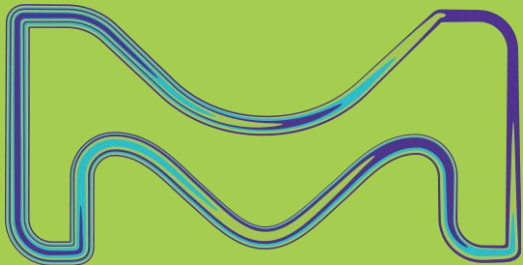


# BIG 3 drive strong start into the year, Mobilizing for future growth

Q1 2021 results

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Marcus Kuhnert, CFO

May 12, 2021





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# Agenda

**01** Executive summary

**02** Financial overview

**03** Outlook



# EXECUTIVE SUMMARY

01

# Highlights: BIG 3 drive growth, especially Process Solutions



## Operations

**Healthcare:** Fertility organic growth accelerating to 22%; 20% organic growth of Oncology as Bavencio<sup>®</sup> sales double while Erbitux<sup>®</sup> is growing 10%; Mavenclad<sup>®</sup> up 26% organically amid continued depression in dynamic market

**Life Science:** Record 27% organic growth, fueled by 38% in Process Solutions as additional capacities support fight against COVID-19 and 24% in Research Solutions; Applied Solutions growing strongly as well

**Electronics:** Solid Semiconductor Materials growth (partially offset by tough comps from unfavorable DS&S project phasing); Surface Solutions back to growth (+5% org.) post COVID-19 trough



## Financials

**Q1 organic sales:** +12.2%

**Q1 organic EBITDA pre:** +36.3%

### Guidance:

Net sales: €18.5 – 19.5 bn

EBITDA pre: €5.4 – 5.8 bn

EPS pre: €7.50 – 8.20

Net financial debt to EBITDA pre ratio at 1.8 on March 31, 2021



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

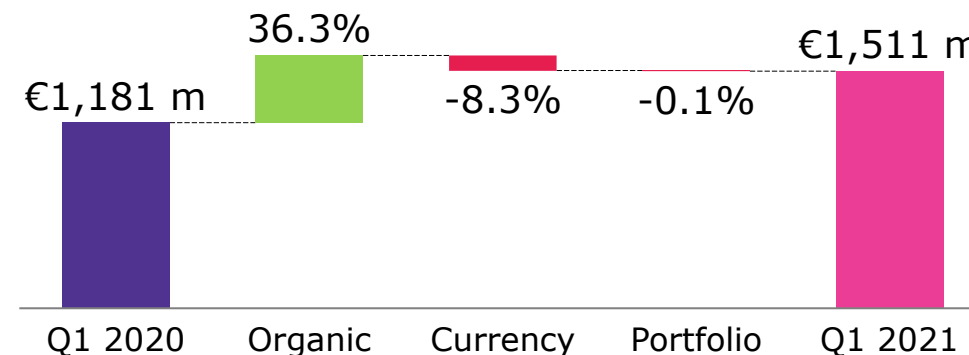
### Q1 YoY Net Sales

|              | 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%       |
| <b>Group</b> | <b>12.2%</b> | <b>-5.8%</b> | <b>-0.4%</b> | <b>6.0%</b> |

- 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&E<sup>1</sup> (-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.)

<sup>1</sup> Cardiovascular, Metabolism and Endocrinology (new Franchise name as of Q1 2021)

### Q1 YoY EBITDA pre

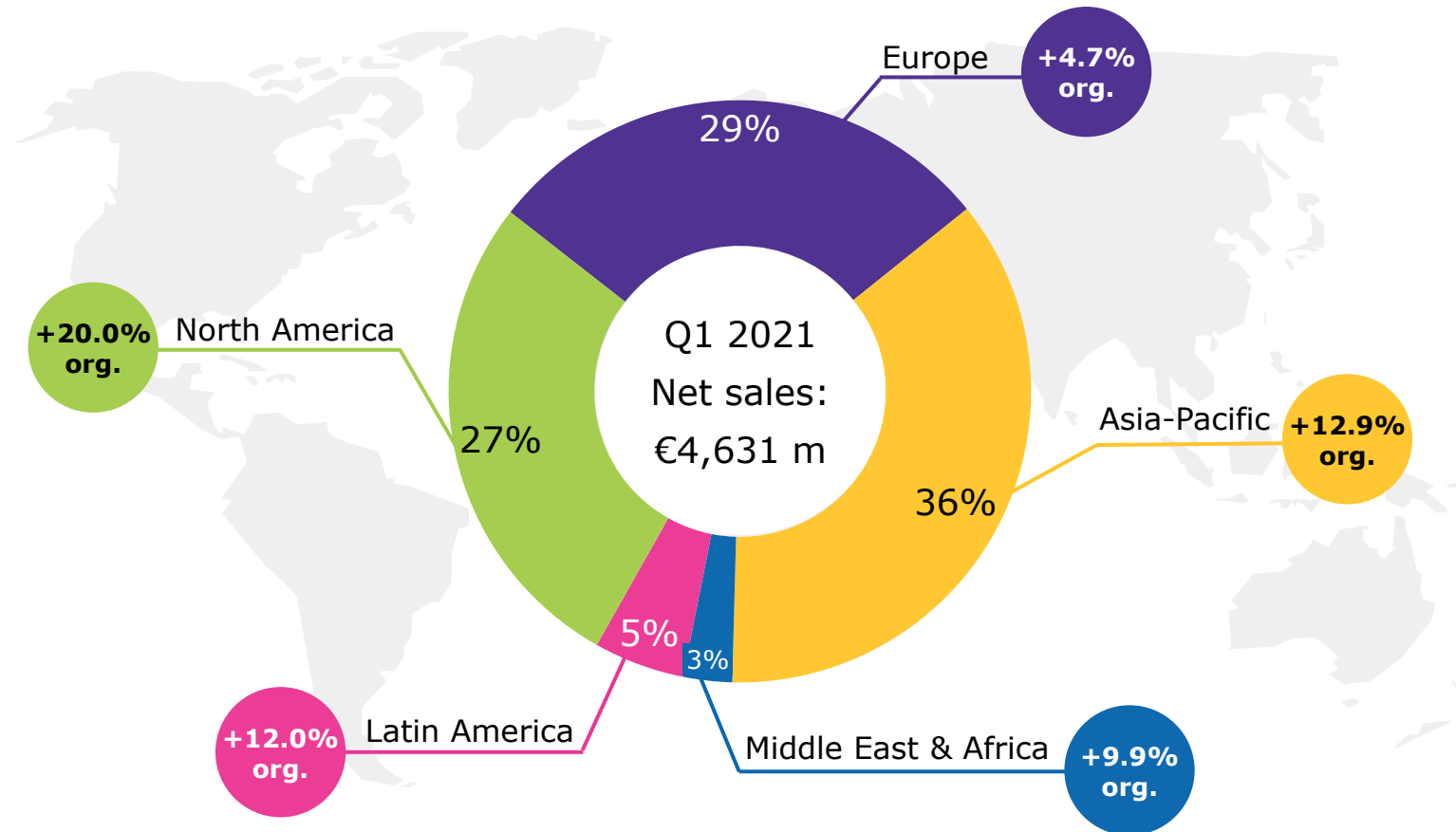


- Organic EBITDA pre growth three times faster than sales growth
- Strong Life Science gross profit further boosted by Bavencio<sup>®</sup> milestones and continued cost discipline in all sectors
- FX burden of -8% across various currencies with largest negative impact from USD, BRL and JPY; partly mitigated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



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

## 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<sup>®</sup> performance
- LATAM growth driven foremost by Fertility and Bavencio<sup>®</sup>
- CM&E is the largest growth driver in ME&A





# Financial Overview

02

# Q1 2021: Overview

## Key figures

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

| [€m]               | Dec. 31, 2020 | March 31, 2021 | Δ     |
|--------------------|---------------|----------------|-------|
| Net financial debt | 10,758        | <b>10,081</b>  | -6.3% |
| Working capital    | 3,938         | <b>4,231</b>   | 7.4%  |
| Employees          | 58,096        | <b>57,933</b>  | 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<sup>®</sup> 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     | <b>1,043</b> | 45.7%  |
| Financial result          | -98     | <b>-59</b>   | -40.0% |
| Profit before tax         | 617     | <b>984</b>   | 59.4%  |
| Income tax                | -159    | <b>-236</b>  | 48.1%  |
| <i>Effective tax rate</i> | 25.8%   | <b>24.0%</b> |        |
| Net income                | 456     | <b>747</b>   | 63.7%  |
| EPS (€)                   | 1.05    | <b>1.72</b>  | 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



# Healthcare: strong Fertility & Oncology performance, while Mavenclad<sup>®</sup> remains impacted by depressed dynamic market

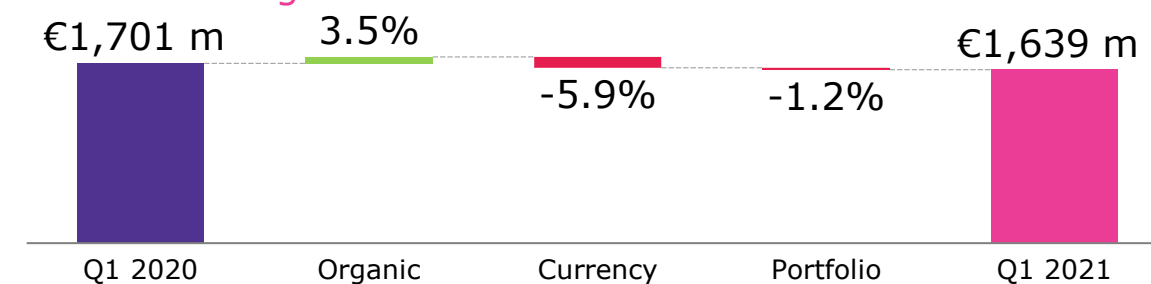
## Healthcare P&L

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

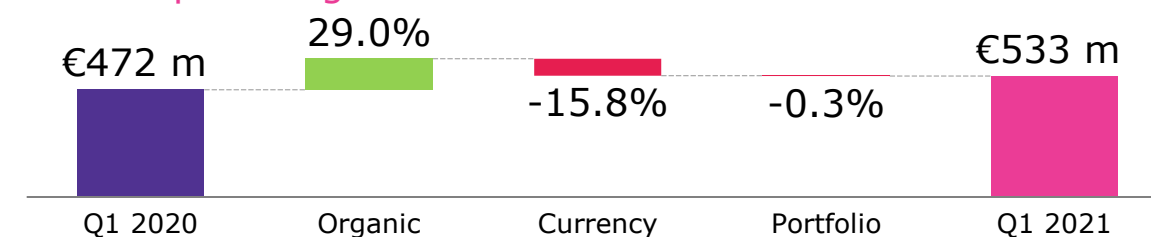
## Comments

- Mavenclad<sup>®</sup> growing +26 % organically to €147 m, amid still depressed dynamic market; Rebif<sup>®</sup> decline -17% in Q1 due to tough comps related to tender win in Q1 2020
- Oncology up +20%, Bavencio<sup>®</sup> sales doubled post UC 1L launch in U.S. and initial contribution from EU & JP<sup>1</sup>; Erbitux<sup>®</sup> up +10% largely driven by China growth
- Base business about stable, strong Fertility growth (+22% org.) compensating for Rebif<sup>®</sup> 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<sup>®</sup> milestones (~ €50 m)

## Net sales bridge



## EBITDA pre bridge



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

## Life Science P&L

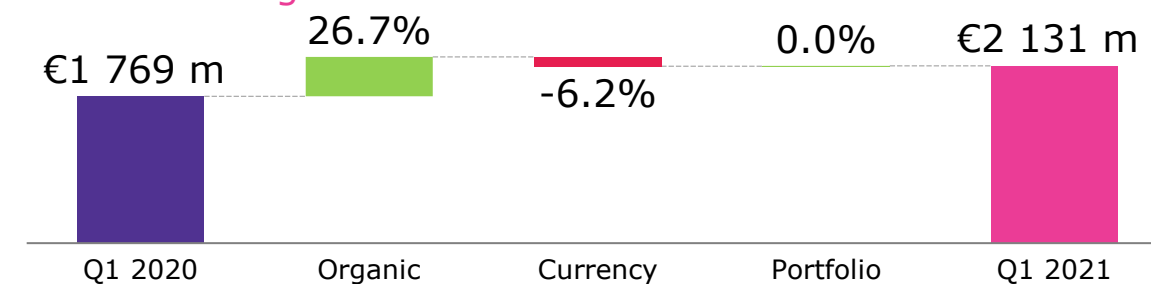
| [€m]                | IFRS    |         | Pre     |              |
|---------------------|---------|---------|---------|--------------|
|                     | Q1 2020 | Q1 2021 | Q1 2020 | Q1 2021      |
| Net sales           | 1,769   | 2,131   | 1,769   | <b>2,131</b> |
| M&S*                | -498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

## Comments

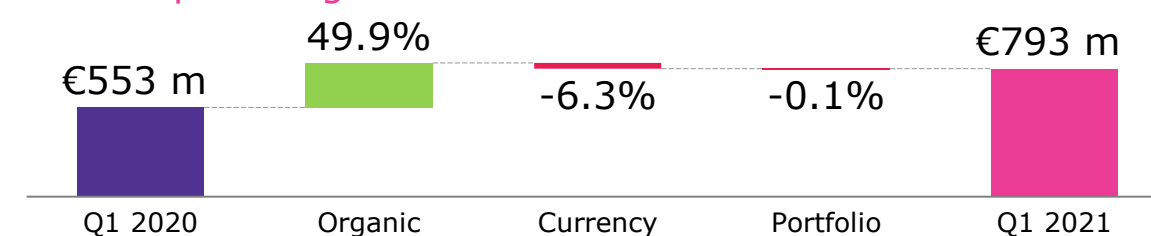
- Process Solutions org. growth of +38% driven by downstream & single use for COVID-19 projects; strong underlying demand supported by acceleration of capacity expansions
- Research Solutions speeding up further to an exceptional +24% organic growth, driven by recovery in base business and additional 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: year-over-year and vs. Q4 2020 Semi growth as well as recovering Surface compensate Display Solutions decline

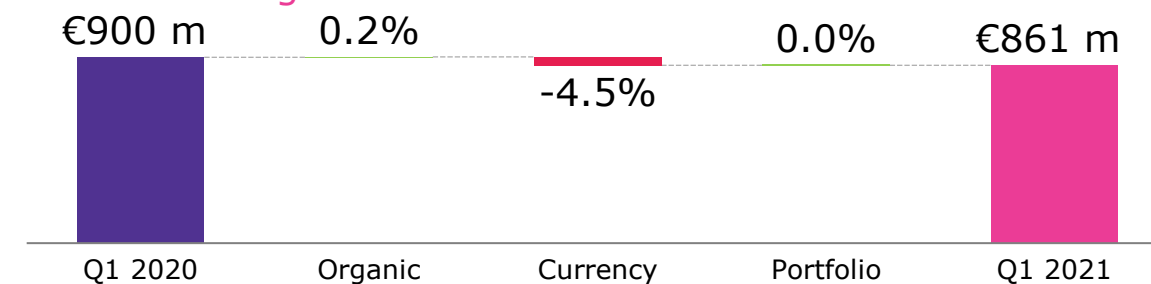
## Electronics P&L

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

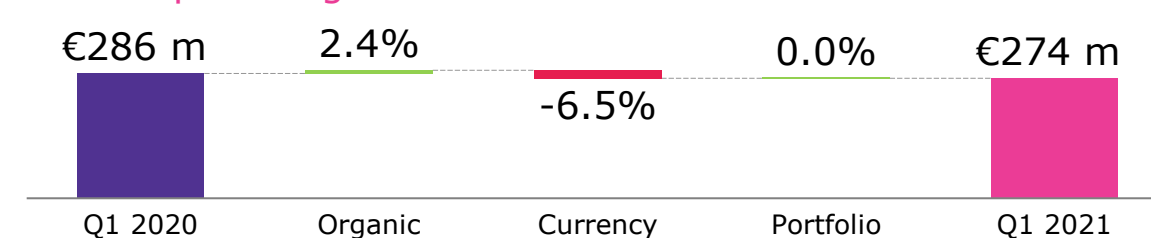
## Comments

- 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

## Net sales bridge



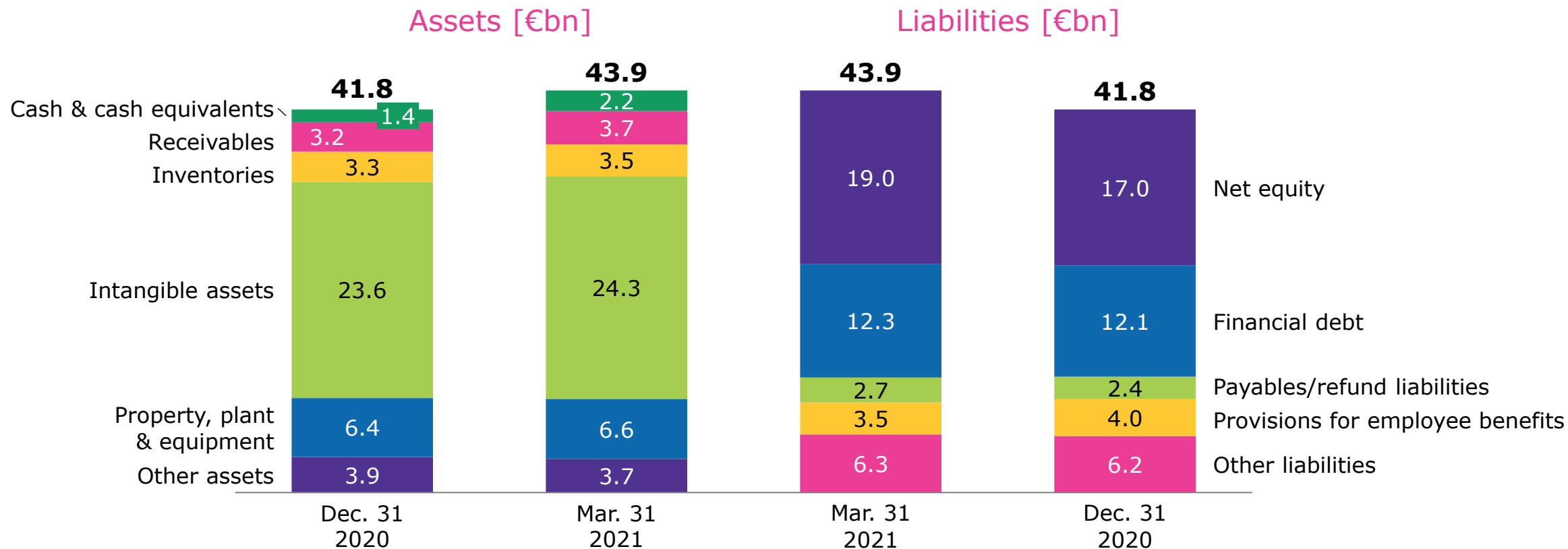
## EBITDA pre bridge



\* Marketing and selling expenses



# Balance sheet



- Increase in intangible assets primarily driven by FX
- Higher cash level driven by strong operating cash flow
- Higher receivables and inventories - growing slower than sales

- Reduction in provisions for employee benefits driven by actuarial gains from higher interest rates
- Reduced financial debt and higher retained earnings drive equity ratio of 43.2%



# Cash flow statement

## Q1 2021 – cash flow statement

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

## Cash flow drivers

- Strong increase in profit after tax driven particularly by Life Science, further boosted by Bavencio<sup>®</sup> 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





outlook

03

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



# 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<sup>®</sup>**
- **Fertility to continue recovery**

## Life Science assumptions

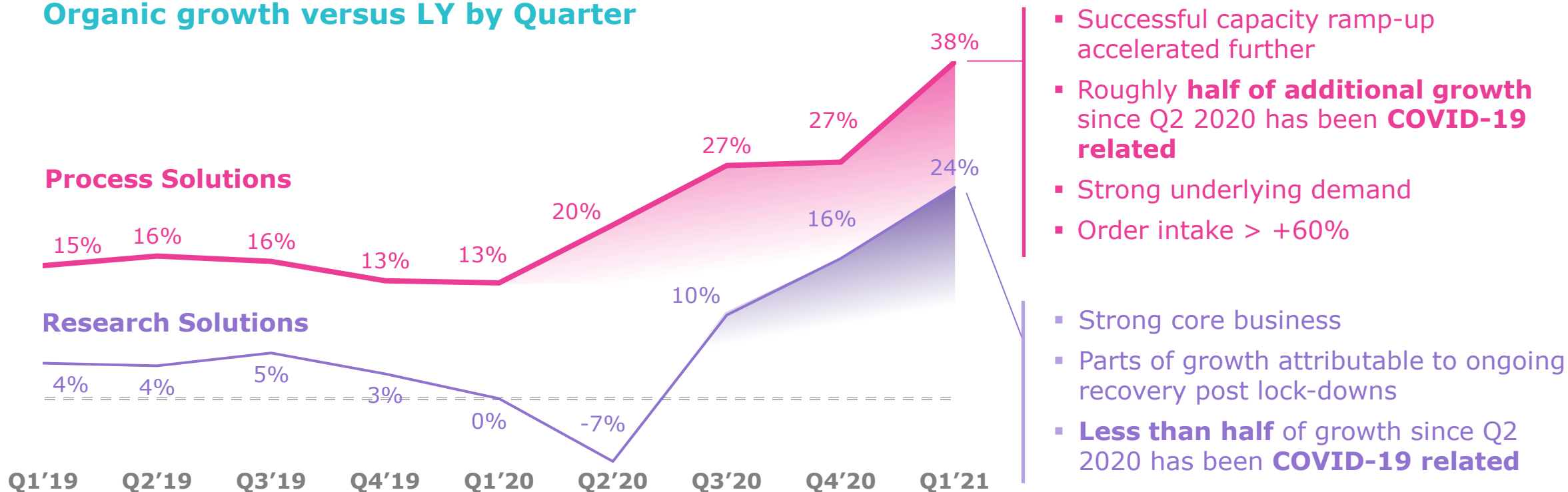
- **Continued strong additional demand & capacity expansions to support strong growth in Process Solutions**
- **Research and Applied** more volatile and differentiated across customer and product segments; **tailwinds for Research, about neutral effect in Applied**

## Electronics assumptions

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

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

## Organic growth versus LY by Quarter



- Successful capacity ramp-up accelerated further
  - Roughly **half of additional growth** since Q2 2020 has been **COVID-19 related**
  - Strong underlying demand
  - Order intake > +60%
- 
- Strong core business
  - Parts of growth attributable to ongoing recovery post lock-downs
  - **Less than half** of growth since Q2 2020 has been **COVID-19 related**



### Key factors for 2021 guidance remain:

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

Shaded areas represent COVID-19 growth contributions



# 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 <sup>a</sup> |
|-----------------------|-------------|-------------|--|
| DMT treated patients  | Mavenclad®  | 23          | 100% ( $p = 0.99$ ) <sup>b</sup>         |
|                       | Ocrelizumab | 44          | 22.7% ( $p < 0.0001$ ) <sup>b</sup>      |
|                       | Fingolimod  | 26          | 3.8% ( $p < 0.0001$ ) <sup>b</sup>       |
| 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 counts<sup>1</sup>

DMT = disease-modifying therapy

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

<sup>a</sup>Protective humoral immunity defined as an index value higher than 1.1 using EUROIMMUN semiquantitative ELISA for IgG specific for the recombinant S1 subunit of SARS-CoV-2 spike protein

<sup>b</sup>Fisher's exact test to detect differences in categorical variables between DMT-treated patients with MS and untreated patients with MS



## 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 Biogen<sup>1</sup>*)

FX: -2% to -4% YoY

~€5.4 – 5.8 bn

### EPS pre:

~€7.50 – 8.20

<sup>1</sup> 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%



# 2021 business sector guidance<sup>1</sup>

## Healthcare



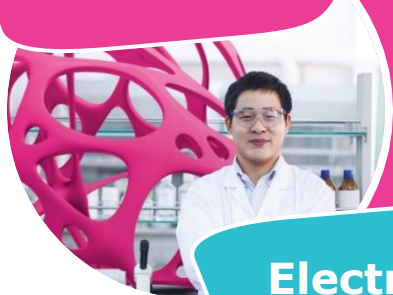
### Net sales

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

### EBITDA pre

- Organic: +12% to +15% YoY (excl Biogen<sup>2</sup>)
- FX: -5% to -7% YoY
- ~€2,000 – 2,100 m

## Life Science



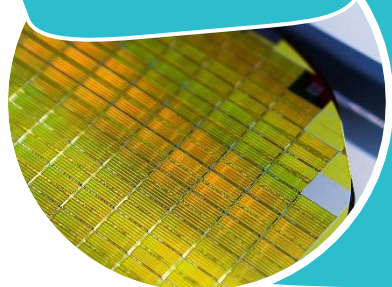
### Net sales

- 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

# Appendix



# Additional financial guidance 2021

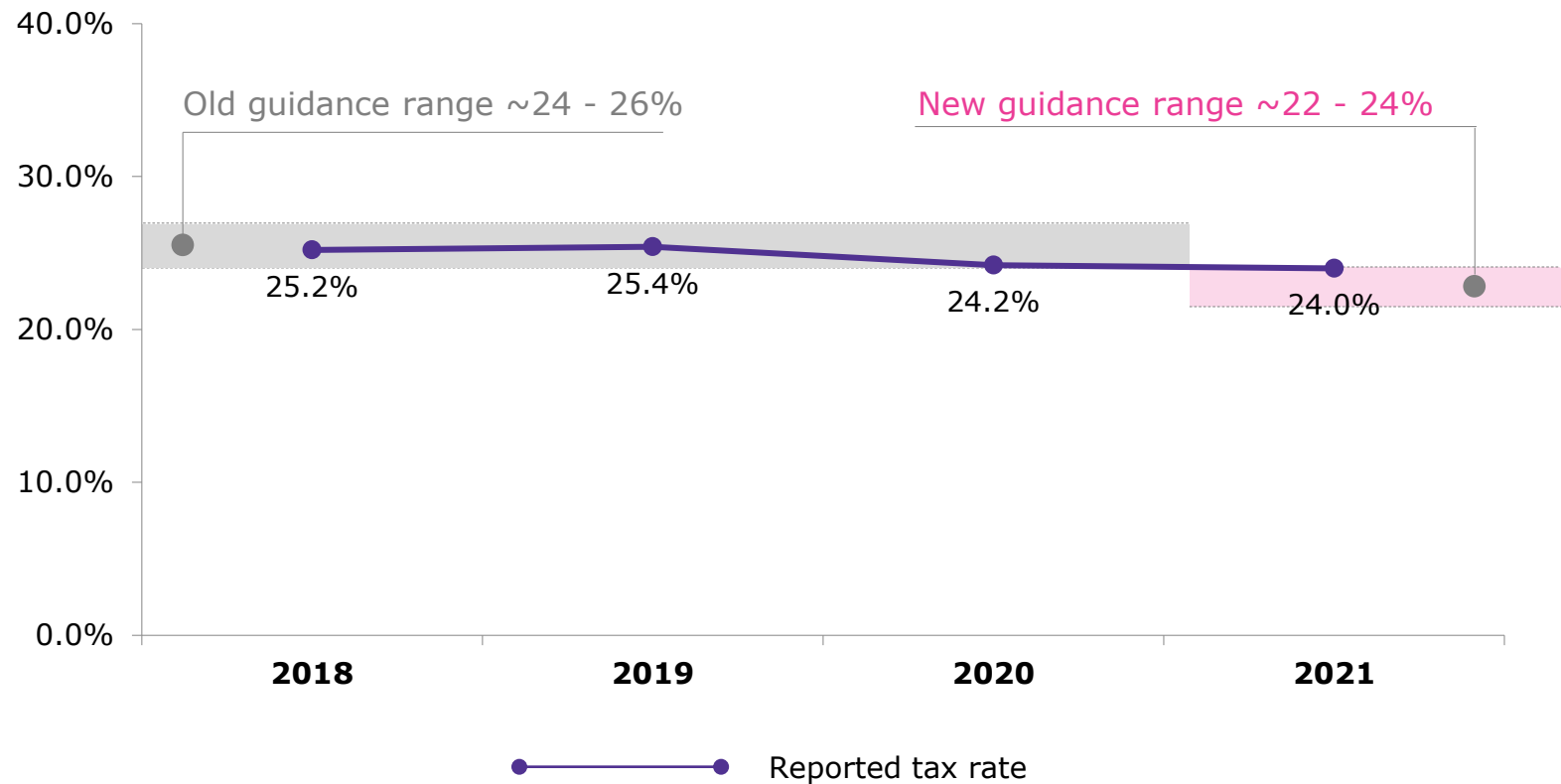
## Further financial details

|                              |  |
|------------------------------|--|
| 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       | <b>FY 2021 hedge ratio ~70%<br/>at EUR/USD ~1.17</b> |
| 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



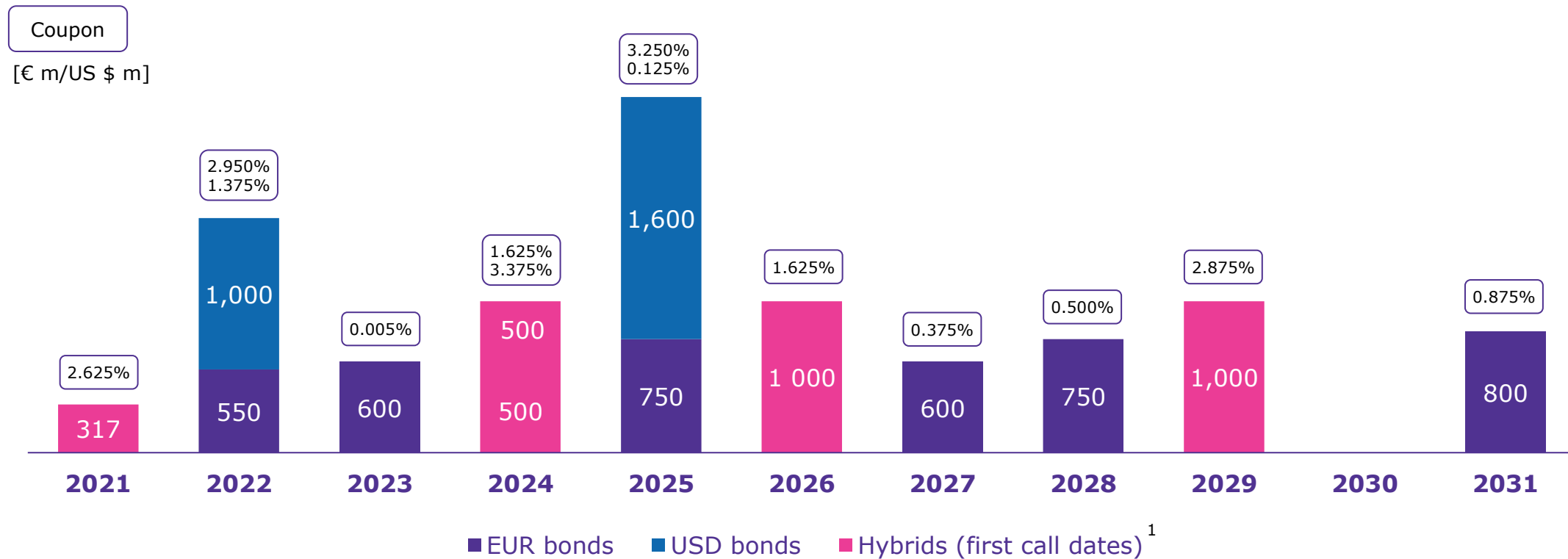
### Rationale for update

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



# Balanced maturity profile: Lower refinancing risks & higher flexibility

Maturity profile as of March 31, 2021

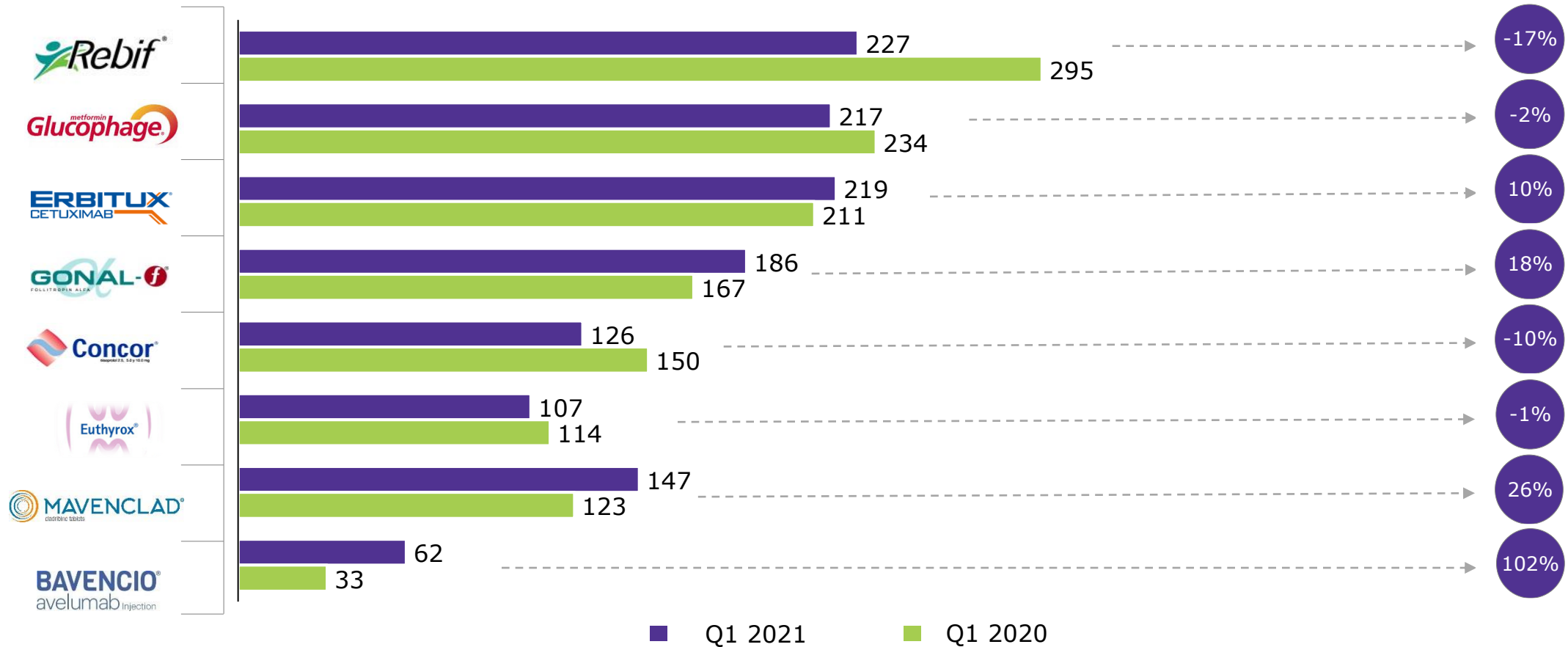


<sup>1</sup>No decision on call rights taken yet



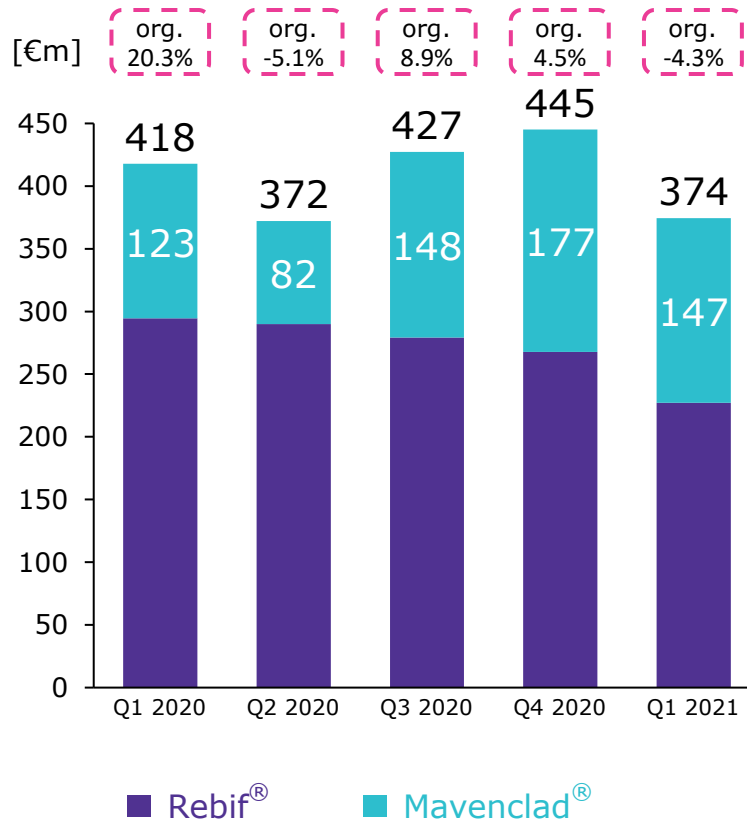
# Healthcare organic growth by franchise/product

Q1 2021 organic sales growth [%] by key product [reported €m]

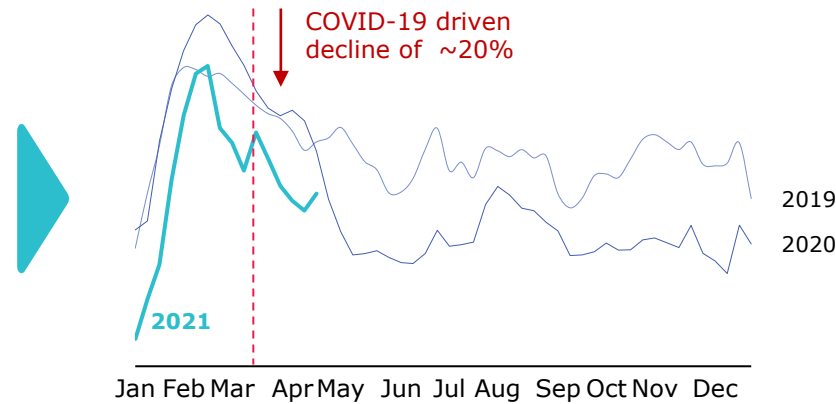


# Neurology & Immunology: Mavenclad<sup>®</sup> sales +26% (org.) YoY, sequential decline of ~4% (org.) driven by third COVID-19 wave

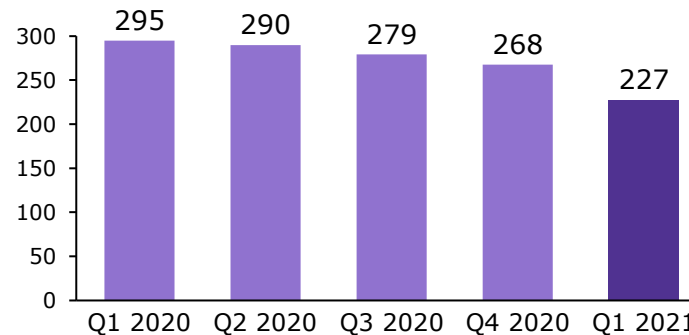
## Sales development NDI, [€m]



## Dynamic market volume [R3W]<sup>1</sup>



## Rebif<sup>®</sup> net sales, [€m]



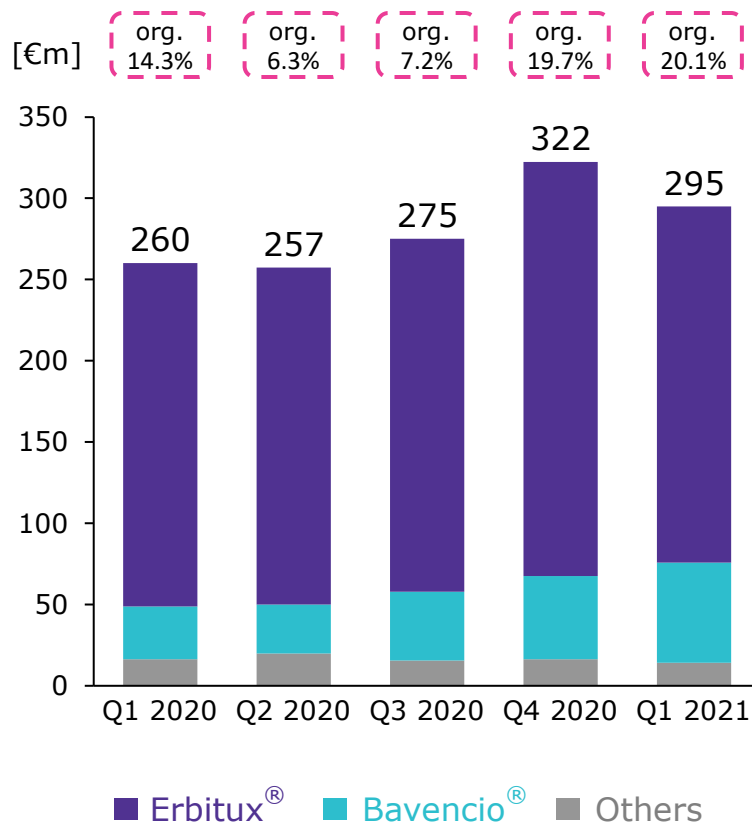
- **Market share:** Mavenclad<sup>®</sup> share continues to grow within HE segment, with COVID-19 vaccine response data positioning Mavenclad<sup>®</sup> for additional share growth
- **Dynamic market volume:** Still lags pre-pandemic levels by ~20% but increased vaccination likely to drive market recovery and Q2 growth

- Rebif<sup>®</sup> outperforms interferon market in the US
- Decline accelerated (-17 % org.) due to tough comps from tender win in Q1 2020, and further muted by FX (-6%)

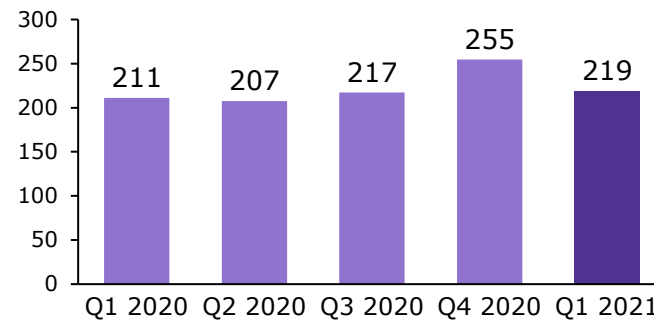


# Oncology: Bavencio® showing strong YoY and sequential growth post UC 1L approvals; Erbitux growing 10% organically

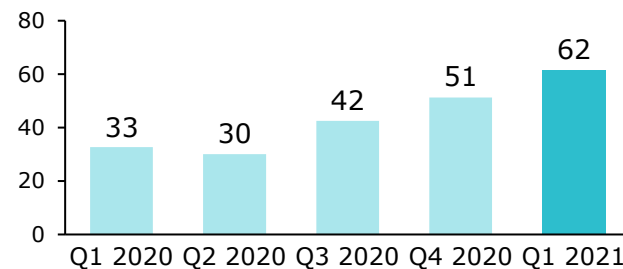
## Sales development Oncology, [€m]



## Erbitux® net sales, [€m]



## Bavencio® net sales, [€m]



- 10% organic growth in Q1, despite supply agreement with Eli Lilly for U.S. demand falling into Q2
- China main growth driver
- Overall, continuously limited negative impact from COVID-19

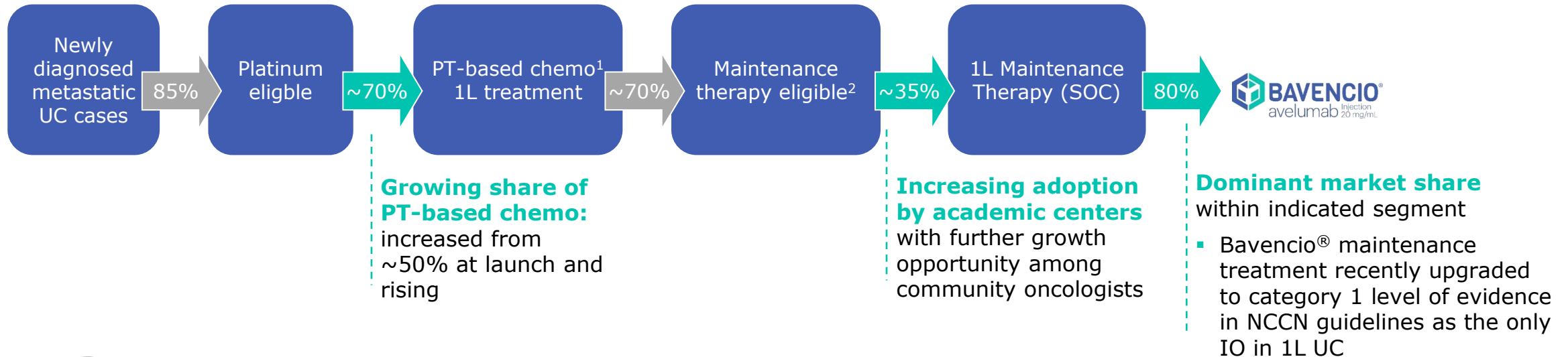
- Bavencio® more than doubling sales (103% organic growth)
- >20% QoQ growth driven by 1L UC launch in the U.S., and initial contribution by EU and JP



# 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:**

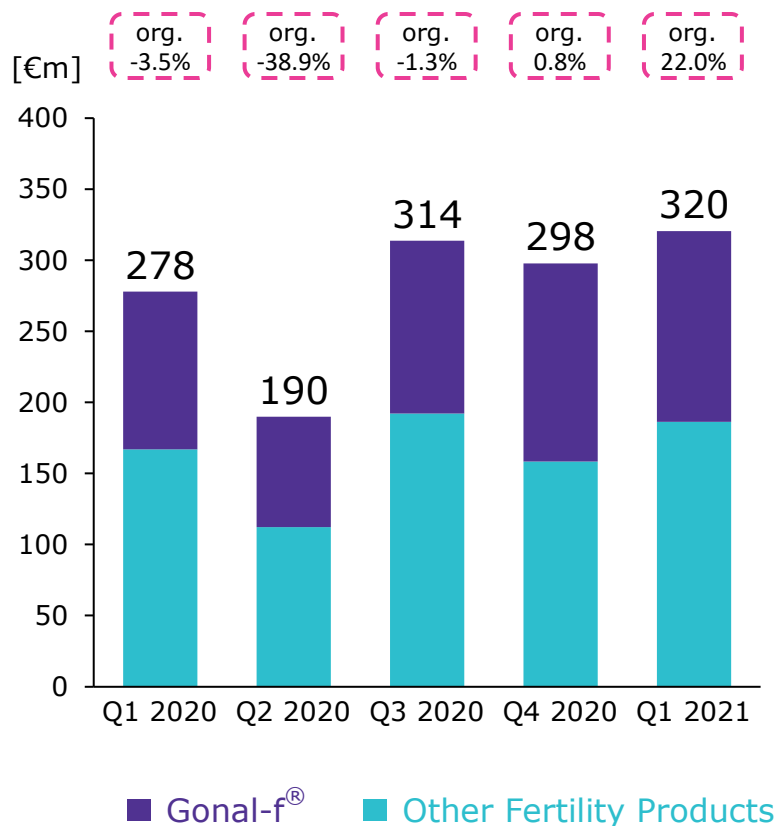
- Market access on track
- Strong initial uptake in key launch markets
- Recently recommended by EAU (European Association of Urology) guidelines (March 25) as the preferred treatment in 1L UC

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

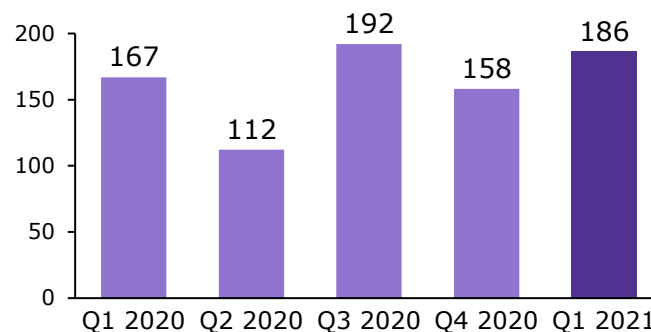


# Fertility: 22% organic growth and strong sequential recovery of Gonal-f®

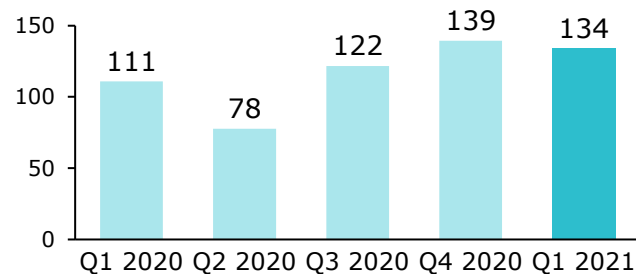
## Sales development Fertility, [€m]



## Gonal-f® net sales, [€m]



## Other Fertility net sales, [€m]



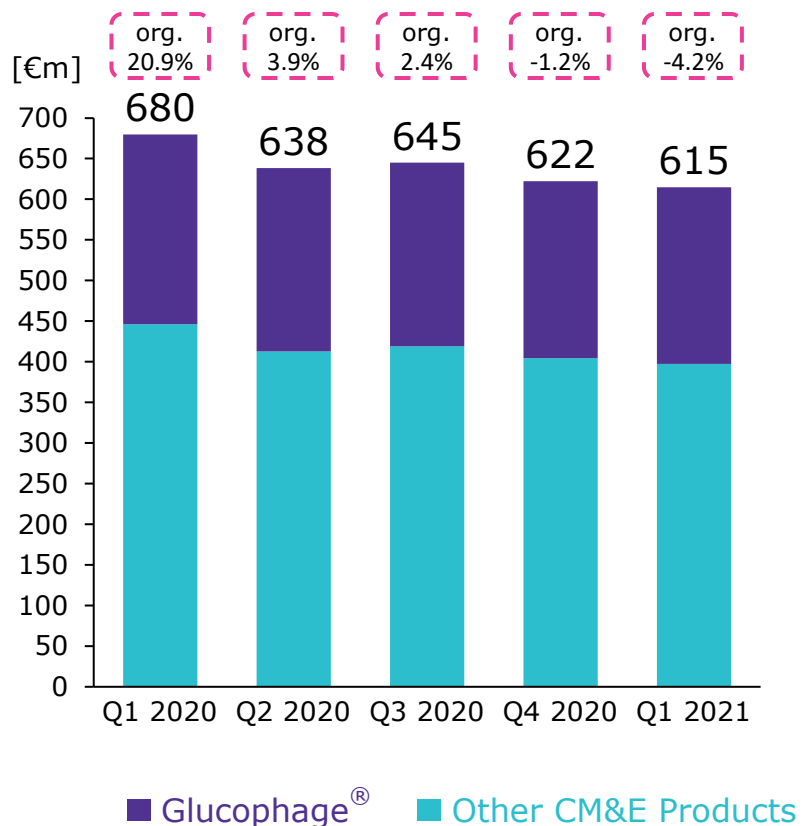
- Strong Fertility growth of +22% amid continued recovery from COVID-19 impact
- All regions showing organic growth
- Particularly strong momentum in APAC and the U.S.
- FX burden of -7% mutes absolute numbers



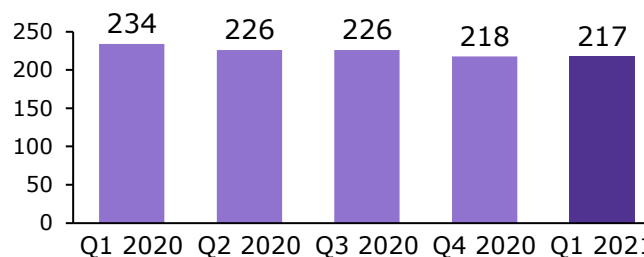


# CM&E: Declining -4% as growth in ME&A and LATAM are offset by VBP impact on Glucophage® & Concor® in China and tough comps in Europe

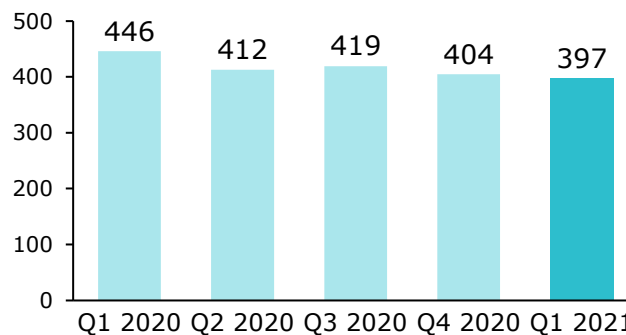
Sales development CM&E, [€m]



Glucophage® net sales, [€m]



Other CM&E net sales, [€m]



- Growth in ME&A (org. +31%) and LATAM (org. +21%) offset by APAC (org. -10%) as China VBP<sup>1</sup> roll-out progresses (completion expected in Q2)
- Tough comps in EU due to pandemic-related stocking
- Concor® decline (org. -10%) driven by VBP effect in 2020



## Phase I

**M1231**  
**Bispec. MUC1xEGFR ADC**  
Solid tumors

**M1774**  
**ATR inhibitor**  
Solid tumors

**peposertib**  
**DNA-PK inhibitor**  
Solid tumors<sup>1</sup>

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

**M6223**  
**anti-TIGIT mAb**  
Solid tumors<sup>2</sup>

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

**M5717**  
**PeEF2 inhibitor**  
Malaria

*Simplified overview excluding programs for which Merck KGaA, Darmstadt, Germany explores externalization opportunities and/or for which Merck KGaA, Darmstadt, Germany pursues only limited internal development activities*

## Phase II

**berzosertib**  
**ATR inhibitor**  
Small-Cell Lung Cancer<sup>3</sup>

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

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

**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  
(HMG2 positive)

**M5049**  
**TLR7/8 antagonist**  
Covid-19 pneumonia

## Phase III

**xevinapant**  
**IAP inhibitor**  
Locally advanced squamous cell  
carcinoma of the head and neck<sup>6</sup>

**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<sup>7,8</sup>*

**avelumab**  
**anti-PD-L1 mAb**  
*Urothelial cancer 1L-M<sup>9,10</sup>*

- 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;

<sup>1</sup> Study in combination with avelumab. <sup>2</sup> Includes study in combination with bintrafusp alfa. <sup>3</sup> Includes studies (phase I/II) in collaboration with/ sponsored by external partners, e.g. NCI. <sup>4</sup> In combination with cetuximab. <sup>5</sup> In combination with osimertinib. <sup>6</sup> On March 01<sup>st</sup>, Merck KGaA, Darmstadt, Germany announced a worldwide in-licensing agreement with Debiopharm, Switzerland, for the development and commercialization of xevinapant (Debio 1143). <sup>7</sup> As announced on February 03<sup>rd</sup>, 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. <sup>8</sup> As announced on November 26<sup>th</sup>, 2020, the European Medicines Agency (EMA) has validated the application for tepotinib for the treatment of adult patients with advanced non-small cell lung cancer. <sup>9</sup> As announced on January 25<sup>th</sup>, 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. <sup>10</sup> As announced on February 24<sup>th</sup>, 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.

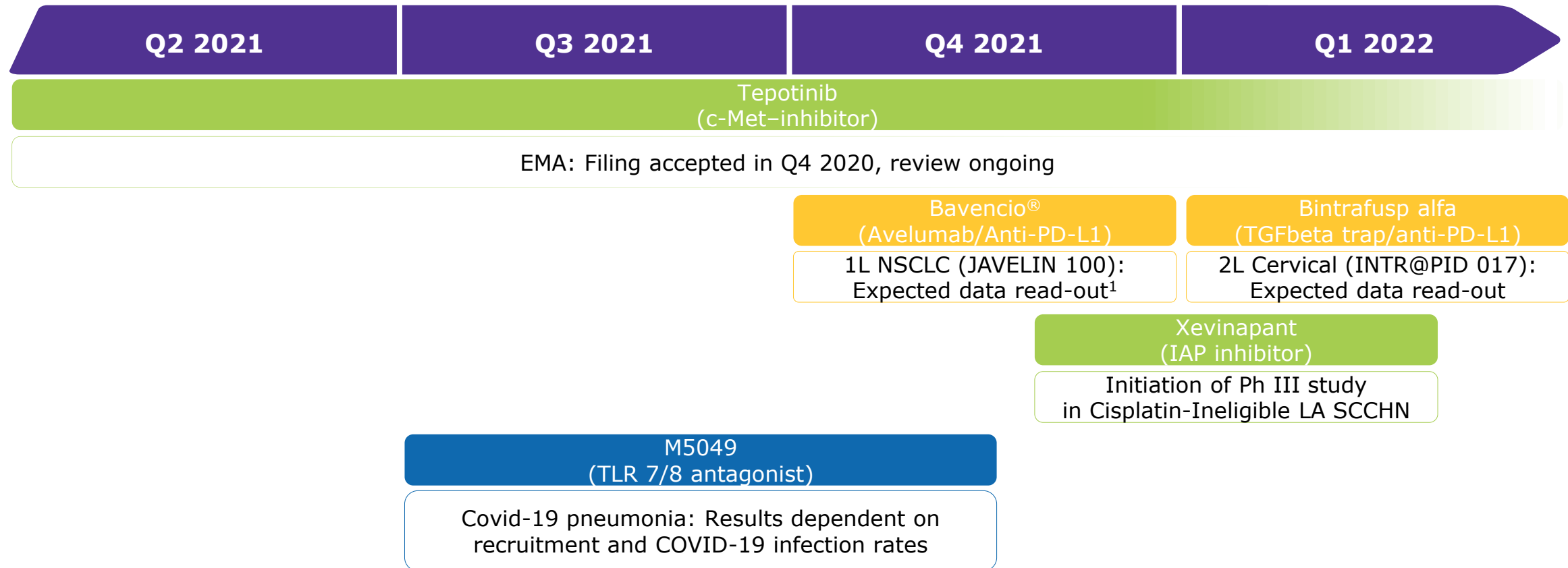
Unless noted otherwise, clinical programs conducted in collaboration with external partners are not shown unless Merck KGaA, Darmstadt, Germany has co-ownership of data. In such case the indication is shown in *Italics*.

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.



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

■ Oncology  
■ Immuno-Oncology ■ Immunology

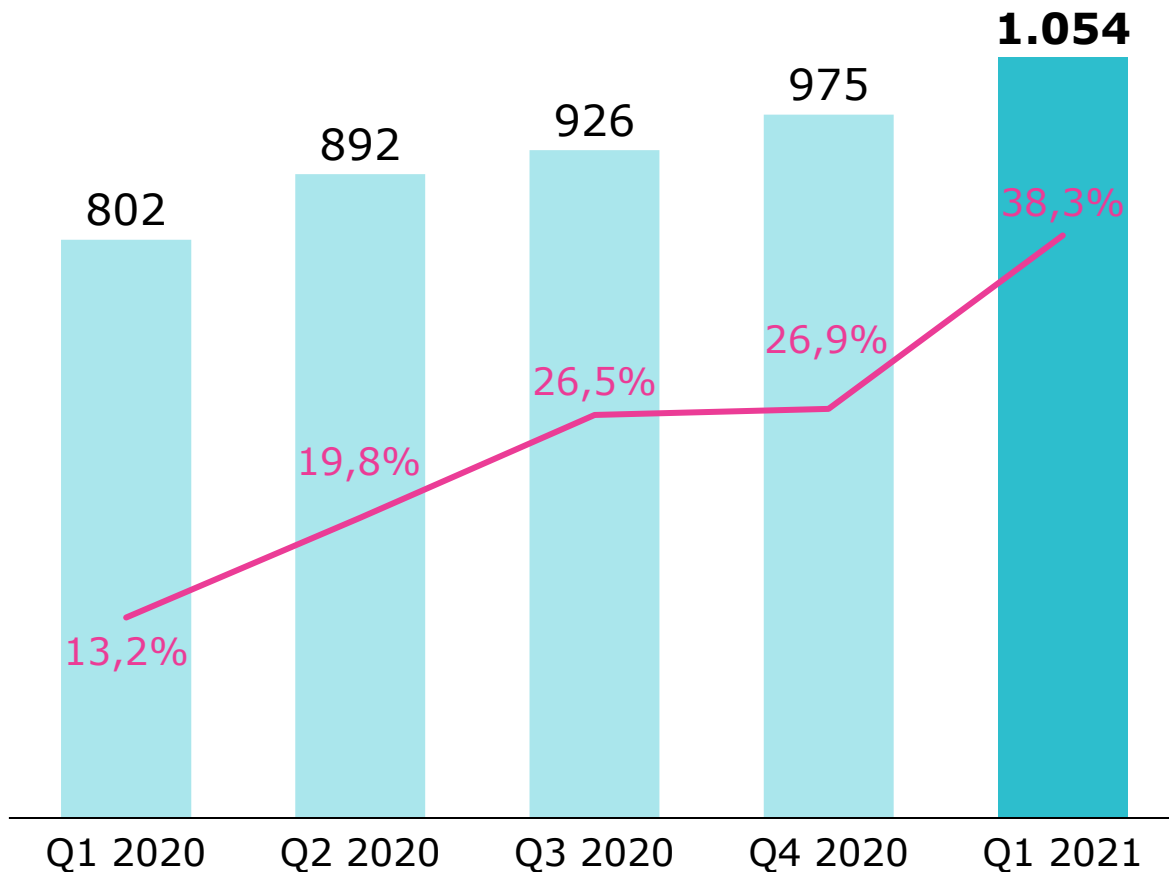


Acronyms: EMA = European Medicines Agency, LA = locally advanced, SCLC = Small cell lung cancer, SCCHN = Squamous cell carcinoma of the head and neck, NSCLC = Non-small cell lung cancer, TLR = Toll-like receptor, 1: Clinical timelines are event-driven and may be subject to change



## BIG 3 - Process Solutions: upside potential continues to materialize

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

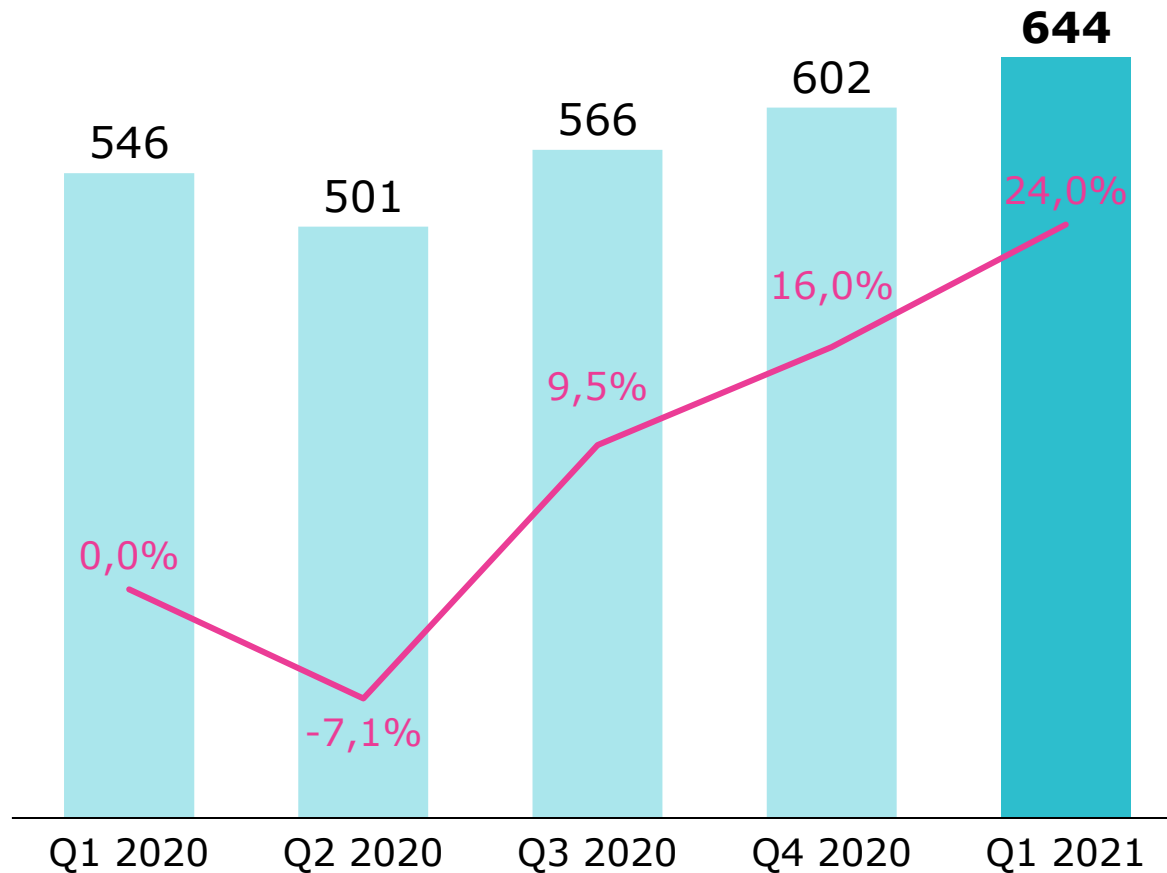


- COVID-19 related projects in **BioP Single Use and Downstream** remain key drivers of ~ 50% additional pandemic-related growth
- Unprecedented growth across all regions particularly strong in **Asia** (>50% org.) in large parts driven by the recovery vs. Q1 2020 lockdown in China
- **Pharma & Biotech** 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 [%]

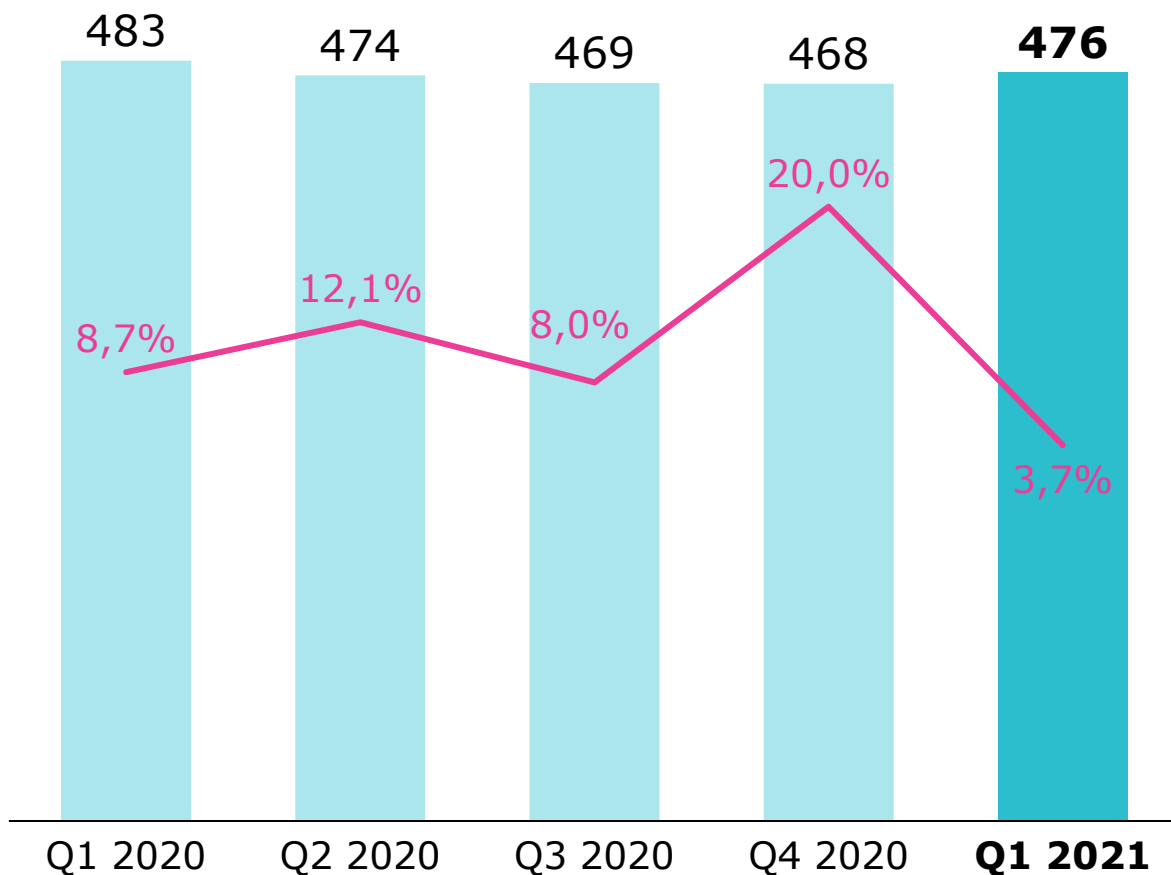


- **Ongoing core business recovery** boosted by additional **COVID-19 related demand**
- Unprecedented growth across all regions particularly strong in **Asia** (>30% org.) and **North America** (>20% org.)
- **Pharma & Biotech** customer segment strongest Q1 growth driver in absolute terms; **Diagnostics** 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



## BIG 3 - Semiconductor Solutions: DS&S phasing & FX effects mute growth

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



- **Q4 2020:** strong underlying performance boosted by **favorable DS&S project phasing**
- **Q1 2021:** **unfavorable DS&S project phasing**; more significant DS&S project contributions expected in following quarters
- **Semiconductor Materials growth** in line with our expectations despite known logistic bottlenecks mainly from Covid-19 related seaport seaport congestions
- **Continued strong confidence** in mid-term market outperformance (200 to 300bps) and in Semi contribution to deliver ambitious 2021 Electronics guidance (+5 to 7% org. net sales)
- **Adverse FX effects of -5.3%** further mute absolute figures



# Adjustments in Q1 2021

## EBIT Adjustments

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





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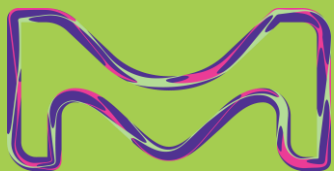


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