

Q1 2021 Financial Summary for Investors and Analysts

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

- **Healthcare:** Fertility organic growth accelerating to 22%; 20% organic growth of Oncology as Bavencio® sales double while Erbitux® is growing 10%; Mavenclad® 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
- **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

Overview Financials

Q1 2021 Overview

- 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 Cash Flow Statement

- 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

Q1 2021 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%

Q1 2021 Business Overview

Healthcare

- **Strong Fertility & Oncology performance, while Mavenclad® remains impacted by depressed dynamic market**
- Net sales deviation YoY: organic +3.5%, FX -5.9%, portfolio -1.2%
- EBITDA pre deviation YoY: organic +29.0%, FX -15.8%, portfolio -0.3%
- 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)

¹U.S., Europe and Japan approvals received on 30/06/2020, 25/01/2021 and 24/02/2021 respectively

Life Science

- **Strong core business and rising COVID-19 demand fuel record growth, particularly in Process and Research Solutions**
- Net sales deviation YoY: organic +26.7%, FX -6.2%, portfolio 0.0%
- EBITDA pre deviation YoY: organic +49.9%, FX -6.3%, portfolio -0.1%
- 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
- 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**
- Net sales deviation YoY: organic +0.2%, FX -4.5%, portfolio 0.0%
- EBITDA pre deviation YoY: organic +2.4%, FX -6.5%, portfolio 0.0%
- 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

2021 guidance

Group:

- 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 dispute proceedings for Rebif in the amount of ~€365m;
Guidance incl. Biogen: organic: +9% to +12%

Group Q1 2021

€ m	Group			Healthcare			Life Science			Electronics			Corporate/Others		
	Q1 2020	Q1 2021	% YoY	Q1 2020	Q1 2021	% YoY	Q1 2020	Q1 2021	% YoY	Q1 2020	Q1 2021	% YoY	Q1 2020	Q1 2021	% YoY
Net sales	4 370	4 631	6%	1 701	1 639	-4%	1 769	2 131	20%	900	861	-4%			
% organic			12%			3%			27%			0%			
% FX			-6%			-6%			-6%			-5%			
% portfolio			0%			-1%			0%			0%			
EBIT	716	1 043	46%	422	445	5%	345	593	72%	116	126	8%	-168	-120	-28%
Depreciation and amortization	431	424	-2%	79	78	0%	196	186	-5%	135	134	0%	22	25	14%
EBITDA	1 148	1 467	28%	501	523	4%	541	779	44%	251	260	4%	-146	-95	-35%
Adjustments in EBITDA	34	44	29%	-29	10	n.m.	11	14	23%	35	14	-60%	17	6	-64%
EBITDA pre	1 181	1 511	28%	472	533	13%	553	793	44%	286	274	-4%	-129	-89	-31%

Net financial debt 10 758* 10 081 -6%

* as per 31 December 2020

Totals may not add up due to rounding

Group

P&L Group	Q1 2020	Q1 2021	% YoY
Net sales	4 370	4 631	6%
Cost of sales	-1 654	-1 721	4%
thereof: intangibles amortization	-57	-54	-5%
Gross profit	2 716	2 910	7%
Marketing and selling expenses	-1 059	-1 007	-5%
thereof: intangibles amortization	-159	-146	-8%
Administration	-289	-273	-5%
Impairment losses / reversals (IFRS9)	6	-6	n.m.
Other operating income/expenses	-80	-7	-91%
Research and development	-579	-574	-1%
EBIT	716	1 043	46%
Depreciation and amortization	431	424	-2%
EBITDA	1 148	1 467	28%
Adjustments in EBITDA	34	44	29%
EBITDA pre	1 181	1 511	28%
Financial result	-98	-59	-40%
Profit before tax	617	984	59%
Income tax	-159	-236	48%
Income tax rate	26%	24%	
Profit after tax	458	748	63%
Non-controlling interests	-2	-1	-31%
Net income	456	747	64%
Number of theoretical shares in million	434.8	434.8	
EPS in €	1.05	1.72	64%
EPS pre in €	1.50	2.18	45%

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Healthcare

P&L Healthcare	Q1 2020	Q1 2021	% YoY
Net sales	1 701	1 639	-4%
Cost of sales	-393	-388	-1%
thereof: intangibles amortization	-1	-5	>100%
Gross profit	1 307	1 251	-4%
Marketing and selling expenses	-423	-370	-13%
thereof: intangibles amortization	-7	-4	-43%
Administration	-79	-73	-8%
Impairment losses / reversals (IFRS9)	5	-2	n.m.
Other operating income/expenses	31	55	81%
Research and development	-417	-416	0%
EBIT	422	445	5%
Depreciation and amortization	79	78	0%
EBITDA	501	523	4%
Adjustments in EBITDA	-29	10	n.m.
EBITDA pre	472	533	13%

Totals may not add up due to rounding

Life Science

P&L Life Science	Q1 2020	Q1 2021	% YoY
Net sales	1 769	2 131	20%
Cost of sales	-744	-849	14%
thereof: intangibles amortization	-15	-14	-8%
Gross profit	1 024	1 282	25%
Marketing and selling expenses	-498	-501	1%
thereof: intangibles amortization	-104	-96	-7%
Administration	-89	-82	-8%
Impairment losses / reversals (IFRS9)	0	-5	n.m.
Other operating income/expenses	-18	-26	45%
Research and development	-75	-75	0%
EBIT	345	593	72%
Depreciation and amortization	196	186	-5%
EBITDA	541	779	44%
Adjustments in EBITDA	11	14	23%
EBITDA pre	553	793	44%

Totals may not add up due to rounding

Electronics

P&L Electronics	Q1 2020	Q1 2021	% YoY
Net sales	900	861	-4%
Cost of sales	-515	-483	-6%
thereof: intangibles amortization	-41	-35	-15%
Gross profit	385	378	-2%
Marketing and selling expenses	-136	-135	0%
thereof: intangibles amortization	-47	-45	-4%
Administration	-38	-34	-10%
Impairment losses / reversals (IFRS9)	1	0	-57%
Other operating income/expenses	-24	-16	-35%
Research and development	-71	-67	-6%
EBIT	116	126	8%
Depreciation and amortization	135	134	0%
EBITDA	251	260	4%
Adjustments in EBITDA	35	14	-60%
EBITDA pre	286	274	-4%

Totals may not add up due to rounding

Consensus deviation

	Actual	Consensus (mean)	Difference to estimate	Consensus (median)	Difference to estimate
	[€m]	03.05.2021		03.05.2021	
	Q1 2021A	Q1 2021 E	%	Q1 2021 E	%
Group					
Sales	4 630.7	4 561.3	1.5%	4 554.3	1.7%
EBITDA pre	1 510.6	1 320.5	14.4%	1 327.1	13.8%
EBITDA pre-margin (%)	32.6	29.0	3.7 pp	29.1	3.6 pp
EPS pre (€)	2.18	1.74	25.2%	1.73	26.1%
Healthcare					
Sales	1 638.9	1 647.8	-0.5%	1 642.9	-0.2%
Rebif	227.2	244.9	-7.2%	241.1	-5.8%
Bavencio	61.6	61.7	-0.1%	62.0	-0.5%
Mavenclad	147.0	170.9	-14.0%	177.0	-16.9%
All other products	1 203.0	1 170.3	2.8%	1 162.9	3.5%
EBITDA pre	532.9	501.1	6.4%	505.4	5.5%
EBITDA pre-margin (%)	32.5	30.4	2.1 pp	30.7	1.8 pp
Life Science					
Sales	2 130.6	2 027.0	5.1%	2 023.1	5.3%
EBITDA pre	793.2	659.7	20.2%	659.9	20.2%
EBITDA pre-margin (%)	37.2	32.5	4.7 pp	32.5	4.7 pp
Electronics					
Sales	861.2	885.5	-2.7%	887.7	-3.0%
EBITDA pre	273.8	273.4	0.2%	272.3	0.6%
EBITDA pre-margin (%)	31.8	30.9	0.9 pp	30.7	1.1 pp
Corporate/Other					
EBITDA pre	-89.3	-111.1	-19.6%	-110.4	-19.1%