

## News Release

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## Resilient Business Model Delivers Further Efficient Growth

- **“Big 3” expected to generate around 80% of sales growth and > 50% of total sales in 2025**
- **Strategic and targeted investments for annual organic increase in sales of > € 1 billion**
- **Larger-scale acquisitions an option from 2023 onwards**

Darmstadt, Germany, October 6, 2022 – At today’s Capital Markets Day, Merck KGaA, Darmstadt, Germany, announced its intention to further expand its leadership in science and technology despite the currently challenging operating environment. To achieve this, the company will continue to focus on its “Big 3” businesses: Process Solutions and Life Science Services, new Healthcare products, and Semiconductor Solutions. By 2025, these businesses are expected to generate approximately 80% of targeted sales growth, and more than 50% of total sales in 2025.

Belén Garijo, Chair of the Executive Board and CEO of Merck KGaA, Darmstadt, Germany, said, “The current turbulent environment continues to be a stress test for our business model and strategy. I can say with confidence that our highly resilient business sectors are the foundation for our bold plans to accelerate efficient growth and seize organic and inorganic opportunities. We remain fully on track to reach our mid-term growth target of €25 billion in sales by 2025.”



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The company attributes its high capacity for resilience to several factors, notably:

- Good financial position: strong balance sheet, sufficient cash reserves and moderate fixed cost exposure
- High degree of diversification in the three business sectors amid low cyclicality
- Robust supply networks due to increasing localization
- Lower dependency on single regions thanks to diversified footprint
- Strong focus on sustainability as an integral part of the company strategy, linked with clear sustainability goals.

Thanks to this solid foundation, the Group reaffirms its growth objectives: Up until 2025, the company expects to grow sales organically by at least 6% on average per year, equating to an increase of more than € 1 billion annually. To this end, the company is making targeted investments worldwide to expand its regional capacities. At its sites in [Molsheim, France](#), and [Wuxi, China](#), the Group's Life Science business sector is investing more than € 230 million to strengthen its manufacturing capabilities for single-use assemblies by 2028. In September, the sector opened a viral clearance lab as part of the first building phase of its new € 29 million [biologics testing center](#) in Shanghai, China. In Darmstadt, Germany, the Healthcare business sector recently laid the cornerstones for two new buildings: the Translational Science Center, involving an investment of around € 200 million, and the € 160 million Launch & Technology Center. The Electronics business sector is, for instance, investing around € 600 million in Korea to strengthen its semiconductor and OLED business.

In addition to its organic growth objectives, the Group plans further in-licensing and bolt-on acquisitions. Most recently, for example, the company signed an agreement to [acquire the chemicals business of Mecaro](#), a Korean supplier to the semiconductor industry. The company is thereby expanding its portfolio in its fast-growing Semiconductor Solutions business unit. In addition, as of 2023, the Group will once again consider potential larger-scale acquisitions as an option. Inorganic growth initiatives will fit the strategic direction of the Group, with high priority being given to the "Big 3" businesses.

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When assessing acquisition candidates, the Group always takes sustainability aspects into consideration. Going forward, this will be the case even more so when it comes to capital allocation and investment decisions as well as Research & Development. For instance, the company will prioritize the development of new products that make a particularly significant contribution to sustainability.

Within the business sectors, the "Big 3" are contributing substantially to the positive expectations of the company. The Group confirms its mid-term forecast for the business sectors:

- Life Science: Organic sales growth of 7% to 10% per year. This will be driven by the strong development of the core business. Consequently, the forecast would be achieved even amid a complete absence of pandemic-related demand.
- Healthcare: Average annual organic sales growth in the mid single-digit percentage range. In addition to positive contributions of the established portfolio products, growth is expected to come from new medicines and potential market launches including evobrutinib (multiple sclerosis) and xevinapant (head and neck cancer).
- Electronics: Organic sales growth of 3% to 6% per year. This will be driven by the strong above market performance of Semiconductor Solutions and the company's comprehensive portfolio in this field.

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### **About Merck KGaA, Darmstadt, Germany**

Merck KGaA, Darmstadt, Germany, a leading science and technology company, operates across life science, healthcare and electronics. More than 60,000 employees work to make a positive difference to millions of people's lives every day by creating more joyful and sustainable ways to live. From providing products and services that accelerate drug development and manufacturing as well as discovering unique ways to treat the most challenging diseases to enabling the intelligence of devices – the company is everywhere. In 2021, Merck KGaA, Darmstadt, Germany, generated sales of € 19.7 billion in 66 countries.

The company holds the global rights to the name and trademark "Merck" internationally. The only exceptions are the United States and Canada, where the business sectors of Merck KGaA, Darmstadt, Germany, operate as MilliporeSigma in life science, EMD Serono in healthcare and EMD Electronics in electronics. Since its founding in 1668, scientific exploration and responsible entrepreneurship have been key to the company's technological and scientific advances. To this day, the founding family remains the majority owner of the publicly listed company.