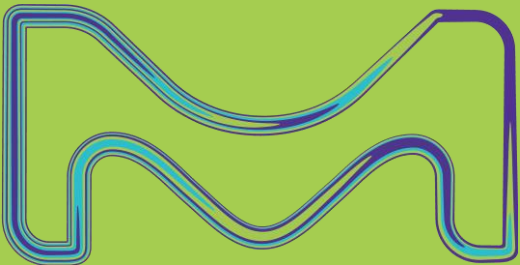


Merck KGaA, Darmstadt, Germany

Q1 21 Roadshow

Belén Garijo, CEO
Marcus Kuhnert, CFO

June 2021





Disclaimer

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Risks and uncertainties include, but are not limited to: the risks of more restrictive regulatory requirements regarding drug pricing, reimbursement and approval; the risk of stricter regulations for the manufacture, testing and marketing of products; the risk of destabilization of political systems and the establishment of trade barriers; the risk of a changing marketing environment for multiple sclerosis products in the European Union; the risk of greater competitive pressure due to biosimilars; the risks of research and development; the risks of discontinuing development projects and regulatory approval of developed medicines; the risk of a temporary ban on products/production facilities or of non-registration of products due to non-compliance with quality standards; the risk of an import ban on products to the United States due to an FDA warning letter; the risks of dependency on suppliers; risks due to product-related crime and espionage; risks in relation to the use of financial instruments; liquidity risks; counterparty risks; market risks; risks of impairment on balance sheet items; risks from pension obligations; risks from product-related and patent law disputes; risks from antitrust law proceedings; risks from drug pricing by the divested Generics Group; risks in human resources; risks from e-crime and cyber attacks; risks due to failure of business-critical information technology applications or to failure of data center capacity; environmental and safety risks; unanticipated contract or regulatory issues; a potential downgrade in the rating of the indebtedness of Merck KGaA, Darmstadt, Germany; downward pressure on the common stock price of Merck KGaA, Darmstadt, Germany and its impact on goodwill impairment evaluations as well as the impact of future regulatory or legislative actions.

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Agenda

- 01 Business overview**
- 02 Transforming the company**
- 03 Healthcare – Executing on the earnings phase**
- 04 Life Science – Focusing on profitable growth**
- 05 Electronics – Leveraging portfolio shift**
- 06 Sustainability**
- 07 Guidance & executive summary**



business overview

01

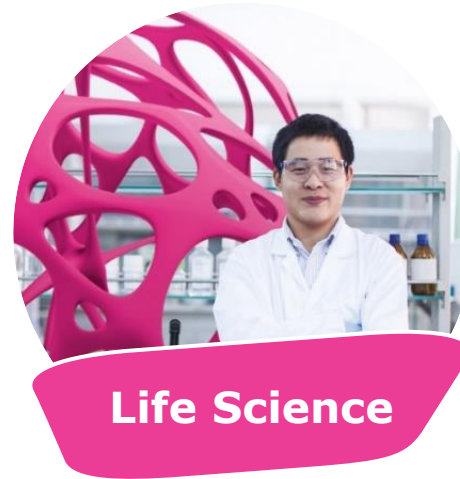
Group

Three high-tech businesses competing in attractive markets



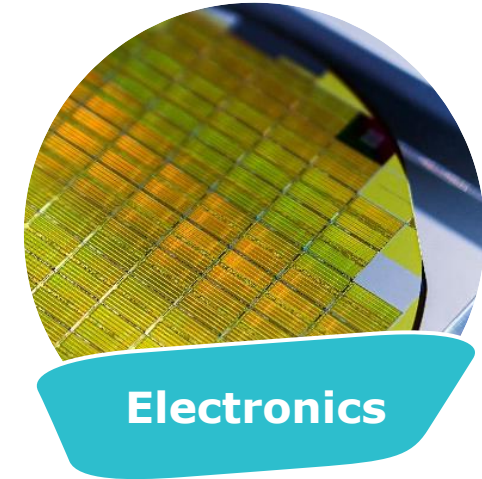
**Leading in specialty
pharma markets**

- Biologics and small-molecule **prescription medicines** against cancer, multiple sclerosis, infertility
- **Research** focus: Oncology, Immunology & Immuno-Oncology
- **Successful portfolio management:** e.g. divestment of Consumer Health and Allergopharma



**Leading life science
company**

- Tools and services for **biotech research & production**
- **Tools and laboratory supply** for 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

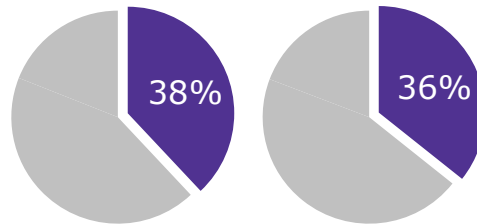
Group today – three strong pillars as basis for profitable growth

FY 2020 contribution to¹

Sales

EBITDA pre

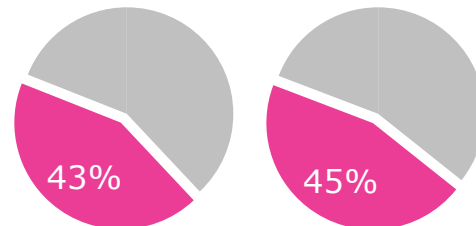
1. Healthcare



Global specialty innovator poised for above-industry growth

- **Resilient core business** backed by excellent life cycle management
- **Strong growth** from new products, late-stage pipeline assets with blockbuster potential
- **Rigorous cost discipline** and value-maximizing pipeline prioritization

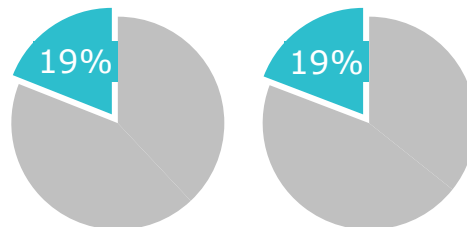
2. Life Science



Diversified industry leader poised for above-market growth

- **Portfolio advantage** and outperformance drive above-market growth
- **Strengthen core:** products (PS), chemistry (RS), lab water (AS)
- **Establish new pillars:** PS services, gene editing and novel modalities

3. Electronics



Leading electronics player poised for accelerating growth

- **Growing semiconductor share** as key driver for acceleration
- **More resilient growth** through rising diversification
- **Strict cost discipline** in maturing parts of the portfolio

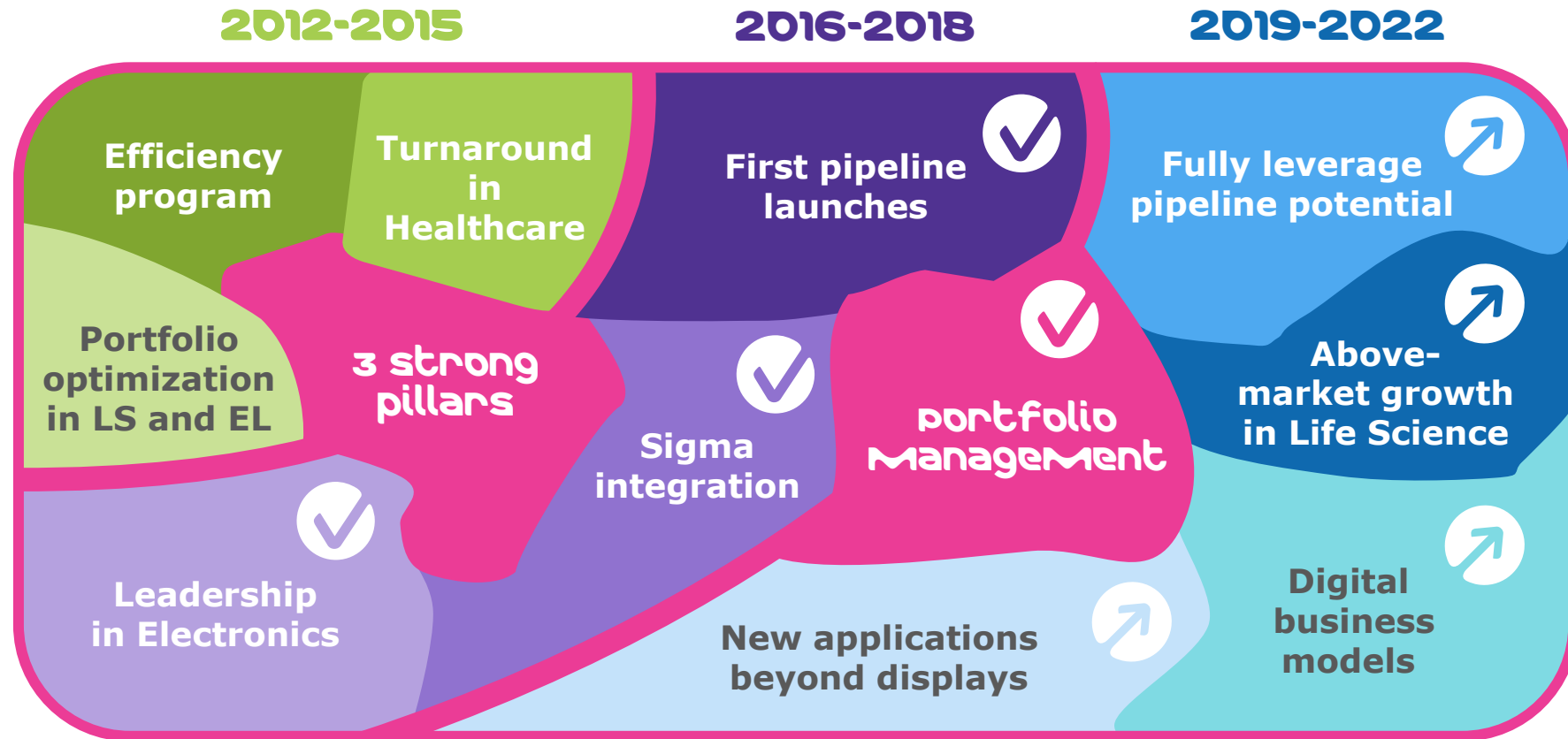
¹EBITDA pre share excluding Corporate & Others; 2020 EBITDA pre restated for €365 m patent litigation provision release

Acronyms: PS = Process Solutions, RS = Research Solutions, AS = Applied Solutions



Group

The 2016 vision – a strategic agenda until 2022

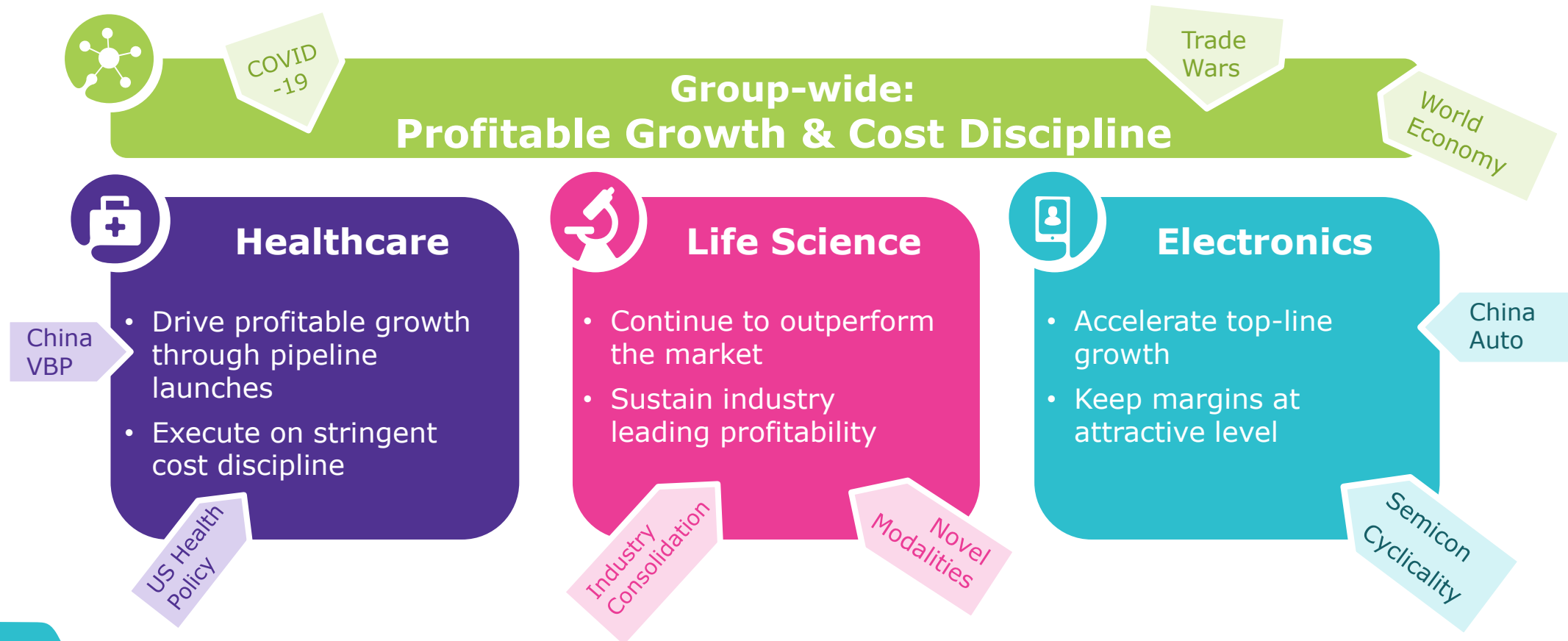


Executing on the growth and expansion phase of the 2016-22 strategic agenda

✓ = delivered; ↗ = well on track

Group

2021 and beyond – poised for growth in a challenging environment



Staying on course in a potentially volatile environment

Acronym: VBP = volume based procurement

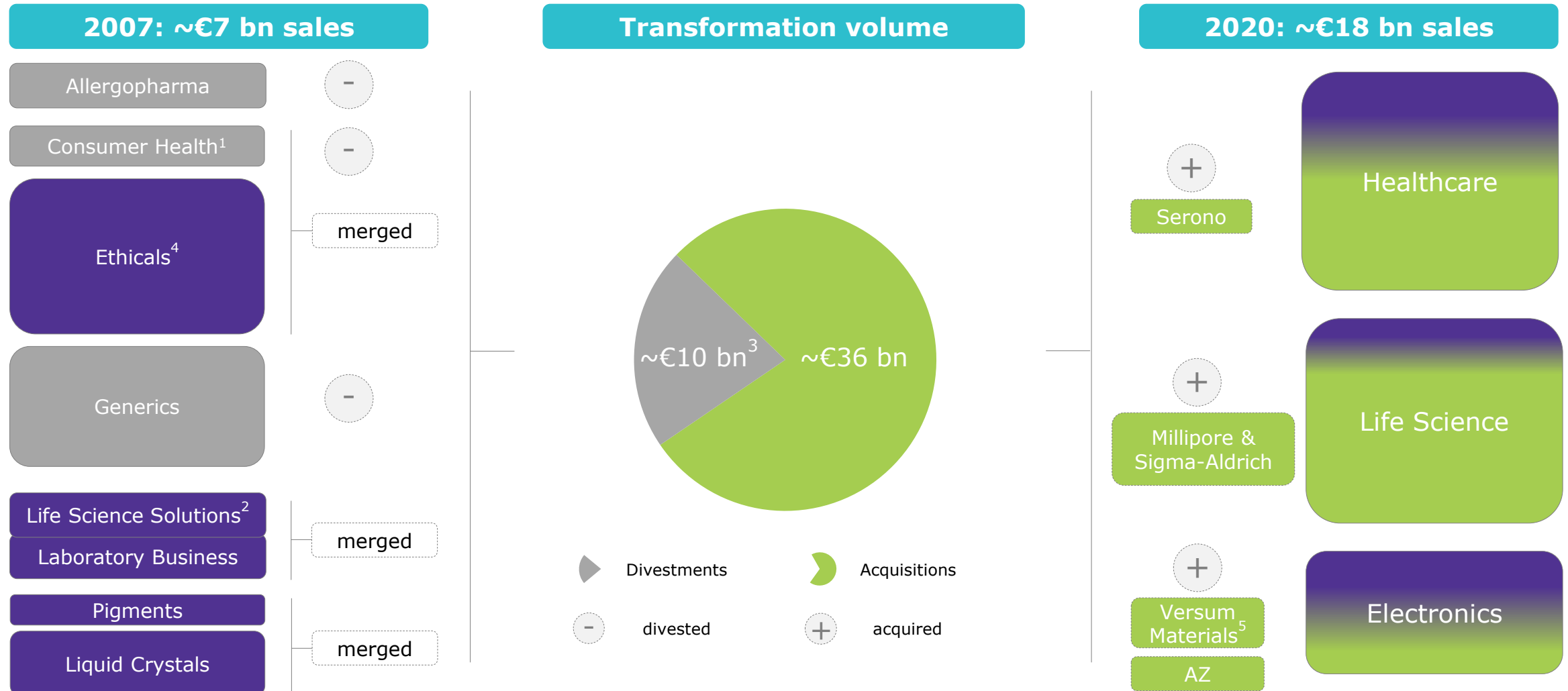


transforming
the company

02

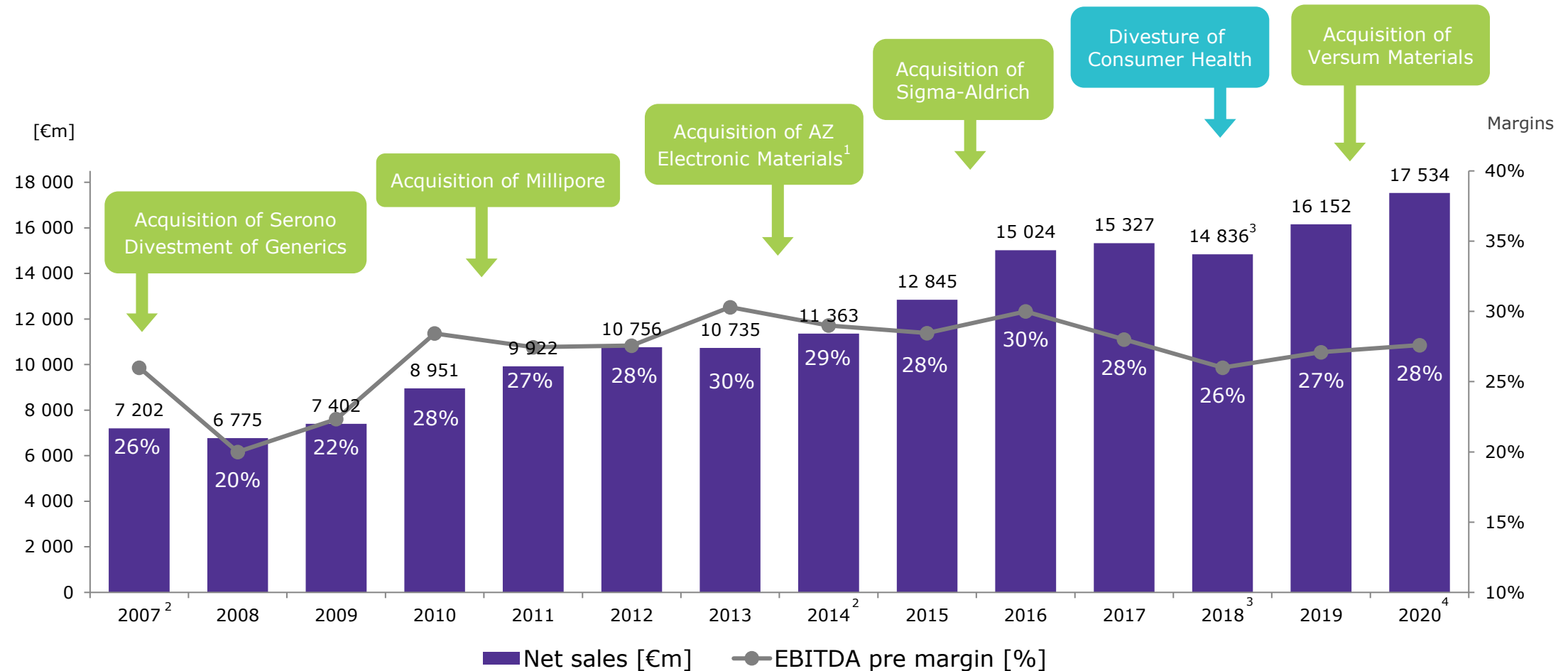
Group

We have added scale and strengthened the attractiveness of our portfolio



Group

Continue to transform to a science and technology focused company



¹Included since 2 May 2014; ²2007 and 2014 EBITDA pre margin adjusted for comparability; ³2018 net sales reflect Consumer Health divestiture (reduction of ~€1 bn net sales p.a.)

⁴2020 margin restated for €365 m patent litigation provision release

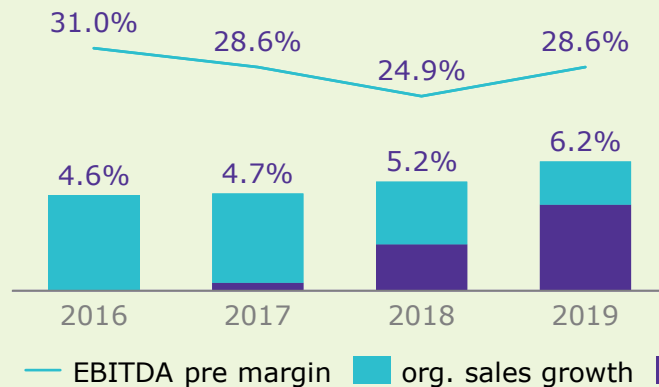


Group

All three business sectors delivering on their strategic priorities

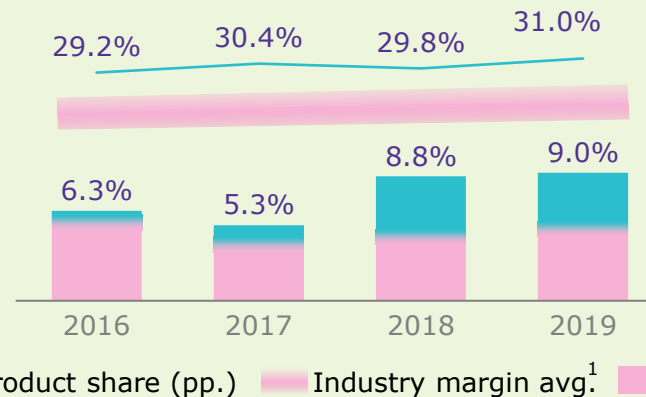
Healthcare

- **Accelerating organic growth** with rising contribution from launches (Mavenclad[®], Bavencio[®])
- **Margin trough behind, pipeline progressing well**



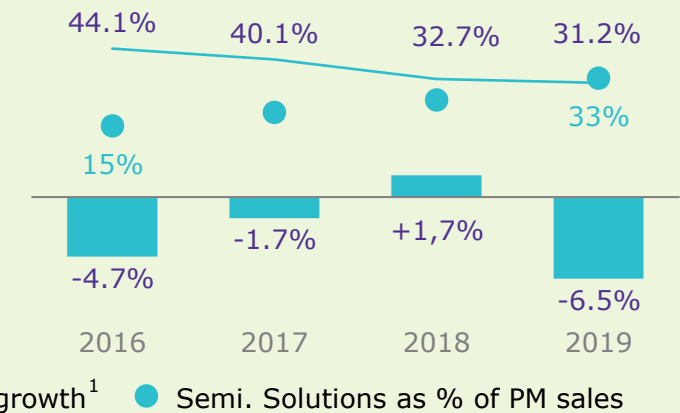
Life Science

- **Above-market organic growth** paired with **industry-leading margin**
- Significant **growth investments** (organic, inorganic & partnerships)



Electronics

- Significant portfolio change **towards higher growth business** (Semi, OLED)
- **Margin stabilizing** at ~30% amid sound execution of Bright Future



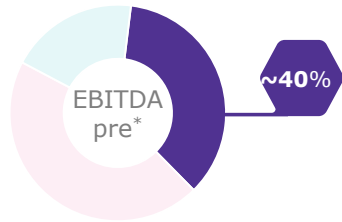
¹ Company estimate based on industry data and reporting by peers

Group

Clear set of priority goals



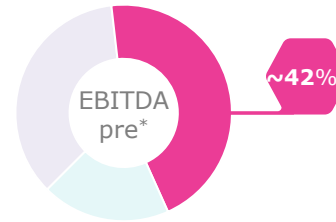
Healthcare



- Deliver on ambition to keep core business at least stable until 2022
- Transition from investment to earnings phase by 2019
- Foster successful Bavencio[®] and Mavenclad[®] ramp up
- Stringent pipeline execution



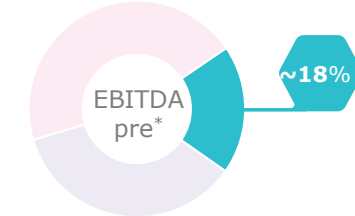
Life science



- Strengthen position as differentiated player in a highly attractive market
- Maintain consistent above-market growth trajectory and superior profitability



Electronics



- Deliver ambition of 3-4% CAGR
- Implement 5-year transformation program and focus on seamless integration of Versum and Intermolecular; to deliver financial ambition of around 30% margin
- Maintain strong cash generation and cash conversion

*based on FY 2020

Group

Three-pillar structure – positioned to win in high-growth markets

Global economy¹



**Global
GDP**

~3% to 4%



End markets¹



Global pharma industry
~4% to 5%



Global life science industry
~5% to 6%



Global electronics industry
~4%

Σ ~4% to 5%

Focus market areas¹



Oncology: ~10%
Immunology: ~5% to 9%



Biologics: ~10% to 12%
Services: ~7% to 8%



Semi materials: ~4% to 6%

Σ 6%-plus

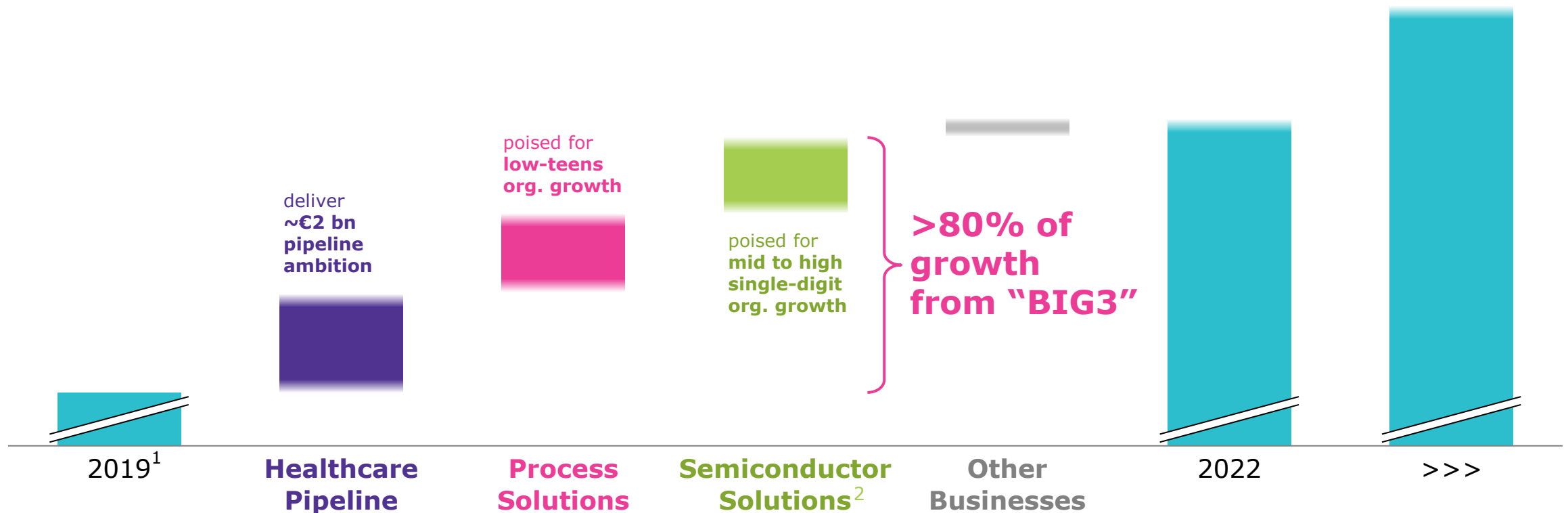


**Purposefully positioned in attractive markets with secular growth above global GDP
...further focusing investments on attractive sub-segments**

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

Three main drivers of growth to 2022 and beyond



Beyond 2022: further significant growth potential from "BIG3" and increasing contributions from other businesses

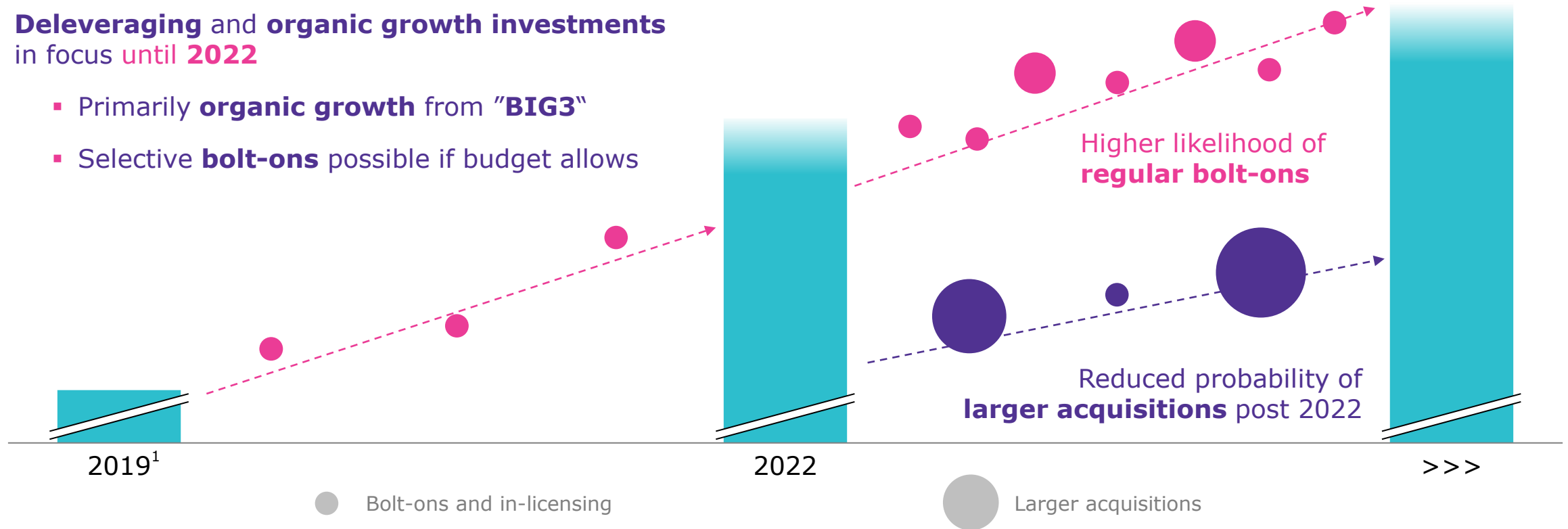
¹ 2019 Group sales of €16.2 bn; ² Including Versum portfolio effect

Group

Portfolio strategy – from transformation to evolution

Deleveraging and **organic growth investments**
in focus **until 2022**

- Primarily **organic growth** from "**BIG3**"
- Selective **bolt-ons** possible if budget allows



**Strong portfolio: significant organic growth potential to 2022 and beyond
...and higher likelihood of regular bolt-ons post 2022**

¹ 2019 Group sales of €16.2 bn

Healthcare

Executing on the earnings phase

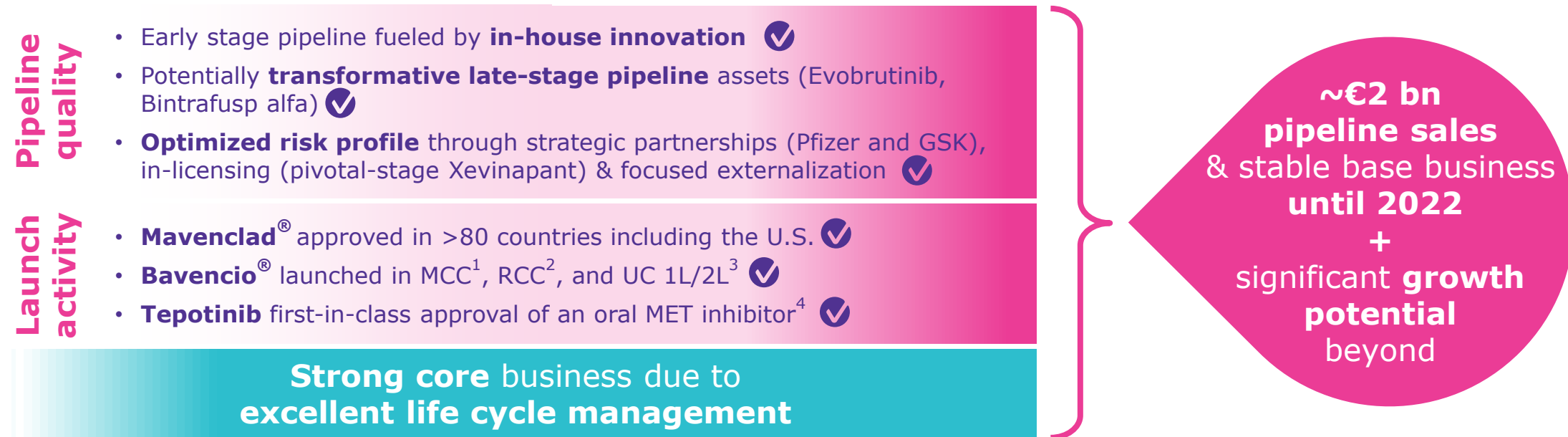
03

Healthcare

Creating optionality through **focused pipeline approach**

Pipeline and launch progress supported by strong base

Mid-term outlook Healthcare



Confirming financial ambition of a stable base business and ~€2 bn pipeline sales until 2022 with further significant growth potential beyond

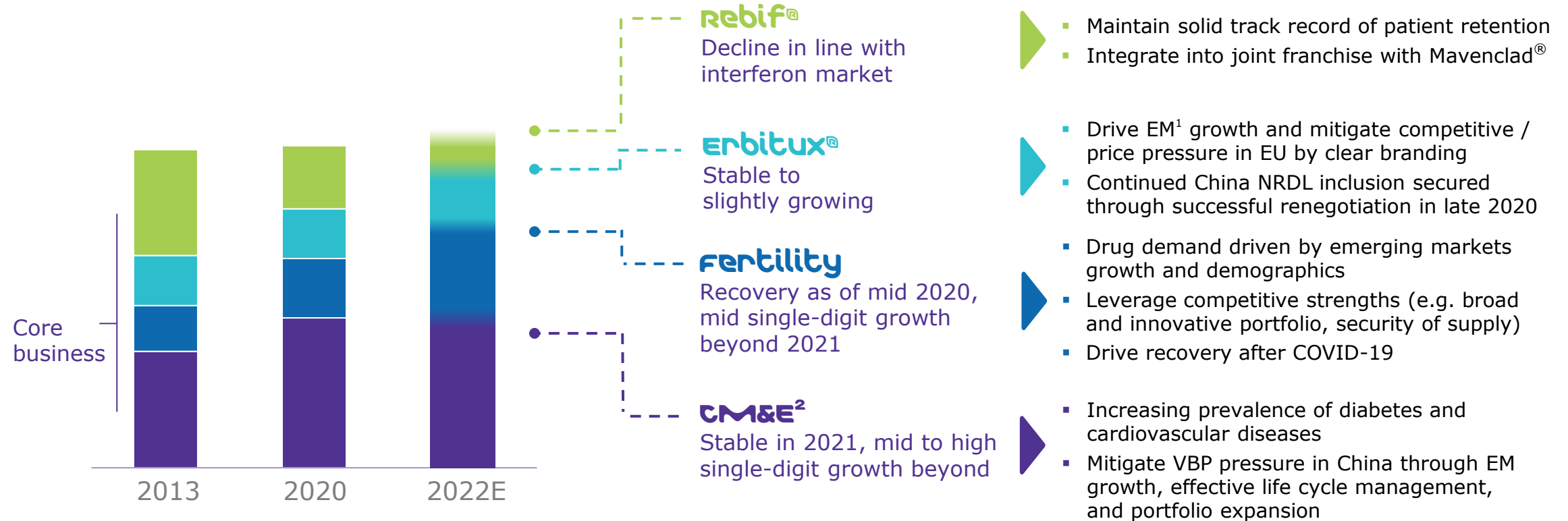
¹ MCC = Merkel Cell Carcinoma, launched in all major jurisdictions; ² RCC = Renal Cell Carcinoma, launched in all major jurisdictions; ³ UC = Urothelial Carcinoma, 1L = first line, 2L = second line, launched in all major jurisdictions; ⁴ approved in Japan and U.S.



Healthcare: Base Business

Confirming ambition to keep base business at least stable to 2022

Healthcare base business net sales until 2022



Core business with **36 consecutive quarters of growth** (Q2 2011 – Q1 2020)

Growth to **pick up after COVID-19 impact**, further **growth potential after 2022**

¹ EM: emerging markets; ² Cardiovascular, Metabolism and Endocrinology (new Franchise name as of Q1 2021)



Healthcare: Sales from Pipeline

Mavenclad and Bavencio launches on track for ~€2 bn pipeline ambition in 2022



- Global peak sales: €1.0–1.4 bn
- Approved in >80 countries, including USA, EU, Canada and Australia
- Dynamic market volume still lags pre pandemic levels by ~20% but increased vaccination likely to drive market recovery and Q2 growth



- Approved for aRCC (USA, EU, Japan), mMCC (50 countries incl. USA and EU), and UC 2L (USA, Canada, Israel)
- Approved for UC 1L in US on June 30, 2020, in EU on January 25, 2021 and in Japan on February 24, 2021
- Phase III read-out remaining: NSCLC 1L (est. primary completion date: October 2021)



Tepotinib

- Approved in Japan on March 25, 2020 (Sakigake and ODD granted in 2018 & 2019)
- Approved in US on February 3, 2021 (granted priority review under RTOR)

Bintrafusp alfa

- Multiple potentially registrational studies across various tumor types ongoing

ILLUSTRATIVE - Not to scale;

Acronyms: BTB = Breakthrough Designation; ODD = Orphan Drug Designation; IA = Interim Analysis; RTOR = Real-Time Oncology Review; sBLA = Supplemental Biologics License Application



Independent real-world data (RWD) differentiates Mavenclad®

- A high-efficacy DMT that demonstrates **full antibody response to COVID-19 vaccination**
- **Differentiated vs. other high-efficacy therapies** in light of COVID-19 vaccinations for MS patients

Patient population		Total N=125	Protective humoral immunity ^a
DMT treated patients	Mavenclad®	23	100% ($p = 0.99$) ^b
	Ocrelizumab	44	22.7% ($p < 0.0001$) ^b
	Fingolimod	26	3.8% ($p < 0.0001$) ^b
Untreated MS patients		32	100%
Healthy subjects		47	97.9%



In the first-ever real-world data study of its type **all patients on Mavenclad® who received a mRNA COVID-19 vaccine were able to mount a full antibody response**, similar to healthy subjects and untreated people with MS, irrespective of lymphocyte counts¹

DMT = disease-modifying therapy

1. Achiron et al. Ther Adv Neurol Disord <https://doi.org/10.1177/17562864211012835>

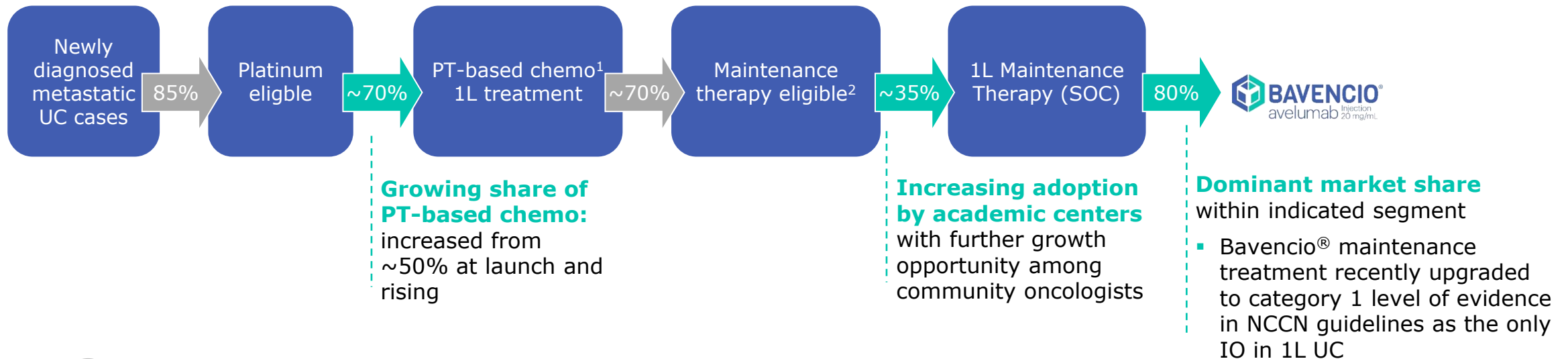
^aProtective humoral immunity defined as a index value higher than 1.1 using EUROIMMUN semiquantitative ELISA for IgG specific for the recombinant S1 subunit of SARS-CoV-2 spike protein

^bFisher's exact test to detect differences in categorical variables between DMT-treated patients with MS and untreated patients with MS

Bavencio® UC 1L launch update: Significant opportunity to drive further growth by increasing the adoption of 1L maintenance therapy



U.S. - ~10 months into launch, on track to changing the SOC:



Europe & Japan – Recently approved, promising early signals:

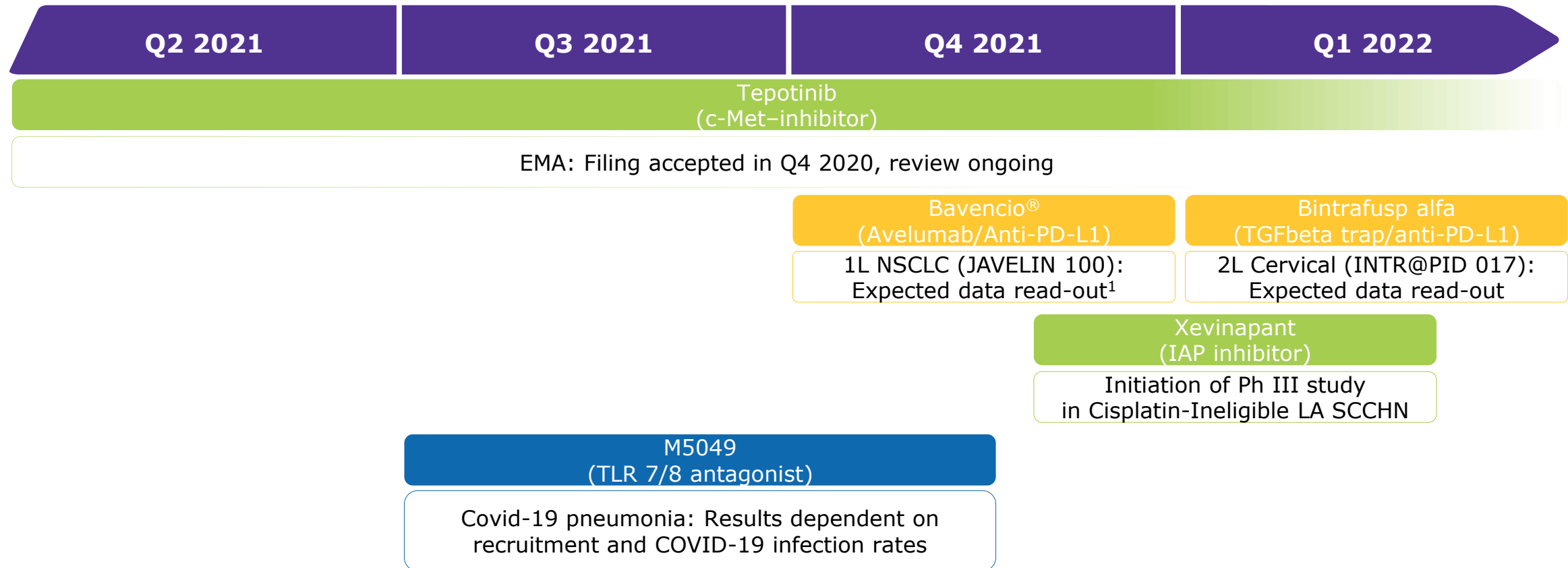
- Market access on track
- Strong initial uptake in key launch markets
- Recently recommended by EAU (European Association of Urology) guidelines (March 25) as the preferred treatment in 1L UC

1: Carboplatin or Cisplatin, 2: Complete / partial response or stable disease based on clinical trial data; Acronyms: PT = Platinum, SOC = Standard of care



Healthcare catalysts – Significant developmental progress across Oncology and Immuno-Oncology portfolio expected in 2021

■ Oncology
 ■ Immuno-Oncology
 ■ Immunology



Acronyms: EMA = European Medicines Agency, LA = locally advanced, SCLC = Small cell lung cancer, SCCHN = Squamous cell carcinoma of the head and neck, NSCLC = Non-small cell lung cancer, TLR = Toll-like receptor, 1: Clinical timelines are event-driven and may be subject to change



Life science

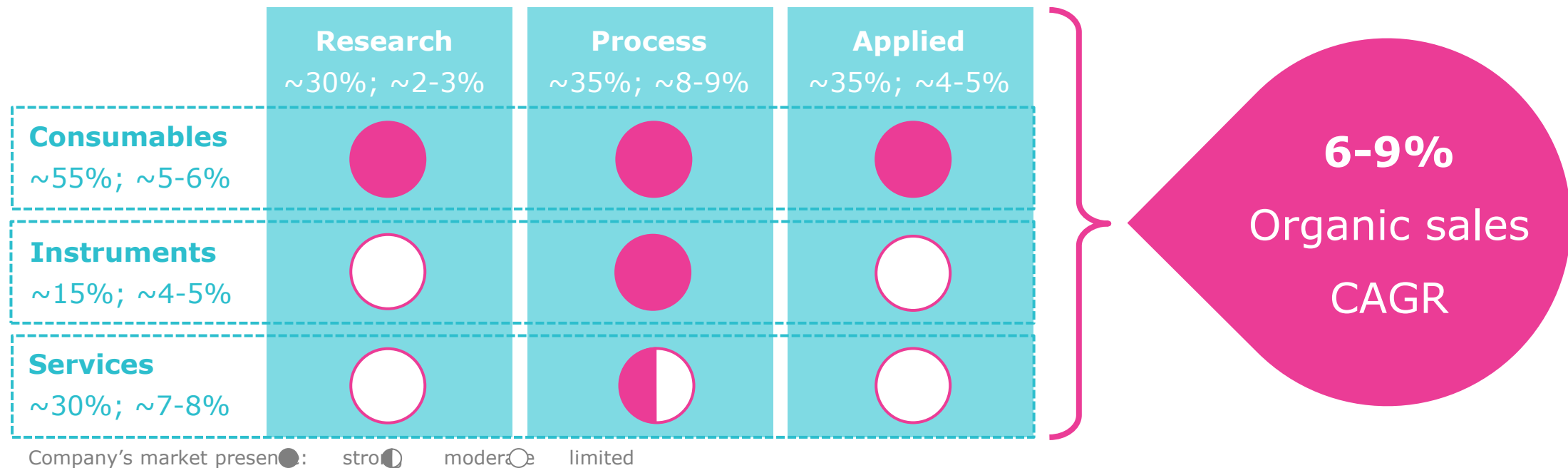
Focusing on profitable growth

04

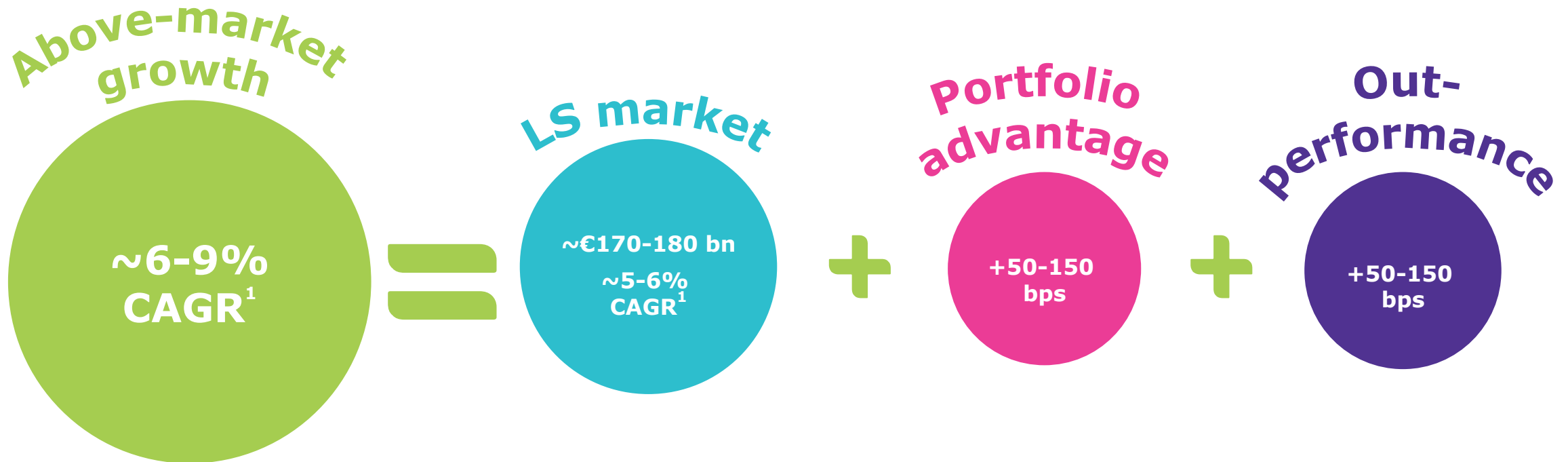
Life Science

Building growth momentum with focus on attractive market segments**Total Life Science Market¹**

~€170-180 bn; ~5-6% CAGR

Mid-term outlook
Life Science Business Sector**Upgrading** mid-term financial ambition to **6-9% organic sales CAGR**¹ Company estimate of the market segments, based on industry forecast over 5-year horizon; all growth rates in 3x3 Matrix indicate external market growth

Life Science

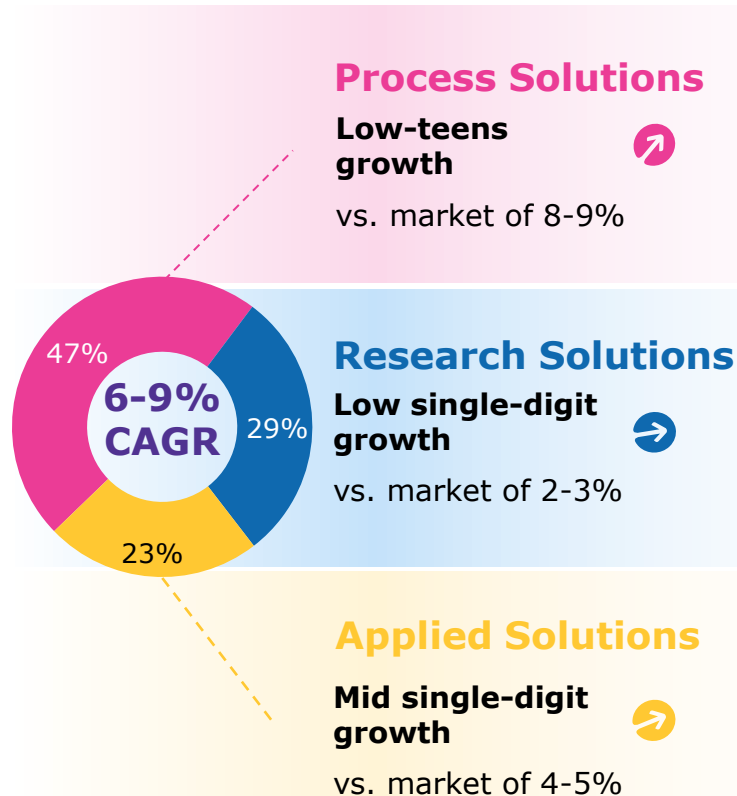
Improved mid-term outlook driven by market and portfolio focus

- **Market outlook improving** further, mainly due to **Process** segment
- **Above-market growth set to continue** due to **portfolio advantage** and **outperformance**

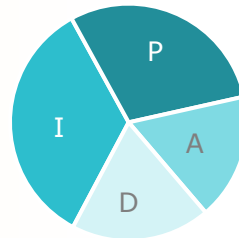
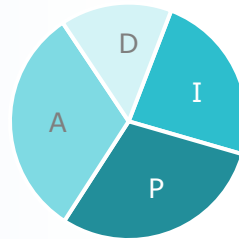
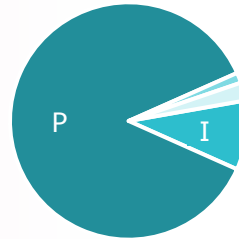
¹ Company estimate based on industry forecast over 5-year horizon

Life Science

All business units contributing to above-market growth

Sales split¹Mid-term outlook²Customer Split³

Fundamental growth drivers



- **Biologics:** global mAbs⁴ production growing by ~11-15% p.a. for 2020-2024⁵ driven by new molecules and biosimilars
- **Diversification:** contribution by top 10 molecules will decline to ~30% until 2024 from ~50% in 2020⁶
- **Novel modalities:** cell & gene therapy market with >30% CAGR 2020-2024⁵, complex delivery drives demand for services and viral vectors
- **Research activity:** >9,000 pre-clinical projects in research pipelines⁷; rising number of experiments backs healthy growth in biotechs/CROs⁸
- **Public and private funding:** availability, access and predictability drive demand from academia and emerging biotechs
- **Emerging technologies:** high growth technologies for drug discovery and development, e.g. advanced cell culture and AI drug discovery
- **Regulation:** rise in quality standards and increasing demand for testing across customer segments
- **Population and economic growth:** demand for access to more sophisticated products and services rises, e.g. in emerging markets
- **Speed:** need for fast testing results raises requirements for Applied customers, esp. in clinical testing and food & beverage testing

Customer Segments: P Pharma and Biotech I Industrial and Testing A Academia D Diagnostics

¹ Based on H1 2020, CAGR is organic mid-term ambition; ² growth rates are organic CAGRs; ³ indicative only; ⁴ mAbs = monoclonal antibodies; ⁵ Source: company estimate based on industry forecasts;

⁶ Source: EvaluatePharma; ⁷ Source: statista; ⁸ CRO = Contract Research Organization

Life Science

Critical offering in the fight against COVID-19



PRODUCTS feed into...

www.sigmaaldrich.com/covid-19

VIRUS DETECTION

- Leading critical component provider for Molecular and Serological diagnostic kits
- PCR reagents, kits and tools for all stages of assay development

VIRUS CHARACTERIZATION

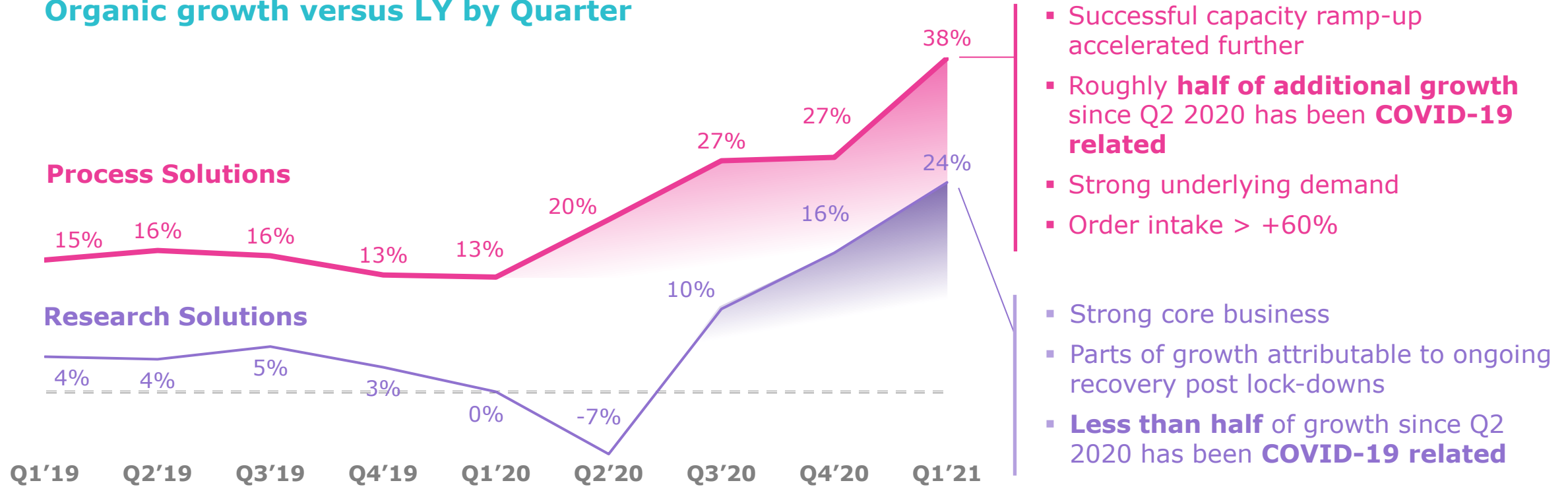
- Offering is among largest biologic reagents and hardware portfolios
- Effective vaccines and therapies start with reliable virus characterization
- Highest quality reagents needed for understanding of viral attachment, genomics, or proteomics

VACCINE & THERAPY PRODUCTION

- Supporting global COVID-19 vaccine and therapy response effort:
 - **Upstream and downstream research and scaling**
 - **End-to-End solutions**
 - **Biosafety Testing Services**

Life Science: Upside potential for Process Solutions materializing amid increasing capacity; Research Solutions gaining momentum as well

Organic growth versus LY by Quarter



Key factors for 2021 guidance remain:

- Further progress of capacity expansions & optimizations
- Sustainable demand growth; both Covid-19 and underlying



electronics

Leveraging the portfolio shift

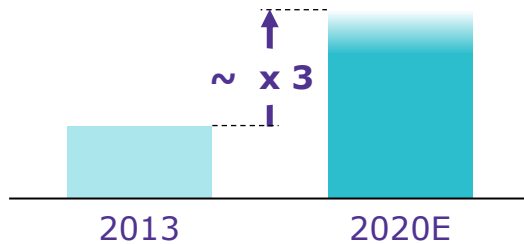
05

Electronics

Portfolio shift leads to **greater resilience** and **accelerated growth**

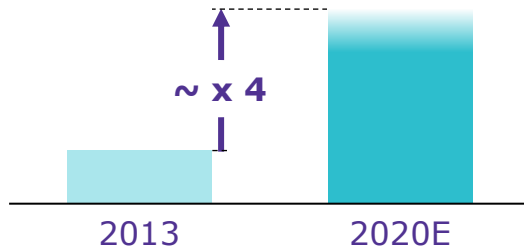
of customers

[that make up 80% of Sales]



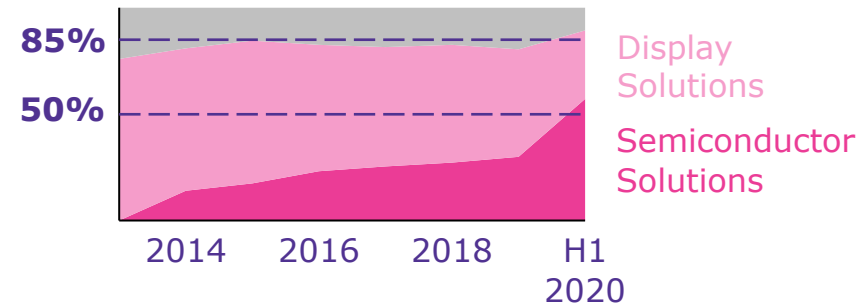
of product groups

[that make up 80% of Sales]



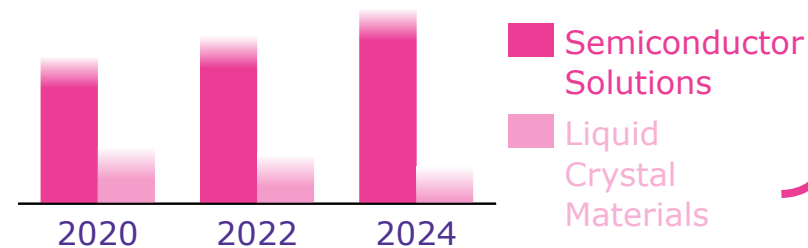
Electronics sales split

[% of total]



Semi vs. Liquid Crystals

[illustrative anticipated sales development]



Mid-term outlook

Electronics

3-4%
organic sales
CAGR

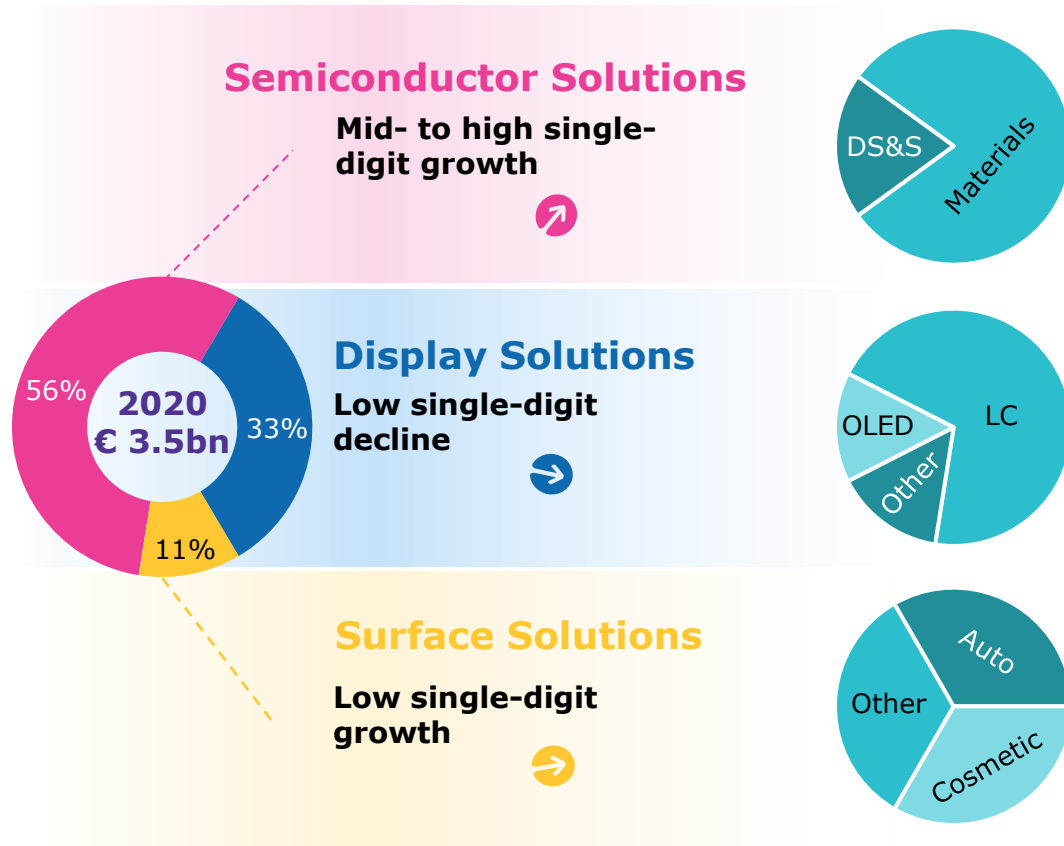
Updating mid-term financial ambition **to 3-4% organic sales CAGR**

Electronics

Portfolio refocus drives mid-term guidance upgrade to 3 to 4% CAGR

Sales split¹Mid-term outlook²Business Split³

Fundamental growth drivers



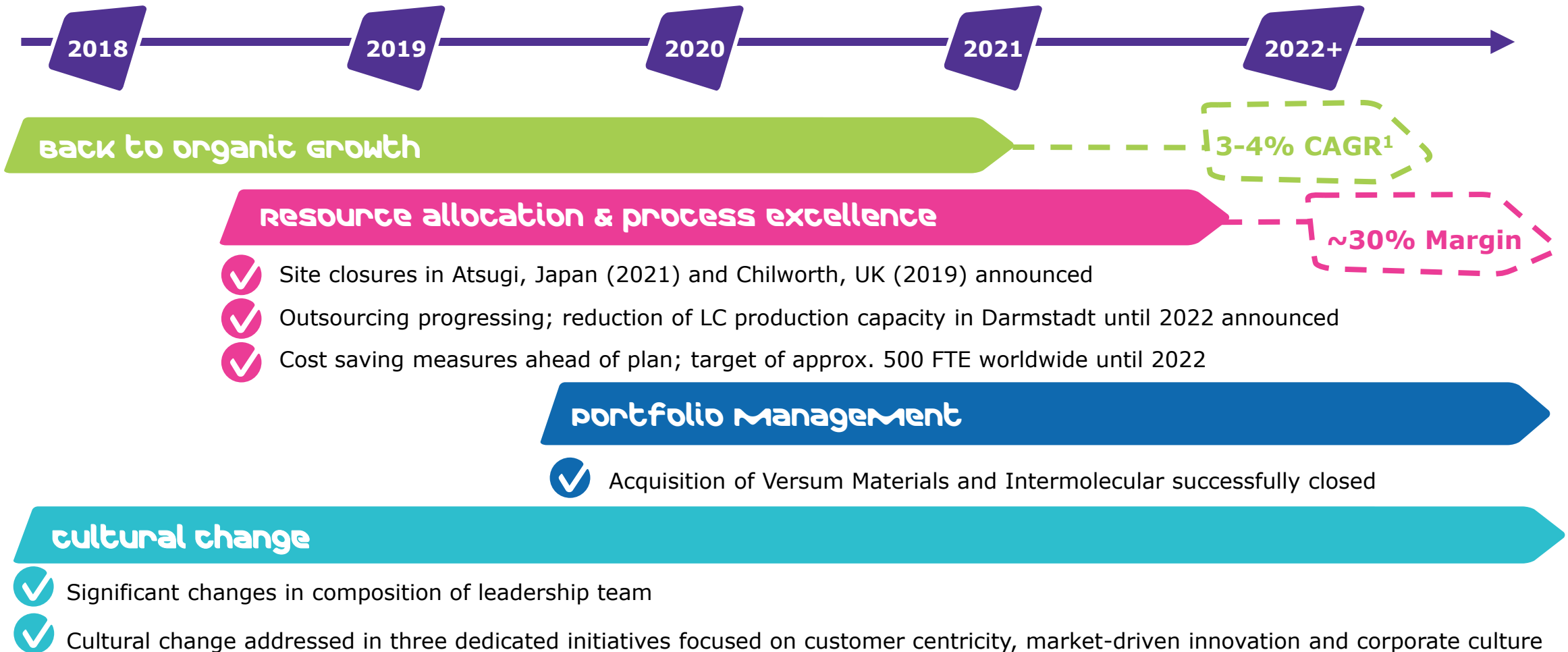
- Continued market growth due to technological advances (Artificial intelligence, 5G, Big Data and cloud, Internet of Things) serving customers in **Logic, Memory, Packaging and others**
- 4 to 6% market growth⁴
- 200 to 300bps above-market growth from share gains & better portfolio (incl. 100 to 150bps additional growth from integration top-line synergies)
- Driven by trend to **bigger TV size, higher resolutions, more mobile devices**
- 3 to 4% growth of total LCD m² area⁵, while price pressure continues
- 18 to 22% growth of total OLED m² area⁵ with slight to moderate market share gains
- OLED material market to exceed LC material market by 2021⁶
- Well balanced exposure to **automotive** and **cosmetics** end market
- Drivers: rising living standards, higher disposable income in growing markets & higher demand for high value products at reasonable prices
- Light vehicle production and relevant cosmetics end markets returning to growth in 2021 and reaching 2019 levels by 2022 and beyond⁷

¹ Based on FY 2020, CAGR is organic mid-term ambition; ² growth rates are organic CAGRs; ³ indicative only

⁴ Source: Jan 2020 IC Insights 2018-2024 CAGR for wafer starts in million units; ⁵ Source: Omdia Display Market Outlook, Q1 2020; ⁶ Internal Business Intelligence; ⁷ Sources: LMC Automotive Light Vehicles Forecast, Aug 2020 & Euromonitor BPC (Beauty & Personal Care) Aug 2020

Electronics

5-year transformation program Bright Future is well on track

¹New mid-term CAGR guidance starting 2020

Electronics

Strategic roadmap materializing

Measures for a bright future



Darmstadt

- In Darmstadt focus on R&D and production
- Immediate bottom line contribution from 2019 onwards
- Reduce the number of FTEs by ~15% = ~400 FTEs



Chilworth

- Chilworth site during September 2019 successfully closed



Atsugi

- Shut down of Electronics activities at Atsugi site started (to be completed during 2021)
- R&D and production activities in Atsugi transferred and consolidated in other PM locations in Asia
- Consolidation of site structure in Japan



- Leading supplier of high-purity process chemicals, gases and equipment serving semiconductor manufacturers
- Track record of accelerated growth and industry leading profitability
- Creating a **leading electronic materials player** with **attractive long-term prospect**

INTERMOLECULAR®

- Leading in advanced materials innovation
- Acquisition to strengthen semiconductor technology offering
- Application specific **materials expertise with** that **perfectly complement** Group's business and technology portfolio



Bottom-line management to support margin ambition of 30% in the long-term



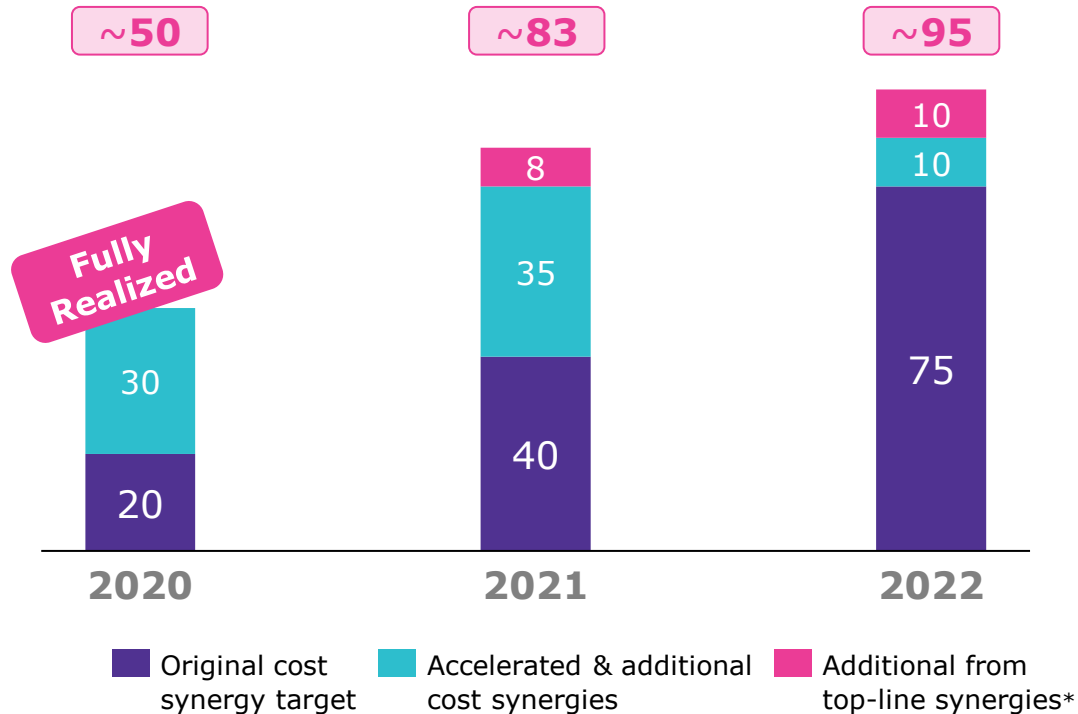
Both transactions successfully closed



Electronics

Successful integration drives substantial synergy upgrade and acceleration

EBITDA pre impact of synergy ramp-up [€ m]



Original target for 2022 is now being addressed for 2021

Sources of synergies



business optimization

- Transform country setup
- Streamline duplicate structures



procurement and supply chain

- Optimize production and supply chain network
- Achieve savings through joint procurement



corporate and administrative functions

- Integrate corporate & administrative functions
- Cost savings due to U.S. company delistings

*Top-line synergies from cross-selling, new products introductions and overarching initiatives

sustainability

06

Sustainability strategy enhanced, leveraging strengths with clear commitment to new targets



Potential to increase sustainable value for business and society

High-Impact SDGs > where Merck can contribute > and benefit

 3 GOOD HEALTH AND WELL-BEING	Good Health and Well-being	➤ We are able to contribute with dedicated products, know-how, partnerships and initiatives in pharma, science and technology.	Goal  	Business opportunities <ul style="list-style-type: none"> ▪ Develop a new range of sustainable products & services, benefiting from Company's innovation power ▪ Open up additional customer groups and expand regional reach
 8 DECENT WORK AND ECONOMIC GROWTH	Decent Work and Economic Growth	➤ Our ambition of future growth considers health and safety of employees also in the supply chain.	 	Risk management <ul style="list-style-type: none"> ▪ Reduce risks through higher awareness and longer-term view ▪ Secure supply chain resilience
 9 INDUSTRY INNOVATION AND INFRASTRUCTURE	Industry, Innovation and Infrastructure	➤ Our innovation power will lead to more sustainable products and processes in various industries.	 	Partnerships <ul style="list-style-type: none"> ▪ Contribute as supplier of choice to customers' ESG strategy ▪ Improve ESG impact of our suppliers
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Responsible Consumption and Production	➤ Being a responsible supplier, we will also challenge suppliers to support in reaching company targets.	 	Operations <ul style="list-style-type: none"> ▪ Increase attractiveness as employer
 17 PARTNERSHIPS FOR THE GOALS	Partnerships for the Goals	➤ To unleash even more power, we foster collaborations with capable partners to sum up know-how for more sustainable impact.	 	<ul style="list-style-type: none"> ▪ Reduce costs of capital ▪ Benefit from grants and reliefs (politics, insurance, etc.) ▪ Incentivize through integrated compensation schemes

Reduce our environmental footprint:

Environmental targets 2020 have been achieved, new targets set

Achievements 2020

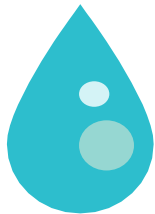
Reduce scope 1+2 emissions



Emissions target 2020 achieved!

- ✓ 25% overall reduction for Scope 1 and 2 emissions in 2020 relative to 2006 (planned: 20%)

Reduce water in stressed areas



Water target 2020 achieved!

- ✓ Water use in stressed areas reduced by 27% in 2020 vs. 2014 (planned: 10%)
- ✓ By 2020, all production sites⁴ successfully implemented sustainable water management system

Reduce Group Waste Score



Waste target ongoing & on track!

- ✓ Based on Group Waste Score, reduced environmental impact by 4.6% vs. 2016 (planned: 5% by 2025)



¹versus 2006 baseline, excluding Versum Materials

²versus 2014 baseline

³versus 2016 baseline

⁴Sites > 70.000 m³/a

New targets from 2021

- Aiming for **climate neutrality** (scope 1 to 3 emissions) **by 2040** 
- **Lower scope 1 and 2 GHG⁵ emissions by 50%** and to source 80% of purchased electricity from renewable sources until 2030 vs. 2020 baseline
- **Absolute reduction of 1,500 kt⁶ scope 3 CO₂ equivalents by 2030**
- Enhancing water efficiency and **improve the new Company water intensity score by 10% by 2025** vs. 2019 baseline 
- Minimize negative environmental impacts, **harmful emission residues should be lowered** below a scientifically defined threshold by 2030

⁵GHG = Greenhouse Gas

⁶corresponds to ~30% of 2019 scope 3 emissions (current estimation incl. Versum Materials)



Next steps towards achieving ESG targets

AGENDA 2020-2022

Analysis of requirements: Strategy, business, regulation, stakeholders

Develop SBV tool² to measure product sustainability value

Link ESG¹ to board compensation

Build effective data platform for internal steering

Develop ESG KPIs for reporting

Further incorporate ESG in R&D, controlling, M&A and supply chain

Decide on dedicated investments and initiatives to achieve targets



2030 targets



¹ESG: Environmental, Social, Governance

²Sustainable Business Value: Dive in deeper and read the research article on the [SBV method](#)

Guidance and Executive Summary

07

Latest COVID-19 assumptions for 2021

Overarching assumptions

- **Increasing vaccination penetration** across large populations **in all major regions** as of summer
- **Global gradual easing of lockdowns to continue; vaccination efforts expected to keep up** with virus mutations
- **Overall improvement** in the course of 2021 to continue; **however, higher degree of forecast uncertainty**



Healthcare assumptions

- **Confirm ~ stable organic base business & pipeline sales target**, despite higher uncertainty
- Pandemic **impact on ramp-ups** (particularly still depressed MS dynamic & high efficacy market in Q1 2021) **remains a watch out; recent vaccination data expected to accelerate market position of Mavenclad®**
- **Fertility to continue recovery**

Life Science assumptions

- **Continued strong additional demand & capacity expansions to support strong growth in Process Solutions**
- **Research and Applied** more volatile and differentiated across customer and product segments; **tailwinds for Research, about neutral effect in Applied**

Electronics assumptions

- **Neutral to positive impact on Semiconductor Solutions** end markets
- **Display and Surface Solutions to return to underlying trajectories**

Full-year 2021 guidance

Net sales:

Organic: +10% to +12% YoY

FX: -2% to -4% YoY

~€18.5 – 19.5 bn

EBITDA pre:

Organic: +16% to +20% YoY (*excl Biogen¹*)

FX: -2% to -4% YoY

~€5.4 – 5.8 bn

EPS pre:

~€7.50 – 8.20

¹ Q3 20 reversal of the provisions for the patent litigation proceedings for Rebif in the amount of ~€365 m; Guidance including Biogen – organic: +9% to +12%



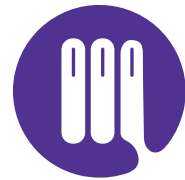
Executive SUMMARY



Group

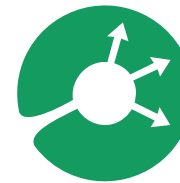
Successfully driving transformation into a leading science and technology company

steady earnings growth with high margins and a low risk profile



setup

Three-pillar structure strengthened further as a resilient basis; COVID-19 crisis as another proof point



Growth Engines

Healthcare pipeline, Process Solutions and Semiconductor Solutions will be key drivers of growth to 2022 and beyond



Execution

Delivery on strategic priorities ensures profitable growth; regaining financial flexibility with higher likelihood of regular bolt-ons post 2022



Appendix

Group

FX sensitivity per business sector



Healthcare

Sales

- Global presence
- ~35% of sales in Europe

Costs

- High cost base in EUR from main manufacturing sites
- HQ costs and large part of R&D costs in EUR

Net Sales currency exposure¹



FX impact on EBITDA pre²



Life Science

Sales

- Balanced regional sales split between EU, NA and RoW

Costs

- Extensive manufacturing and research footprint in the U.S.
- Global customer proximity requires broad-based sales force

Net Sales currency exposure¹



FX impact on EBITDA pre²



Electronics

Sales

- ~75% of sales in Asia-Pacific
- Industry is USD-driven

Costs

- Main production sites in NA, APAC and Germany, several R&D and production facilities in Asia
- Improved natural hedge post Versum acquisition

Net Sales currency exposure¹



FX impact on EBITDA pre²



Acquisition history - Strengthening leadership positions

Year	Company	Volume	Sector
2021	Amptec	n/a	Life Science
2020	Resolutions Spectra Systems	n/a	Life Science
2019	FloDesign Sonics	n/a	Life Science
	Versum Materials Inc., USA Intermolecular Inc., USA	€ 5.8 bn € 62 m	Electronics
2017	Grzybowski Scientific Inventions Ltd., USA	€ 7 m & € 1 m	Life Science
	Natrix Separations Inc., Canada	€ 12 m & € 7 m	Life Science
	BioControl	€ 161m	Life Science
2015	Sigma-Aldrich	€ 13.1 bn	Life Science
	Qlight Nanotech Ltd. (Israel)	n/a	Life Science
	Ormet Circuits Inc. (USA)	n/a	Electronics
2014	AZ Electronics	€ 1.9 bn	Electronics
	Peer+	n/a	
2012	Biochrom AG CellASIC (USA)	n/a	Life Science
2011	Amnis (USA)	n/a	Life Science
	heipha Dr. Müller GmbH / Hycon branch of Biotest AG	n/a	
2010	Beijing Skywing Technology (China)	€ 14.5 m	Life Science
	Millipore Corporation (US)	€ 5.1 bn	
2009	Taizhu (China)	€ 26.3 m	Electronics
2008	Bio-Fyt Pharma (Belgium)	€ 30.0 m	Healthcare
	SeQuant	€ 6.9 m	Life Science
2006	Serono (Switzerland)	€ 10.3 bn	Healthcare
	Agribiotics Holdings (Canada)	€ 21.9 m	Electronics
2005	Survac (Denmark)	€ 10.8 m	Healthcare
	Avecia (UK) incl. Covion (Germany)	€ 49.3 m	Electronics



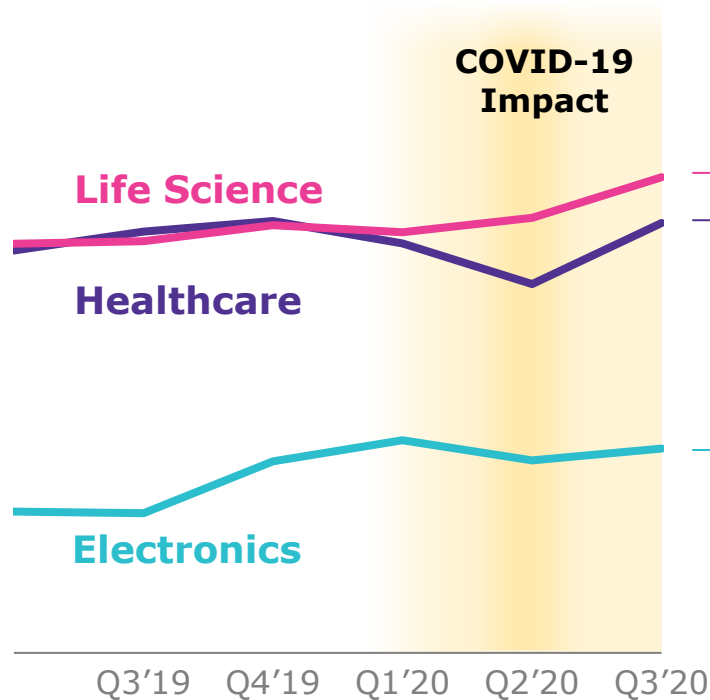
Divestment history - Focusing on profitable core areas

Year	Company	Volume	Sector
2020	Allergopharma	n/a	Healthcare
2018	Consumer Health	€ 3.4 bn	Healthcare
2018	Flow Cytometry business	€ 62.5 m	Life Science
2017	Biosimilars	656 m	Healthcare
2016	Pakistan Healthcare business	n/a	Healthcare
2014	Discovery and Development Solutions	€ 22.6 m	Life Science
2012	Mobile Energy Business (Germany)	n/a	Electronics
2010	Crop BioScience Business (USA, CA and Argentina)	€ 208.2 m	Healthcare
	Théramex (Monaco and Italy)	€ 269.3 m	
2007	Generics business	€ 4.9 bn	Healthcare
2006	ITO/CF Business (Taiwan)	€ 29 m	Electronics
2005	Electronic Chemicals Business	€ 270 m	Electronics
2004	Lab distribution VWR (US)	\$ 1.68 bn	Healthcare
	50% holding of Biomet	\$ 300 m	Electronics



Successful crisis management increasingly mitigates pandemic impact

Quarterly Net Sales in €m*



Underlying developments

- **Life Science well positioned** for new COVID-19 driven demand trends
- **Process business** rapidly addressing new market needs, **fueling net upside**
- Research and Applied **driving recovery in Q3**
- **Fertility: well managed return** to pre COVID-19 levels - not yet all regions
- **Strong Mavenclo® recovery** being driven since June
- **Bavenclo® UC launch** progressing very well on a largely virtual launch
- **General Medicine** on track with good volume development
- Managing visible **recovery in Q3**, but not yet growing organically
- **Semiconductors Solutions' strength** within strong market
- Net downside from COVID-19 in **Display and Surface**

* At fixed 2019 FX rates

Guidance upgrade proof point of **excellent crisis management** and **strong business performance**

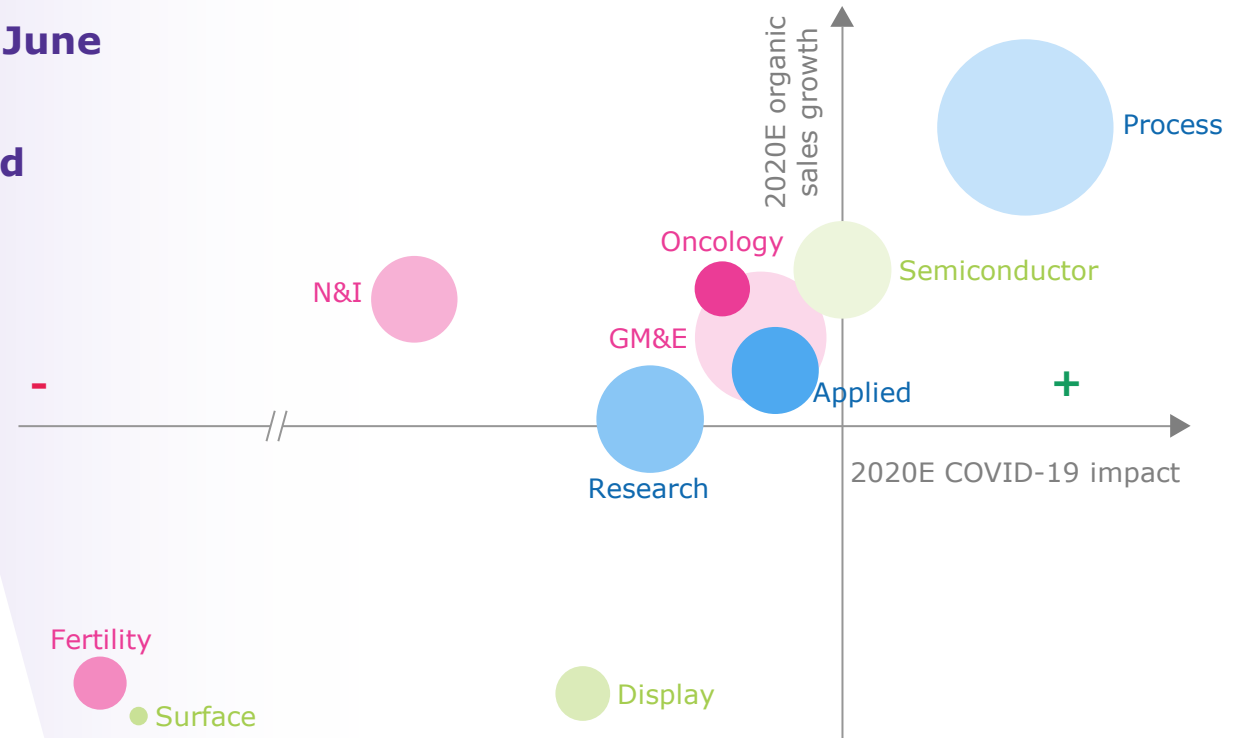
Group

2020 – strong resilience in times of global crisis

- **2020 guidance confirmed; recovery started in June**
- **Most businesses growing** despite COVID-19
- **Largest business** growing and **positively affected**
- Smallest businesses with biggest impact

Delivery on priorities during crisis

- ✓ **Health & safety of employees**
- ✓ **Business continuity**
- ✓ **Contributions to public health and society**
- ✓ **Sustainability aspects further enforced**

Growth and COVID-19 impact by business¹**CMD 2019****Group - steady earnings growth with high margins and a low risk profile**

¹ Indicative only and based on guidance from August 6: slight to moderate organic sales and EBITDA pre growth, COVID-19 with up to a mid single-digit impact on sales of which 50-60% hitting EBITDA pre

2021 business sector guidance¹

Healthcare



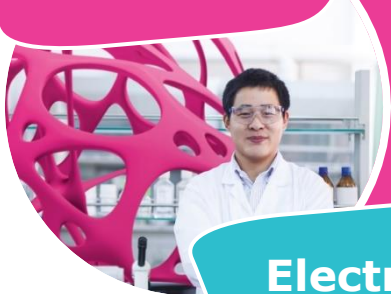
Net sales

- Organic: +7% to +10%
- Mainly driven by Mavenclad[®], Bavencio[®] and recovery of Fertility
- Base business organically around stable

EBITDA pre

- Organic: +12% to +15% YoY (excl Biogen²)
- FX: -5% to -7% YoY
- ~€2,000 – 2,100 m

Life Science



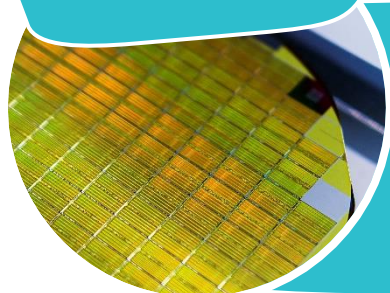
Net sales

- Organic: +15% to +18%
- Process Solutions as main growth driver

EBITDA pre

- Organic: +22% to +26% YoY
- FX: -1% to -3% YoY
- ~€2,850 – 3,000 m

Electronics



Net sales

- Organic: +5% to +7%
- Strong Semiconductor Solutions contribution, subject to quarterly DS&S project phasing
- OLED with high growth

EBITDA pre

- Organic: +9% to +12% YoY
- FX: -3% to -5% YoY
- ~€1,050 – 1,130 m

¹Business Sector guidances are only support to the group guidance and do not have to add up; ² Q3 20 reversal of the provisions for the patent litigation proceedings for Rebif in the amount of ~€365 m; Guidance including Biogen – organic: -4% to -6%

Additional financial guidance 2021

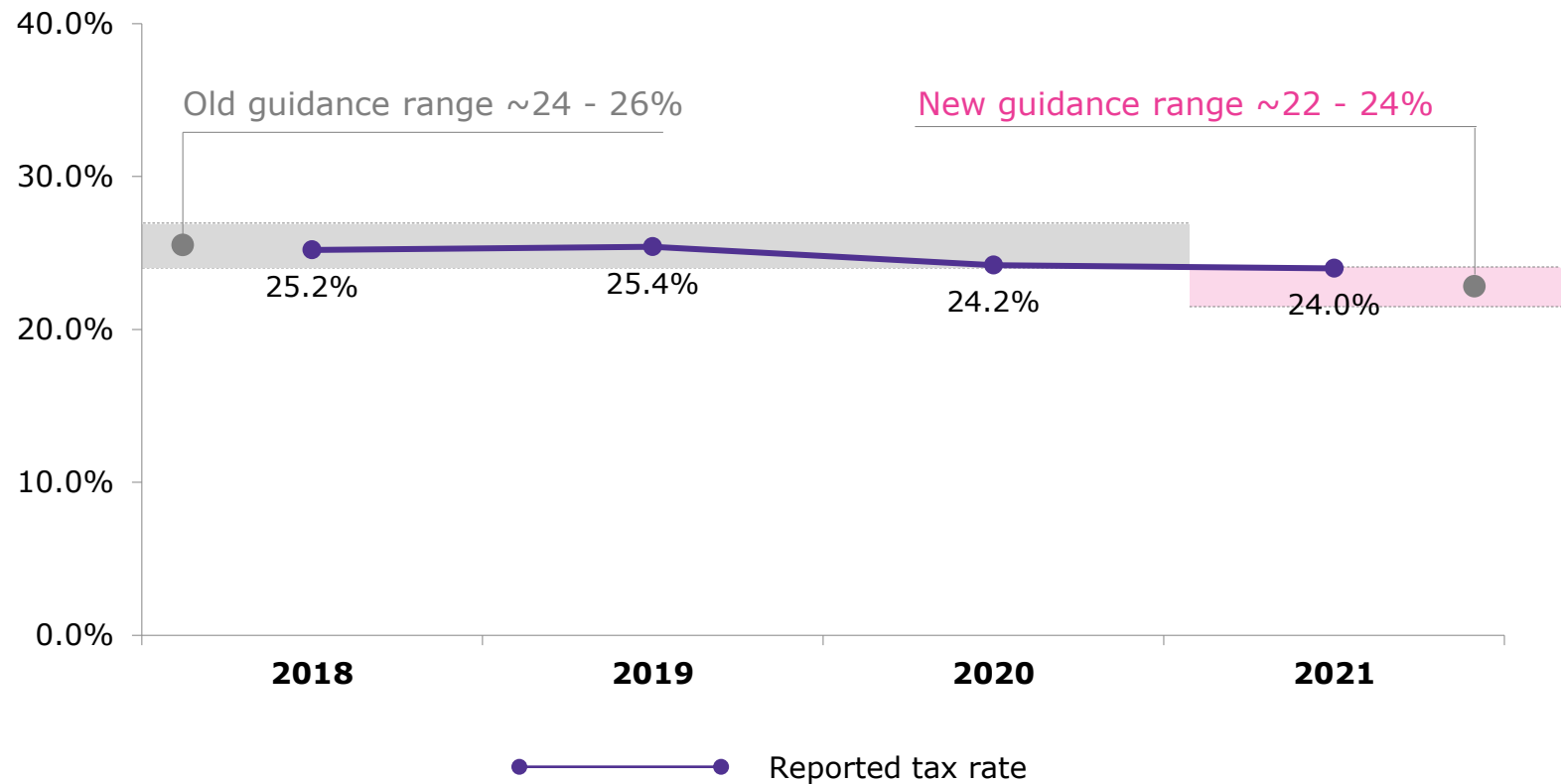
Further financial details

Corporate & Other EBITDA pre	~ €-440 to -490 m
Interest result	~ €-220 to -245 m
Effective tax rate	~ 22% to 24%
Capex on PPE	~ €1.4 to 1.5 bn
Hedging/USD assumption	FY 2021 hedge ratio ~70% at EUR/USD ~1.17
2021 Ø EUR/USD assumption	~ 1.19 to 1.23



Underlying tax rate guidance lowered to new range of 22% to 24%

Tax rate development 2018-2020 and from 2021 onwards



Rationale for update

Strong profit growth in Life Science results in different profit contributions worldwide, leading to a lower overall tax rate

Group

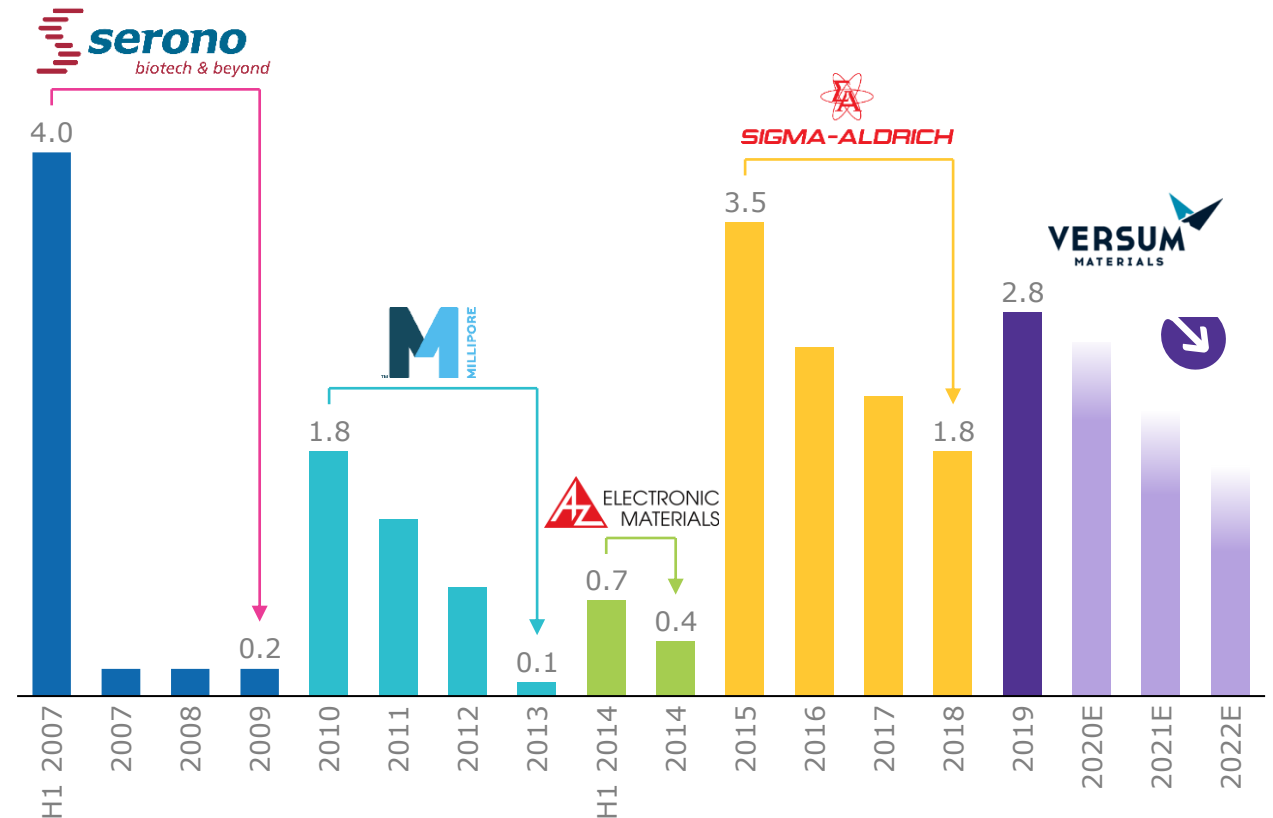
Focus on organic growth and deleveraging to 2022

Proven swift deleveraging after major acquisitions

- **Deleverage to <2x** net debt/EBITDA pre in 2022
- **M&A on hold until 2022**; only smaller deals to be realized if budget available
- New mid-term capex ceiling of ~€1.3 bn reflects **increased focus on organic investment** and Versum consolidation
- Dividend policy mirrors **sustainable earnings trend**

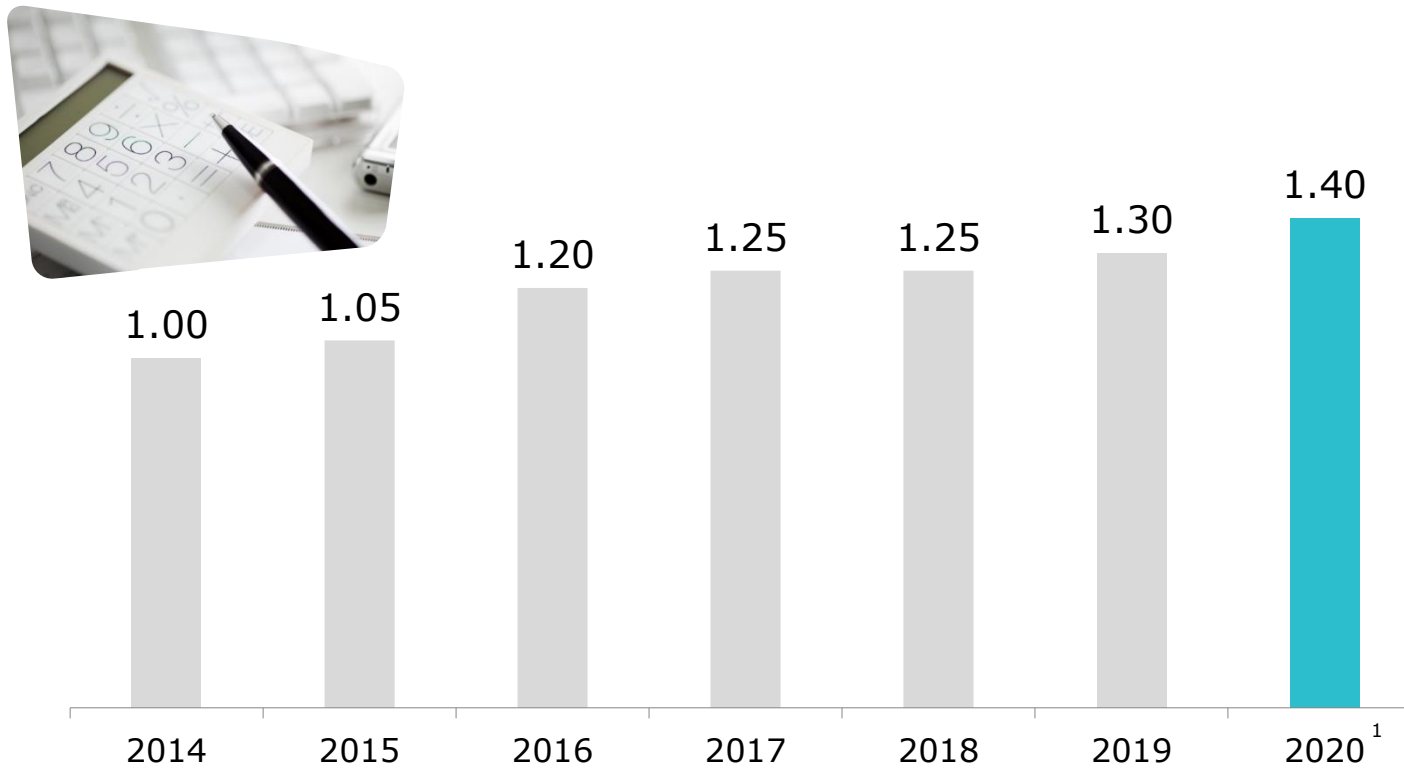
UPDATE

Net debt / EBITDA pre track record & outlook



Sustainable dividend growth

Dividend¹ development 2014 -2020



2020 dividend

- Dividend of €1.40 (+8% YoY) per share proposed¹ for 2020
- Payout ratio of 23.1% of EPS pre² in 2020; aiming for 20-25% of EPS pre
- Dividend yield³ of 1.0%

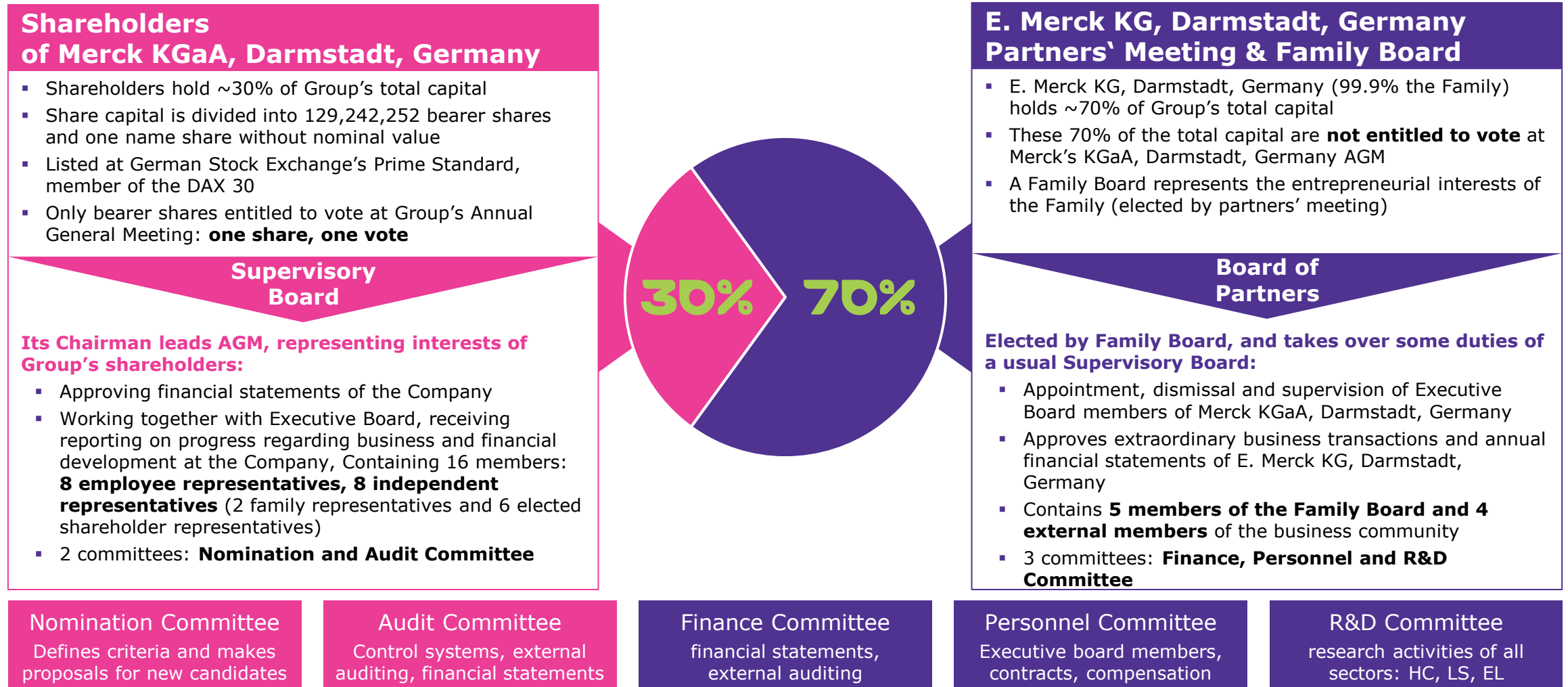
¹Final decision is subject to Annual General Meeting approval

²Excluding Biogen provision release, including the provision release the ratio is 20.9%

³Calculated with 2020 year-end share price of € 140.35 per share.

Governance

Merck's KGaA, Darmstadt, Germany ownership structure



Executive board compensation

Pay for performance reflecting the company's long-term strategy

Variable	40-50%	Long-Term Incentive Plan <ul style="list-style-type: none"> Reflecting the long-term strategy for Group's growth and (from 2022) sustainability ambition 4 years performance cycle: 3 years target achievement + 1 year holding period Based on virtual Group Share Units (Grant € divided through start share price, multiplied with the end share price) Financial targets: 50% Group Share Price vs. DAX + 25% EBITDA pre margin + 25% Organic sales growth From 2022 multiplied with sustainability factor (0.8-1.2) reflecting KPIs from each of the sustainability goals Corridors for each target and achieved targets published transparently ex-post in the compensation report Maximum cap: Maximum pay out 250%, maximum € cap for LTIP for each board member published Claw-back allows to retain amounts allocated from the Long-Term Incentive Plan 	+ Performance of Group share price vs. the DAX 50% + EBITDA pre margin in relation to target value 25% + Organic sales growth in relation to target value 25% X 0.8-1.2 Sustainability factor = 0-180% of allocated units
	25-35%	Profit Sharing <ul style="list-style-type: none"> Three-years average profit after tax of the E. Group, multiplied with individual permille rate From 2021 reduced individual performance factor of 0.8-1.2 can increase (bonus) or decrease (malus) the amount based on a set of criteria, incl. the 3 sustainability goals, disclosure of catalogue and reasons for if performance factor ≠ 1.0 Individual permille rate for each board member and maximum € cap for each board member published Staggered incentivization and minimum threshold value and maximum limit for profit after tax (0.75/2.0 bn €) Mandatory personal investment in Company Shares amounting to one third of the net payment of the profit sharing (4 year holding period) 	
Basic	6-9%	Pension Entitlements	Defined contribution
	0-3%	Additional Benefits	Mainly contributions to insurance policies, personal security expenses, company car...
Basic	15-20%	Basic Compensation <ul style="list-style-type: none"> Fixed and non-performance related compensation Paid in 12 equal monthly installments 1.4 million € for the chairman / up to 1.1 million € for the members of the executive board 	
Maximum total compensation: reduced to €11.5 m Chairman, €9.5 m other executive board members			

External stakeholders assess our engagement



As of 2020, Merck KGaA, Darmstadt, Germany received an **MSCI ESG* Rating of AAA**.

*Environment, Social, Governance



2021, we received an **ESG Risk Rating** of 19.5 and **Sustainalytics: low risk** of experiencing material financial impacts from ESG factors.



Since 2008, Group is part of **FTSE4Good Index**, measuring the performance of companies with strong ESG practices (top 15).



In 2020, Company has once more achieved **prime status** by **ISS Oekom**.



In 2019, the Company share was again **included in STOXX Global ESG Leaders Index**, a sustainability index based on key environmental, social and governance criteria.



Group has been **reconfirmed** as a constituent of the **Ethibel Sustainability Index (ESI) Excellence Europe** since May 2020, based on VigeoEiris.

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Company for the second time received platinum status in 2021, among the **top 1% of companies**. **EcoVadis** annually examines ~75,000 suppliers from 160 countries.



In the 2021 **Access to Medicine Index** Group ranked **eighth place**. We were recognized for our performance in R&D, where we ranked fifth.



CDP Climate: In 2020, we scored **"B"** (2019: C). **CDP Water:** In 2020, we received a **"B"** (2019: B).

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Group

Regular portfolio review remains key to success

strong track record

- Acquisitions and divestments are part of Company's history
- Licensing and partnerships remain on our agenda
- All prior transactions earned their cost of capital



defining portfolio guard rails

- Three strong pillars with no business marginalized
- Leading market position in attractive markets
- Focus on innovation and sustainability through science and technology



clear financial M&A criteria

- Supporting profitable growth strategy
- $IRR > WACC$
- EPS pre accretive
- Maintain investment grade rating



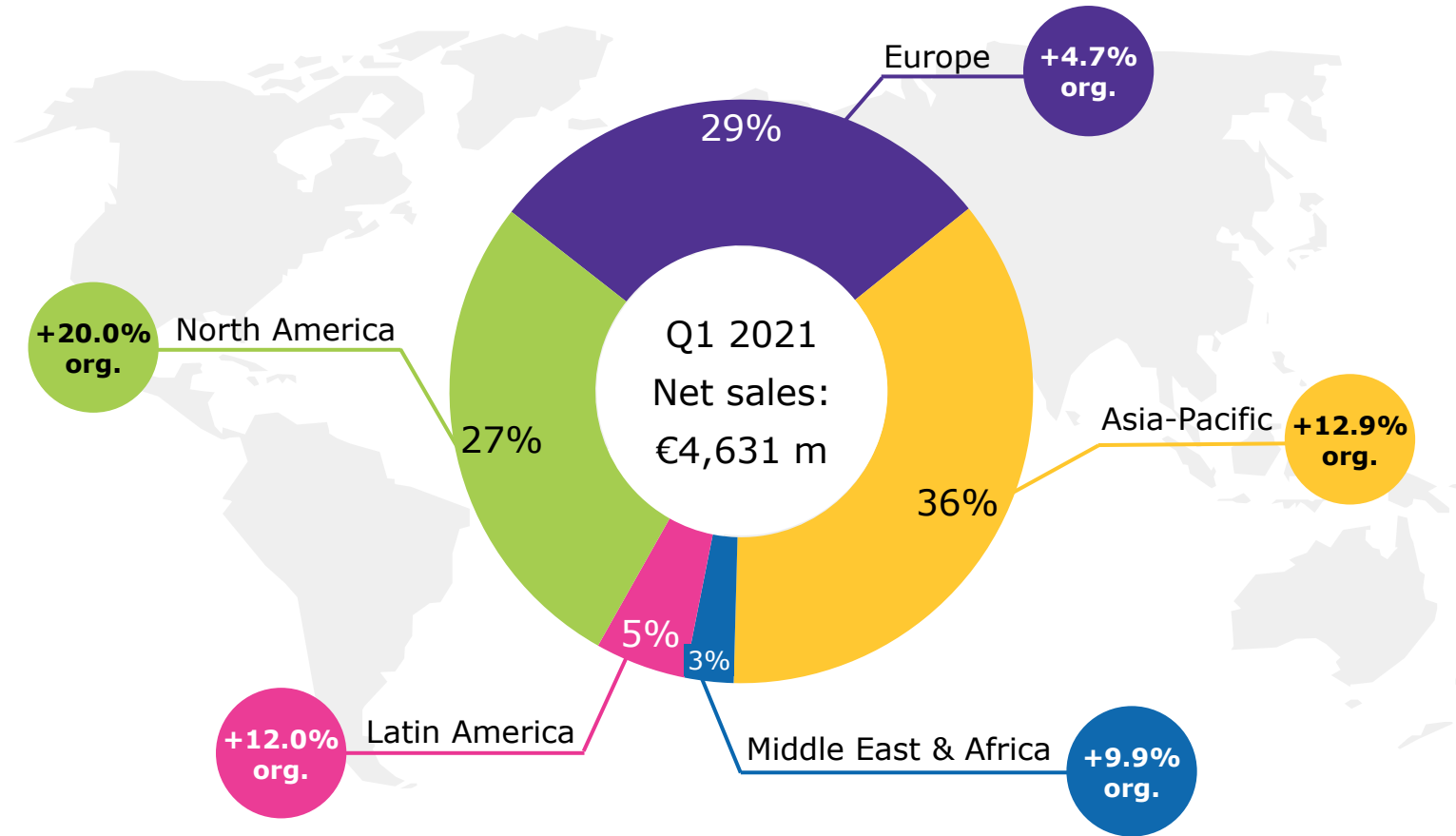
Current set-up is strong and organic investment opportunities are attractive

Expect to regain financial flexibility by 2022 to pursue external growth opportunities

Targeted and more regular bolt-on approach more likely than large transformative deals

Life Science demand drives particularly strong growth in North America and Asia-Pacific

Q1 2020 Regional breakdown of net sales [€m]



Regional organic development

- APAC: strong Life Science and Healthcare growth while Electronics ~ stable with Semi offsetting Display
- Europe: Growth in Process & Research Solutions more than compensates Healthcare decline largely in CM&E
- North America: growth across all three sectors, particularly strong Life Science and Bavencio[®] performance
- LATAM growth driven foremost by Fertility and Bavencio[®]
- CM&E is the largest growth driver in ME&A

27% organic growth in Life Science, moderate Healthcare growth & stable Electronics drive very strong organic Group sales and EBITDA pre growth

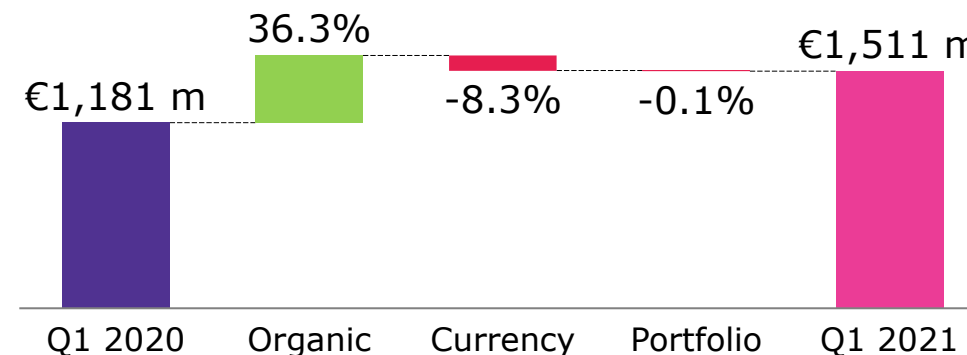
Q1 YoY Net Sales

	Organic	Currency	Portfolio	Total
Healthcare	3.5%	-5.9%	-1.2%	-3.6%
Life Science	26.7%	-6.2%	0.0%	20.4%
Electronics	0.2%	-4.5%	0.0%	-4.3%
Group	12.2%	-5.8%	-0.4%	6.0%

- 22% org. growth in Fertility and 20% org. growth in Oncology more than compensate for N&I decline (-4% org.) amid depressed dynamic market and VBP impact in CM&E¹ (-4% org.)
- Record Life Science organic growth driven by all business units with Process Solutions up +38%; Research elevated to +24%; Applied Solutions delivers 8% organic growth
- Electronics about stable as Semiconductor Solutions growth (+4% org.) and recovering Surface Solutions (+5% org.) are offsetting decline in Display (-7% org.)

¹ Cardiovascular, Metabolism and Endocrinology (new Franchise name as of Q1 2021)

Q1 YoY EBITDA pre

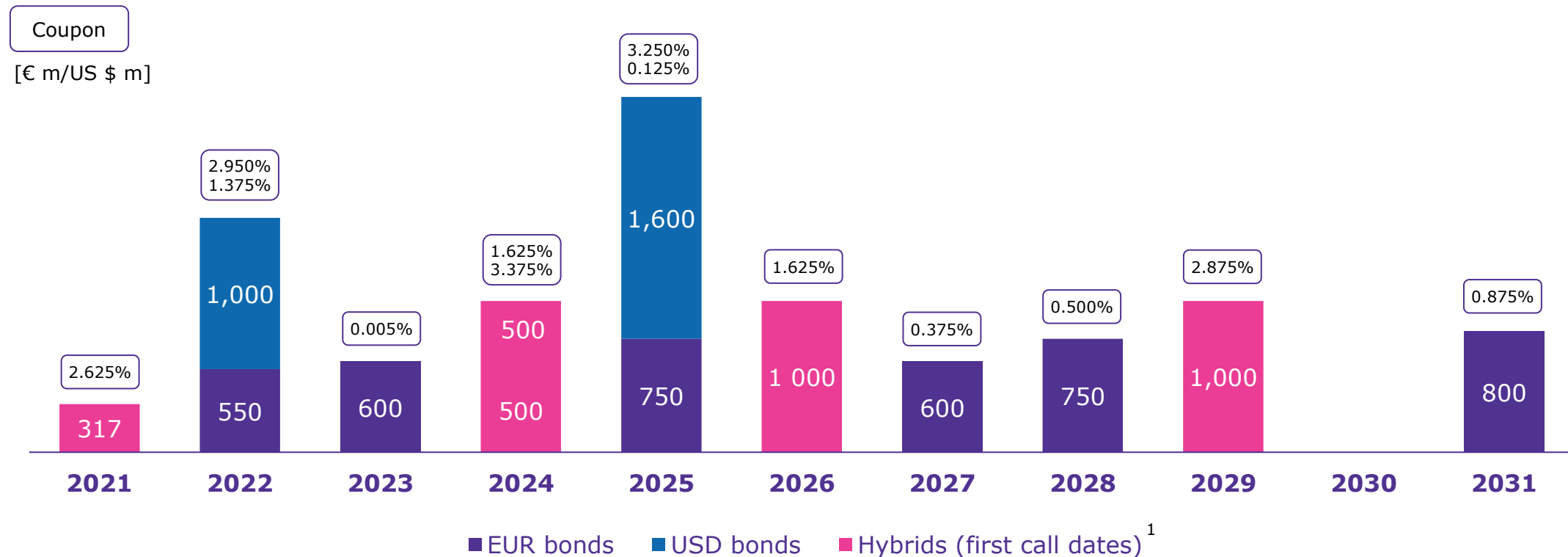


- Organic EBITDA pre growth three times faster than sales growth
- Strong Life Science gross profit further boosted by Bavencio[®] milestones and continued cost discipline in all sectors
- FX burden of -8% across various currencies with largest negative impact from USD, BRL and JPY; partly mitigated by hedging



Balanced maturity profile: Lower refinancing risks & higher flexibility

Maturity profile as of March 31, 2021



¹No decision on call rights taken yet



Q1 2021: Overview

Key figures

[€m]	Q1 2020	Q1 2021	Δ
Net sales	4,370	4,631	6.0%
EBITDA pre	1,181	1,511	27.9%
Margin (in % of net sales)	27.0%	32.6%	
EPS pre	1.50	2.18	45.3%
Operating cash flow	516	1,216	135.4%

[€m]	Dec. 31, 2020	March 31, 2021	Δ
Net financial debt	10,758	10,081	-6.3%
Working capital	3,938	4,231	7.4%
Employees	58,096	57,933	0.0%

Comments

- Net sales growth of 6% driven by 12% organic growth and FX burden of -6%
- EBITDA pre increase, driven particularly by operating leverage in Life Science further boosted by Bavencio[®] milestones
- EPS pre driven by EBIT pre growth, supported by better financial result & lower effective tax rate
- Operating cash flow more than doubles, largely driven by strong EBITDA pre growth and favorable net working capital
- Significant reduction of net financial debt



Q1 2021: Reported figures

Reported results

[€m]	Q1 2020	Q1 2021	Δ
EBIT	716	1,043	45.7%
Financial result	-98	-59	-40.0%
Profit before tax	617	984	59.4%
Income tax	-159	-236	48.1%
<i>Effective tax rate</i>	25.8%	24.0%	
Net income	456	747	63.7%
EPS (€)	1.05	1.72	63.8%

Comments

- Strong performance across all sectors particularly in Life Science drives 46% EBIT growth
- Reduced interest expense and lower LTIP provisions drive improved financial result
- Effective tax rate at the higher end of the new guidance range
- EBIT growth, improved financial result and lower tax rate drive higher net income & EPS



Cash flow statement

Q1 2021 – cash flow statement

[€m]	Q1 2020	Q1 2021	Δ
Profit after tax	458	748	290
D&A	431	424	-7
Changes in provisions	16	-34	-50
Changes in other assets/liabilities	-23	160	183
Other operating activities	-10	6	16
Changes in working capital	-356	-88	267
Operating cash flow	516	1,216	700
Investing cash flow	-288	-346	-58
thereof Capex on PPE	-337	-309	29
Financing cash flow	542	6	-536

Cash flow drivers

- Strong increase in profit after tax driven particularly by Life Science, further boosted by Bavencio[®] milestones
- Provisions largely reflect various favorable developments in litigation positions
- Contribution from other assets/liabilities largely explained by tax positions
- Working capital upside mainly driven by higher payables (Q4 2020 phasing effect)
- Delta in investing cash flow primarily explained by divestment of Allergopharma in Q1 2020
- Capex driven foremost by Life Science capacity expansions



Adjustments in Q1 2021

EBIT Adjustments

[€m]	Q1 2020		Q1 2021	
	Adjustments	thereof D&A	Adjustments	thereof D&A
Healthcare	-27	2	10	0
Life Science	11	0	14	0
Electronics	35	0	17	3
Corporate & Other	17	0	6	0
Total	36	2	47	3



Financial calendar

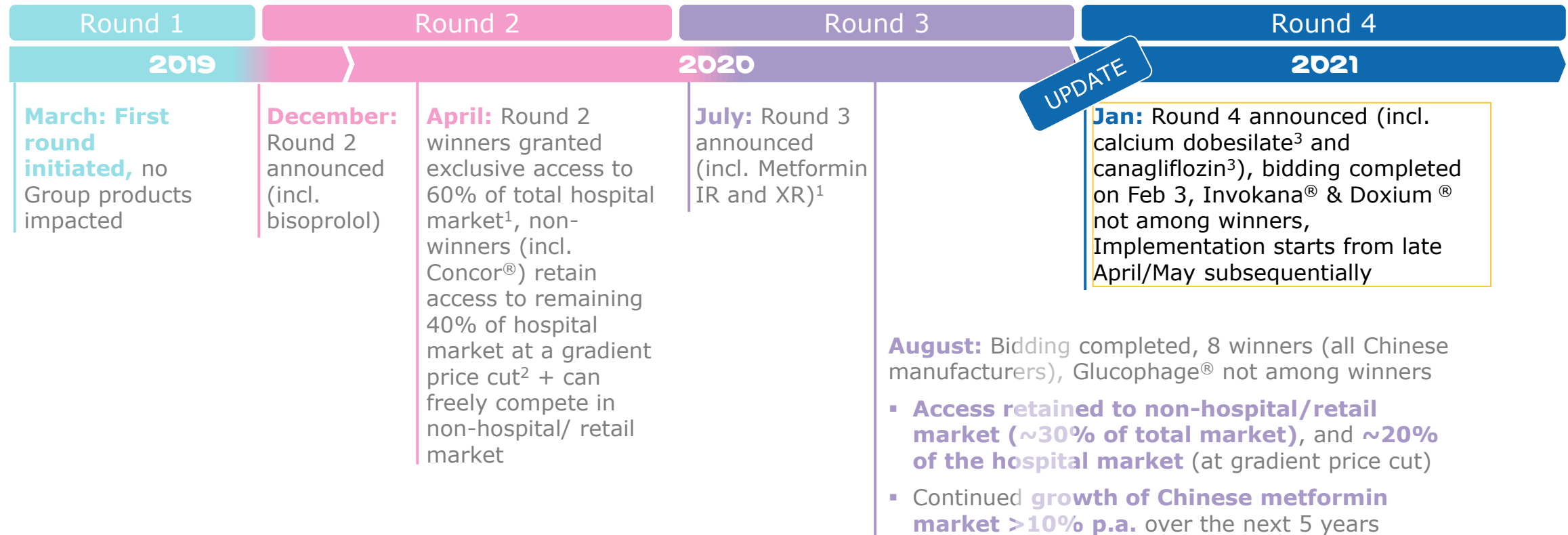
Date	Event
May 12, 2021	Q1 2021 Earnings release
August 5, 2021	Q2 2021 Earnings release
September 9, 2021	Virtual Capital Markets Day
November 11, 2021	Q3 2021 Earnings release
April 22, 2022	Annual General Meeting





Healthcare

China's VBP: Round 4 bidding recently completed, sustained confidence in keeping base business approx. stable through 2021 and 2022



China Glucophage sales represent **only ~8% of the total base business** (2020 net sales)
 Sustained confidence in **approx. stable base business (org.) through 2021 and 2022**

1: hospital market for bisoprolol and metformin makes up ~70% of total market, this includes urban hospitals, rural hospitals, and community health centers; 2: Concor® price cut in the high single digit %; 3: alliance products;
 Acronyms: VBP = Volume-Based Procurement

Healthcare pipeline

May 12, 2021

Phase I

M1231
Bispec. MUC1xEGFR ADC
Solid tumors

M1774
ATR inhibitor
Solid tumors

peposertib
DNA-PK inhibitor
Solid tumors¹

bintrafusp alfa
TGFbeta trap/anti-PD-L1
Cervical cancer 1L

M6223
anti-TIGIT mAb
Solid tumors²

M5049
TLR7/8 antagonist
Systemic lupus erythematosus /
Cutaneous lupus erythematosus

M5717
PeEF2 inhibitor
Malaria

Simplified overview excluding programs
for which Company explores
externalization opportunities and/or for
which Group pursues only limited
internal development activities

Phase II

berzosertib
ATR inhibitor
Small-Cell Lung Cancer³

tepotinib
MET kinase inhibitor
Metastatic Colorectal Cancer
*RAS/BRAF wt, MET amplified*⁴

tepotinib
MET kinase inhibitor
Non-small cell lung cancer,
*EGFR mutant, MET amplified*⁵

bintrafusp alfa
TGFbeta trap/anti-PD-L1
Non-small cell lung cancer 1L/2L

bintrafusp alfa
TGFbeta trap/anti-PD-L1
Locally advanced non-small cell
lung cancer

bintrafusp alfa
TGFbeta trap/anti-PD-L1
Biliary tract cancer 1L

bintrafusp alfa
TGFbeta trap/anti-PD-L1
Cervical cancer 2L

bintrafusp alfa
TGFbeta trap/anti-PD-L1
Triple negative breast cancer
(HMG2A positive)

M5049
TLR7/8 antagonist
COVID-19 pneumonia

Phase III

xevinapant
IAP inhibitor
Locally advanced squamous cell
carcinoma of the head and neck⁶

avelumab
anti-PD-L1 mAb
Non-small cell lung cancer 1L

evobrutinib
BTK inhibitor
Relapsing multiple sclerosis

Registration

tepotinib
MET kinase inhibitor
Non-small cell lung cancer,
METex14 skipping^{7,8}

avelumab
anti-PD-L1 mAb
Urothelial cancer 1L-M^{9,10}

- Oncology
- Immuno-Oncology
- Immunology
- Neurology
- Global Health

ADC: Antibody Drug Conjugate; Bispec.: bispecific; 1L: first-line treatment; 1L-M: first-line maintenance treatment; 2L: second-line treatment;

¹ Study in combination with avelumab. ² Includes study in combination with bintrafusp alfa. ³ Includes studies (phase I/II) in collaboration with/ sponsored by external partners, e.g. NCI. ⁴ In combination with cetuximab. ⁵ In combination with osimertinib. ⁶ On March 01, Merck KGaA, Darmstadt, Germany announced a worldwide in-licensing agreement with Debiopharm, Switzerland, for the development and commercialization of xevinapant (Debio 1143). ⁷ As announced on February 03, 2021, the US Food and Drug Administration (FDA) has approved tepotinib for the treatment of adult patients with metastatic non-small cell lung cancer (NSCLC) harboring mesenchymal-epithelial transition (MET) exon 14 skipping alterations. This indication is approved under accelerated approval based on overall response rate and duration of response. Continued approval for this indication may be contingent upon verification and description of clinical benefit in confirmatory trials. ⁸ As announced on November 26, 2020, the European Medicines Agency (EMA) has validated for review the application for tepotinib for the treatment of adult patients with advanced non-small cell lung cancer. ⁹ As announced on January 25, 2021, the European Commission (EC) has approved avelumab as monotherapy for the first-line maintenance treatment of adult patients with locally advanced or metastatic urothelial carcinoma. ¹⁰ As announced on February 24, 2021, Japan's Ministry of Health, Labor and Welfare (MHLW) has approved a new indication for avelumab as a first-line maintenance treatment for advanced bladder cancer. Additional information: Several combination studies (phase II) of avelumab with talazoparib, axitinib, ALK inhibitors or chemotherapy ongoing under sponsorship of Pfizer.

Unless noted otherwise, clinical programs conducted in collaboration with external partners are not shown unless Merck KGaA, Darmstadt, Germany has co-ownership of data. In such case the indication is shown in *italics*.

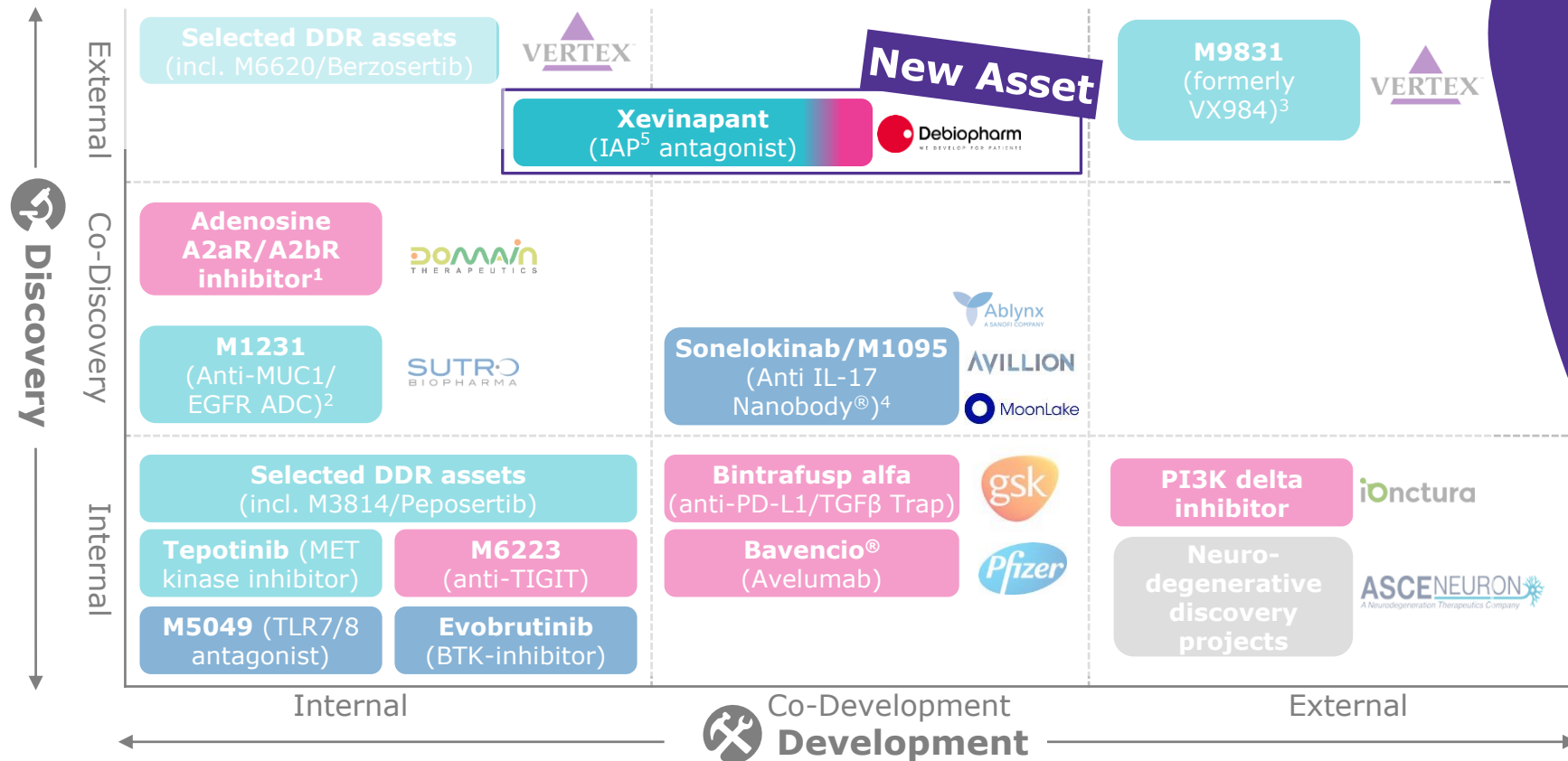
Pipeline products are under clinical investigation and have not been proven to be safe and effective. There is no guarantee any product will be approved in the sought-after indication.



Xevinapant

Potential to become standard of care in core area for the Group

Chart originally presented in 2020 R&D update call; selected, non-exhaustive examples



Worldwide xevinapant in-licensing builds on leadership in head and neck

1. Strategic fit ✓
2. Exploitability ✓
3. Clinical & commercial competencies ✓

1: In 2017, Domain Therapeutics and Merck KGaA, Darmstadt, Germany entered into a collaboration and licensing agreement for the development of adenosine receptor antagonist drugs specifically designed for oncology and immuno-oncology; 2: In 2014, Sutro and Merck KGaA, Darmstadt, Germany initiated a collaboration to discover and develop ADCs utilizing Sutro's cell-free protein synthesis platform, Xpress CF+™. Company is responsible for drug product, clinical development and commercialization of any resulting products; 3: In 2019, an exclusive license was granted to Vertex for the use of M9831 in gene-editing applications; 4: Avillion conducted Ph II of M1095 in Psoriasis, Group decided to out license sonelokinaB to a new partner to initiate Phase III development in 2021 5: Inhibitor of Apoptosis Proteins

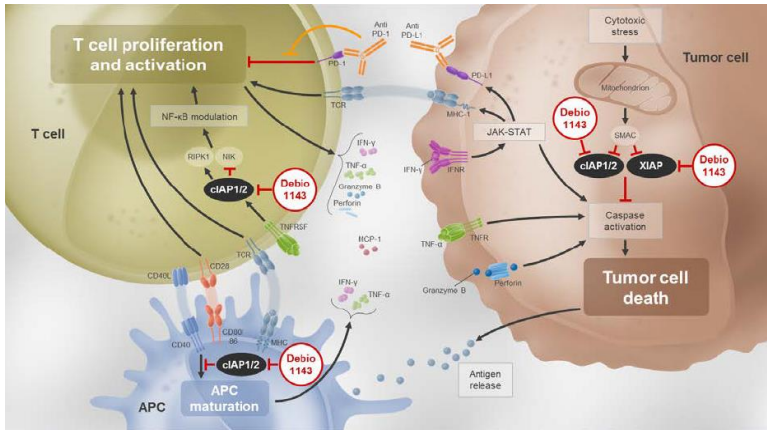
Oncology
Immuno-Oncology
Immunology



Xevinapant (Debio 1143)

Potentially first in class oral IAP antagonist with FDA BTB

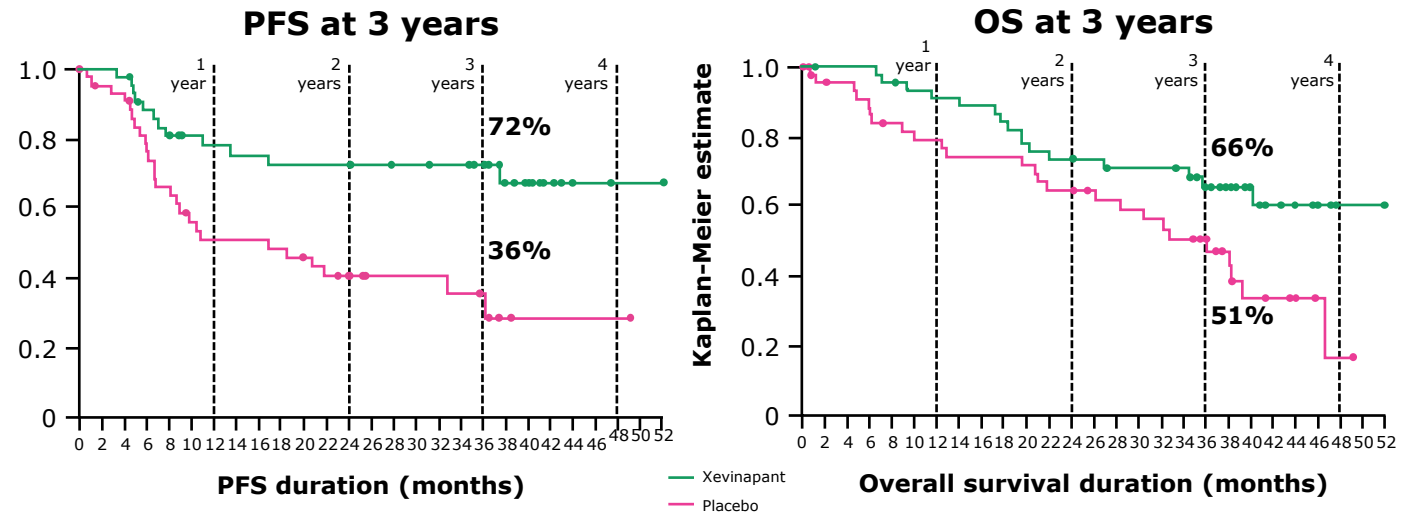
Mode of Action¹



- Oral Inhibitor of Apoptosis Proteins (IAP) antagonist: chemo-/radio-sensitizer & enhancer of anti-tumor immunity
- IAP antagonists tackling two cancer hallmarks:
 - Enhancing anti-tumor immunity
 - Lowering threshold for tumor cell death

Compelling Phase 2 data² published in *The Lancet Oncology*, and presented at ESMO 2020

- **Improvement in OS statistically significant** and clinically meaningful: **HR 0.49** (0.26–0.92); $p=0.0261$
- **Clinically compelling PFS improvement: HR 0.34** (0.17–0.68); $p=0.0023$
- Predictable and manageable safety profile without substantial additional toxicity to standard CRT



Acronyms: BTB = Breakthrough Therapy Designation; IAP = Inhibitor of Apoptosis Proteins; 1: Debiopharm; 2: ESMO 2020 - Late Breaking Abstract 39 - 3-years follow-up of double-blind randomized phase II comparing concurrent high-dose cisplatin chemo-radiation plus xevinapant or placebo in high-risk patients with locally advanced squamous cell carcinoma of the head and neck

Xevinapant

Total deal-volume of up to ~ €900 m and industry-typical sales royalties

Payment type	Amount (in €)	Accounting treatment ²
Upfront payment	~ €190 m	Largest part to be capitalized as an intangible asset
Approval milestones	Up to ~ €380 m ¹	To be paid and capitalized as an intangible asset upon approval and to be amortized once asset is ready for use
Commercial milestones	Up to ~ €330 m	To be paid and capitalized as an intangible asset, based on sales thresholds and to be amortized over remaining useful life
Sales	n/a	Group to recognize sales globally (incl. US)
R&D Costs	n/a	For ongoing TrilynX study <ul style="list-style-type: none"> ▪ Cash view: 50/50 cost sharing ▪ P&L view: fully shown in Company P&L 2nd study for cisplatin-ineligible patients: Group incurs 100% of cost
Royalties	n/a	Company to pay industry-typical sales royalty to Debiopharm

¹ thereof up to ~€300 m for focus H&N indications)

² final accounting treatment is still subject to alignment with auditors

Xevinapant (Potentially first in class oral IAP antagonist)

Two Phase III studies are designed to target the majority of unresectable LA SCCHN patients receiving systemic therapy + RT



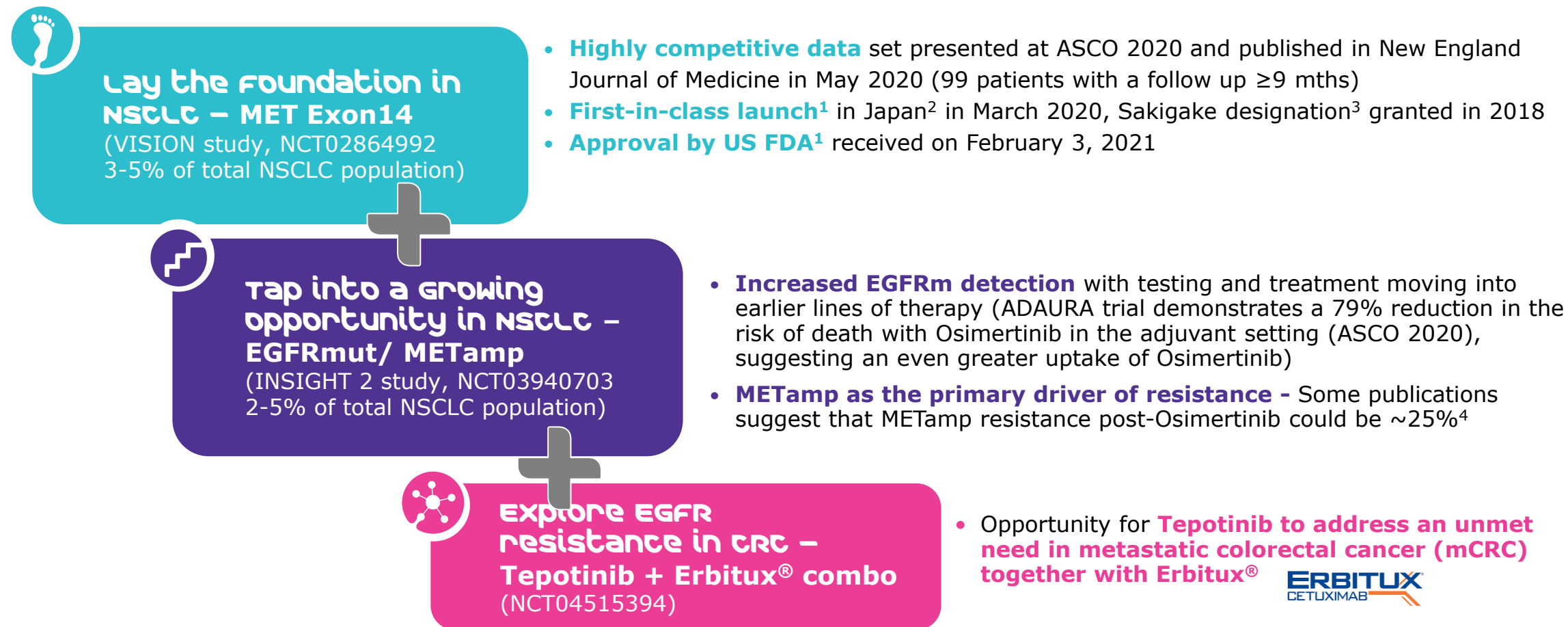
Blockbuster potential provided success of both studies



20,000+ unresectable LA SCCHN patients in US and EU-5 each

Tepotinib (MET kinase inhibitor)

First-in-class launch in MET Exon14 sets foundation for EGFRm/ METamp opportunity and exploration in other tumor types



1: approved for both treatment naïve and previously treated METex14 positive NSCLC patients; 2: second largest Oncology market globally; 3: SAKIGAKE designation promotes research and development in Japan, aiming at early practical application for innovative pharmaceutical products; 4: Piotrowska et al., "Landscape of Acquired Resistance to Osimertinib in EGFR -Mutant NSCLC and Clinical Validation of Combined EGFR and RET Inhibition with Osimertinib and BLU-667 for Acquired RET Fusion", AACR Cancer Discovery 2018; Acronyms: CRC = Colorectal cancer; EGFR = Epidermal Growth Factor Receptor; NSCLC = Non-small cell lung cancer

Tepotinib (MET kinase inhibitor)

Tapping into the rapidly evolving EGFRmut/METamp market – Encouraging INSIGHT 1 data



INSIGHT 2 – Tepotinib + Osimertinib in Osimertinib Relapsed METamp NSCLC

Recruiting

- **Study design recently amended to reflect evolved and future standard of care:**
 - **Target population** – Inclusion criteria adjusted to focus solely on 1L Osimertinib failures
 - **Testing** - Streamline patient enrollment based on current gold standard method (TBx FISH)
 - **Increasing METamp prevalence** - Some publications suggest that METamp resistance post-Osimertinib could be ~25%¹
- Estimated primary completion date: **November 2022**



Tepotinib + Erbitux® (Cetuximab) - Addressing a significant medical need in 2L metastatic colorectal cancer (mCRC)

Recruiting

- Opportunity for **Tepotinib to address an unmet need in CRC** together with Erbitux®
- Estimated primary completion date: **March 2023**

A solid foundation - Encouraging INSIGHT 1 data (18-months follow-up presented at WCLC 2019)²

Endpoint	Tepotinib + gefitinib	Chemotherapy
Primary - PFS (HR 0.13 [90% CI 0.04, 0.43])	16.6 m	4.2 m
Secondary - ORR (OR 2.67 [90% CI 0.37, 19.56])	66.7%	42.9%
Secondary - OS (HR 0.09 [CI 0.01, 0.54])	37.3 m	13.1 m



Proof of Concept: MET amplification can be considered a suitable biomarker for treatment with Tepotinib



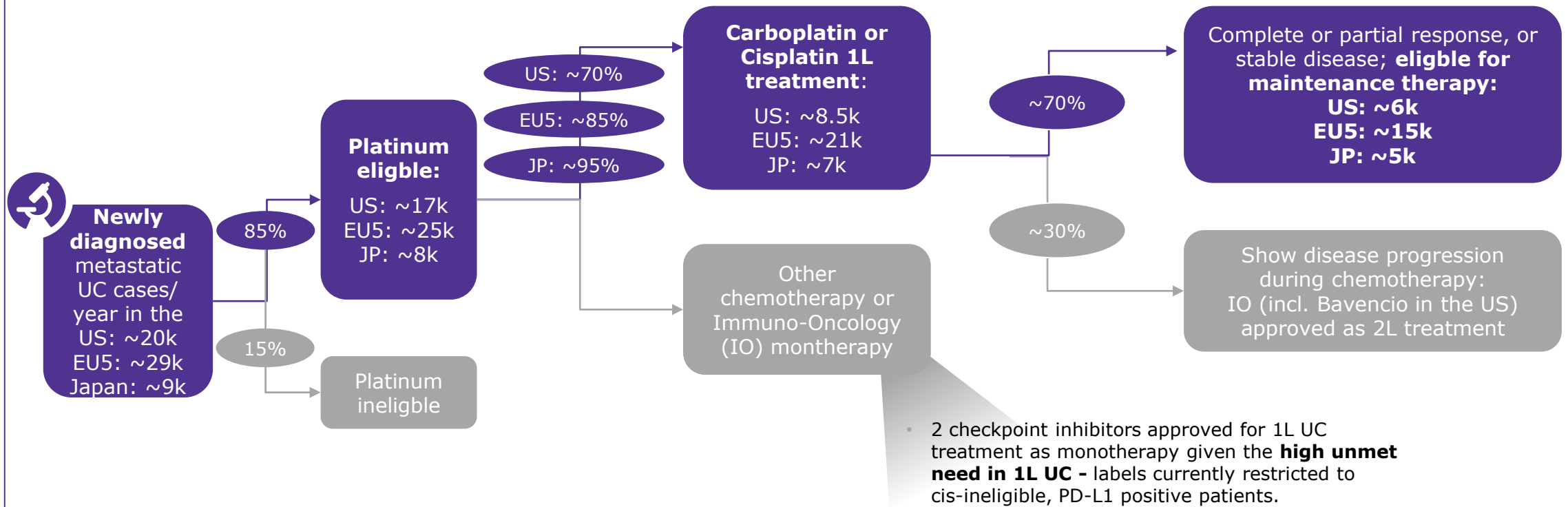
Safety: generally **well-tolerated**, most adverse events mild to moderate

1: Piotrowska et al., "Landscape of Acquired Resistance to Osimertinib in EGFR -Mutant NSCLC and Clinical Validation of Combined EGFR and RET Inhibition with Osimertinib and BLU-667 for Acquired RET Fusion", AACR Cancer Discovery 2018; 2: Wu et al., "Long term outcomes to tepotinib plus gefitinib in patients with EGFR mutant NSCLC and MET dysregulation: 18 month follow up", presented at WCLC 2019; Acronyms: FISH = Fluorescence in situ hybridization; TBx = Tissue Biopsy

Bavencio® (Avelumab) – Urothelial Carcinoma (UC 1L)

UC 1L maintenance treatment achieving transformative OS benefit (31% reduction in risk of death, 7 months increase in median overall survival)

Durable responses to standard of care (1L chemotherapy) are rare with most patients experiencing progression within 9 months of treatment¹



1: Kantar Health Patient Metrics & Kantar Health Treatment Architecture for epidemiological data; IMS Claims, Kantar and IPSOS for triangulation of market shares

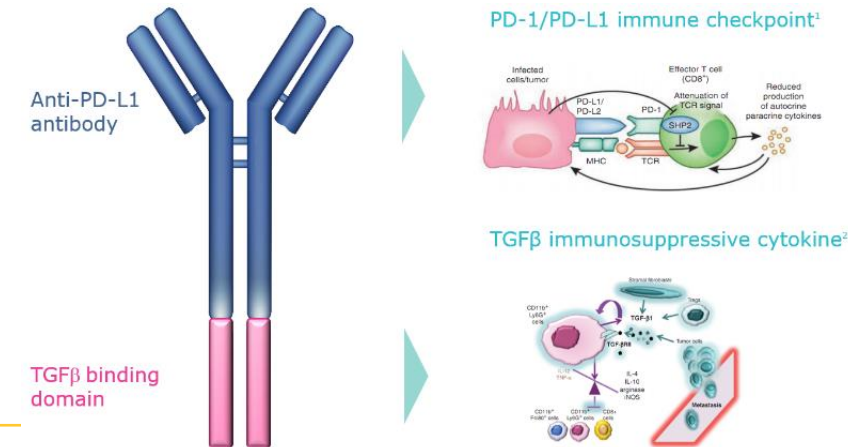
Bintrafusp alfa¹

An innovative first-in-class bifunctional fusion protein discovered in-house leading the TGF- β immuno-oncology field



Mode of action

- Innovative **first-in-class bifunctional fusion protein** designed to simultaneously target two immune suppressive pathways (blocking PD-L1 and reducing TGF- β signaling)
- Demonstrated **superior anti-tumor activity in pre-clinical study** compared to anti-PD-L1 alone, and anti-PD-L1 and TGF- β given in combination as separate agents
- **Great excitement in IO community** about M7824 uniquely addressing TGF- β biology widely accepted as key resistance factor for anti-PDx therapies



Clinical development achievements

- Tested in **14 Phase Ib expansion cohorts** across >700 patients in more than 10 tumor types
- Shown clinical anti-tumor activity across multiple hard-to-treat cancers including **advanced NSCLC, biliary tract cancer, HPV-associated cancers, and gastric cancer**
- PhII study **M7824 monotherapy versus pembrolizumab 1L**, advanced NSCLC high PD-L1-tumor expressers started in October 2018



Clinical development plans

- **Multiple high priority immuno-oncology clinical development studies** ongoing or expected to commence shortly, including **studies in non-small cell lung and biliary tract cancers with registrational intent** and most recently **advanced, unresectable cervical cancer**

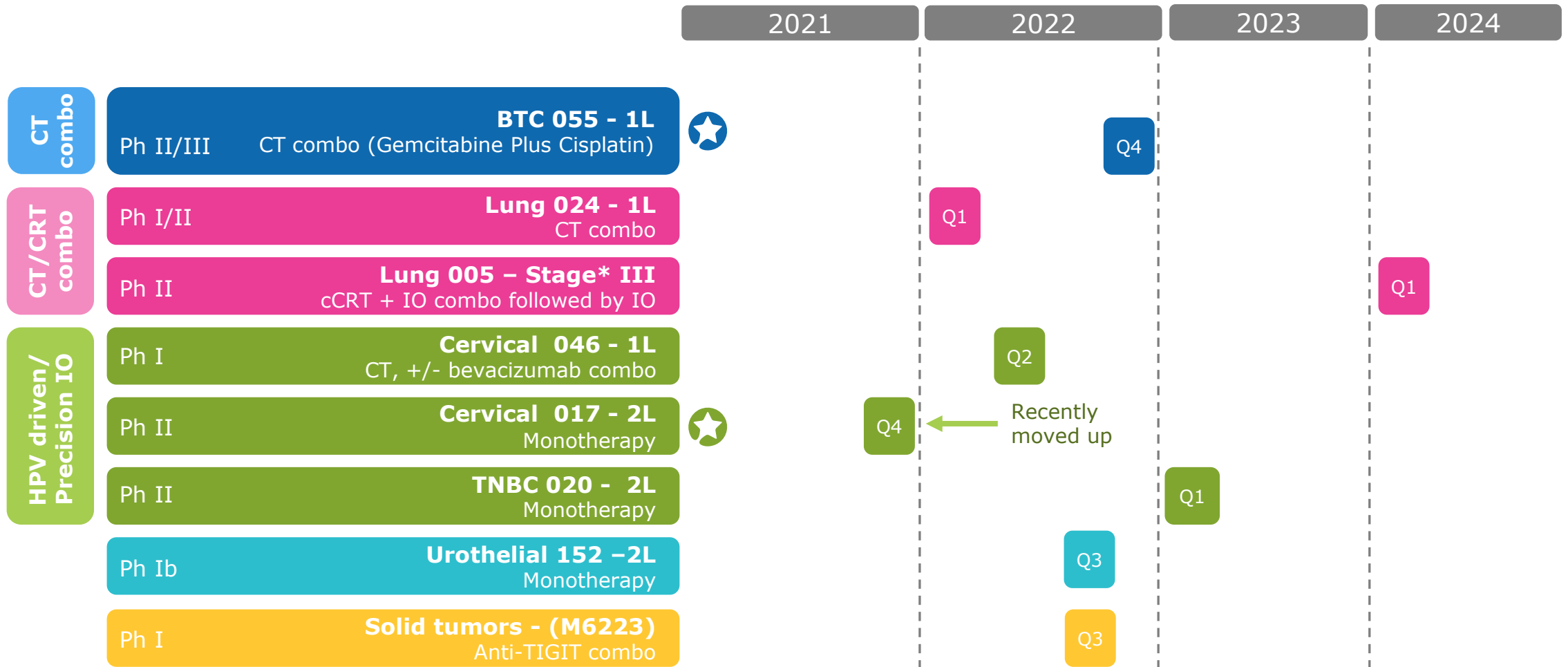
¹proposed International Nonproprietary Name (INN)

Acronyms: NSCLC = Non-small Cell Lung Cancer, IO = Immuno-Oncology

Bintrafusp alfa

INTR@PID Program: Upcoming Readouts

★ Registrational potential



Acronyms: BTC = Biliary Tract Cancer; CT = Chemotherapy; EMT = Epithelial-mesenchymal transition; HPV = Human papillomavirus; NSCLC = Non-small Cell Lung Cancer; RT = Radiation therapy; TNBC = Triple-Negative Breast Cancer; * unresectable; **All clinical timelines are event-driven and may be subject to change**



Bintrafusp alfa: Developmental Progress

NSCLC Stage III cCRT Combo trial

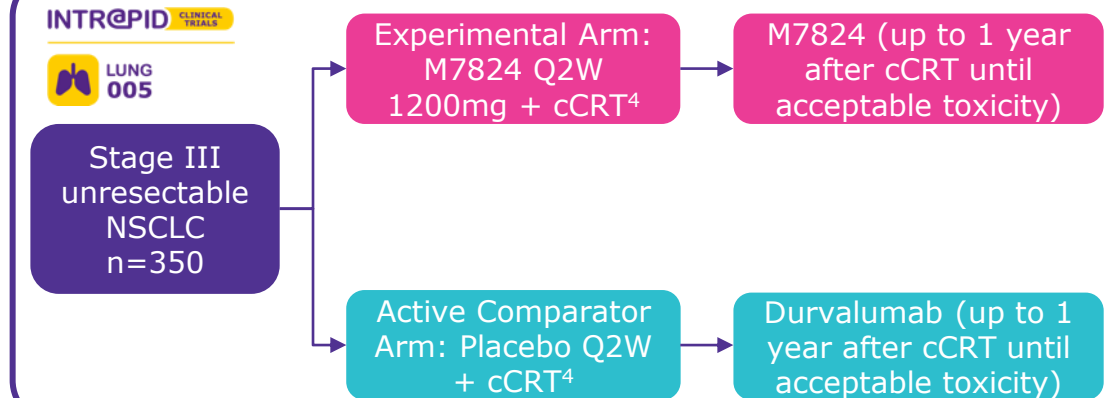
NSCLC 2L data presented at ESMO 2018

- **Need:** NSCLC accounts for 80-85% of all cases of lung cancer¹
- **Results: Encouraging efficacy comparing favorably** to established PDx-inhibitor monotherapy (IRC)^{2,3}:
 - **ORR (all-comers):** 25.0%
 - **ORR (PD-L1-positive):** 37.0%
 - **ORR (PD-L1-high):** 85.7%
- **Progression free survival by IRC (PD-L1 \geq 1%):**
 - M7824: **mPFS = 9.5 months**, competitor: 4.0 months^{2,3}
- **Overall Survival by IRC (PD-L1 \geq 1%):**
 - M7824: **mOS not reached**, competitor: 12.7 months^{2,3}

Pre-clinical data on M7824 + RT combo⁵

- M7824 and RT combination therapy **enhances antitumor activity relative to mono-therapies** in mouse models
- EMT, VEGF, and RT-induced fibrosis gene signatures are decreased with M7824 and combination therapy, and **M7824 reduces RT-induced fibrosis**
- Results **support evaluation of M7824 + RT in the clinic**

INTR@PID LUNG 005



Endpoints

Primary endpoint: PFS

Main secondary endpoints: OS, Safety, Pulmonary function, Association of PD-L1 expression at base line and efficacy

¹Jemal A et al., Cancer statistics, 2007, CA Cancer J Clin 2007;57:43-66; ²Paz-Ares et al., Poster presented at the 43rd European Society for Medical Oncology Annual Meeting, Munich, October 19-23, 2018, data shown for 1200mg Q2W dose; ³Herbst et al.; Pembrolizumab versus docetaxel for previously treated, PD-L1-positive, advanced non-small-cell lung cancer (KEYNOTE-010): a randomised controlled trial (www.thelancet.com Published online December 19, 2015 [http://dx.doi.org/10.1016/S0140-6736\(15\)01281-7](http://dx.doi.org/10.1016/S0140-6736(15)01281-7)); ⁴Cisplatin/Etoposide or Carboplatin/Paclitaxel or Cisplatin/Pemetrexed concomitant with Intensity Modulated Radiation Therapy (IMRT); ⁵Lan et al., Combination of M7824 and radiation therapy enhances antitumor activity, increases immune response, and modulates radiation-induced fibrosis in cancer models, 2018



Bintrafusp alfa: Developmental Progress

Data shown at AACR 2019 highlights opportunity in HPV-related cancers

Efficacy variable	HPV-associated cancer (n=43)	HPV+* (n=36)
Confirmed BOR, n (%)		
CR	2 (4.7%)	2 (5.6%)
PR	10 (23.3%)	9 (25%)
SD	6 (14.0%)	5 (13.9%)
PD	20 (46.5%)	17 (47.2%)
Not evaluable	5 (11.6%)	3 (8.3%)
Delayed PR [†]	3 (7.0%)	3 (8.3%)
ORR per RECIST v1.1, n (%) [95% CI]	12 (27.9%) [15.3–43.7]	11 (30.6%) [16.3–48.1]
Total clinical response rate[†], n (%)	15 (34.9%)	14 (38.9%)
DCR, n (%)	18 (41.9%)	44.4%

Prevalence: >630,000 new cases of HPV-related cancer are reported worldwide annually¹

Response Rates:

- Bintrafusp alfa response rates **compared favorably to those with anti-PD-1 inhibitors** (ORRs of 13%–24%)¹⁻⁷
- **ORR was 27.9% and 30.6% in HPV-associated and HPV+ cancers, respectively**
- Including three additional patients with delayed PRs after initial PD: **Total response rate was 34.9% and 38.9% in HPV-associated and HPV+ cancers, respectively**

Long-term Benefit:

- **Most responses durable** with 4 responses having DoR >18 months and 11/15 responses ongoing at the data cutoff
- Responses to bintrafusp alfa occurred **irrespective of tumor type** or PD-L1 expression
- **Safety profile was similar to anti-PD-(L)1 therapy^{1,5}** except for SCC/KAs and low grade mucosal bleeding which are anticipated AEs with TGF- β inhibition^{8,9}

Cervical Cancer 2L study recently posted on ct.gov

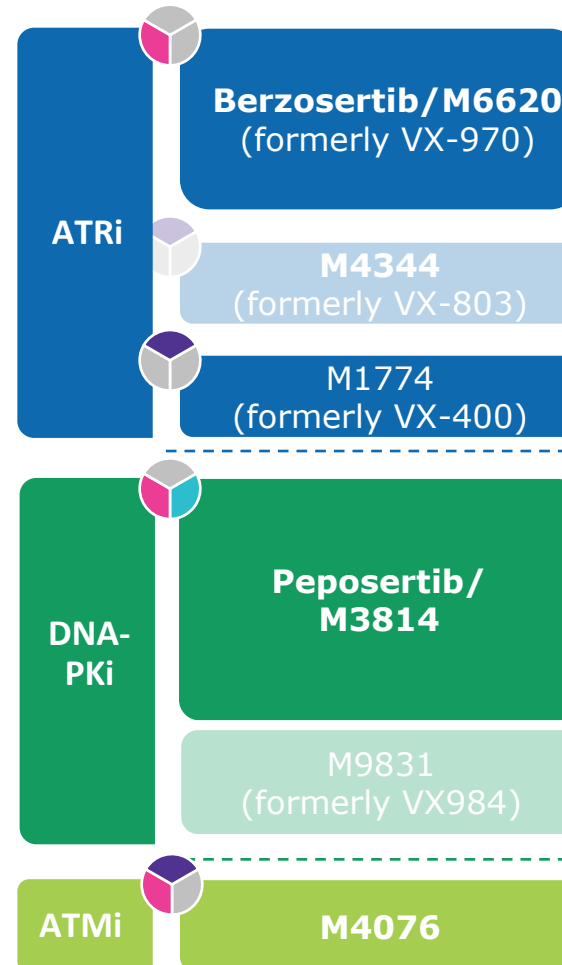
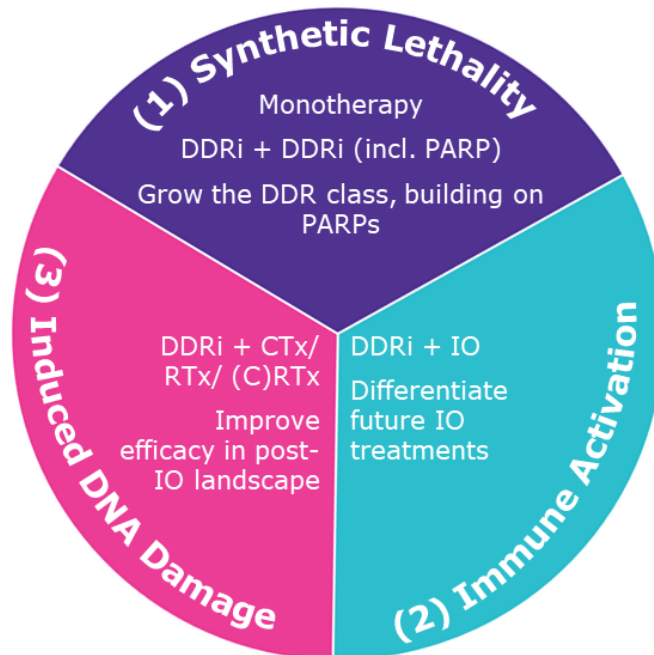
[†]Due to confirmed PD before onset of response, these patients did not meet response criteria by RECIST v1.1; *HPV status was determined from prior documentation, or by using cobas® 4800 HPV Test (Roche) in the dose escalation phase or RNA sequencing (RNASeq) in the expansion phase. ¹Baum J, et al. J Clin Oncol. 2017;35:1542–49; ²Ott PA, et al. Ann Oncol. 2017;28:1036–41; ³Hollebecq A, et al. J Clin Oncol. 2017;35(Suppl):Abstract 5504; ⁴Chung HC, et al. J Clin Oncol. 2018;36(Suppl):Abstract 5522; ⁵Ferris RL, et al. N Engl J Med. 2016;375:1856–67; ⁶Mehra R, et al. Br J Cancer. 2018;119:153–59; ⁷Morris VK, et al. Lancet Oncol. 2017;18:446–53; ⁸Lacouture ME, et al. Cancer Immunol Immunother. 2015;64:437–46; ⁹Trachtman H, et al. Kidney Int. 2011;79:1236–43



DNA Damage Response (DDR)

Leading DDR portfolio with a broad clinical program

Strategy presented at R&D
Update Call 2019



- Only ATR-inhibitor with a POC from an RCT (Ovarian cancer, Berzosertib +/- Gem)
- Multiple NCI studies in various tumor types
- Promising Phase II data (Small cell lung cancer) recently published in "Cancer Cell"
- Phase II SCLC trial recently initiated
- Development recently terminated due to prioritization of M1774
- Phase I FiH monotherapy study ongoing. Expansions to investigate combinations under discussion.
- Ph Ib/II in Rectal cancer (CRT combo) recently discontinued
- Combo with Avelumab: Study with and w/o RT ongoing (PhI, solid tumors)
- Multiple NCI studies in various tumor types
- Exclusive license¹ granted to Vertex in 2019 for use in gene-editing applications
- Clinical candidate/ready for Phase I trials, chemical structure first disclosed at AACR 2019

1: incl. upfront payment + milestone/royalties on future sales; Acronyms: ATMi = Ataxia telangiectasia-mutated; ATRi = Ataxia telangiectasia and Rad3-related inhibitors; CRT = Chemoradiotherapy; DDR = DNA Damage Response; DNA-PKi = DNA-dependent Protein Kinase Inhibitor; PARP = poly(ADP-ribose) polymerase inhibitor; POC = Proof of concept; RCT = Randomized Controlled Trial; RT = Radiation Therapy

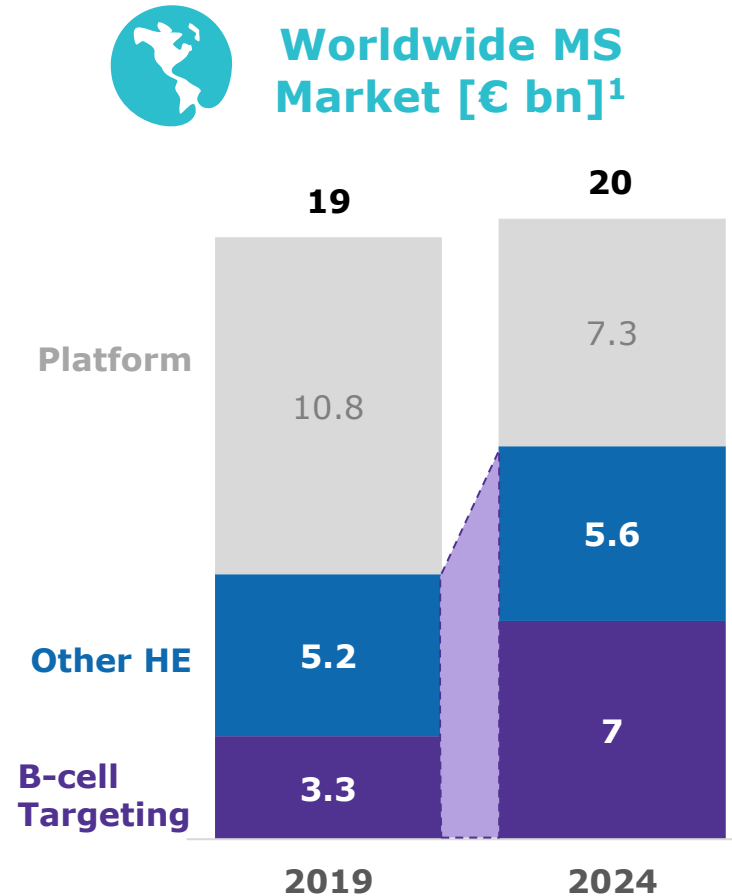


We pioneered BTKi development for MS with Evobrutinib

Potential to have 3 complementary MS branded products by 2025

Unmet need in Multiple Sclerosis (MS) – Need for new mechanisms to control disease

- ~50% of patients with **Relapsing MS (RMS)** continue to have ongoing disease activity over 2 years even when treated with the most effective agents
- No therapy with impact on **progression** mediated by **CNS myeloid cells**
- **Systemic side effects** of therapies limit patient acceptance and compliance
- All approved higher efficacy therapies **associated with elevated risk of infection**



B-Cell Targeting + High-Efficacy (HE) Orals represent >60% of MS sales

- ✓ **BTKi is a novel class** of non-depleting therapies selectively targeting both B-cells and innate immune cells including disease progression-relevant microglia
- ✓ Merck KGaA, Darmstadt, Germany was the **first to conduct a full Phase II dose-ranging study in MS with Evobrutinib**, a highly selective covalent BTKi²
- ✓ **Merck KGaA, Darmstadt, Germany** is a **growing MS player** and could have 3 complementary branded products by 2025 – Mavenclad®, Rebif®, Evobrutinib

Platform agents – interferons, copaxone, DMFs and Teriflunomide; Other HE (high-efficacy) – cladribine, S1Ps, alemtuzumab; B-cell Targeting – ocrelizumab, ofatumumab, ublituximab. Includes branded products, generics and biosimilars; 1: Merck KGaA, Darmstadt, Germany internal estimates; 2: Montalban et al. NEJM 2019; 380:2406-2417; Acronyms: BTKi = Bruton's tyrosine kinase inhibitor

Evobrutinib stands out amongst BTK inhibitors under development

Uniquely positioned both in terms of clinical evidence and mode of action

		Fenebrutinib##	Tolebrutinib**	Evobrutinib
Clinical Evidence	Long-term* efficacy on relapses	✗	✗	✓ ⁽¹⁾
	Long-term* safety	✗	✗	✓ ⁽¹⁾
	Convenience (oral)	✓ BID	✓ QD	✓ BID
	Exposure in CSF	✗	✓ ^(2, ##) in HV	✓ ⁽³⁾ in MS
	Biomarker of inflammation and progression in MS patients (sNfL)	✗	✗	✓ ⁽³⁾
Preclinical data	BTK occupancy in the CNS	✗	✓ ⁽⁴⁾	✓ ⁽⁵⁾
	Efficacy in progressive EAE model and reduction of leptomeningeal inflammation[#]	✗	✗	✓ ⁽⁶⁻⁸⁾

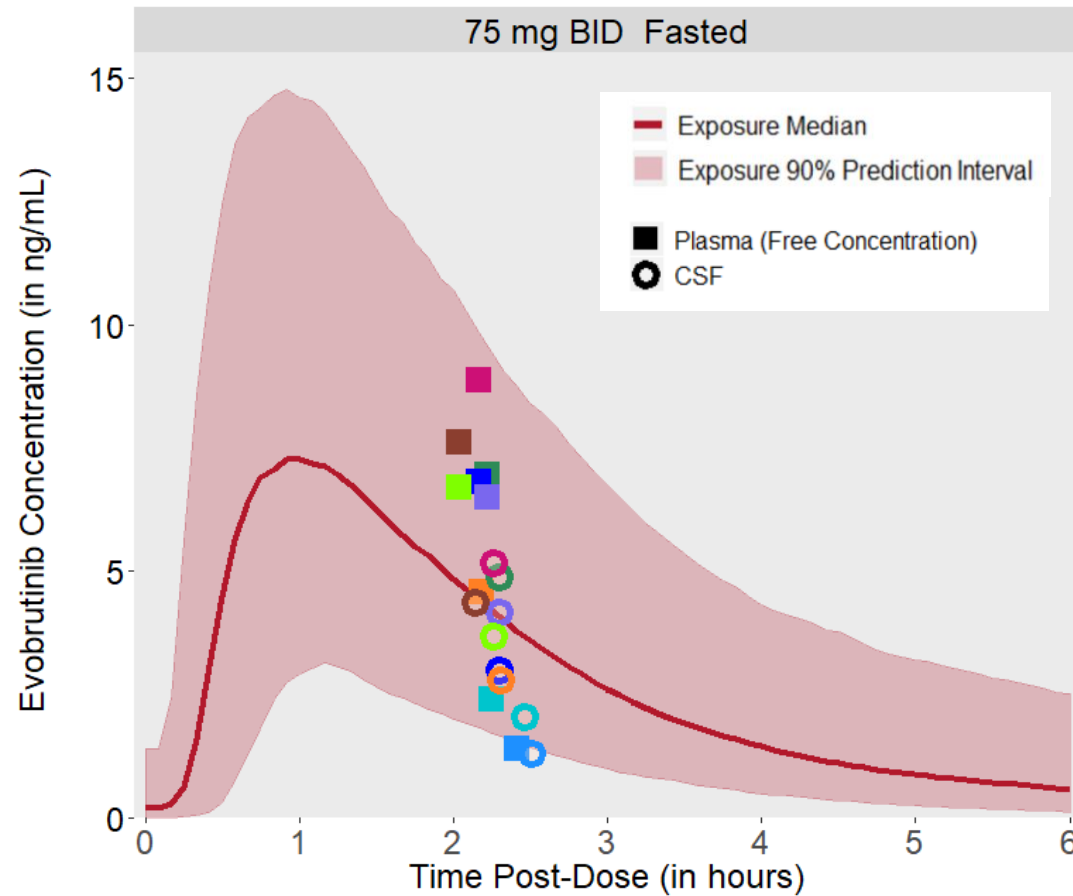


Phase III studies: Recruitment on track → Target data in-house in Q4 2023 and potential filing shortly after

✗ : not reported



Evobrutinib has the potential to tackle Multiple Sclerosis directly in the brain



- Evobrutinib was quantifiable **in CSF of 9 of 9 clinically stable RMS patients** administered the efficacious 75 mg BID dose in the RMS Phase 2 OLE study*
 - Plasma PK were at steady-state and consistent with other RMS Phase2 patients
- CSF concentrations are consistent with free plasma concentrations**
- The **measured CSF concentrations are biologically relevant**
 - Median BTK trough occupancy >95% observed at similar plasma concentrations





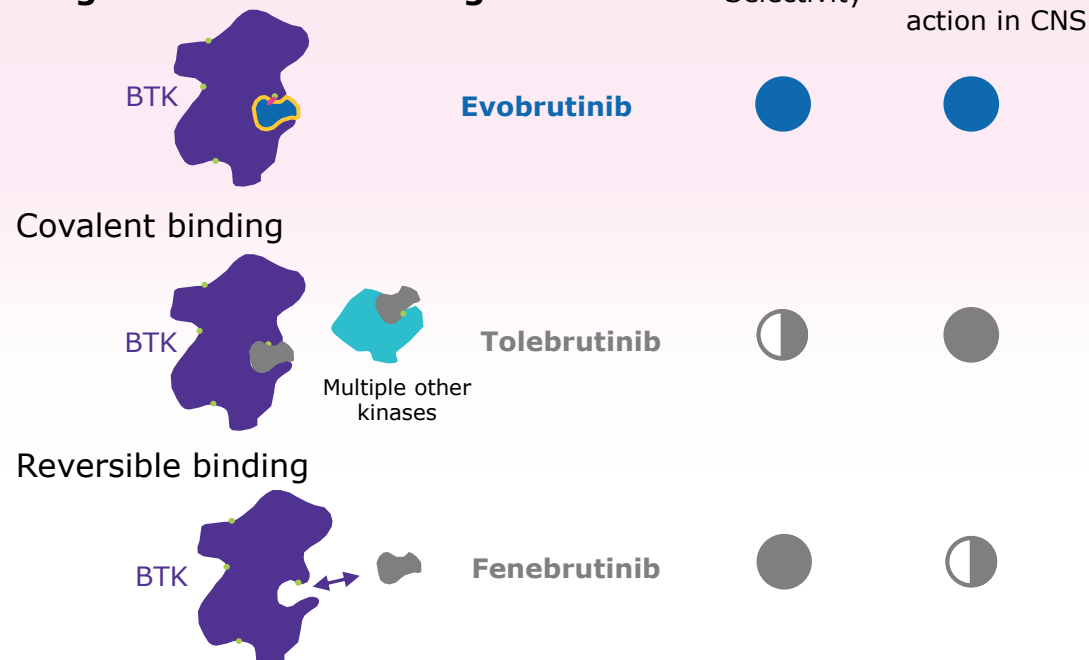
Evobrutinib is optimally dosed to offer best-in-class BTK inhibition

Optimized dose selection & targeted covalent binding results in sustained BTK inhibition that is necessary for robust efficacy

Sustained BTK inhibition in CNS-resident and CNS-migrating cells resulting from covalent binding MOA and BID dosing can be critical to achieve best-in-disease efficacy¹

Targeted covalent binding leads to highly specific continuous target engagement²⁻⁶

Targeted covalent binding



BID dosing enables critical >95% BTK inhibition throughout the day in the majority of patients⁷

BTK Occupancy (SS Trough) Threshold	25 mg QD	75 mg QD	75 mg BID
	% of Population (RMS Ph2)		
95%	23	48	98

No efficacy  Maximum efficacy

Efficacy at 48 weeks⁸

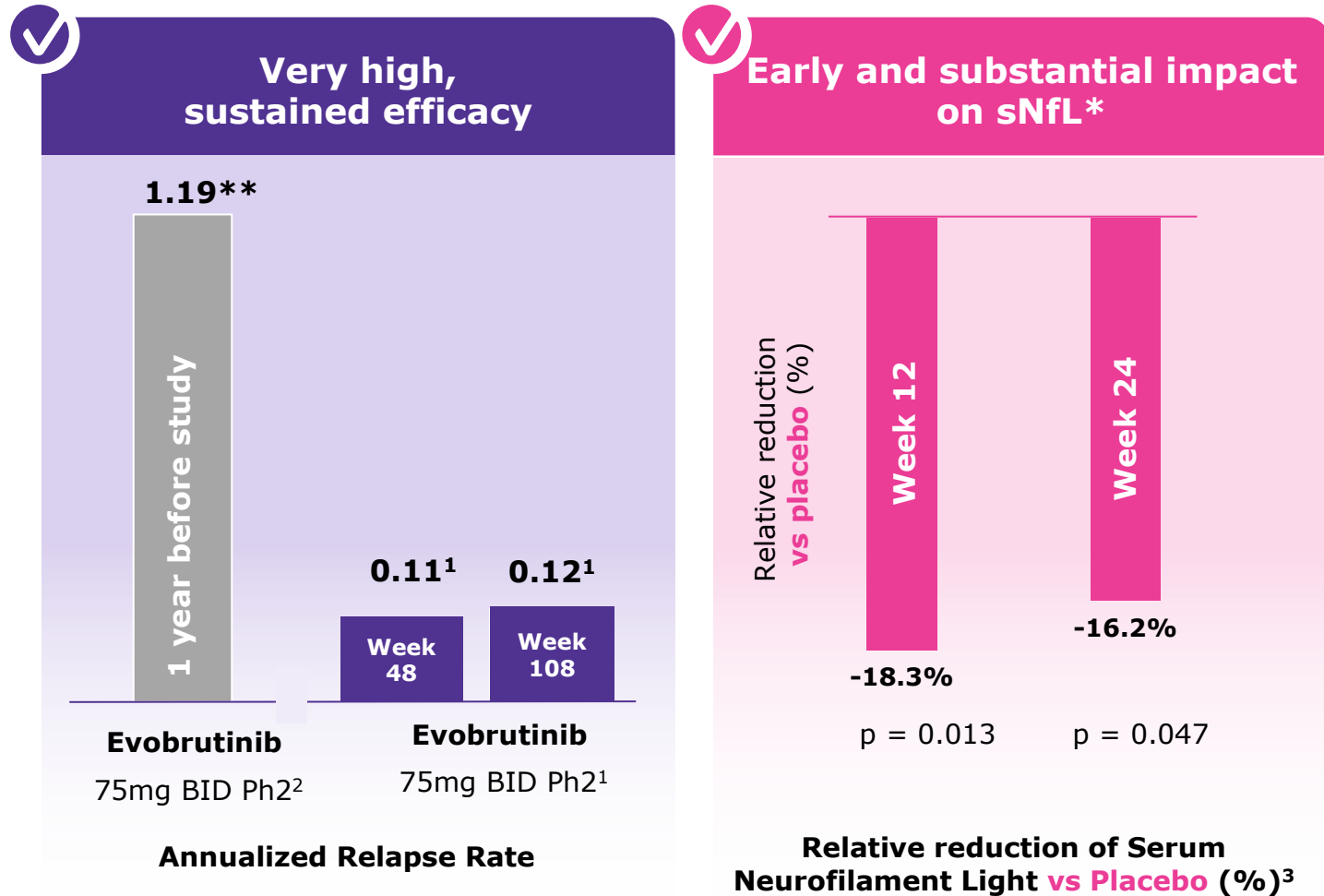
75 mg QD Evobrutinib Fasted:
ARR = 0.25

75 mg BID Evobrutinib Fasted:
ARR = 0.11



Evobrutinib holds unmatched Long-Term Data among BTKi class in MS

Best-in-disease efficacy & favorable safety over 2 years in largest Phase II study in MS



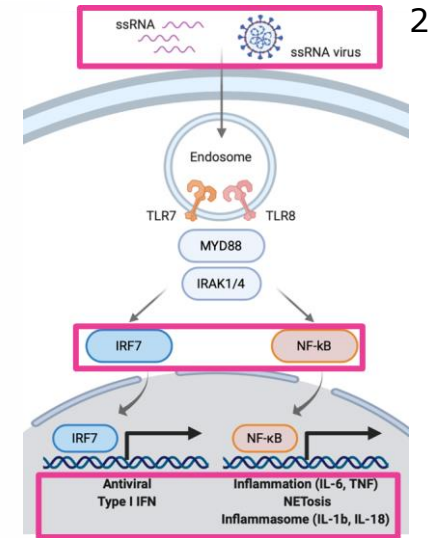
- Evobrutinib is the **only BTKi to have demonstrated very high, sustained efficacy and favorable safety** in the largest Phase II study in MS (n=267), with an ARR of confirmed relapses of 0.12 up to 108 weeks¹
- Evobrutinib **impacts sNfL levels**, a biomarker of neuronal damage, reflecting **disease activity and drug response in patients with MS³**, **starting at 12 weeks** and maintained through 24 weeks²
- Evobrutinib is **highly selective resulting in targeted kinase inhibition**, and its safety data in >1200 patients over 2+ years supports the potential for an **optimal long-term safety profile²**

M5049 (TLR7/8 antagonist)

TLR7/8 are drivers of SLE pathology and possibly of COVID-19

Mechanism of Action¹

- M5049 (**discovered in-house**) is a **potentially first-in class small molecule** that blocks activation of Toll-like receptors TLR7 and TLR8, two innate immune sensors that detect single-stranded (ss) RNA from viruses such as SARS-COV-2, the virus responsible for COVID-19, and inflammatory self-RNAs in the context of autoimmunity
- Activation of TLR7/8 leads to immune cell activation and inflammation, which when not properly controlled can cause severe immunopathology



Results from Phase I study in healthy volunteers

(NCT03676322)¹

- **Well-tolerated** over the dosing interval, no significant or dose-limiting adverse event
- Pharmacokinetic parameters linear and dose-proportional from 1 to 200 mg
- Exposure-dependent inhibition of ex vivo-stimulated IL-6 secretion observed, with maximum inhibition achieved at 200 mg



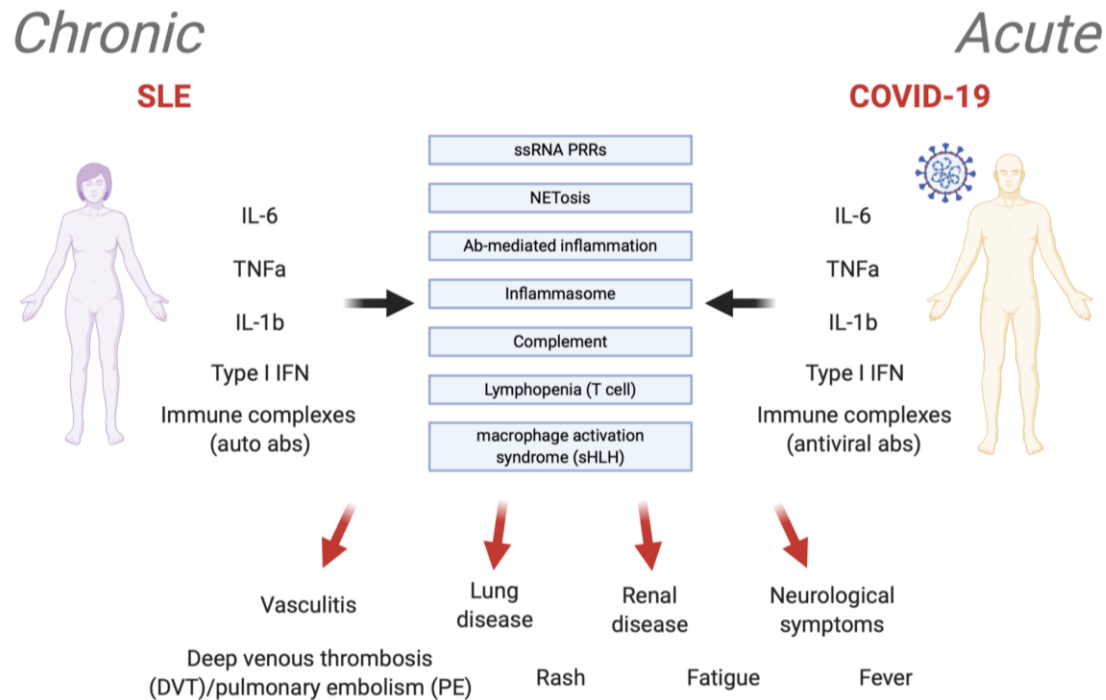
Preliminary Phase I data warrant further investigation as a potential treatment for autoimmune diseases including SLE

1: Port et al., A PHASE I, FIRST-IN-HUMAN STUDY TO ASSESS THE SAFETY, PHARMACOKINETICS AND PHARMACODYNAMICS OF SINGLE AND MULTIPLE ASCENDING DOSES OF M5049, A DUAL ANTAGONIST OF TLR7/8, IN HEALTHY SUBJECTS, *Lupus Science & Medicine* 2020;7(Suppl 1):A1–A131, conference cancelled due to COVID-19; 2 Adapted from ImmunoHorizons July 1, 2018 Dowling, D; Acronyms: SLE = Systemic lupus erythematosus; TLR = Toll-like receptors

M5049 (TLR7/8 antagonist)

Similarities between SLE and COVID-19

Similarities between SLE and COVID-19¹



1: Illustration created in-house; Acronyms: SLE = Systemic lupus erythematosus

Phase II study started in July 2020

Rational:

- Investigate if M5049 intervention at critical point in course of COVID-19 disease may prevent or ameliorate hyper-inflammatory response in patients with COVID-19 pneumonia and **prevent progression to 'cytokine storm'**
- Successful intervention with investigational drug may reduce life-threatening complications of COVID-19, including severe respiratory symptoms often necessitating further interventions such as mechanical ventilation

Design:

- Phase II randomized, controlled clinical study
- Commenced in July 2020

Results:



Dependent on recruitment and COVID-19 infection rates
First results expected in Q3/Q4 2021

Healthcare: strong Fertility & Oncology performance, while Mavenclad® remains impacted by depressed dynamic market

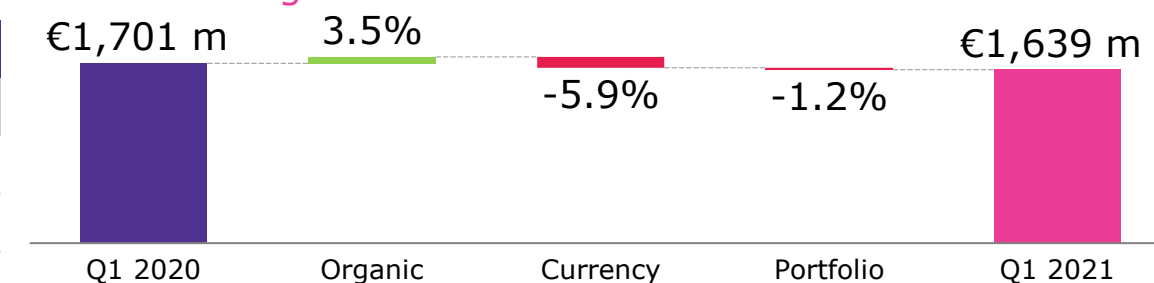
Healthcare P&L

[€m]	IFRS		Pre	
	Q1 2020	Q1 2021	Q1 2020	Q1 2021
Net sales	1,701	1,639	1,701	1,639
M&S*	-423	-370	-423	-365
Admin	-79	-73	-78	-69
R&D	-417	-416	-417	-415
EBIT	422	445	395	455
EBITDA	501	523	-	-
EBITDA pre	472	533	472	533
(in % of net sales)	27.8%	32.5%	27.8%	32.5%

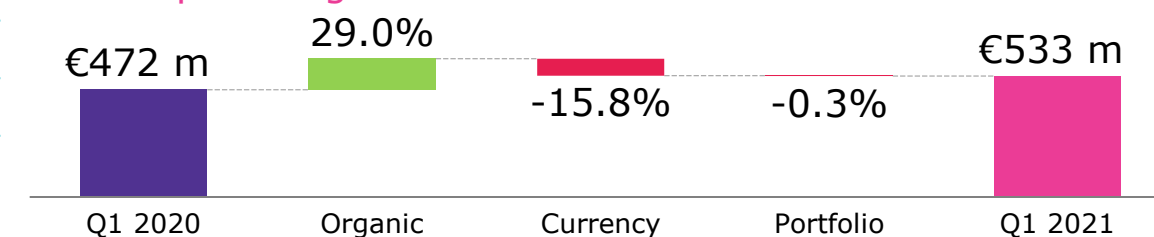
Comments

- Mavenclad® growing +26 % organically to €147 m, amid still depressed dynamic market; Rebif® decline -17% in Q1 due to tough comps related to tender win in Q1 2020
- Oncology up +20%, Bavencio® sales doubled post UC 1L launch in U.S. and initial contribution from EU & JP¹; Erbitux® up +10% largely driven by China growth
- Base business about stable, strong Fertility growth (+22% org.) compensating for Rebif® and CM&E decline (-4% org.)
- Strong savings in M&S from continuous rigorous cost discipline, supported by reduced face-to-face activities amid pandemic
- R&D flat as a result of continued prioritization; no significant COVID-19 related project delays
- EBITDA pre and margin significantly supported by Bavencio® milestones (~ €50 m)

Net sales bridge



EBITDA pre bridge

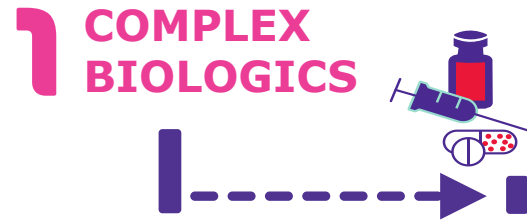




Life science

Life Science

Capitalizing on three key life science trends



Single Use / End to End

Opened Wuxi site in 2018,
and expanded Danvers facility

Viral Vectors

Expanded Carlsbad viral
vector manufacturing site in
2016; further doubling of
capacity planned for 2021

Antibody Drug Conjugates (ADC)

Launched ADC Express™ for
the rapid production of ADCs

#1 eCommerce site in Life Science¹

- **>90%** of Millipore products on eCommerce platform
- **x2** net sales growth of eCommerce vs. non-eCommerce²



Manufacturing/Distribution
Nantong, Wuxi Single use

Commercial expansion
Tier 2 cities

eCommerce partnership



Life Science

Highly resilient and well positioned to participate in COVID-19 upside

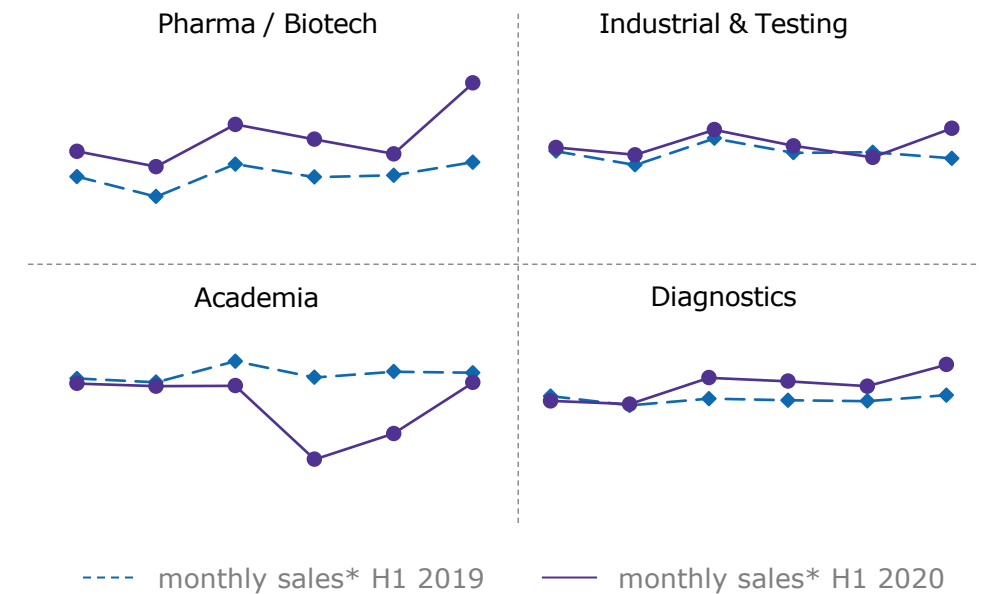
2020 heatmap of COVID-19 impact by customer segment

	Pharma/ Biotech	Industrial & Testing	Academia	Diagnostics
Process Solutions	+++ -	COVID-19 insensitive	COVID-19 insensitive	COVID-19 insensitive
Research Solutions	+	COVID-19 insensitive	---	++ -
Applied Solutions	+ -	+ -	--	+

+ upsides from COVID-19

- downsides from COVID-19

H1 2020 monthly sales* by customer segment

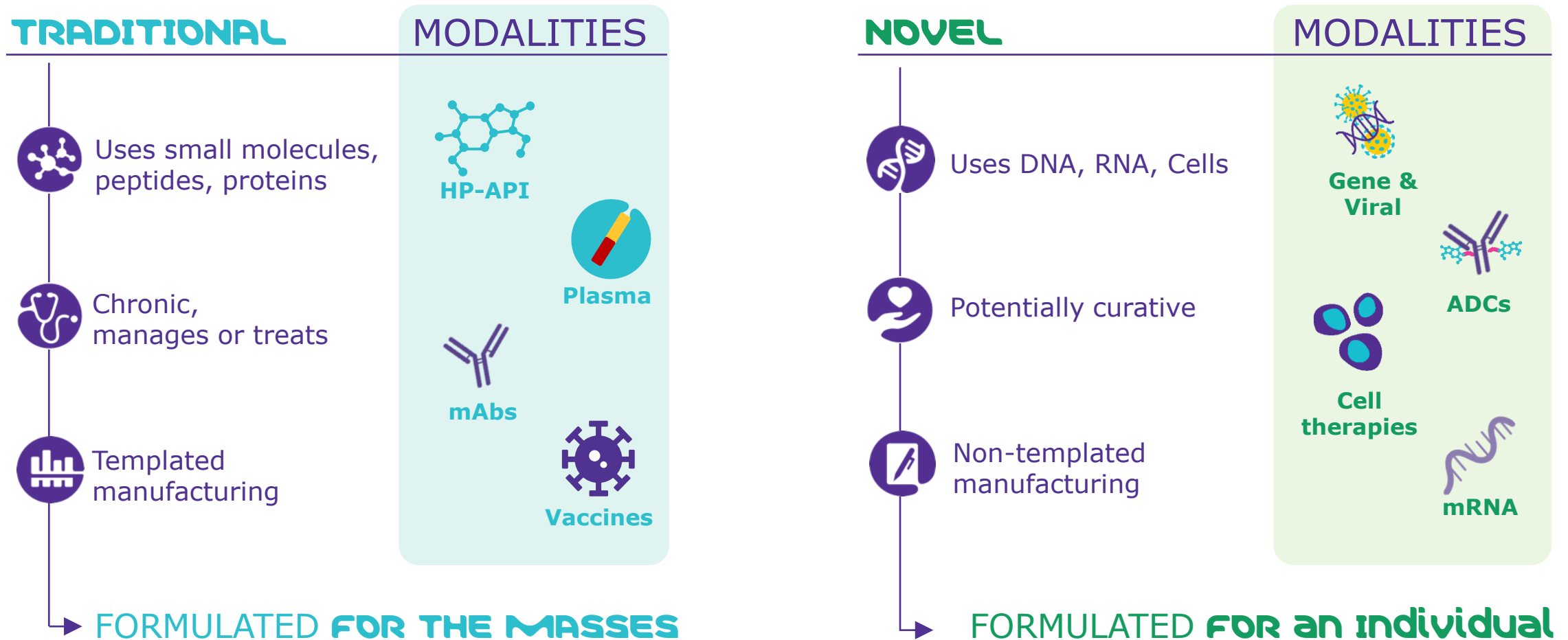


* Illustrative;
to scale only within each customer segment

- Mid-term: **downsides to fade**, some **upsides to stay**, recovery started in June
- Order book for Process Solutions **up by >40%**, capacity expansion underway

Process Solutions: Therapies are evolving from treatments to cures





Advancing traditional is critical as novel modalities develop



Acronyms: HP-API = highly potent active pharmaceutical ingredient; mAbs = monoclonal antibodies; DNA = deoxyribonucleic acid; (m)RNA = (messenger) ribonucleic acid; ADC = antibody drug conjugate

Process Solutions

COVID demands align with our strengths but increase supply chain pressure

unit operations				
Cell culture media	●	●	●	●
Biopharm materials	●	●	●	●
Chromatography	●	●	●	●
Hardware	●	●	●	●
Single use	●	●	●	●
Sterile	●	●	●	●
Virus	●	●	●	●
Clarification	●	●	●	●
Tangential flow filtration	●	●	●	●

● = A leading player ● = Significant presence ● = No offering

Sources: press releases, company reports, and internal assessments

COVID-19 Outlook

Type

Implications



mAb

65 programs

Bind and block
virus from entering
cells

- Universal templates
- A leading position for 8 out of 9 unit ops



Vaccine

199 programs

Protective **immune response**

- Multiple templates
- Leveraging Single Use



Nucleic Acid

43 programs

Leveraging **human factory**

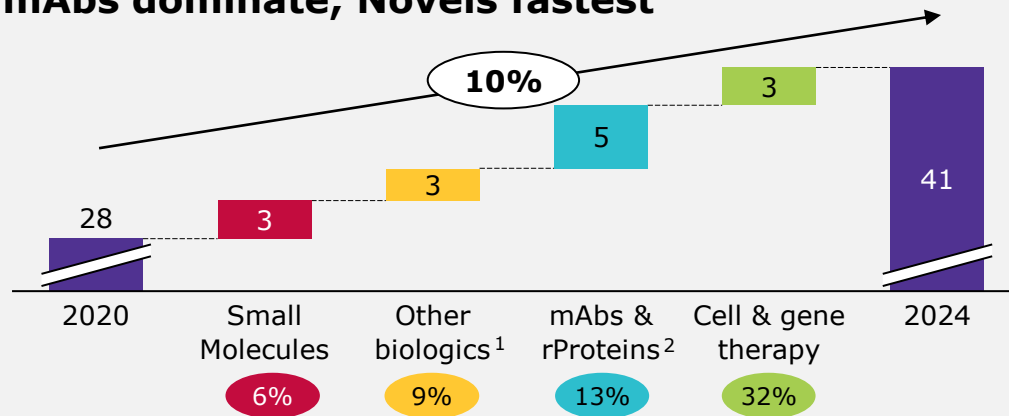
- Emerging manufacturing processes
- Lipids are critical

Process Solutions

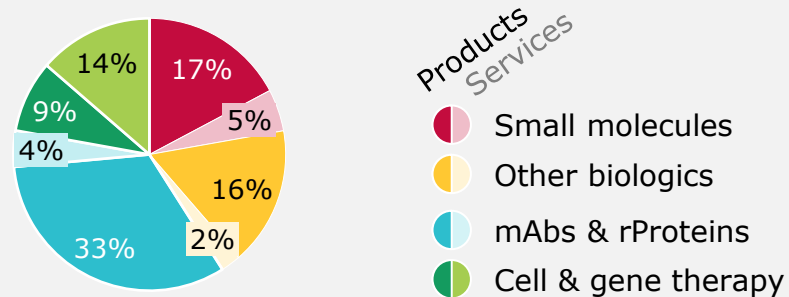
Opportunities in services to accelerate double-digit growth

Accessible Market (€ bn)

mAbs dominate; Novels fastest



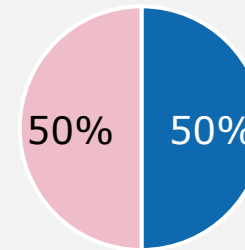
Service importance varies by modality



Origins of biologics pipeline

Emerging biotechs drive novels

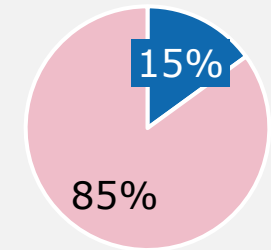
Traditional therapies



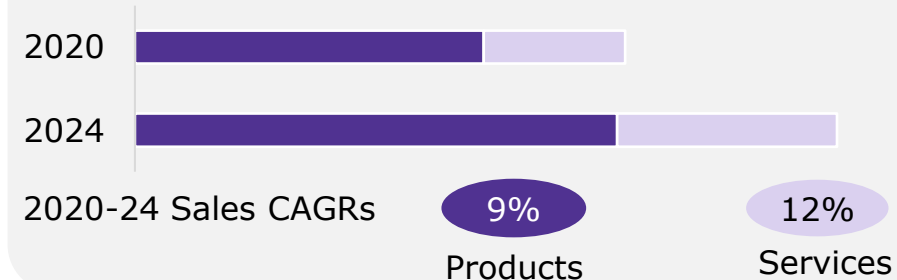
Company type

Established
Emerging

Novel therapies



Services see faster growth in coming years



Sources: Evaluate Pharma, internal market models, CSR sales data; ¹ Other biologics include plasma, vaccines, insulin, microbial and non-mAb biosimilars; ² mAbs include ADCs here; Additional acronym: rProteins = recombinant proteins

Process Solutions: Strategic direction

Innovate and invest today to continue above market growth in the future



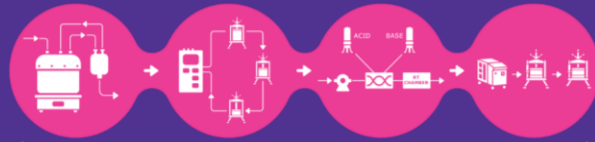
Process Solutions

Next-generation bioprocessing on the cards

Today's
process & portfolio



MAb process intensification 2017 - 2020+



continuous processing >2025



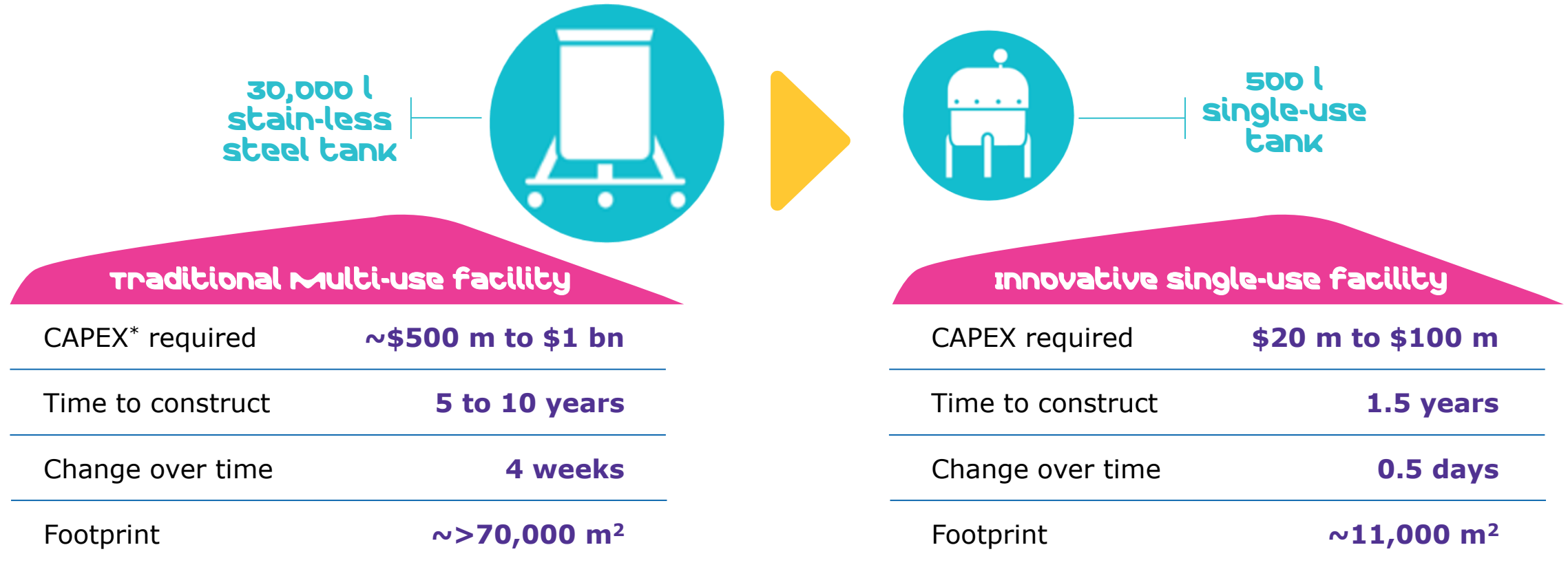
Continuous bioprocessing will ...

- be an evolution in mAb bioprocessing
- take time to establish
- leverage the present
- lead to hybrid solutions

Tomorrow's
process

Process Solutions

Our single-use technologies drive flexibility in modern bioprocessing



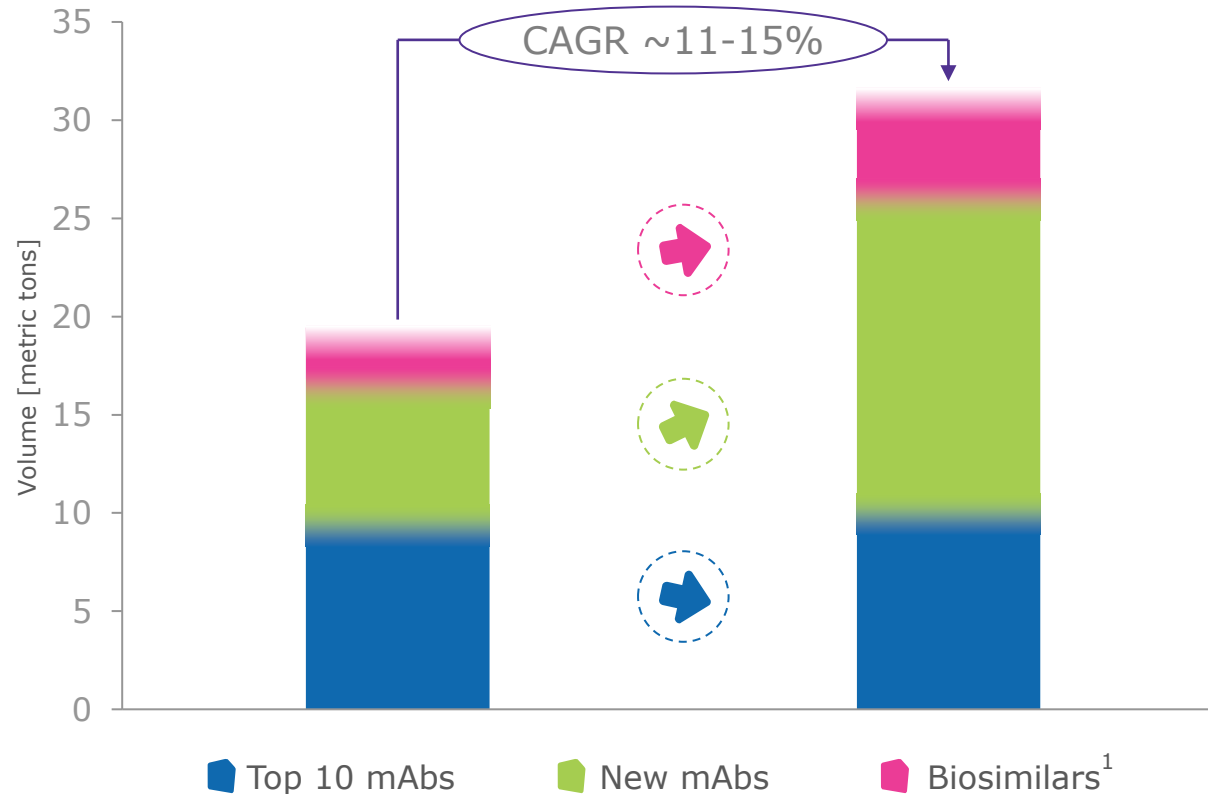
Strong demand for single-use technologies and Process Solutions' broad offering was and will remain a key source of growth for Life Science



Process Solutions

mAbs market democratization will drive diversification, change & variability

mAb volume projections 2020 to 2024



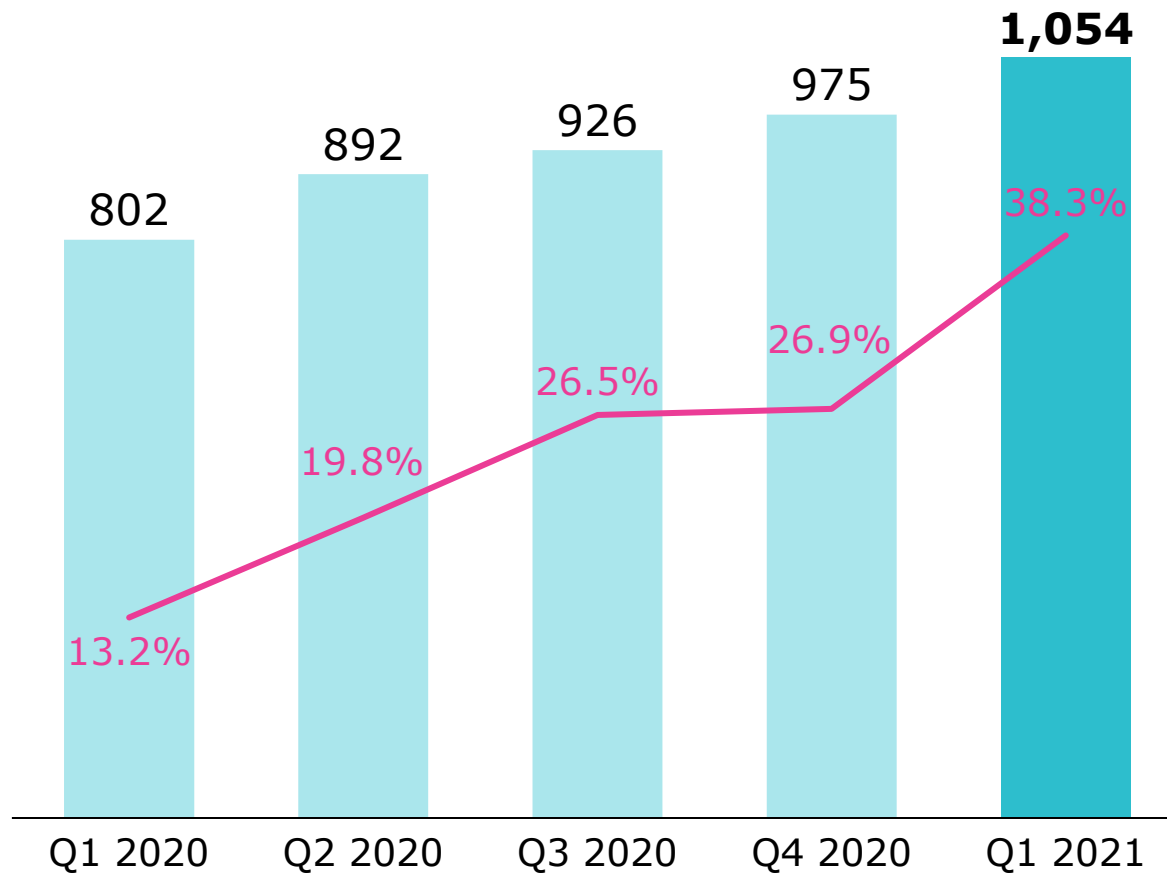
¹Biosimilars scaling factor = 2.8 based off internal estimates and McKinsey analysis;
Source: company estimate based on industry forecasts, EvaluatePharma; mAbs = Monoclonal antibodies

Market development

- Overall mAbs market will grow ~11-15% CAGR
- Top 10 originator mAbs represent ~ 50% of market volume today and will decline to ~30% in 2024
- Biosimilars will gain share

BIG 3 - Process Solutions: upside potential continues to materialize

Sales development [€m] - org. growth [%]

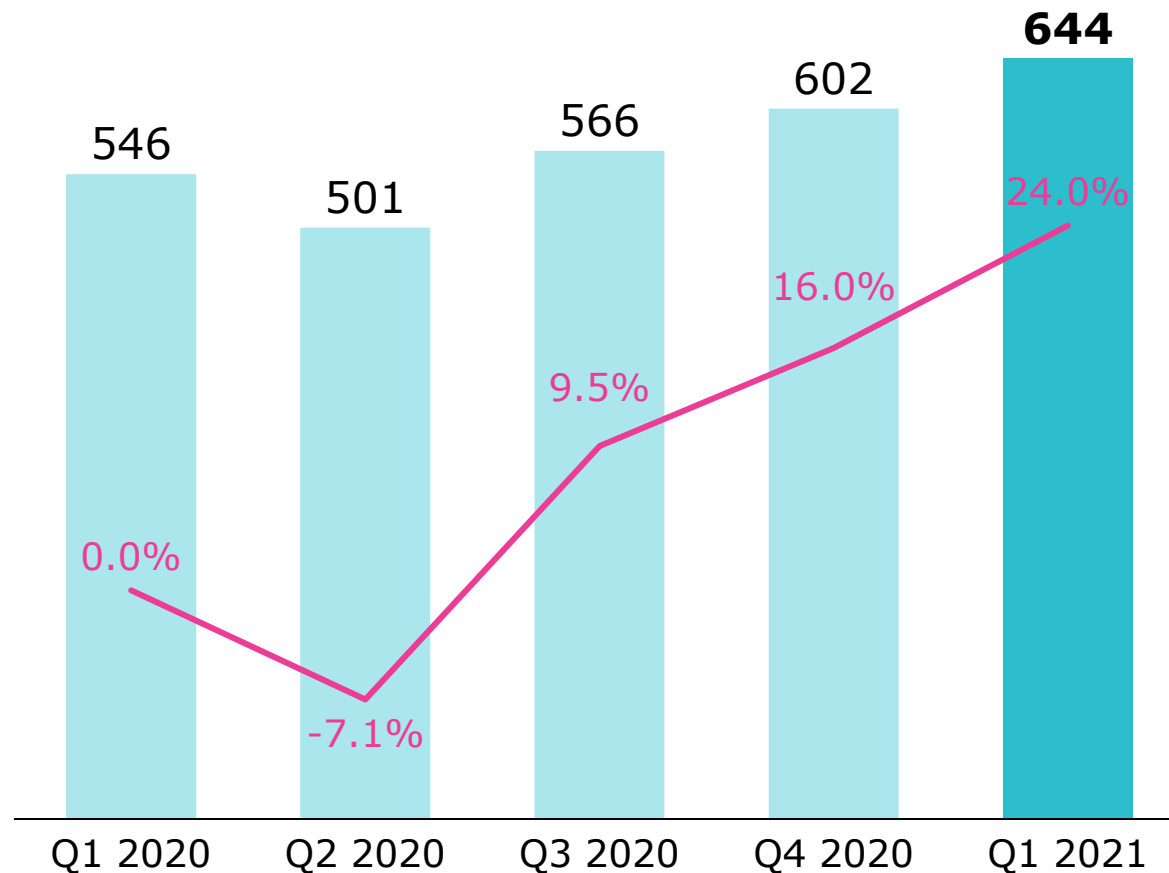


- COVID-19 related projects in **BioP Single Use and Downstream** remain key drivers of ~ 50% additional pandemic-related growth
- Unprecedented growth across all regions particularly strong in **Asia** (>50% org.) in large parts driven by the recovery vs. Q1 2020 lockdown in China
- **Pharma & Biotech** customer segment remains by far the strongest growth driver
- **Comps will be getting tough** from Q2 2021 onwards, as base starts including significant COVID-19 business upside
- **FX headwinds of -7%** mute absolute numbers



Research Solutions: additional COVID-19 demand has gained momentum

Sales development [€m] - org. growth [%]



- **Ongoing core business recovery** boosted by additional **COVID-19 related demand**
- Unprecedented growth across all regions particularly strong in **Asia** (>30% org.) and **North America** (>20% org.)
- **Pharma & Biotech** customer segment strongest Q1 growth driver in absolute terms; **Diagnostics** customer segment showed fastest growth in relative terms
- Q2 2021 will be softest comp, against the COVID-19 induced lock-down dip in 2020
- **FX headwinds of -6%** mute absolute numbers



Life Science: strong core business and rising COVID-19 demand fuel record growth, particularly in Process and Research Solutions

Life Science P&L

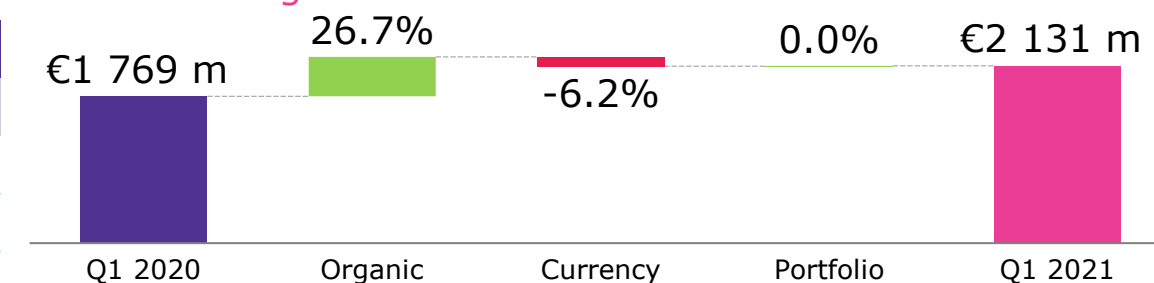
[€m]	IFRS		Pre	
	Q1 2020	Q1 2021	Q1 2020	Q1 2021
Net sales	1,769	2,131	1,769	2,131
M&S*	-498	-501	-497	-500
Admin	-89	-82	-80	-74
R&D	-75	-75	-75	-75
EBIT	345	593	357	607
EBITDA	541	779	-	-
EBITDA pre	553	793	553	793
(in % of net sales)	31.2%	37.2%	31.2%	37.2%

Comments

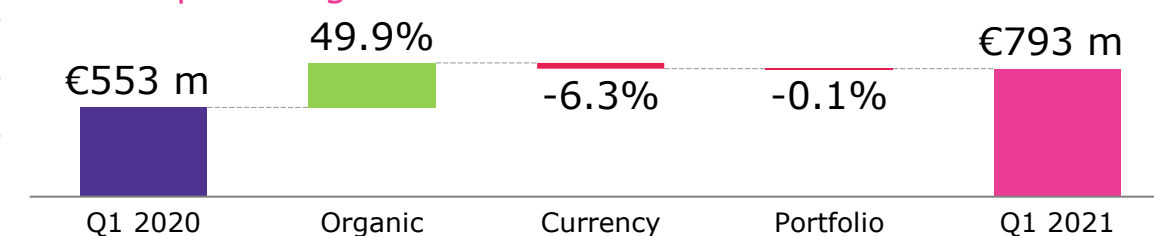
- Process Solutions org. growth of +38% driven by downstream & single use for COVID-19 projects; strong underlying demand supported by acceleration of capacity expansions
- Research Solutions speeding up further to an exceptional +24% organic growth, driven by recovery in base business and additional COVID-19 opportunities, mainly in diagnostics and pharma
- Applied Solutions growth (+8% org.) driven by APAC recovery against low Q1 2020

* Marketing and selling expenses

Net sales bridge



EBITDA pre bridge



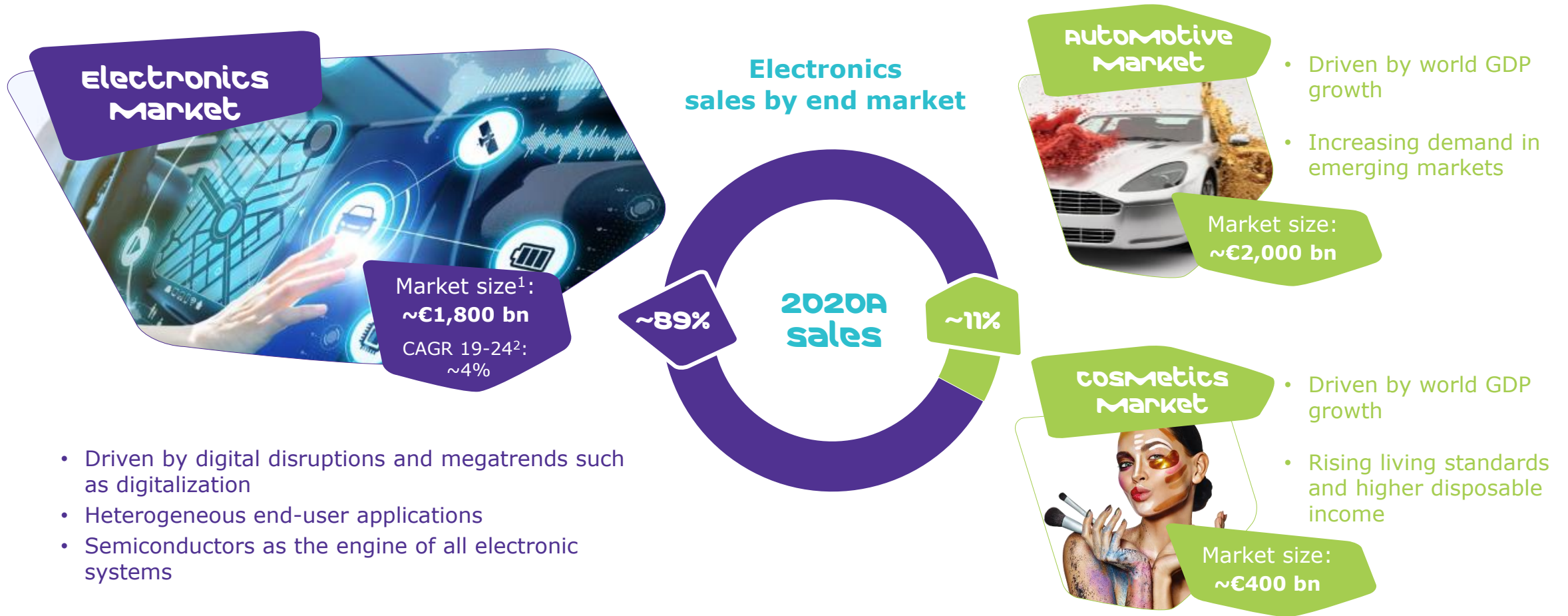
- Declining M&S in % of sales from 28% to 23% despite higher logistics cost amid pandemic
- Flat R&D spend with continued focused investments in strategic projects in high growth & emerging segments
- Business performance, operational leverage & favorable mix continue to drive strong EBITDA pre and margin expansion despite 6% FX drag





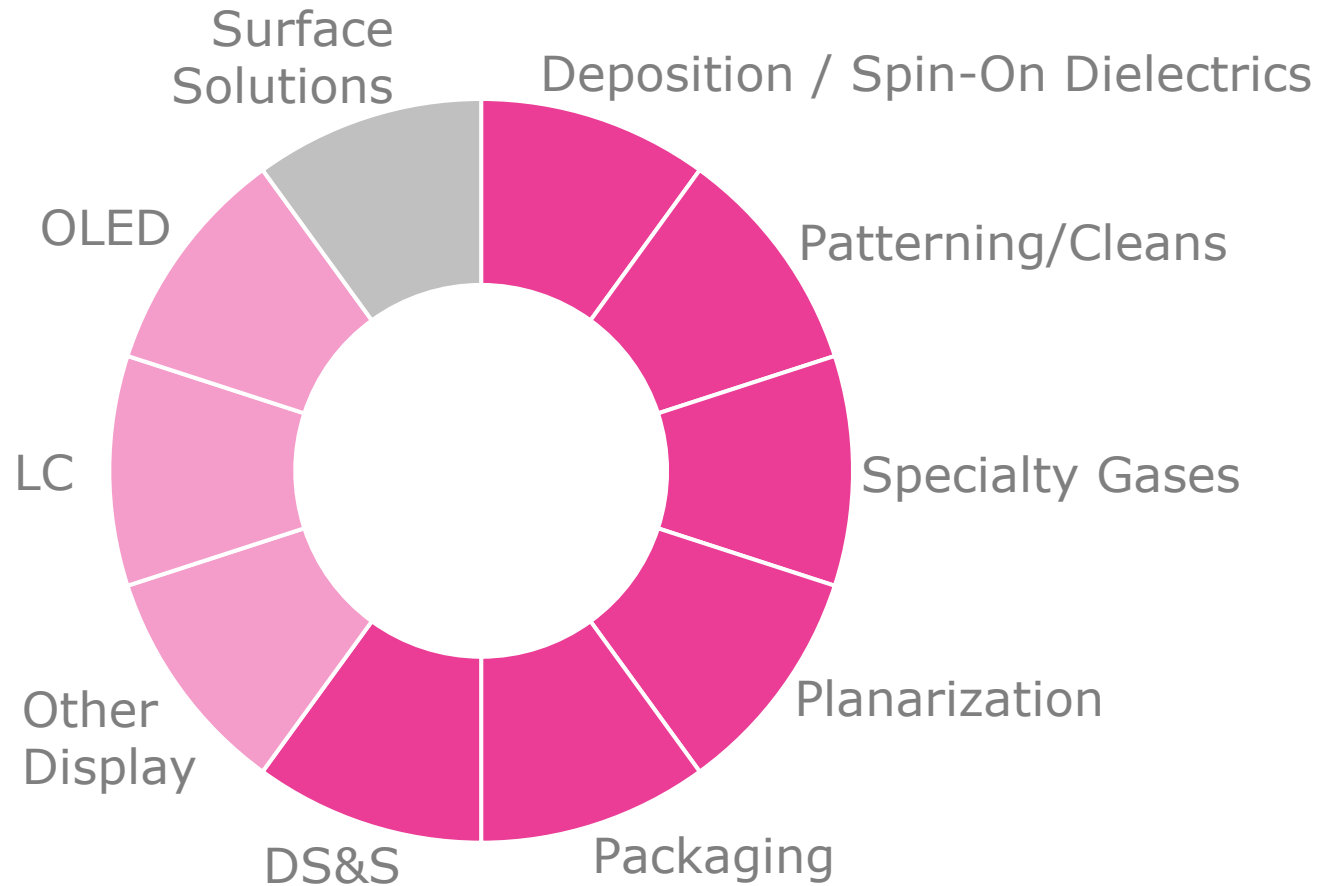
electronics

Electronics targets attractive markets – especially in the electronics space



¹Prismark 2021; ² Internal estimation

Electronics

Expected mid-term portfolio split

Mid-term the Electronics portfolio will consist of **~10 equally sized businesses**

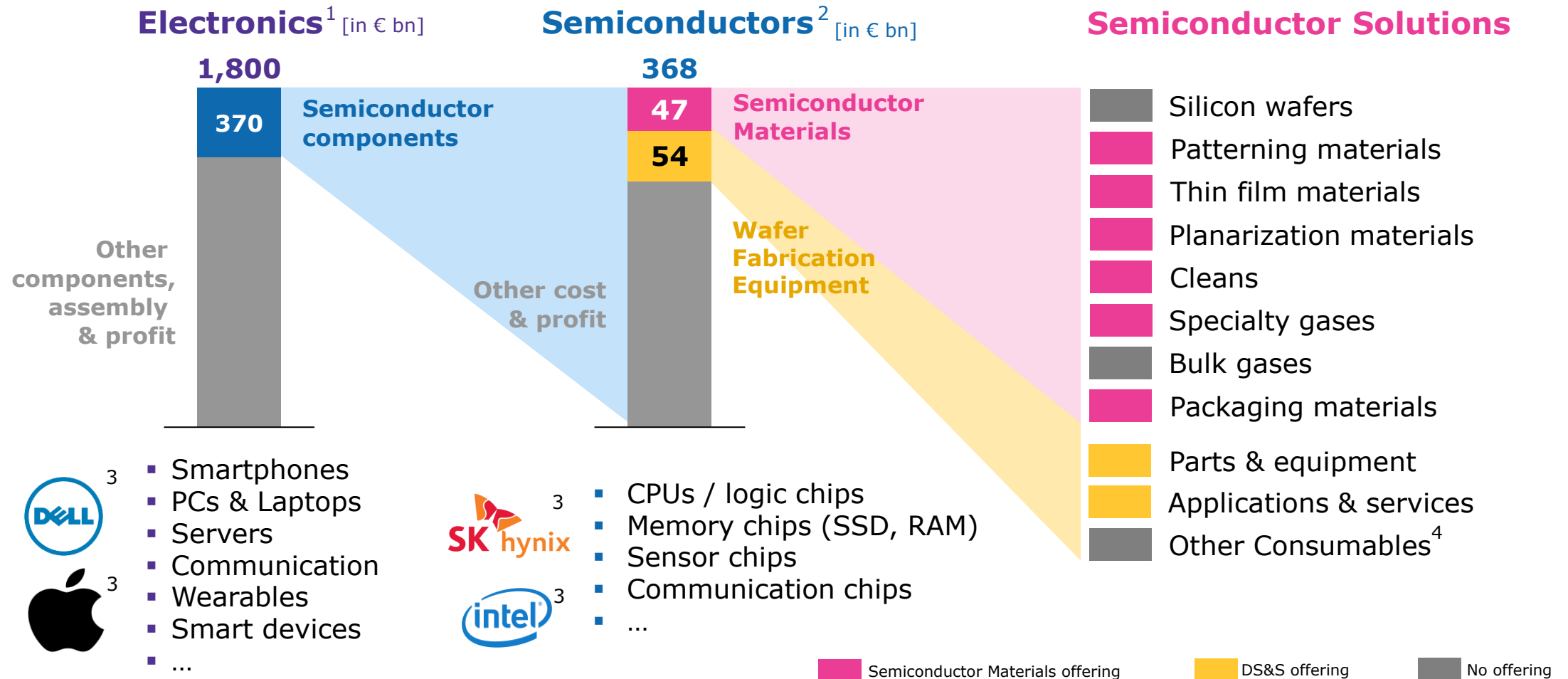
>60% of them **serving chip makers**

INDICATIVE Chart

■ Semiconductor Solutions ■ Display Solutions ■ Surface Solutions



Semiconductor Solutions – **integrated materials player, well positioned to serve the need of customers in semiconductor fabrication**



Illustrative Industry P&Ls based on Sources: ¹Prismark 2021, ²Prismark 2021 & WSTS/SIA & SEMI Q1 2020; ³Representative player in the industry, non-exclusive list, not based on any underlying criteria; ⁴e.g. Filters, Pads, etc.; CPU = Central Processing Unit; RAM = Random Access Memory; SSD = Solid State Disk; CMOS = Complementary metal-oxide semiconductor

Unique comprehensive products and services portfolio offers end-to-end solutions, well-placed in high growth segments



Steps of Group customers in manufacturing integrated circuits



Steps in Company's Delivery Systems & Services business

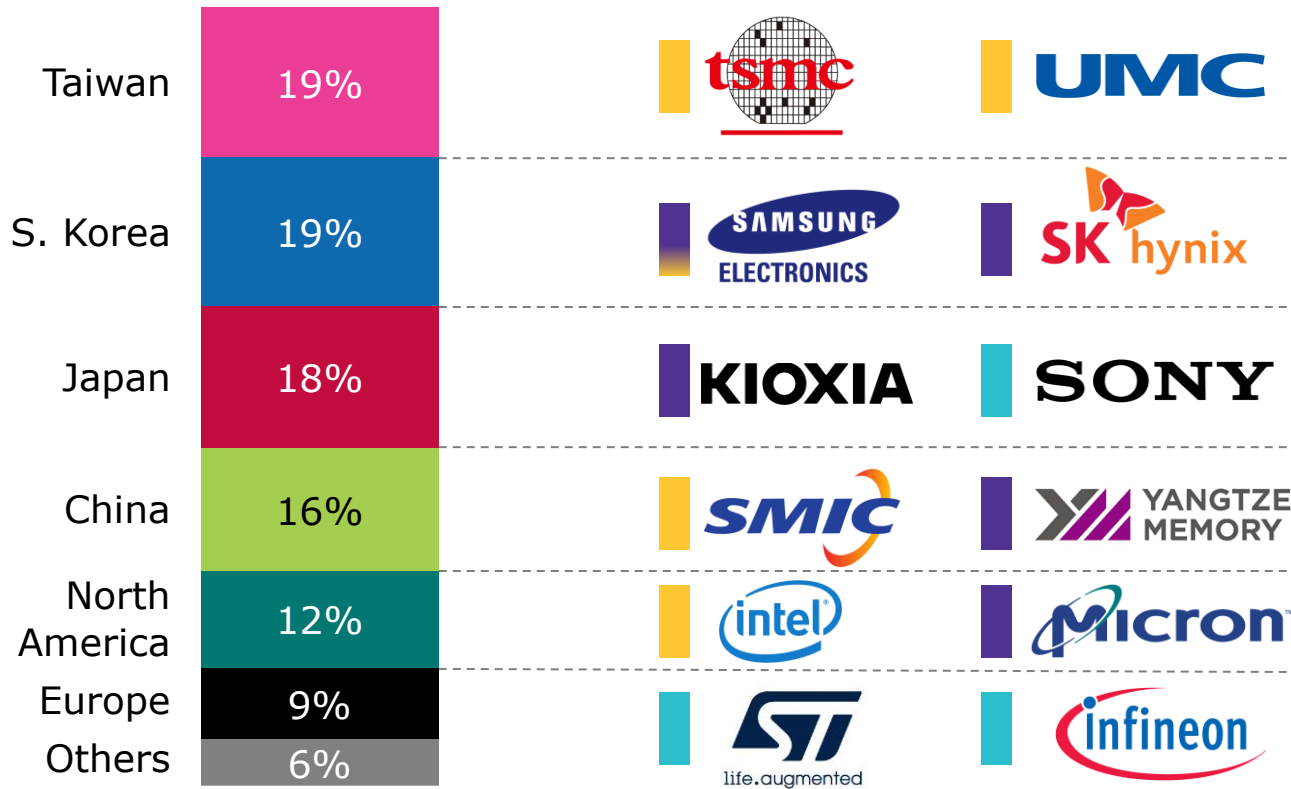


- Semiconductor Materials offering
- Delivery Systems & Services offering
- Intermolecular products & services

Beyond a comprehensive portfolio Semiconductor Solutions also has an industry spanning customer base, supplying various end markets

2019 wafer capacity by region¹

Selected customers per region²



Semiconductor Solutions has **OVER 100 customers** supplying all top 10 chip makers and virtually all of the top 100³

- Focus on logic chips
- Focus on memory chips
- Focus on other chips

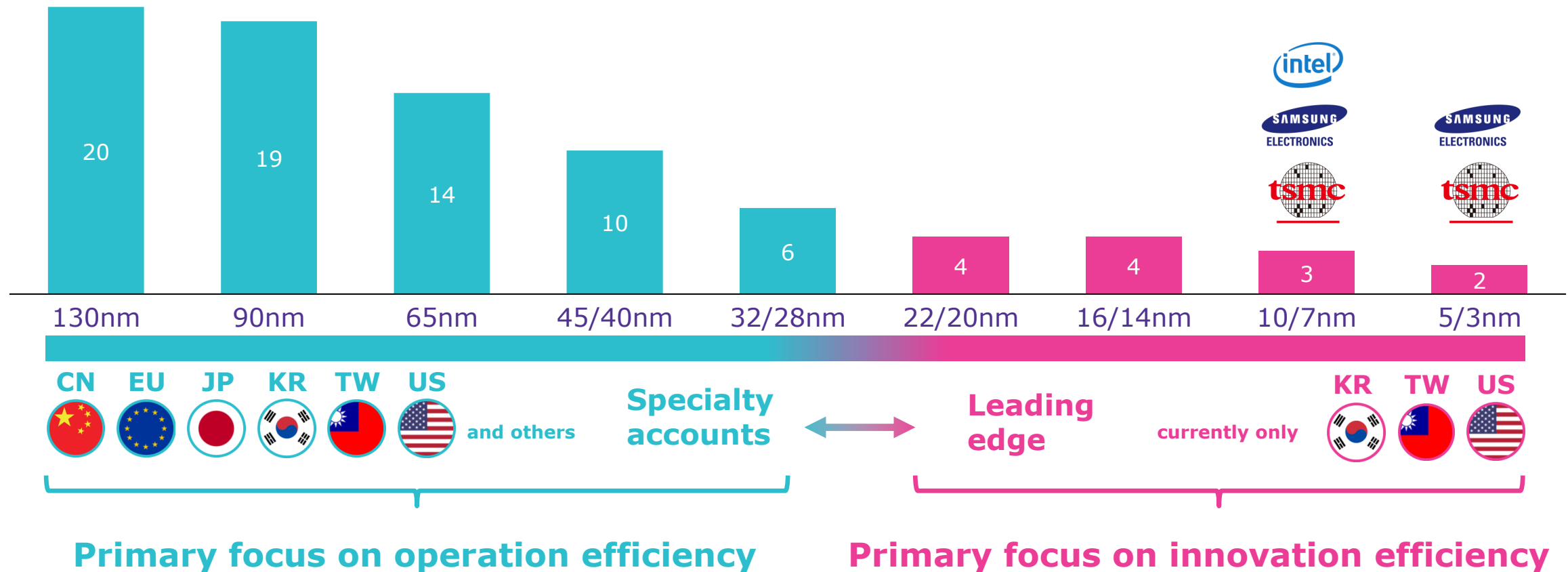
¹SEMI World Fab Forecast Q3 2020 - Dec 2019 capacity,

²Representative, non-exclusive list, not based on any underlying criteria

³Based on H1 2020 Sales

Only 3 companies are currently running **volume production $\leq 10\text{nm}$** These companies have the largest market shares across all nodes

Number of companies currently running volume production per logic chip node¹



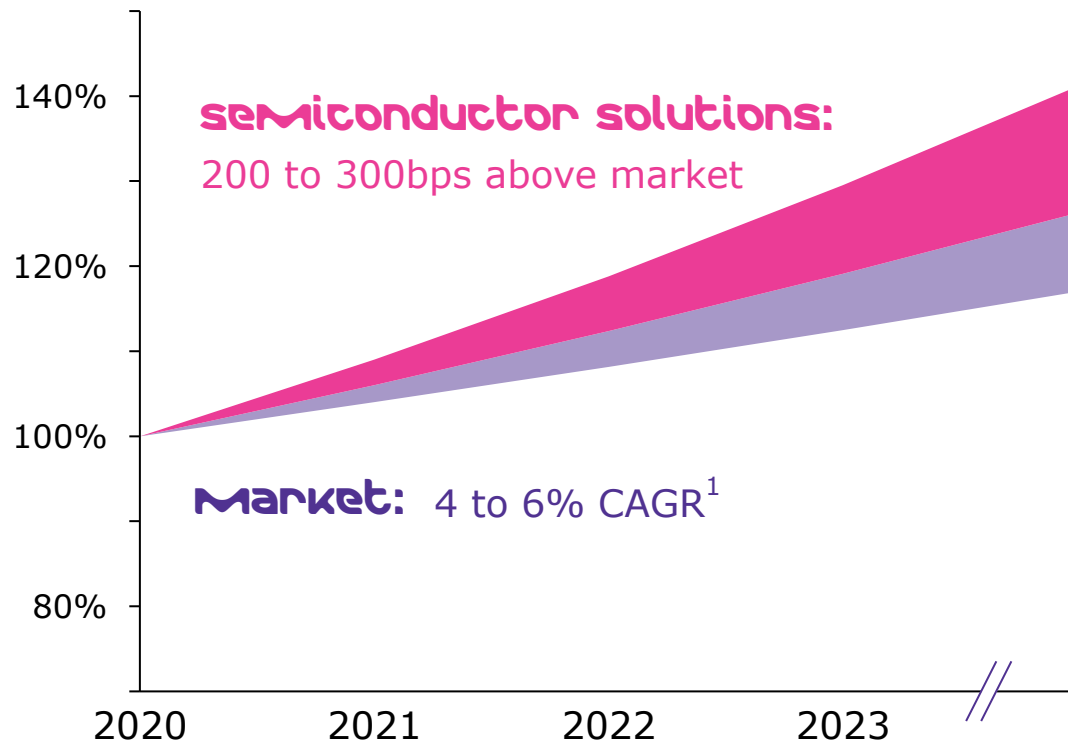
¹Source: Wikichip.org and own data; volume production as of Sep 2020; countries are listed in alphabetical order

Semiconductor Materials

Set to outgrow highly attractive semiconductor materials market

Semiconductor Solutions sales guidance vs. market

[Indexed 2020 = 100%]



¹Source: Jan 2020 IC Insights 2018-2024 CAGR for wafer starts in million units

Market

- Technological trends inevitably drive **exponential data growth**
- More data requires **more chips** and **higher complexity of chips**
- **Rising materials value added** per wafer

semiconductor solutions

- **Comprehensive offering** focusing on **attractive materials categories**
- Integration **topline synergies**
- **Critical mass** and deep **customer centricity**
 - Better customer understanding: know-how exchange and collaboration across **DS&S** and **Semiconductor Materials**
 - Cutting-edge innovation and **R&D capabilities**

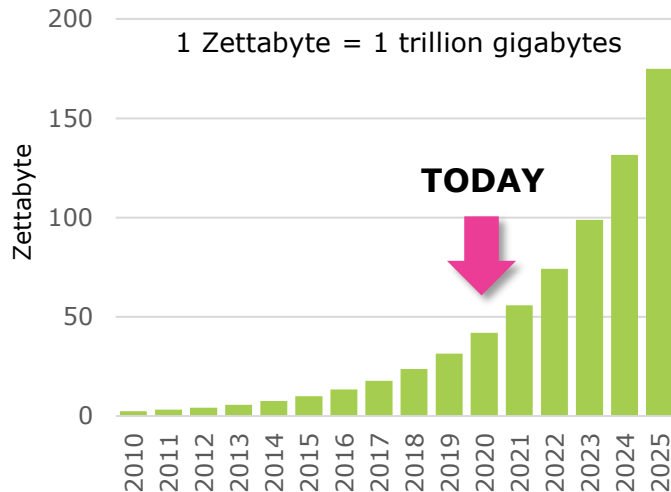
Technology trends inevitably drive exponential data growth... ...more chips needed to generate, transfer, process & store data

Data created worldwide
is growing +30% annually

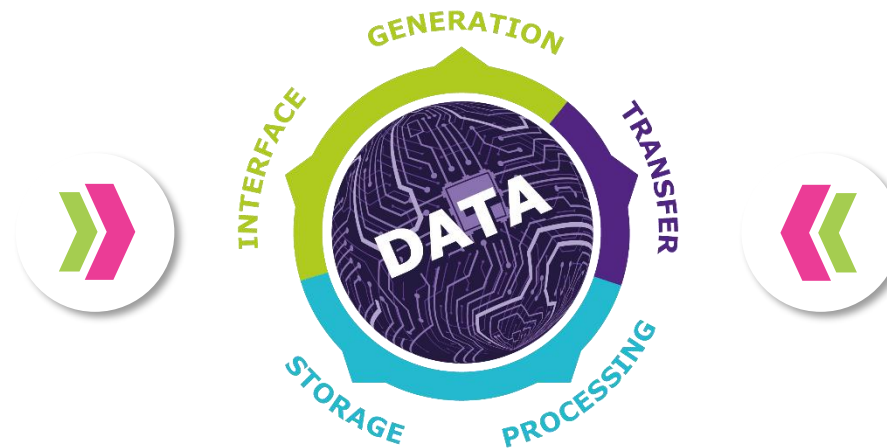
All segments of data application
are affected by global data growth

Technology trends strongly impact
relevance of data application segments

Size of global data sphere



Source: IDC DataAge 2025 Whitepaper



Technology market growth - examples

5G Technology¹
>122% CAGR

Artificial Intelligence²
>33% CAGR

IoT Sensors³
>24% CAGR

Data Center Services⁴
>13% CAGR

Autonomous Driving⁵
>18% CAGR

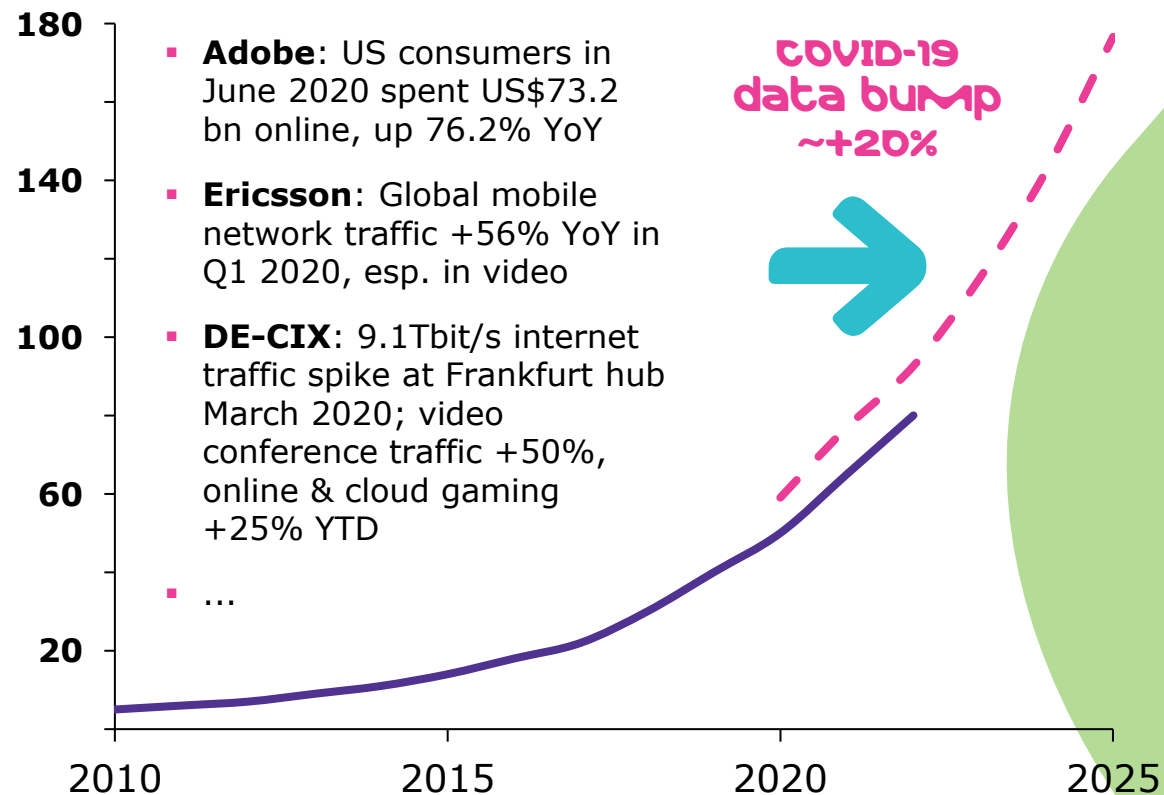
Semiconductor Solutions supports growth trend as part of “**the company behind the companies**, advancing digital living”

1) [alliedmarketresearch.com](https://www.alliedmarketresearch.com), Prismark 2020, CAGR 2021-2026; 2) fortunebusinessinsights.com, post-gazette.com, CAGR 2018-2026; 3) mordorintelligence.com, computerweekly.com, CAGR 2020-2025; 4) mordorintelligence.com, Prismark 2020; CAGR 2020-2025; 5G = 5th-generation cellular wireless; IoT = Internet of Things 5) mordorintelligence.com, autonomous car market value CAGR 2020-2025

Semiconductor Solutions

COVID-19 has vaulted the “digital transformation” by ~5 years¹

Expected COVID-19 impact on global datasphere²
[zetabytes]



COVID-19 impact on data growth expected to be positive

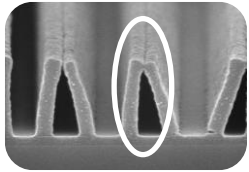
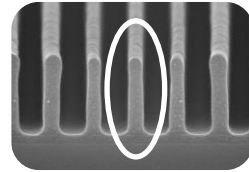
- 1
 - Work-from-home/stay-at-home economy
 - Significant increase in video conferences, online shopping, online gaming, streaming
- 2
 - Change in consumers' and enterprises' digital behavior expected to be long-lasting
- 3
 - Need for more, faster & more reliable data processing, storage and bandwidth
 - Acceleration of semiconductor demand

semiconductor solutions stands ready to support increased demand

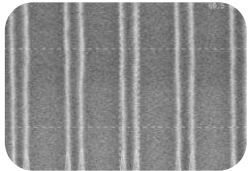
¹Source: McKinsey May 2020 "The COVID-19 recovery will be digital: A plan for the first 90 days";

²Source: Seagate, IDC April 2020, Merck KGaA, Darmstadt, Germany

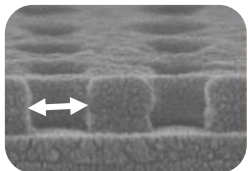
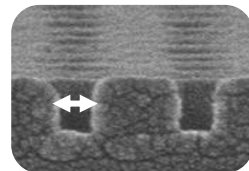
Electronics

Expanding the limits of how small you can go**Pattern collapse****AZ® rinse materials**

As lines get narrower and closer together in advanced chip generation, lines tend to “stick” due to surface tension.

Lithography limitation**Directed self-assembly (DSA)**

Block copolymer can generate small lines or contact holes by self-assembly. This allows miniaturization without expensive new equipment.

Wide features**AZ® shrink materials**

Shrink materials “shrink” the gap between lines and, hence, allow the manufacture of narrower features otherwise not possible.



We deliver highly innovative solutions for complex customer problems

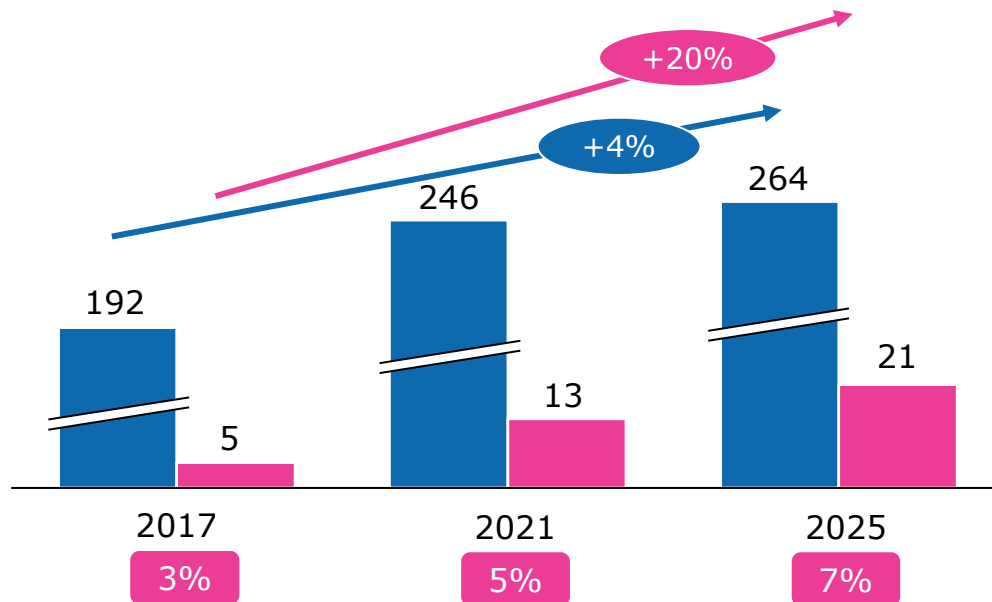


Electronics

Display Solutions - OLED material market to exceed LC material market **already in 2021**

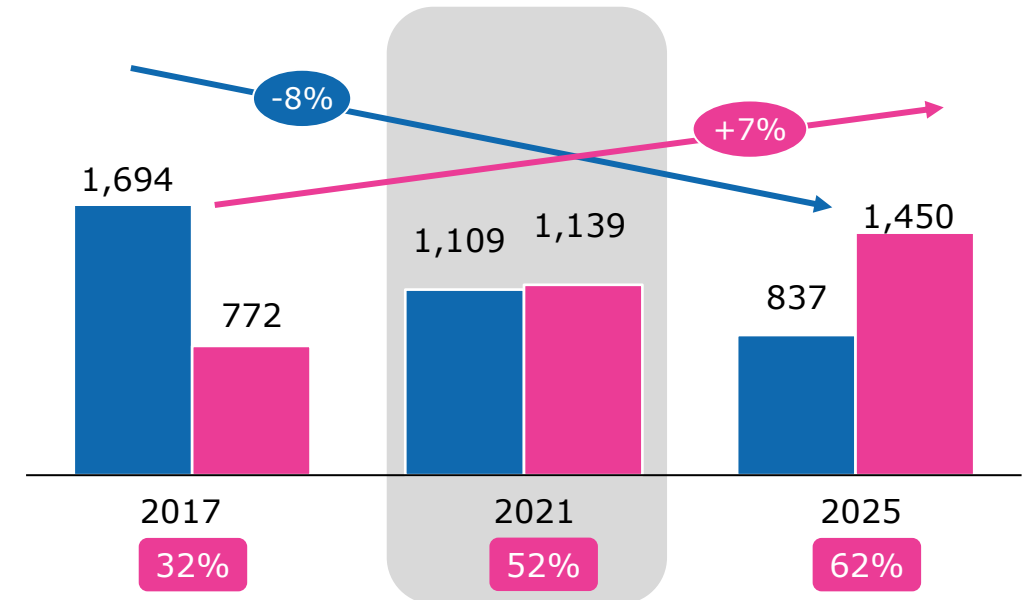
x% OLED shipment area / addressable material market [in % of total] Liquid Crystals OLED

Display shipment area¹
[km²]



- **Continued growth** across all technologies
- **OLED growing faster than LCD**, but **LCD to command 90+% area share** for foreseeable future

Addressable material market²
[€m]



- **Material value** per OLED display **higher** than in LCD
- **OLED material market to exceed LC material market by 2021**, but market split between **many more players**

¹Omdia; ²Internal Business Intelligence; Acronyms: LCD = Liquid-Crystal Display, OLED = Organic Light Emitting



Electronics: year-over-year and vs. Q4 2020 Semi growth as well as recovering Surface compensate Display Solutions decline

Electronics P&L

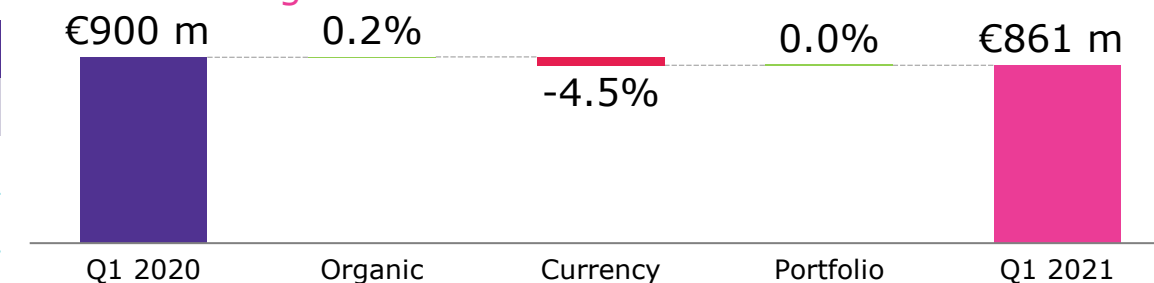
[€m]	IFRS		Pre	
	Q1 2020	Q1 2021	Q1 2020	Q1 2021
Net sales	900	861	900	861
M&S*	-136	-135	-134	-135
Admin	-38	-34	-38	-33
R&D	-71	-67	-73	-66
EBIT	116	126	151	142
EBITDA	251	260	-	-
EBITDA pre	286	274	286	274
(in % of net sales)	31.7%	31.8%	31.7%	31.8%

Comments

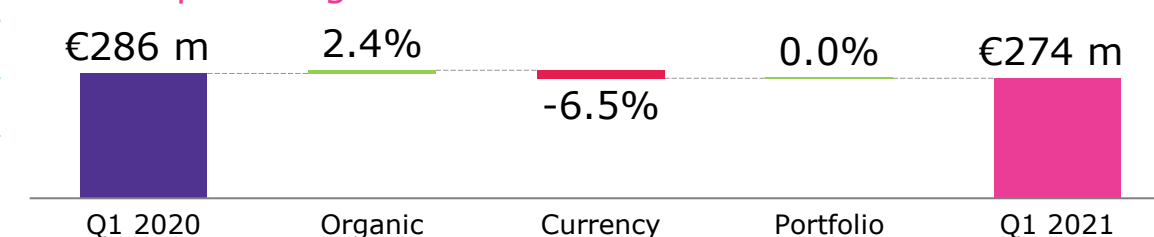
- Semiconductor Solutions: solid Semiconductor Materials growth across all product categories muted by DS&S project launch phasing; continued confidence in strong outlook for FY 2021
- Display Solutions: down -7% organically as OLED growth not yet compensating for Liquid Crystals decline
- Surface Solutions: returning to 5% organic growth, mainly supported by recovery in the automotive industry
- Stable M&S despite higher logistic costs, while Admin and R&D are declining
- All P&L lines continue to reflect diligent cost management amid Bright Future transformation and Versum integration synergies
- EBITDA pre (+2% org.) exceeds sales growth but burdened by -7% FX headwinds

* Marketing and selling expenses

Net sales bridge



EBITDA pre bridge



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AMELIE SCHRADER

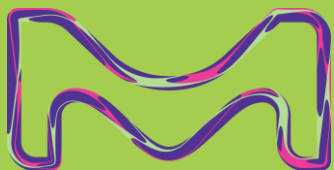


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