

News Release

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First Quarter of 2021: Great Strength in Challenging Market Environment

Results of Q1 2021

- **Group sales rise by 6.0% over the year-earlier quarter to € 4.6 billion; EBITDA pre up 27.9% to € 1.5 billion, earnings per share pre soar 45.3% to € 2.18**
- **Organic sales growth of 12.2% driven by all three business sectors, especially Life Science**
- **Net financial debt decreases to € 10.1 billion**

Outlook for fiscal 2021

- **Company raises forecast for sales and EBITDA pre**
- **Net sales of between € 18.5 billion and € 19.5 billion expected; forecast for EBITDA pre between € 5.4 billion and € 5.8 billion; EPS pre between € 7.50 and € 8.20**

Darmstadt, Germany, May 12, 2021 – Merck KGaA, Darmstadt, Germany, a leading science and technology company, achieved strong business results in the first quarter. Group sales increased by 6.0% to € 4.6 billion compared with the year-earlier quarter – mainly thanks to the high organic growth of the Life Science business sector. Group EBITDA pre, the company's most important financial indicator used to steer operating business, soared by 27.9% to € 1.5 billion in comparison with the year-earlier quarter. As already communicated on May 4, 2021,



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the company is raising its forecast for fiscal 2021. The company expects Group sales in a range between € 18.5 billion and € 19.5 billion and forecasts EBITDA pre of between € 5.4 billion and € 5.8 billion.

“In the first quarter, we demonstrated great strength in a challenging market environment. Our businesses are shaping the future of science and technology in high-growth markets. This company is poised for sustainable growth, and we will continue to deliver outstanding results for patients, researchers and customers worldwide”, emphasized Belén Garijo, Chair of the Executive Board and CEO.

Organic growth driven by all three business sectors

Organically, sales increased by 12.2%, to which all three business sectors contributed. This growth was offset by negative foreign exchange effects of -5.8%, which were primarily attributable to the U.S. dollar, the Brazilian real and the Japanese yen. Portfolio changes lowered Group net sales by -0.4%.

Organic growth of EBITDA pre amounting to 36.3% was offset by negative foreign exchange effects of -8.3%. Relative to net sales, the EBITDA pre margin was 32.6% in the first quarter of 2021. The operating result EBIT rose by 45.7% to € 1.0 billion; Group net income increased by 63.7% to € 747 million. Earnings per share pre soared by 45.3% to € 2.18. In the first three months of 2021, net financial debt decreased by -6.3% to € 10.1 billion.

Healthcare: Oncology and Fertility franchises increase organically by more than 20%

In the first quarter of 2021, net sales of the Healthcare business sector decreased by -3.6% to € 1.6 billion. An organic sales increase of 3.5% was more than offset by negative foreign exchange effects of -5.9% and a portfolio effect of -1.2%.

In the first quarter of 2021, the Oncology franchise generated organic growth of 20.1%. Sales of the immuno-oncology medicine Bavencio more than doubled organically compared with the year-earlier quarter. This growth was mainly attributable to approval in the United States in June 2020 as a first-line maintenance treatment for patients with locally advanced or metastatic urothelial carcinoma. Sales of the oncology medicine Erbitux also increased significantly, delivering organic sales growth of 9.8% in the first quarter compared with the year-earlier

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quarter. The favorable development in China was the main growth driver. Sales of the Neurology & Immunology franchise declined organically by -4.3%. Mavenclad, for the oral short-course treatment of relapsing forms of multiple sclerosis (MS), generated organic sales growth of 26.1% in a market segment of high-efficacy MS therapies that continues to be impacted by the Covid-19 pandemic. The medicine Rebif, which is indicated for the treatment of relapsing MS, saw an organic decline of -17.1%. In the first quarter, the Fertility franchise generated organic growth of 22.0%, continuing the positive recovery trend from the second half of 2020. The favorable development was thanks in particular to rebound effects in the North America and Asia-Pacific regions in connection with the Covid-19 pandemic. Sales of the Cardiovascular, Metabolism and Endocrinology franchise declined organically by -4.2% in the first quarter of 2021. Among other things, sales of the diabetes medicine Glucophage were impaired by the volume-based procurement regulation that has been in effect in China since 2020.

EBITDA pre of Healthcare rose by 12.9% to € 533 million compared with the year-earlier quarter.

Life Science: Process Solutions grows organically by 38.3%

In the first quarter, the Life Science business sector increased sales by 20.4% to € 2.1 billion. Organically, sales grew by 26.7%. The impact of negative foreign exchange effects was -6.2%.

The Process Solutions business unit, which markets products and services for the entire pharmaceutical production value chain, generated organic sales growth of 38.3%. This increase was mainly driven by continued high demand as well as the additional business related to the pandemic relief effort. The Research Solutions business unit, which provides products and services to support life science research for pharmaceutical, biotechnological and academic research laboratories, generated organic sales growth of 24.0% in the first quarter. This business unit also benefited from additional, pandemic-related demand. The Applied Solutions business unit, which offers a broad range of products for researchers as well as scientific and industrial laboratories, generated organic sales growth of 8.0% in the first quarter. EBITDA pre rose by 43.5% to € 793 million.

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Electronics: Semiconductor Solutions and Surface Solutions drive organic growth

In the first quarter, net sales of the Electronics business sector declined by -4.3% to € 861 million in comparison with the year-earlier quarter. Organically, net sales increased by 0.2%. However, the impact of negative foreign exchange effects on net sales was -4.5%.

The Semiconductor Solutions business unit grew organically by 3.7% in the first quarter of 2021 thanks to strong demand in most business fields. Organic sales growth was somewhat muted compared with the year-earlier quarter as running project orders and larger shipments in the Delivery Systems & Services business of Semiconductor Solutions will lead to sales contributions only in later quarters. In the first quarter of 2021, sales of the Surface Solutions business unit rose organically by 4.6%. Among other things, the recovery in demand for automotive coating applications remains a key growth driver. The organic decrease of -7.1% in the Display Solutions business unit was mainly attributable to declining prices due to continued competitive pressure in the Liquid Crystals business. The OLED business grew organically in the first quarter.

In comparison with the year-earlier quarter, EBITDA pre of Electronics declined by -4.1% to € 274 million in the first quarter of 2021. This was due to negative foreign exchange developments. Excluding this foreign exchange effect, EBITDA pre would have increased organically by 2.4 %.

Group raises forecast for sales and EBITDA pre

As regards the Covid-19 pandemic and the negative effects thereof, the company assumes that the business recovery that started in the second half of 2020 will continue in fiscal 2021. At present, the company does not assume that further disease waves will have a negative effect comparable to that seen in the first half of 2020, especially on the Healthcare and Electronics business sectors. For the Life Science business sector, the company continues to expect significantly positive contributions owing to the Covid-19 pandemic, particularly in the Process Solutions business unit. The increasing availability of Covid-19 vaccines and the associated immunization of the population is likely to contribute to a further stabilization of the societal and economic situation. Nevertheless, the present forecast is subject to a higher degree of estimation uncertainty than was the case in previous years.

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Following a strong first quarter of 2021, the company is raising its forecast for Group net sales. For 2021, the Group expects organic growth of 10% to 12% to which all business sectors, yet first and foremost Life Science, should contribute. Previously, the Group predicted strong organic growth. The company expects negative foreign exchange effects of between -2% and -4%. Overall, the Group forecasts net sales of € 18.5 billion to € 19.5 billion for fiscal 2021.

For EBITDA pre, the Group has increased its forecast and now expects an organic increase in EBITDA pre of between 16% and 20%. This is based on EBITDA pre of € 4.84 billion in 2020, adjusted for the reversal of the Biogen provision. Previously, the company had expected organic growth in the high single-digit to low teens percentage range. All three business sectors should contribute to the forecast increase, especially Life Science. The forecast foreign exchange development is likely to adversely affect Group EBITDA pre by between -2% and -4% in fiscal 2021; it is expected to be seen mainly in the Healthcare and Electronics business sectors. Overall, the Group expects EBITDA pre of € 5.4 billion to € 5.8 billion for fiscal 2021.

The company expects earnings per share pre in a range between € 7.50 and € 8.20.

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Overview of the key figures for the first quarter of 2021

Group

Key figures

€ million	Q1 2021	Q1 2020	Change
Net sales	4,631	4,370	6.0%
Operating result (EBIT) ¹	1,043	716	45.7%
Margin (% of net sales) ¹	22.5%	16.4%	
EBITDA ¹	1,467	1,148	27.8%
Margin (% of net sales) ¹	31.7%	26.3%	
EBITDA pre ¹	1,511	1,181	27.9%
Margin (% of net sales) ¹	32.6%	27.0%	
Profit after tax	748	458	63.3%
Earnings per share (€)	1.72	1.05	63.8%
Earnings per share pre (€) ¹	2.18	1.50	45.3%
Operating cash flow	1,216	516	>100.0%

¹ Not defined by International Financial Reporting Standards (IFRSs).

Healthcare

Development of net sales by key product lines and products

€ million	Q1 2021	Share	Organic growth ¹	Exchange rate effects	Total change	Q1 2020	Share
Oncology	295	18%	20.1%	-6.7%	13.4%	260	15%
thereof: Erbitux	219	13%	9.8%	-6.1%	3.7%	211	12%
thereof: Bavencio	62	4%	>100.0%	-13.5%	89.0%	33	2%
Neurology & Immunology	374	23%	-4.3%	-6.1%	-10.4%	418	25%
thereof: Rebif	227	14%	-17.1%	-5.8%	-22.9%	295	17%
thereof: Mavenclad	147	9%	26.1%	-6.8%	19.3%	123	7%
Fertility	320	20%	22.0%	-6.7%	15.3%	278	16%
thereof: Gonal-f	186	11%	18.2%	-6.6%	11.6%	167	10%
Cardiovascular, Metabolism and Endocrinology	615	37%	-4.2%	-5.4%	-9.6%	680	40%
thereof: Glucophage	217	13%	-1.6%	-5.5%	-7.0%	234	14%
thereof: Concor	126	8%	-10.2%	-5.8%	-16.0%	150	9%
thereof: Euthyrox	107	7%	-1.0%	-5.1%	-6.1%	114	7%
thereof: Saizen	57	3%	-6.4%	-5.0%	-11.4%	65	4%
Other	35	2%				65	4%
Healthcare	1,639	100%	3.5%	-5.9%	-3.6%	1,701	100%

¹ Not defined by International Financial Reporting Standards (IFRSs).

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Life Science

Sales components by business unit

€ million	Q1 2021	Share	Organic growth ¹	Exchange rate effects	Acquisitions/divestments	Total change	Q1 2020	Share
Process Solutions	1,054	50%	38.3%	-6.8%	-	31.5%	802	45%
Research Solutions	644	30%	24.0%	-6.1%	-	17.9%	546	31%
Applied Solutions	432	20%	8.0%	-5.3%	-	2.8%	421	24%
Life Science	2,131	100%	26.7%	-6.2%	-	20.4%	1,769	100%

¹ Not defined by International Financial Reporting Standards (IFRSs).

Electronics

Sales components by business unit

€ million	Q1 2021	Share	Organic growth ¹	Exchange rate effects	Acquisitions/divestments	Total change	Q1 2020 ²	Share
Semiconductor Solutions	476	55%	3.7%	-5.3%	-	-1.6%	483	54%
Display Solutions	275	32%	-7.1%	-3.2%	-	-10.3%	306	34%
Surface Solutions	111	13%	4.6%	-4.7%	-	-0.1%	111	12%
Other	-	0%	13.1%	-1.5%	-	11.6%	-	0%
Electronics	861	100%	0.2%	-4.5%	-	-4.3%	900	100%

¹ Not defined by International Financial Reporting Standards (IFRSs).

² Previous year's figures have been adjusted owing to an internal realignment.

Notes for editors:

- The **conference call for media representatives** will take place at 9:30 a.m. (CEST) and will be broadcast via Webcast (more information [here](#)).
- The respective presentation and further information for journalists, including a digital press kit, can be found [here](#).
- The quarterly statement can be found [here](#)
- Merck KGaA, Darmstadt, Germany, on [Twitter](#) and [LinkedIn](#)
- **Photos and images** can be found [here](#)
- Information on how **the company is contributing to the global Covid-19 response** can be found [here](#)
- **Stock symbols**

Reuters: MRCG, Bloomberg: MRK GY, Dow Jones: MRK.DE

Frankfurt Stock Exchange: ISIN: DE 000 659 9905 – WKN: 659 990

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About Merck KGaA, Darmstadt, Germany

Merck KGaA, Darmstadt, Germany, a leading science and technology company, operates across healthcare, life science and electronics. Around 58,000 employees work to make a positive difference to millions of people's lives every day by creating more joyful and sustainable ways to live. From advancing gene editing technologies and discovering unique ways to treat the most challenging diseases to enabling the intelligence of devices – the company is everywhere. In 2020, Merck KGaA, Darmstadt, Germany, generated sales of € 17.5 billion in 66 countries.

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