



# **MERCK KGAA, DARMSTADT, GERMANY—**

**BANK OF AMERICA MERRILL LYNCH  
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## Group

# A platform of three high-tech & science businesses to compete in attractive markets



### Leading in specialty pharma markets

- Biologics and small molecules
- Research focus: Oncology, Immunology & Immuno-Oncology



### Leading life science company

- Tools and services for biotech research & production
- Tools and laboratory supply for the academic research and industrial testing

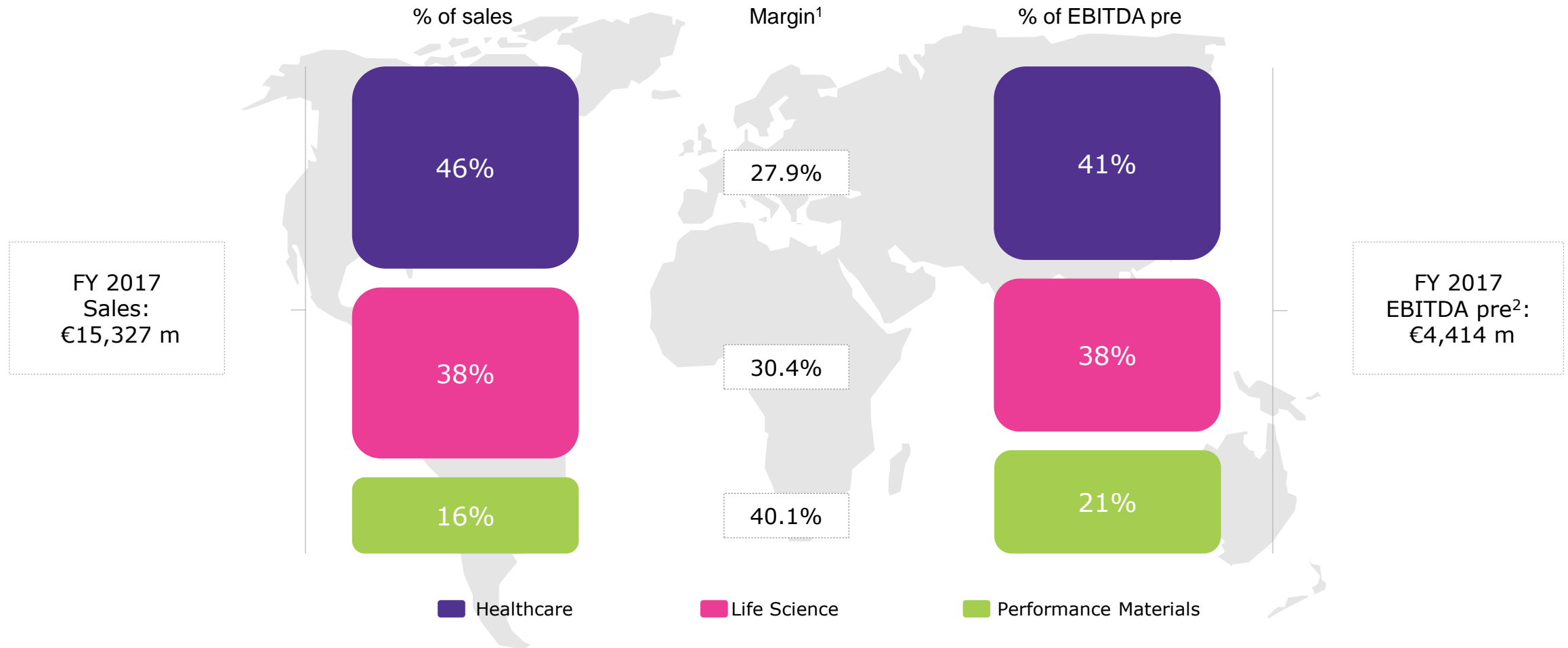


### Leading Company in high-tech solutions

- High-tech solutions and materials for electronics
- Broad portfolio of decorative and functional solutions

# Group

## Strong businesses with attractive margins



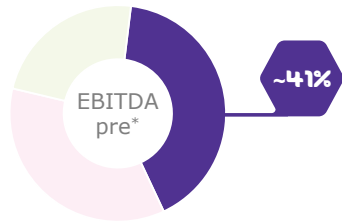
<sup>1</sup>EBITDA pre margin in % of net sales; <sup>2</sup>Including Corporate/Others (-€301 m)

## Group

# Clear set of priority goals to be realized by 2018



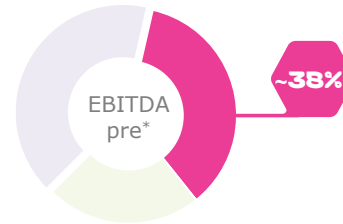
### Healthcare



- Maximize growth of existing franchises
- Deliver pipeline: one product launch or indication p.a. from 2017



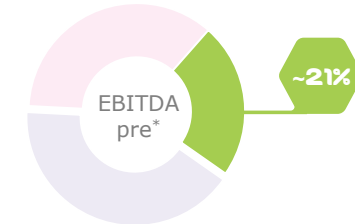
### Life science



- Focus on seamless integration and deliver cost synergies
- Leverage strategic capabilities for value creation



### Performance Materials



- Drive innovation and technology leadership across all businesses
- Innovate in applications also beyond displays

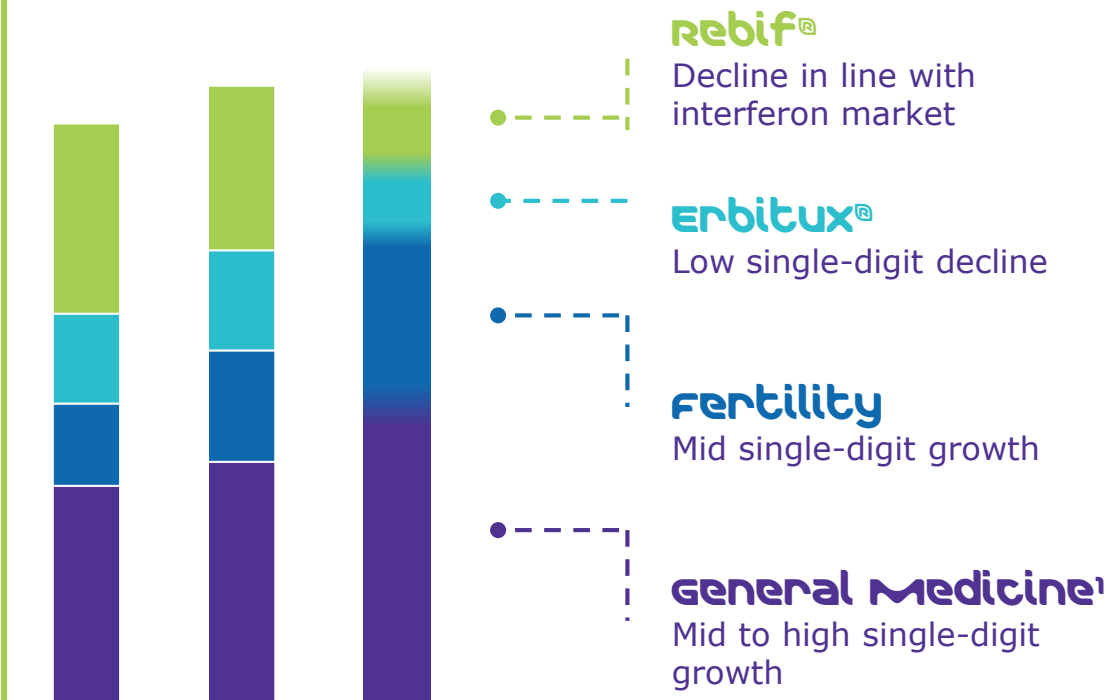
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- Deleverage to <2x net debt / EBITDA pre in 2018
- No large acquisitions (>€500 m) until end of 2018 (unless financed by divestments)
- Dividend policy that ensures a sustainable and resilient development

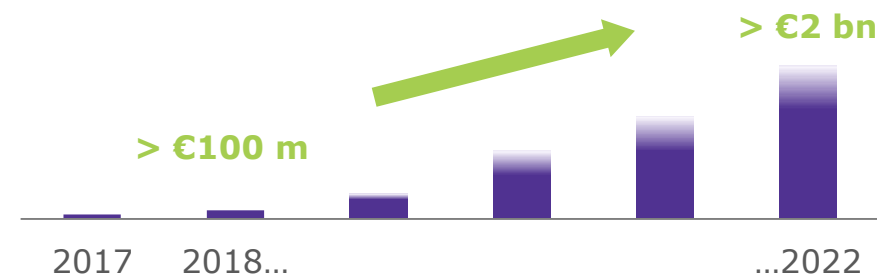
# Healthcare

## Ongoing pipeline achievements pave the way towards our 2022 ambition

### Stable core business until 2022



### Potential of 2bn EUR pipeline sales in 2022<sup>2</sup>



### significant progress

- ✓ **2 Launches**  
Bavencio, Mavenclad
- ✓ **FOCUS**  
Investments/Divestments

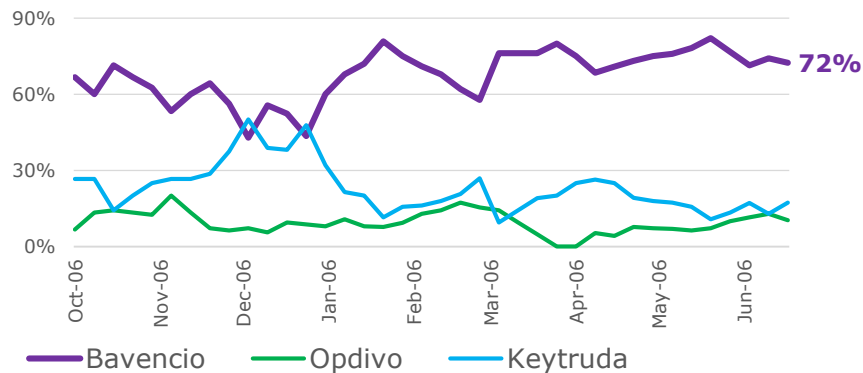
<sup>1</sup>includes General Medicine, CardioMetabolic Care (CMC), Endocrinology & Allergopharma; <sup>2</sup> Illustration; risk-adjusted  
Acronyms: RCC: Renal Cell Carcinoma | MCC: Merkel Cell Carcinoma | mUC: Metastatic Urothelial Cancer |  
MC: Multiple Sclerosis; Abbreviations: US: United States | EU: European Union | JP: Japan | CAN: Canada | AUS: Australia

# Healthcare

## Early commercial performance demonstrates ability to deliver innovation

### Bavencio 2<sup>nd</sup> anti-PD-L1 to the market

MCC naïve/1L Patient share of IO class<sup>4</sup> in 2018

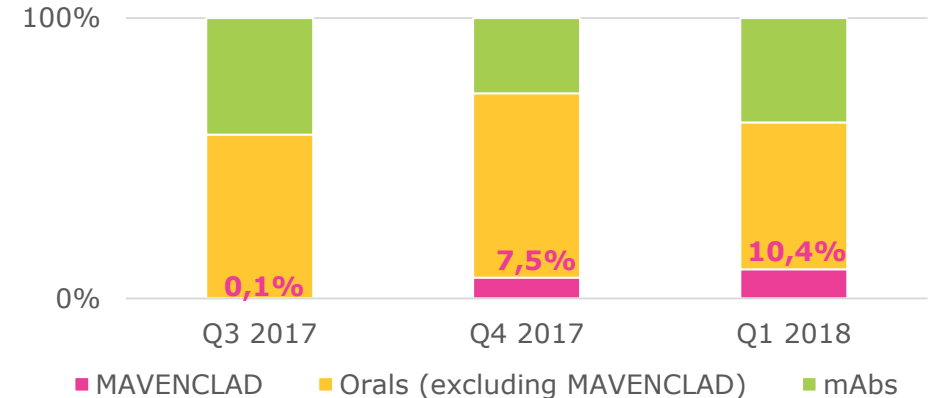


- MCC<sup>1</sup>: successful uptake due to accelerated approval<sup>3</sup>
- mUC<sup>2,3</sup>: targeted go-to-market

### Mid-double digit €m in 2018

### Mavenclad Change MS treatment paradigm

Share of HE dynamic patients (Germany, RMS only)<sup>5</sup>



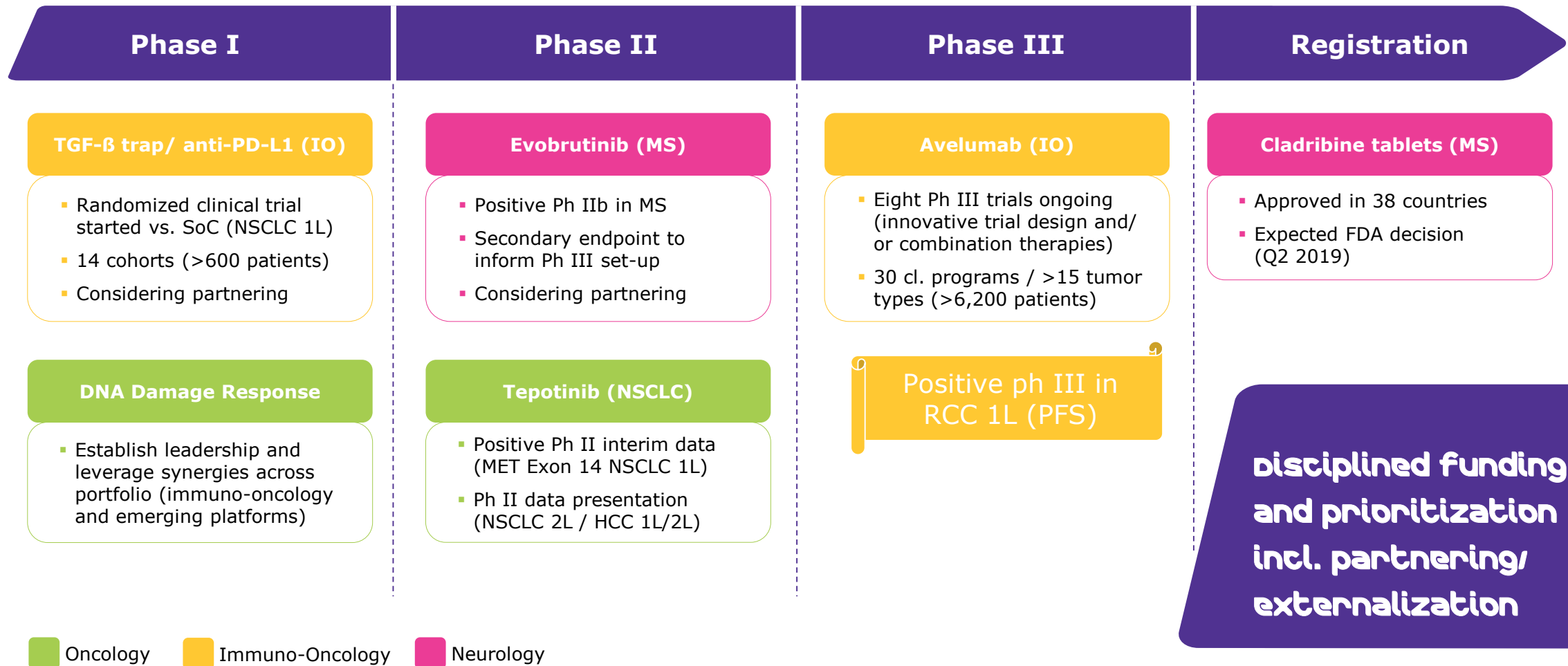
- Successfully launched in 38 countries (peak sales: €500-700 m in EU)
- Accepted for review by FDA

### High-double digit €m in 2018

<sup>1</sup>mMCC = metastatic Merkel cell carcinoma; <sup>2</sup>mUC = metastatic urothelial cancer; <sup>3</sup>Accelerated FDA approval for mMCC on March 23, 2017, and for mUC on May 9, 2017; Continued approval for these indications in the U.S. is contingent upon verification and description of clinical benefit in confirmatory trials; <sup>4</sup> Data sources: IMS claims data, Week ending June 22, 2018; <sup>5</sup> Data sources: actual patients per IMS and shares estimated from IPSOS MS Monitor; Dynamic markets per internal company estimates



# Upcoming catalysts: major read-outs/decisions ahead<sup>1</sup> (key projects)



**Disciplined funding and prioritization incl. partnering/ externalization**

<sup>1</sup>Note: timelines are event-driven and may change.  
 Acronyms: NSCLC – Non small cell lung cancer | MS – Multiple Sclerosis | RCC – Renal Cell Carcinoma | HCC – Hepatocellular Carcinoma | plat. Res./ref. – platinum resistant/refractory | FDA – U.S. Food and Drug Administration

# Group

## 2018 business sector guidance\*



### Healthcare

#### Net sales

- Moderate organic growth +3% to +5%: ongoing organic Rebif decline offset by growth in other franchises
- Full-year contributions from 2017 launches

#### EBITDA pre

- Organic -1% to -2% YoY
- FX -5% to -7% YoY
- ~ €1,580 – 1,650 m (excl. CH)



### Life Science

#### Net sales

- Organic growth ~+5% to +6%, slightly above market
- Full realization of expected topline synergies

#### EBITDA pre

- Organic ~ +8% YoY
- FX -3% to -5% YoY
- ~€1,830 – 1,880 m



### Performance Materials

#### Net sales

- Slight to moderate organic decline of -2% to -4%
- Volume increases in all businesses
- Continuation of Liquid Crystals sales decline

#### EBITDA pre

- Organic -14% to -16% YoY
- FX -6% to -8% YoY
- ~€745 – 785 m

