



capital Markets Day 2023

Meat GROUP Management



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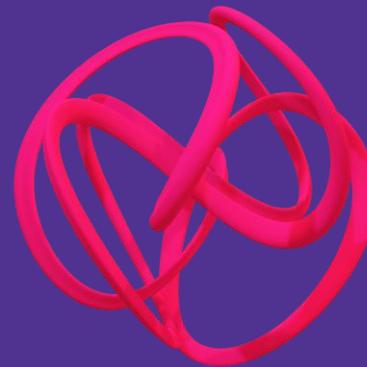
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capital Markets update

Belén Garijo, CEO



Agenda

- 
- 01 Long-term resilient growth
 - 02 Leveraging key Megatrends
 - 03 Outlook & Executive Summary



The background features a vibrant green-to-yellow gradient. On the left side, there is a cluster of large, glossy pink spheres. Scattered throughout the background are numerous smaller pink spheres of varying sizes, some appearing to float or move, creating a sense of dynamic growth.

01

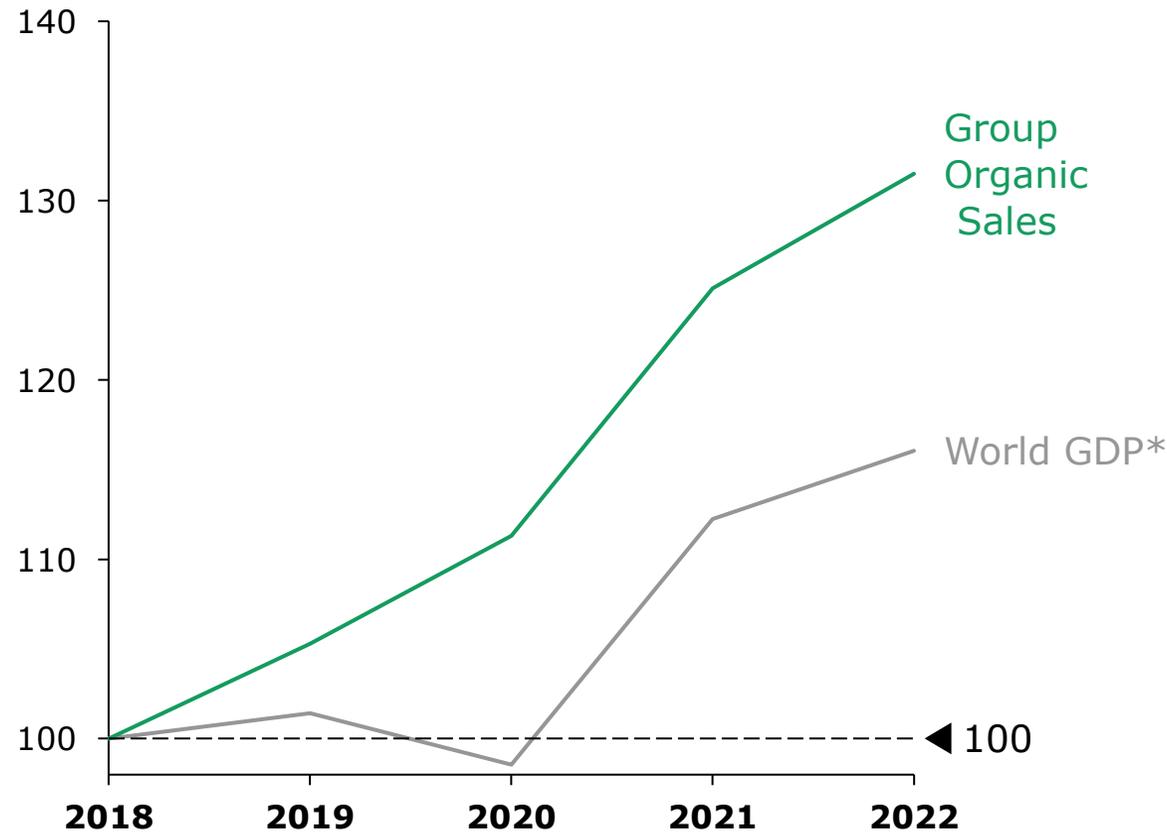
Long-term resilient
growth



Group

Multi-industry business model drove global GDP outperformance during pandemic

Group org. sales development vs world GDP, cumulative (100 as basis in 2018)



FOCUS ON SECTORS WITH STRONG ORGANIC GROWTH TRENDS

- COVID-19 pandemic a major challenge to global economy
- Group significantly outperformed world GDP development
- Organic sales growth between 6% and 14% YoY from 2020 to 2022
- Multi-industry business model a key driver

Group

The expected transitional year 2023



Positive catalysts

- Recent product launches in Healthcare
- Established product portfolio in Healthcare
- Regained full rights to Bavencio in Healthcare, effective July 2023
- Low exposure to early-stage biotech in Life Science
- Geographical footprint
- No exposure to "Inflation Reduction Act" in the US



Negative catalysts

- Pronounced COVID-related sales decline to ~€250 m in LS
- Destocking in Process Solutions
- Prolonged down cycle in Semis
- Low customer utilization in Display Solutions (LC; mainly in H1)
- Strained macroeconomic and geopolitical environment
- Uncertainty regarding China

Temporary challenges in Life Science and Electronics in 2023



Compensated by strong Healthcare performance



Flat organic sales performance YoY in H1 2023 despite challenges

Group

Returning to growth in 2024



Life science

Share of net sales¹ **47%**

Share EBITDA pre¹ **51%**

Return to organic sales and EBITDA pre growth in 2024

- **Easing COVID comps** in 2024
- **Inflection point for sales in PS expected in H1 2024**
- **SLS growth contributor** for product portfolio and range of applications



Healthcare

Share of net sales¹ **35%**

Share EBITDA pre¹ **33%**

Growth in Healthcare normalizing in line with mid-term aspirations

- 2023 guidance of +6-9% org. sales; **high base for 2024**
- **Recent launches maturing**; competitor stock outs expected to ease
- **Main potential catalysts** evobrutinib, xevinapant with early contribution as of 2025



Electronics

Share of net sales¹ **18%**

Share EBITDA pre¹ **16%**

Semiconductor recovery anticipated during 2024

- **Semiconductor market to pick up** amid partial customer destocking
- Big data, IoT and AI to drive **next stage of secular growth**; AI a mid-term topic with low initial volumes

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D2

Leveraging key
Megatrends

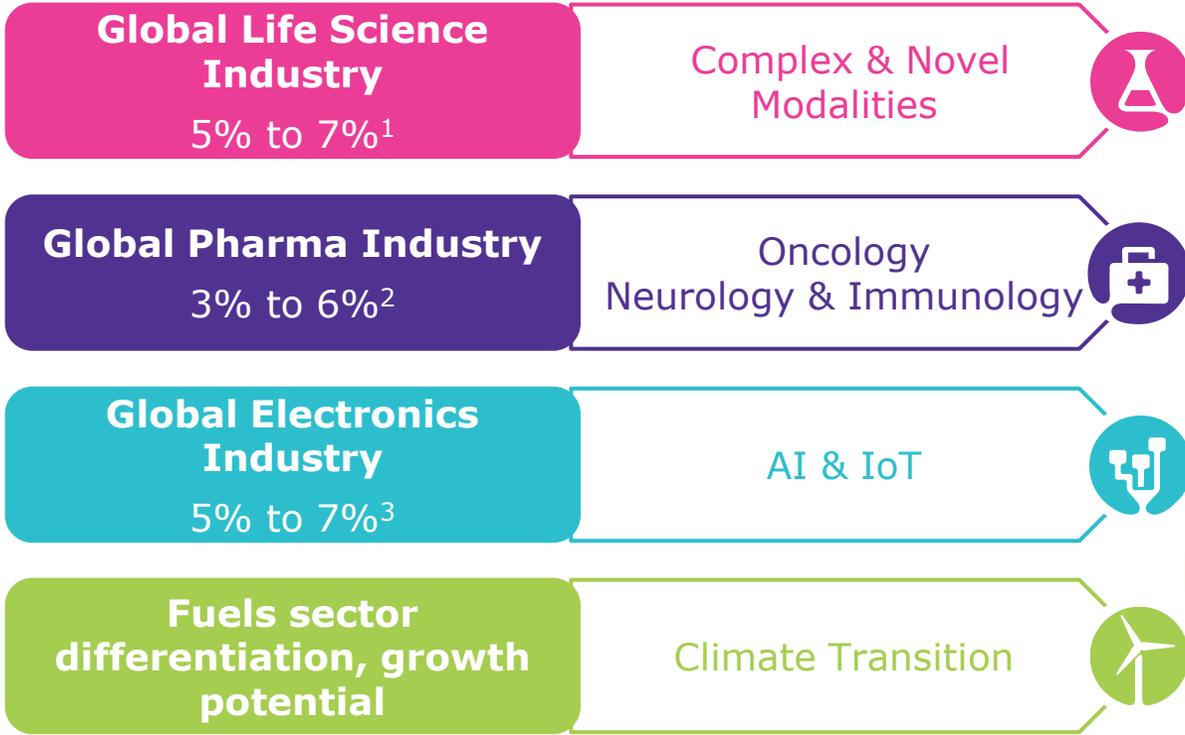


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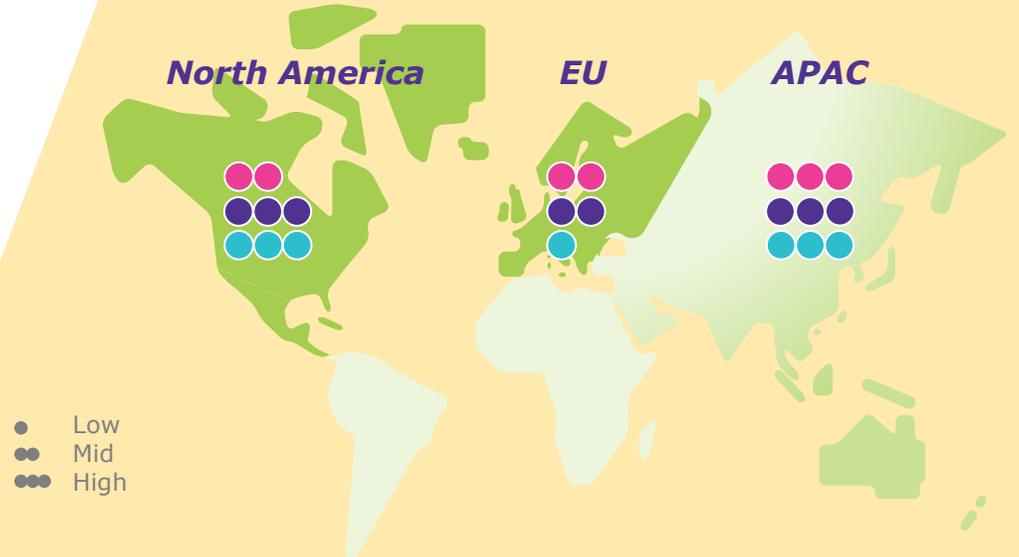
Fueled by attractive megatrends driving long-term growth

End Market Growth Potential

Key Megatrends



Long-Term Growth Potential by Region



building on geographic diversification and execution excellence

¹Company estimates of mid-term growth outlook based on industry forecasts and reports from public research institutes (e.g. IMF, IQVIA, Evaluate Pharma/EphMRA, Prismark, etc.);
²Company estimates of mid-term growth outlook for global Pharma industry; ³Company estimates for Million Square Inches of Silicon Wafers growth of +5-7% based on industry forecasts



Group

Closely geared towards largest global market, Asia Pacific

	North America 	Europe 	Asia Pacific 
GDP 2022¹ (USD bn)	\$27,610	\$16,641 ³	\$35,017
GDP growth in 2024 estimated²	+1.5% 	+1.5% ³ 	+4.2% 
As % of global GDP (2022)	~28%	~17% ³	~35%
As % of Group's 2022 sales	~29%	~28%	~35%

corresponding geographical footprint in all key global regions

Group

Deep dive Life Science - Actively diversifying global footprint in Process Solutions



AMERICAS

EMEA

APAC

Strategic direction

Capacity expansions to fuel growth

Regionalize manufacturing network to increase resilience and capture growth in Asia

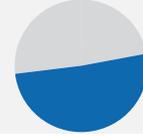
Pre-pandemic



Post-pandemic



Future CAPEX
(directional % of total)



Expansion New site No footprint Full footprint

Moving from global Centers of Excellence to an in-region, for-region approach



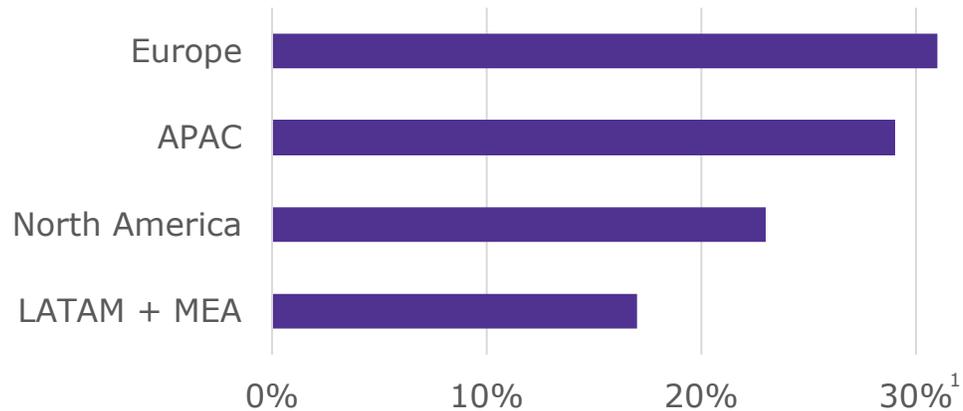
Group

Deep dive Healthcare - Building on a geographically well-balanced footprint, priority to increase US exposure



Markets

Today



Future



- ✓ **Strong confidence** in renewed R&D engine
- ✓ Franchises well adapted **across geographies:**
Oncology and N&I focusing on developed markets.
Broad footprint in **Fertility. CM&E** capturing developing market potential

- ➔ **Innovation-driven growth in the US,**
Planned launches of evobrutinib and xevinapant
- ➔ **R&D and BD priorities driven by US potential**
- ➔ Continued growth contribution of **solid established portfolio**

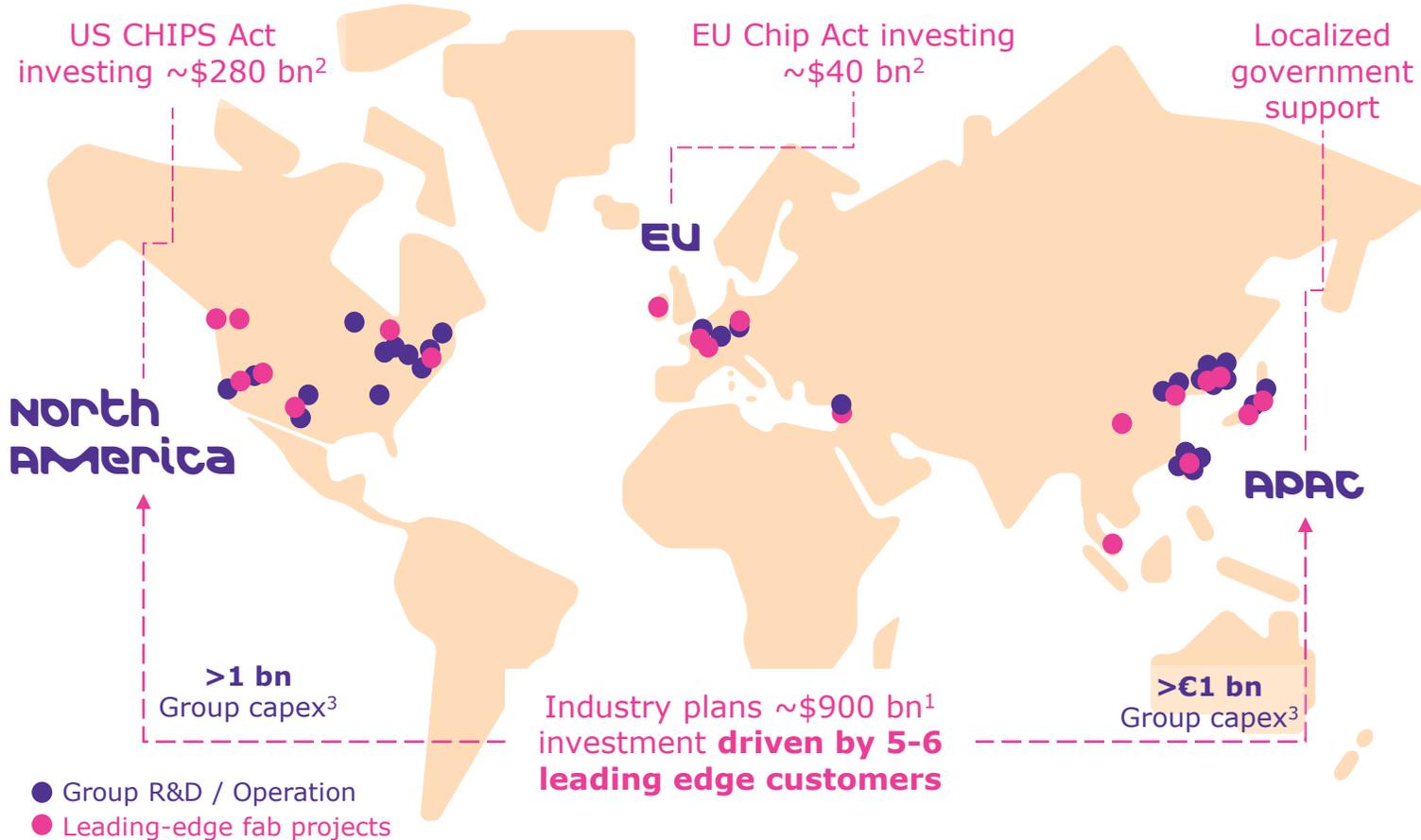
Group

Deep dive Electronics - Becoming the local partner to global customers



Business

Global powerhouses driving semiconductor investment



Smart localization strategy

- ✓ **Innovation partner to leading-edge customers**
- ✓ **Local partner to global customers supporting regional powerhouses**
- ✓ **Network of R&D and production close to customers and innovation hubs**
- ✓ **Alternative production sites provide global resilience**



Group

Deep dive Sustainability - Leveraging global ambitions



climate transition

Reduce costs from emissions and energy



Climate neutrality by 2040



-10% emissions¹

Energy and emissions saving programs

human rights in the supply chain

Secure license to operate



Sustainable and transparent supply chain



82% coverage²

Risk-based approach and supply chain act readiness

access to medicine in LMICs³

Expand emerging markets access to our products



Positive impact on health and well-being



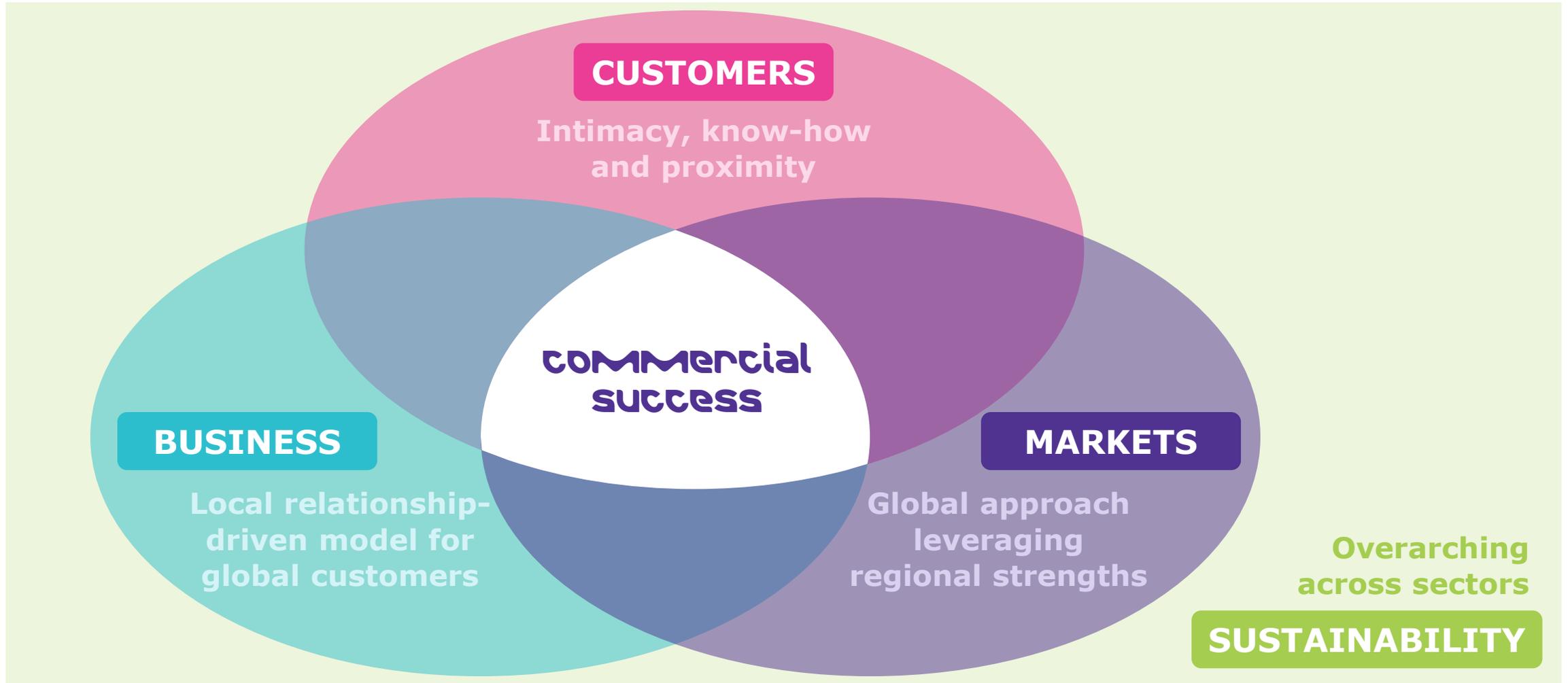
5th in ATMi⁴

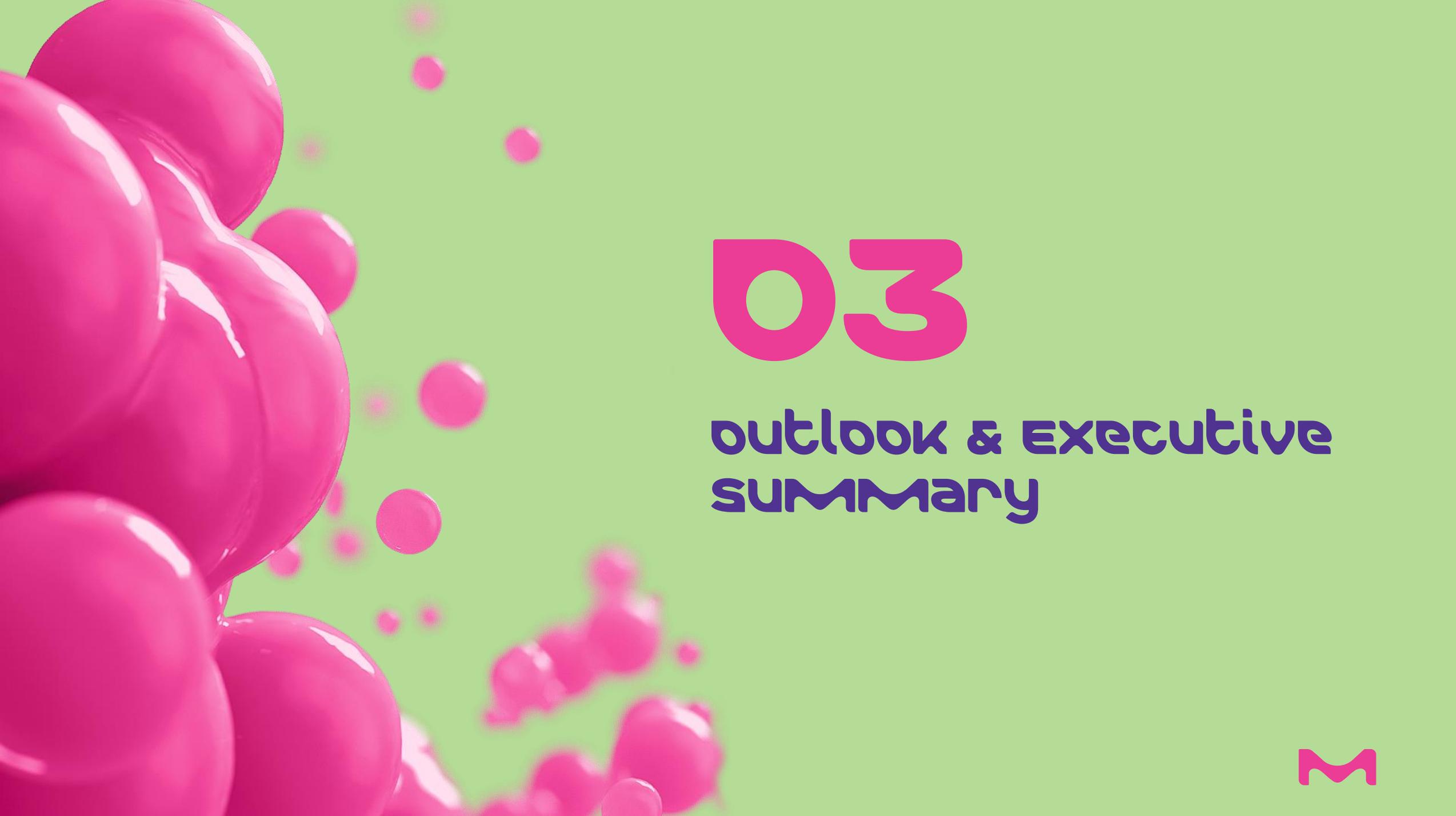
Faster launches, stronger health systems



Group

Offering the right toolkit to maximize commercial success





03

outlook & executive summary



Group

Mid-term growth prospects intact



Life science

7-10% mid-term CAGR

- Market fundamentals remain intact despite temporary developments such as destocking
- Our portfolio and our innovation engine increase confidence in our mid-term goals



Healthcare

Mid single-digit mid-term CAGR

- Growth of new products to be expanded with planned wave 2 launches of evobrutinib and xevinapant
- Established portfolio makes positive contribution



Electronics

3-6% mid-term CAGR

- Continuous confidence in mid-term upwards cyclicity of semiconductors and ability to outperform the market

Maintaining Mid-term growth aspirations

Leveraging key megatrends will drive growth post the transition period

Group Confidence in mid-term growth beyond 2025



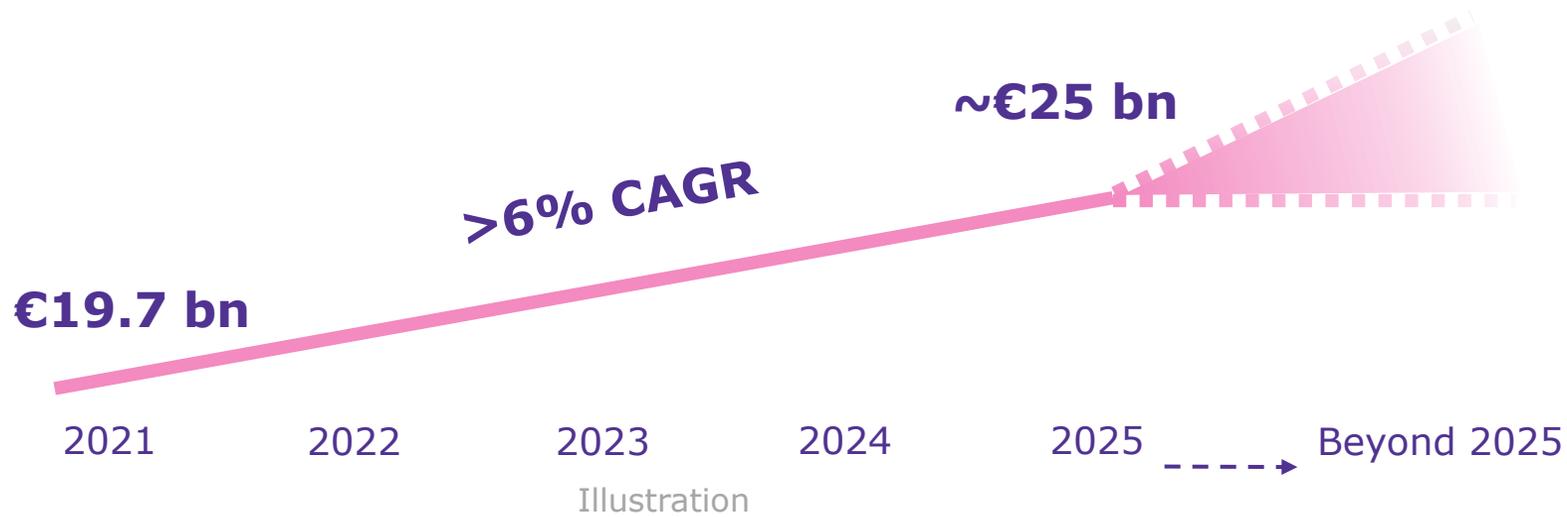
Benefiting from megatrends in all business sectors



The right toolkit to maximize commercial success



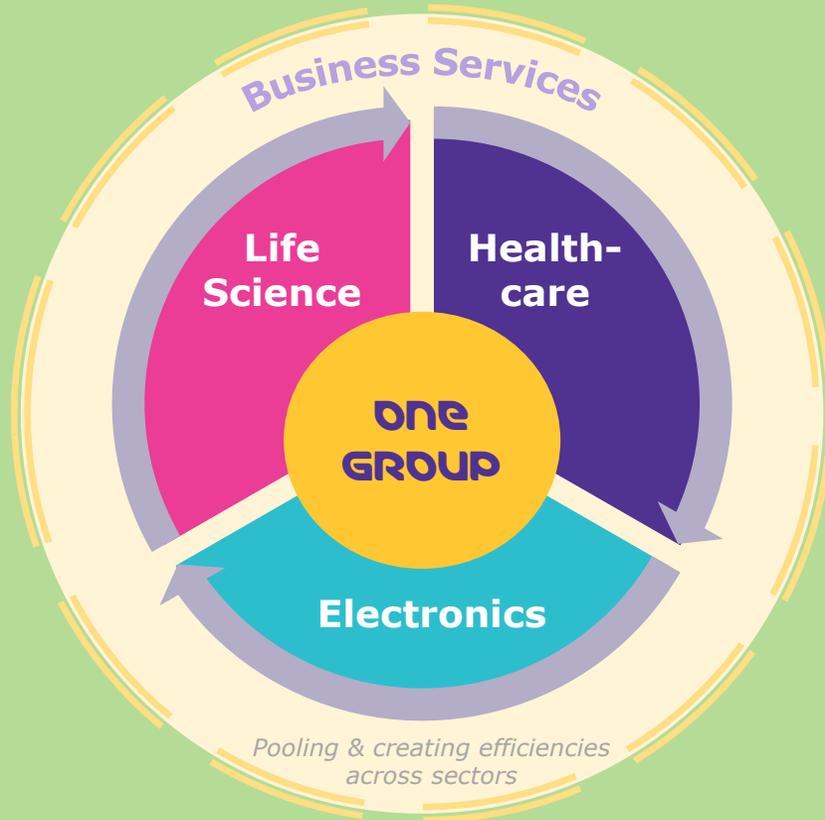
#25by25



Group

Innovation a key driver of future sales growth

Leveraging core competencies across business sectors



Pairing innovation with data and digital



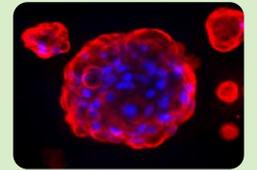
AIDDISON™

Early molecule discovery fueled by generative AI, enabled by Healthcare database



Organoids

Promise to deliver faster and more accurate drug testing results compared to today's 2D approaches and to reduce animal testing



Smart Manufacturing

For manufacturing excellence by design, maximized quality process performance and supply chain resilience



To bring innovations faster to customers and patients



Group

M&A continues to be on the agenda

M&A guardrails

- 1 Fitting to megatrends for the Group
- 2 Supporting profitable organic growth strategy
- 3 Small and larger scale M&A are options
- 4 Disciplined approach
- 5 A means to an end

ultimately, any
deal needs to
Maximize
shareholder
value creation

Group Executive summary on strategy update



Resilience

Track record in managing
challenging times



Growth

Leveraging appealing
megatrends



Excellence

Maximizing commercial
success in all key regions

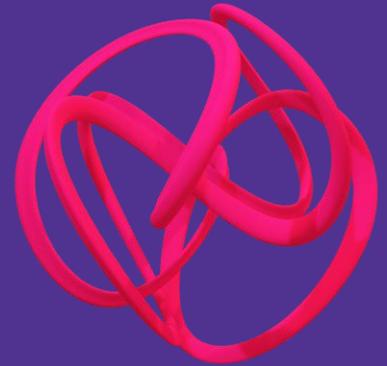


Execution

Delivering profitable,
attractive mid-term growth

Financial perspective

Helene von Roeder, CFO



Agenda

- 01 Financial perspective on the transitional year
- 02 returning to growth – 2024 and beyond
- 03 reaping the benefits Mid-term
- 04 EXECUTIVE SUMMARY





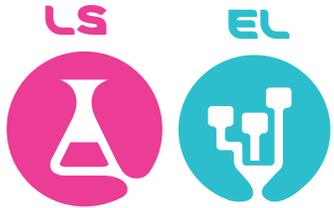
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Financial
perspective on the
transitional year

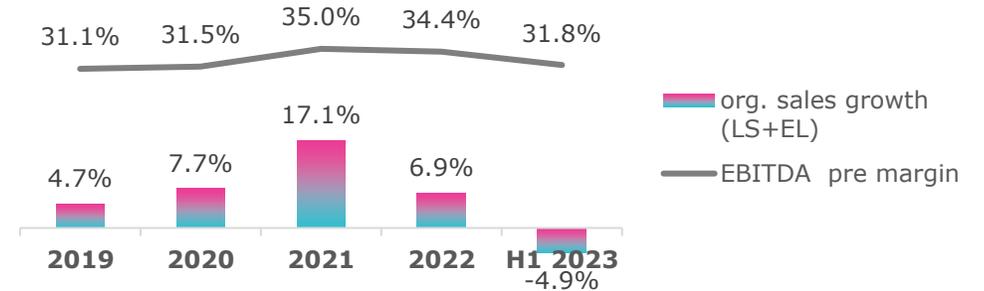


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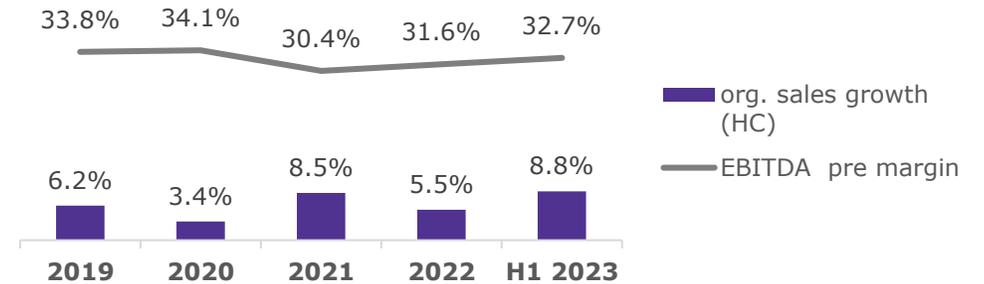
Healthcare largely able to compensate for LS, EL market challenges



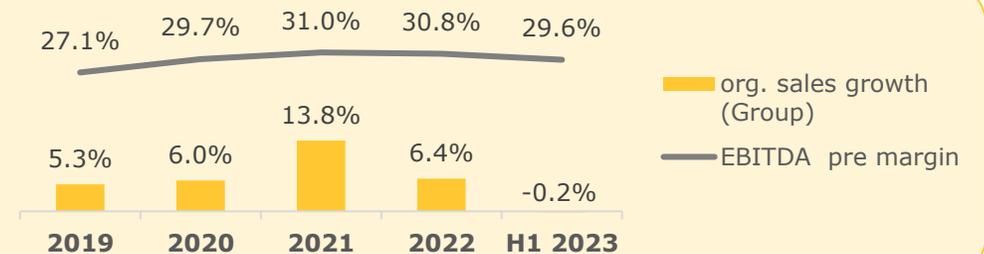
- COVID headwinds paired with destocking in PS
- Relative strength in Semiconductor Solutions in a challenging market



- Strong organic growth on recent product launches, Fertility
- EBITDA pre margin supported by operating leverage, mix and strict cost discipline



- Flat org. sales performance in H1 despite market headwinds in LS, EL
- EBITDA pre margin decline limited due to margin improvement in HC



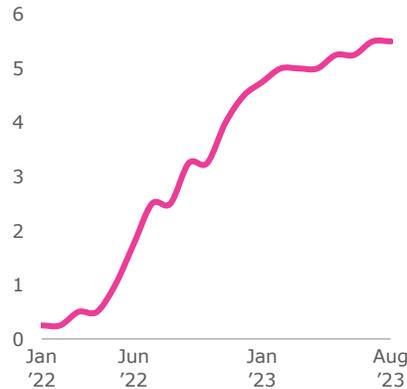
Group

Market environment behind a transitional year 2023

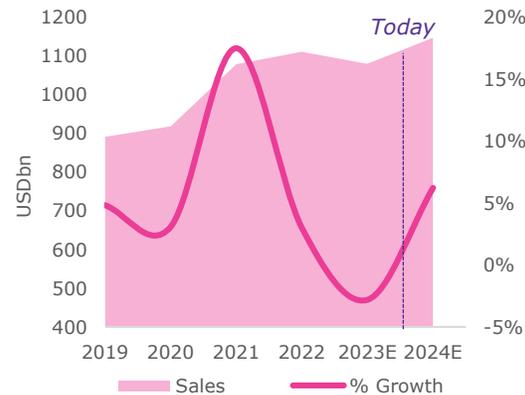


Life science

Fed Interest Rate (%)



Worldwide Prescription Drug Sales Development*



- Strong increase in key interest rates since early 2022
- Preservation of cash has become more important
- World normalizing post-COVID in 2023
- Worldwide prescription drug sales expected to decline in 2023 after years of strong growth
- Broad-based inventory reduction results in destocking dynamics for PS, demand softness in SLS



Electronics

Construction & Equipment Capex (front end fabs)¹MSI²

- Economic cycles impact wafer production in semiconductors; partial unwind of work from home amplified downcycle
- Wafer production in downcycle since late 2022; production recovery expected during 2024
- Investment for industry capacity in fab construction projects and wafer equipment supports DS&S orderbook



Group

Managing 2023 guidance in an increasingly challenging year

Expected EBITDA pre development in 2023

[In € m YoY]

Illustration



Drivers of H2 development

- **Group-wide:** Increasing temporary challenges in LS and EL driving difference in org. EBITDA pre development
- **Life Science:** Trough in PS in Q3; inflection point for order intake in mid-Q4 23 to Q1 24 amid pronounced COVID sales decline
- **Healthcare:** H1 benefited from strong operating leverage, mix and was supported by active portfolio management of around ~€70 m
- **Electronics:** Market downturn in Semiconductor Materials extending into 2024; EBITDA pre in H1 supported by UDC patent agreement

Confirming 2023 guidance¹

- Net sales of ~€20.5 bn – €21.9 bn
- EBITDA pre of ~€5.8 bn – €6.4 bn
- EPS pre of ~€8.25 – €9.35

Key factors contributing to wide guidance range

- Destocking, SAP migration, uncertainty regarding China in Life Science
- Shape of downturn in semiconductor market in Electronics

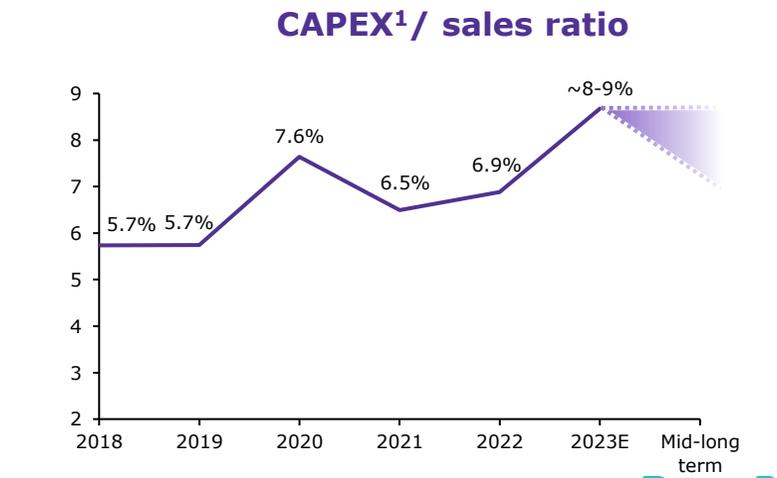
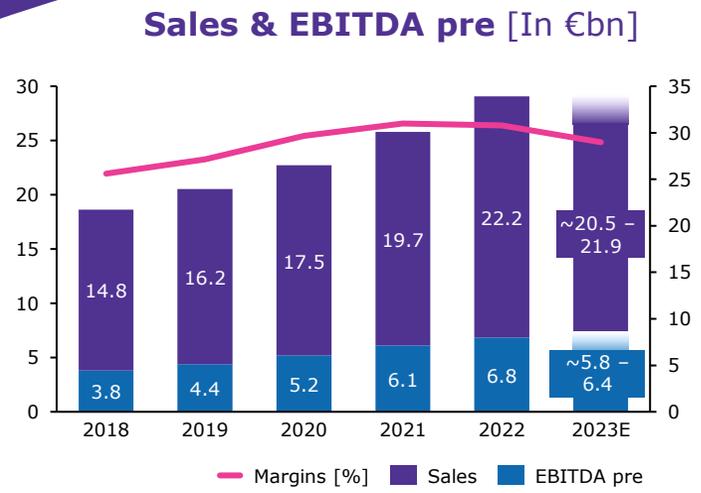


Group

Investing through the cycle

- ▶ FY 2023 guidance implies decline in EBITDA pre
- ▶ Operational expense base reflects confidence in future growth
- ▶ CAPEX responsibly managed
 - Investing with mid-to long-term view
 - Flexibility to react to changes in business environment

Development of key financials 2018 to 2023



¹Based on gross additions to Property, Plant and Equipment (PPE) on balance sheet (excl. leasing) in fiscal year





O2

Returning to growth
– 2024 and beyond



Group

Leaving the transitional year behind in 2024



Expected development	Contribution to org. group sales growth inflection	Impact on EBITDA pre development
1 PS destocking to end (current view: expected inflection for sales in H1 24)		
2 Resilient growth in Science & Lab Solutions		
3 Semi Materials expects upwards inflection amid destocking, underutilization and cost discipline		
4 Recent HC product launches but high 2023 base		
5 DS&S projects and equipment in Semiconductor Solutions to remain at high levels		
6 Competitor stock outs in HC in Fertility and Endocrinology to ease		
7 Display Solutions normalizing, but competition high , price pressure in LC		



Group Poised for efficient mid-term growth

End Markets

Global Life Science Industry
~5-7%¹

Global Pharma Industry
~3-6%²

Global Electronics Industry
~5-7%³

Key Growth Drivers for Group



process solutions/
Life science services

science & Lab solutions



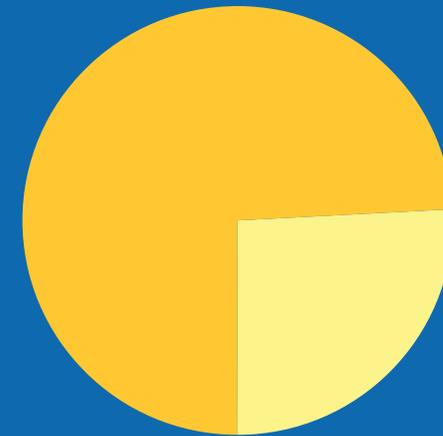
oncology

neurology



semiconductor solutions

Revenue Contribution*



Key Growth Drivers
Others

>70% of sales contributed by key growth drivers





03

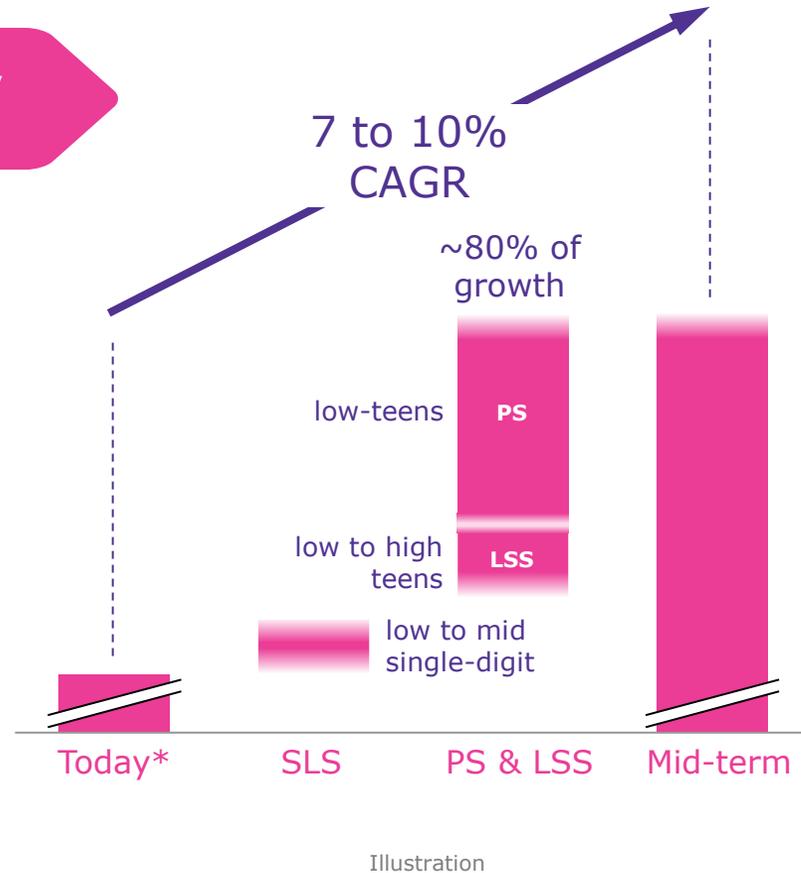
Reaping the benefits
Mid-term



Attractive mid-term growth outlook on strong underlying fundamentals

Diversified industry leader

Delivering above market growth on business, geographical mix and innovation



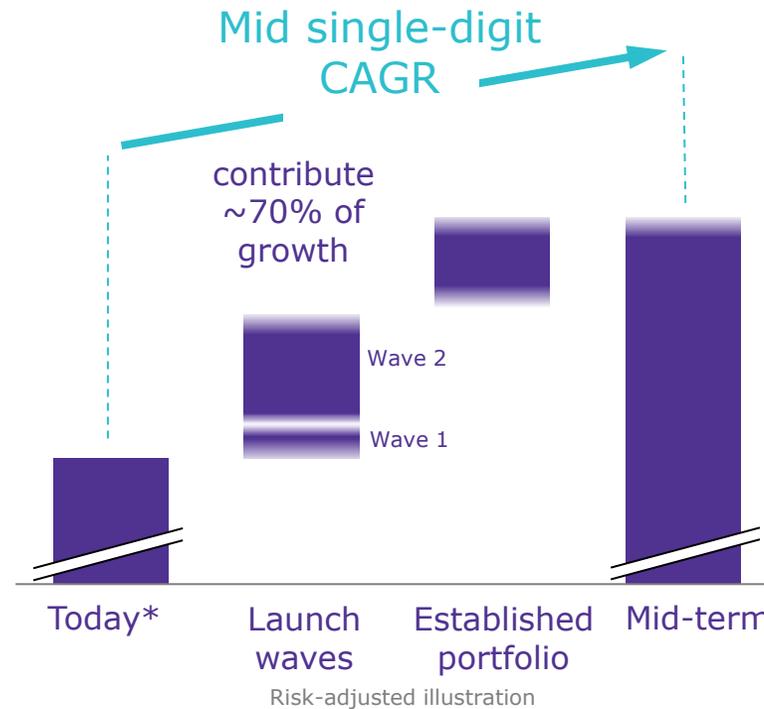
- Process Solutions**
- Going back to growth post destocking
 - Differentiating through innovation (e.g. development of new purpose-built products, templates for novel modalities)
- Life Science Services**
- Near-term headwinds, e.g. reduced biotech funding only temporary
 - Becoming multi-modality CTDMO with differentiated technologies
- Science & Lab Solutions**
- Near-term headwinds, e.g. China, Big Pharma
 - Delivering profitable growth in resilient and regulated markets





Global specialty innovator

Profitable sales growth in line with global pharmaceutical market¹



Launch waves

- Growth of **wave 1** products Bavencio[®] and Mavenclad[®] maturing
- **Wave 2** building on evobrutinib (BTKi) with FiC and BiC potential in RMS and xevinapant (IAPi) aiming at setting up a new SoC in LA SCCHN

Sustainable long-term growth

- **Expanding in N&I**, developing cladribine in MG, enpatoran passing futility in SLE
- **Executing Oncology strategy** with early phase DNA damage assets and ADCs



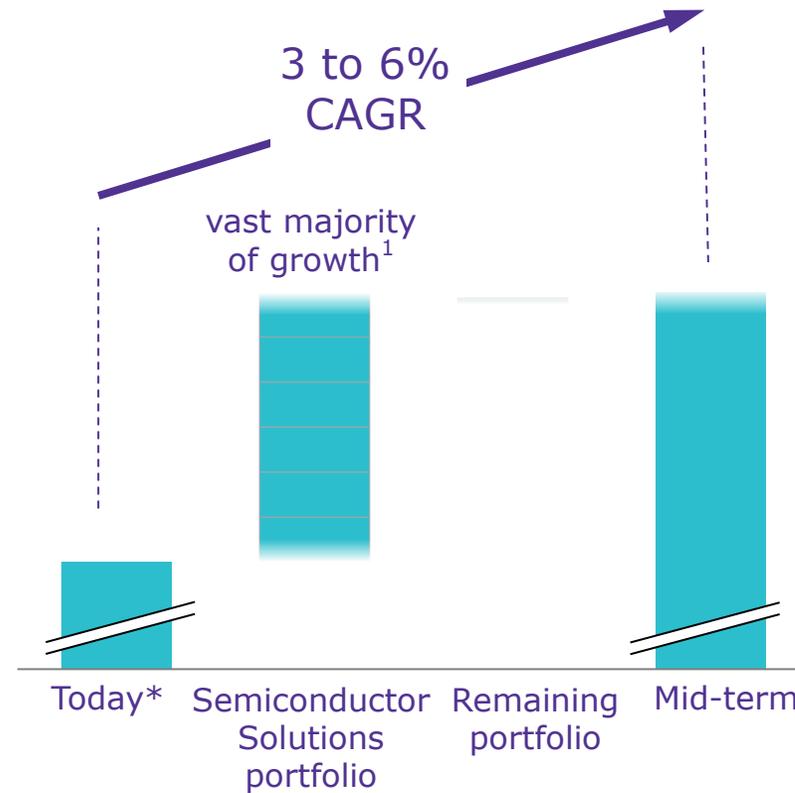
Electronics

Continued progress on “Level Up” as market reaches inflection point



A leading player

Investing in “Level-up³” program to build the innovation and production capacity to support secular growth in Semiconductors



Illustration

Semiconductor Solutions

CAGR of 7% to 10% driven by +200 to +300bps² growth above MSI (5% to 7%)

Display Solutions

CAGR of low single-digit decline

Surface Solutions

Low single-digit growth CAGR

Delivering on Level Up

- Major capacity expansions in sync with customer CAPEX
- R&D investment alongside efficient OPEX scaling
- Highly complementary bolt-on acquisitions

Group

Mid-term growth supported by M&A

clear criteria

- M&A to support profitable growth strategy
- Strong investment grade ratings maintained¹
- IRR above WACC
- EPS pre accretive

No change

FOCUS areas

- Core, enabling and adjacent areas in Life Science
- Semiconductor Solutions
- Innovative assets in Healthcare
- Licensing transactions

Defined strategic focus

financial framework

- Strong financial capacity
 - Changing M&A environment plays in our favor
- Small or larger acquisitions
 - no prioritization
- Dividend payout ratio of 20-25% confirmed

Track record in fast deleveraging

financing options

- Financing options by priority
 - 1 Cash
 - 2 Debt
 - 3 Hybrid
 - 4 Divestments

Cash + debt main financing options

Maximizing shareholder value creation with flexible timelines

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04

EXECUTIVE SUMMARY



Group

Executive summary on financial perspective



PERFORM

Aim to deliver in a transitional year



ACCELERATE

Growth to resume in 2024 in Life Science and Electronics



GROW

Mid-term growth ambitions for sectors intact



ADD

M&A to support profitable growth strategy





Q&A



Capital Markets Day 2023
Life Science spotlight session

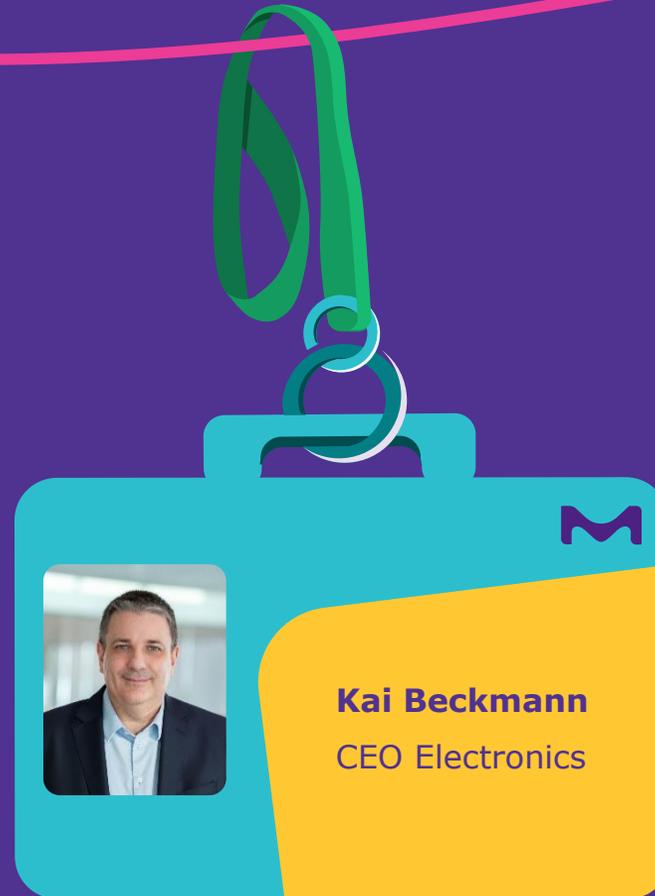


Capital Markets Day 2023
Healthcare spotlight session



Capital Markets Day 2023

Electronics spotlight session

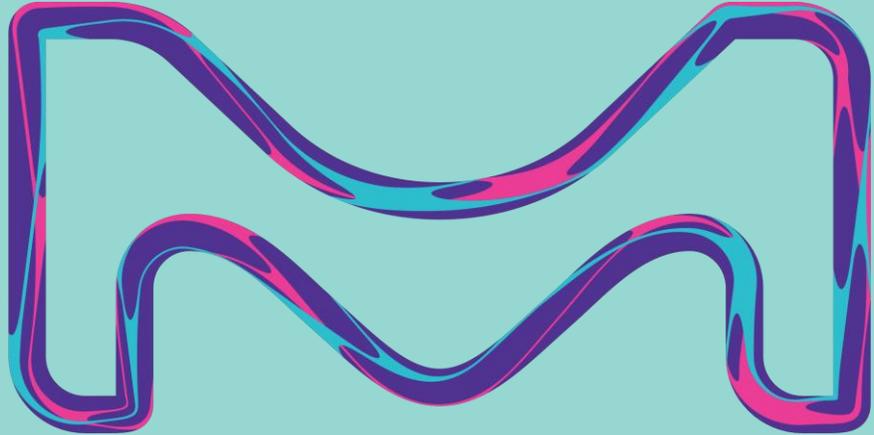




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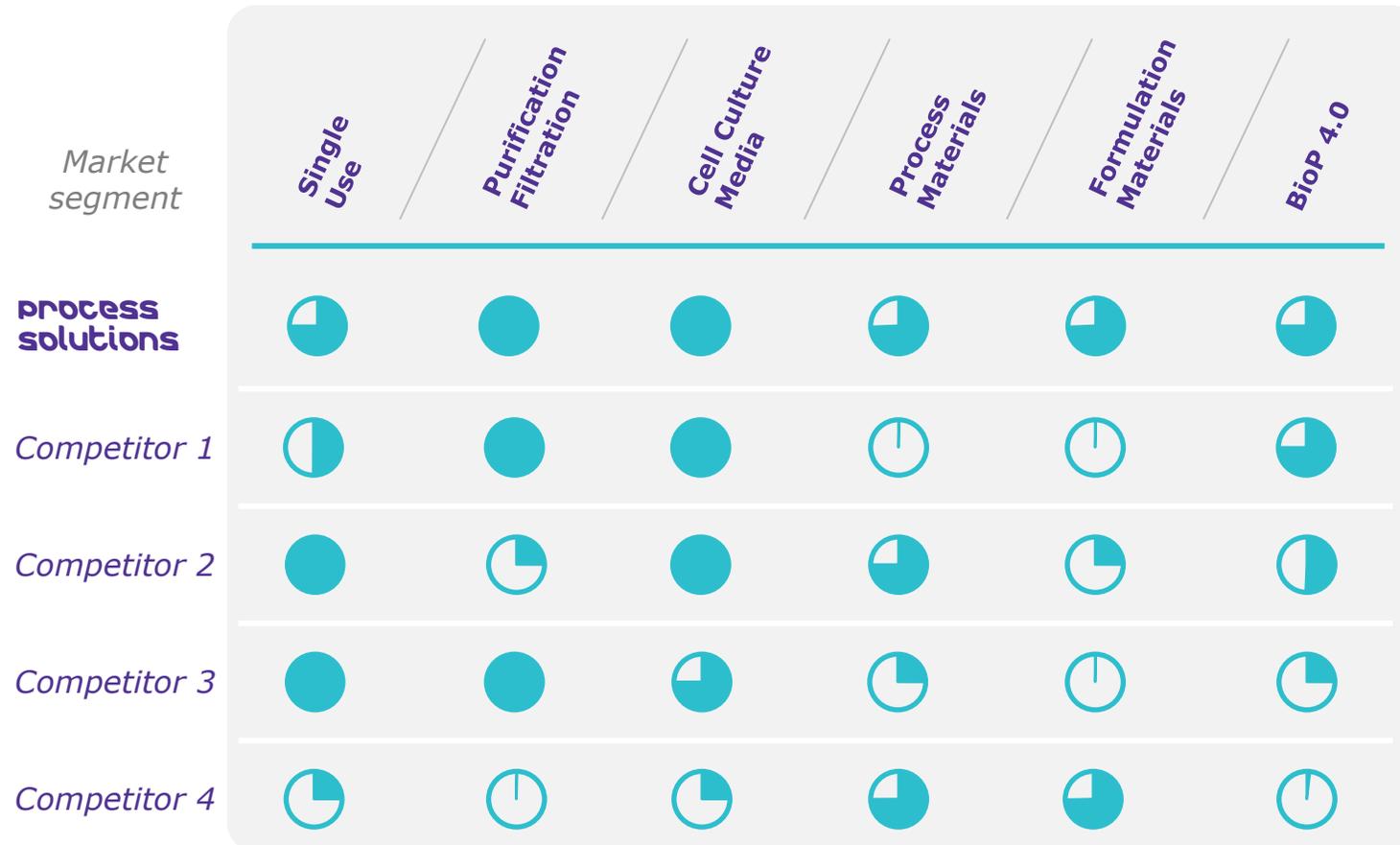
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Backup



Process Solutions

Portfolio very comprehensive across equipment, consumables, raw materials



Sources: company reports, internal assessments

positioning

- Process Solutions is strongly positioned with comprehensive **holistic offering**
- Each player with distinct strengths
- Substantial investments in R&D and M&A
- BioPharma 4.0 key battleground for future success
 - New paradigm in bioproduction
 - New technologies and digitization
 - Goal: more efficient, resilient, flexible and intensified biomanufacturing

