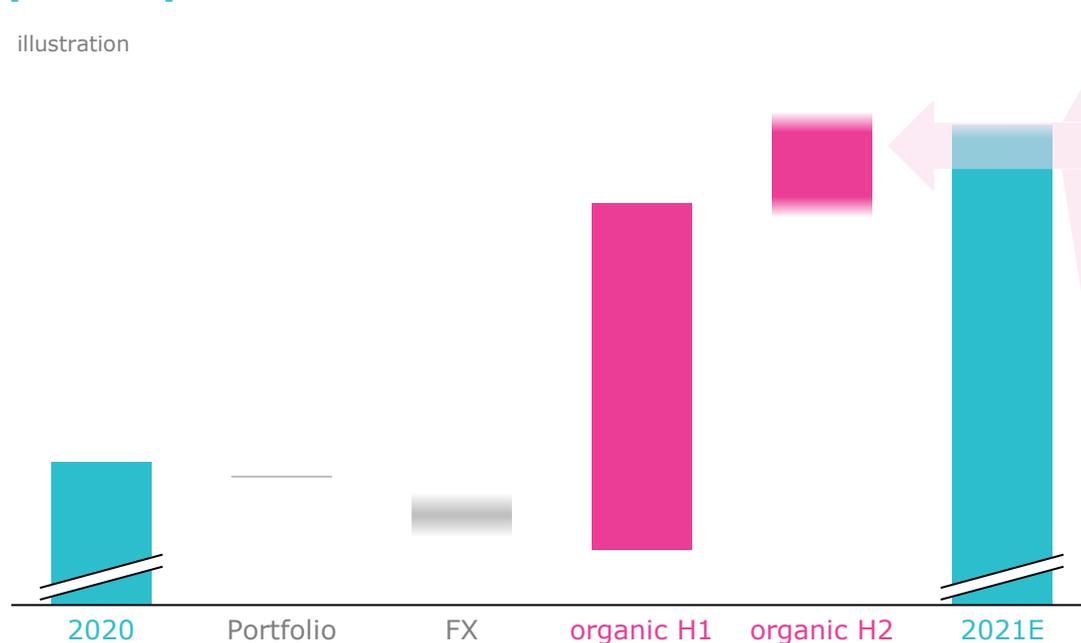
Group

Continued growth in H2 2021 despite tough comps in LS

Expected EBITDA pre development in 2021¹

[in € m YoY]

illustration



Drivers of H2 development

- **Group-wide:** slower growth compared to H1 2021 due to heavy COVID-19 impact on H1 2020 and considerably tougher comps in H2 from additional Life Science demand
- **Healthcare:** Lower non-recurring income H2 2021; Fertility now comparing to recovering H2 2020
- **Life Science:** Continued positive COVID-19 tailwind at expected slower pace, continuously strong base business
- **Electronics:** continued fast growth in Semiconductor Materials further supported by DS&S

➤ **Continuous strong confidence in 2021 guidance of 12% to 14% organic growth in Group sales and 21% to 25% organic growth in Group EBITDA pre**

¹ Based on mid-range of guidance from August 5: + 21 % to + 25 % YoY organic EBITDA pre growth, FX headwinds of -2% to -4% YoY; 2020 excluding Biogen provision release



Group

Clear set of tasks to enable our 2030 ESG goals

Tasks

Development In place

Results and next steps

Tasks	Development	In place	Results and next steps
Analysis of requirements: Strategy, business, regulation, stakeholders			Ongoing due to developing field of ESG stakeholder expectations and regulation
Build effective data platform for internal steering			Feed in internal data, external data, industry benchmarks and modelling projects in 2021
Develop ESG KPIs for reporting			Developing & evaluating ESG KPIs for steering, milestones, decide on reporting in 2021
Develop SBV tool ¹ to measure product sustainability value			SBV tool developed and tested in up to 10 cases by 2021
Link ESG ² to board compensation with 20% sustainability factor from 2022			Approved by AGM, qualitatively included, quantitative factor to be developed in 2021
Further incorporate ESG in R&D, Controlling, M&A and Supply Chain			ESG-Framework M&A/Capex in 2021 , progress in supply chain, controlling, R&D
Decide on dedicated investments and initiatives to achieve targets			Business strategies and priorities under development, budgeting & decisions in 2021

¹Sustainable Business Value: Dive in deeper and read the research article on the [SBV method](#); ²ESG: Environmental, Social, Governance



Group

Expanding KPIs to monitor and steer sustainability comprehensively

Target Exemplary KPIs to be implemented in 2021

 1 Human Progress	# of people positively impacted by our technologies/products % of new patent families with positive sustainability impact
 2 Sustainable Value Chain	Environment, health and safety: Incident rate % of employees trained on sustainability % of relevant suppliers that are covered by a sustainability assessment/audit
 3 Ecological Footprint	Greenhouse gas emissions scope 1+2 Greenhouse gas emissions scope 3 Waste score & water intensity score

- KPI set will evolve over time
- External reporting requirements: **140+** ESG indicators



Our sustainability ambition is integrated in the Executive Board compensation system

From 2021 onwards
Explicit reflection of the new targets on **qualitative level (profit sharing modifier)**

In addition, from 2022 onwards
Quantitative sustainability factor in the **long-term incentive plan** for the Executive Board

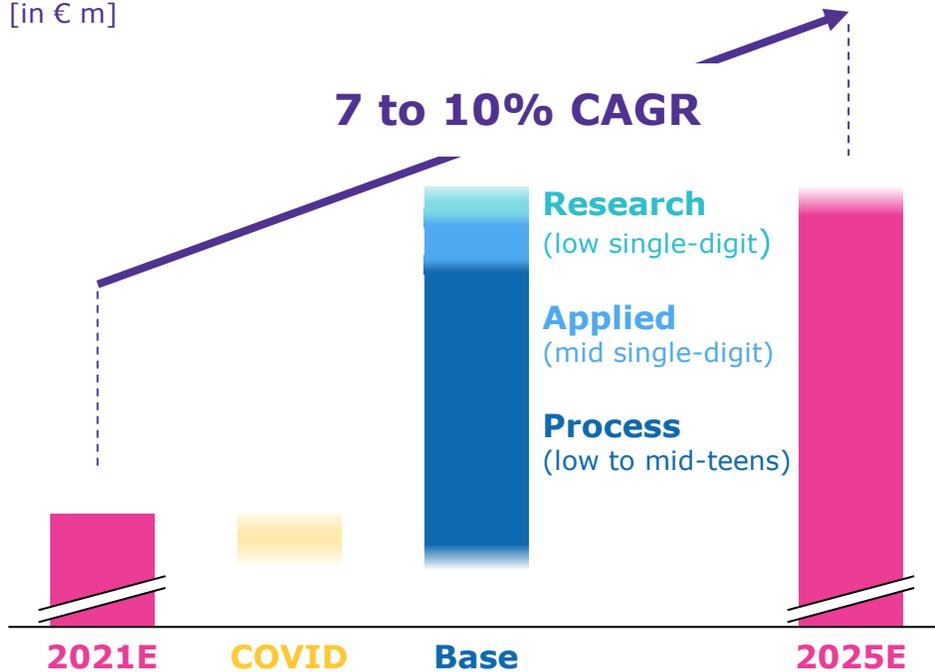
Set of sustainability KPIs will build the underlying basis for the development of the sustainability factor

Life Science

Strong growth and improved mid-term outlook

Life Science mid-term sales outlook

[in € m]



Drivers of strong mid-term outlook

- **LS-wide: Above-market performance** with continued positive YoY growth rates **despite expected fading COVID-19 demand**¹
- **Process: Driving ~80% growth** based on three main pillars
 - Capitalizing on strong demand for **products for traditional modalities** via network / capacity expansion and innovation (e.g. BioPharma 4.0)
 - Building scale in **services for all modalities** with a focus on mAbs, hp-APIs, ADCs, viral vectors and mRNA
 - Templating **products for novel modalities**
- **Applied and Research:** Building on strong positions with continued **robust growth** in line with historical trends



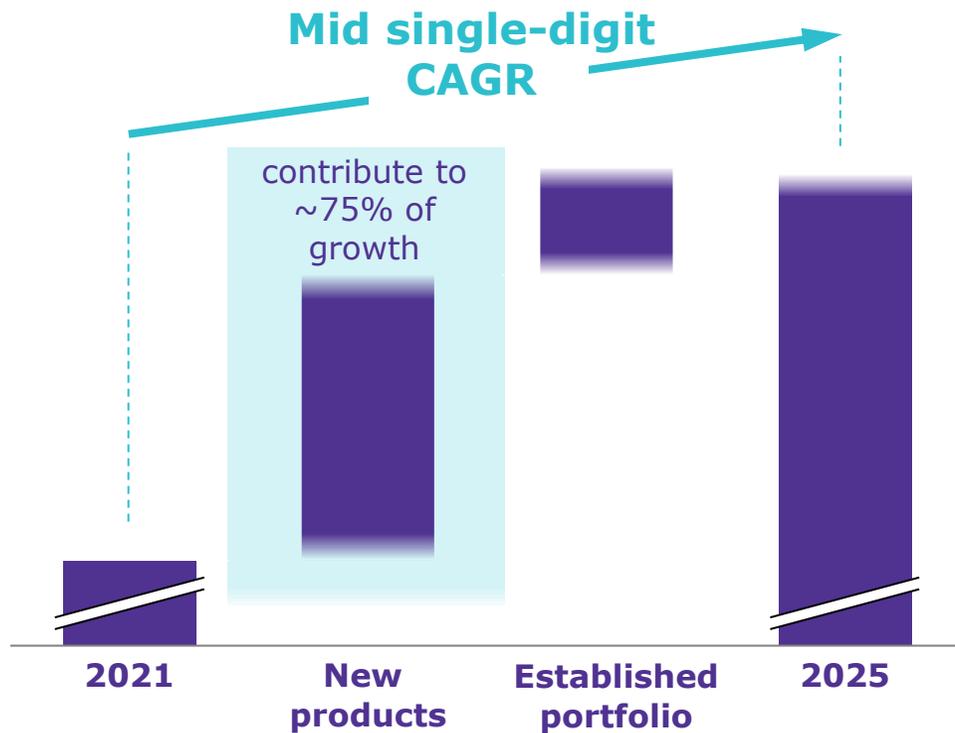
Confident to deliver above-market growth despite expected fading COVID-19 business

¹Mid-term organic sales outlook of 7 to 10% CAGR assumes fading COVID-19 related business between two scenarios: A) zero COVID-19 related business in 2025 [implied CAGR of 6 to 9%] and B) COVID-19 related business in 2025 on 2021 level [implied CAGR of 8 to 11%]



Healthcare

Growth driven primarily by innovation, augmenting a solid established portfolio foundation



Risk-adjusted illustration

Positioned to accelerate science & technology leadership



Profitable sales growth above global pharmaceutical market (4.6% across TAs until 2025)¹



New products

- Evobrutinib (BTKi) to strengthen our leadership position in Multiple Sclerosis
- Multiple assets within our targeted Oncology TA focus
- Committed to drive our recent launches Bavencio, Mavenclad[®] and Tepmetko[®]



Sustainable long-term growth for Healthcare beyond 2025

¹ Company estimates of mid-term growth outlook based on industry forecasts and reports from public research institutes (e.g. IQVIA Global Medicine Trend Report from April '21)



Electronics

Shifting gears from transformation to growth execution

From building a platform...

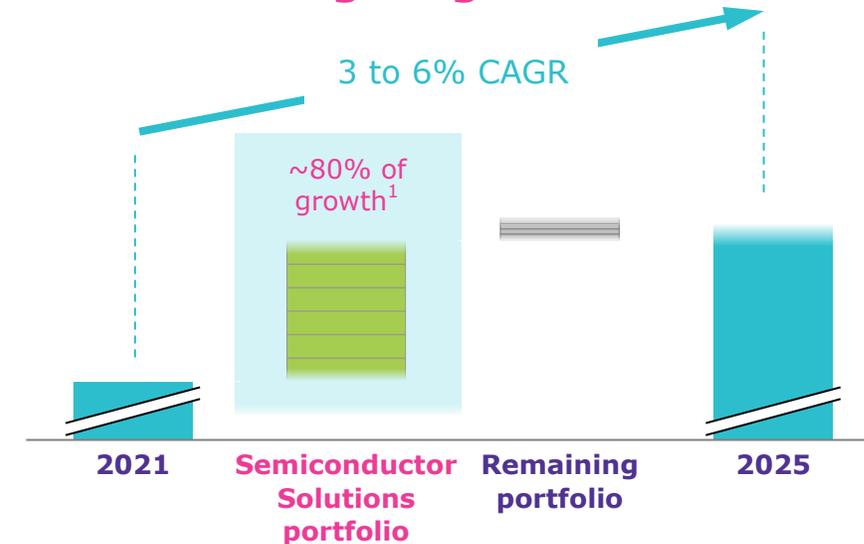
Successful "Bright Future" transformation

- **Superior business composition**
 - ~10 equally sized, differentiated tech platforms
 - Wider customer base than ever before
 - Balanced presence in all major customer hubs
- Clear **focus on Semi & innovation**

Significantly higher Versum synergies

- **Accelerated capex** investment plan
 - Smart localization
 - Global presence & local proximity
- **Display & Surface well managed** according to Enterprise Planning Unit role

...to executing on growth



- **Semiconductor Solutions:** to grow **200 to 300bps²** above faster underlying market of 5% to 7%
- **Display Solutions:** low-single digit decline in the coming years expected to return to growth until 2025
- **Surface Solution:** low single-digit growth post COVID-19 turnaround

1) illustrative split by semiconductor solutions technology platform

2) „Basis points”

The background features a teal-to-white gradient. On the left side, there is a cluster of large, glossy pink spheres. Scattered throughout the teal area are numerous smaller pink spheres of varying sizes, some in focus and some blurred, creating a sense of depth and movement.

04

**EXECUTIVE
SUMMARY**



Executive Summary

**Finance priorities to accelerate
science & tech leadership**

starting from a position of strength



**Executing clearly
defined Enterprise
Portfolio Unit roles**



**Driving focused &
disciplined capital
allocation**



**Leveraging
organizational agility
& cost discipline**



**Delivering
promised
growth**



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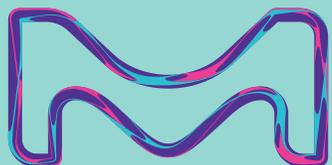


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