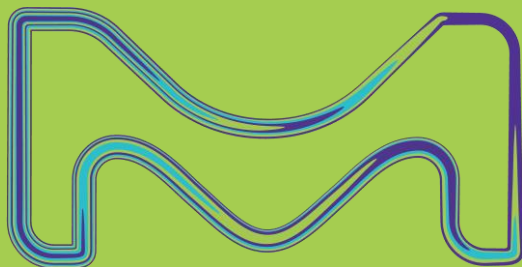


# strong quarter with double-digit growth driven by BIG3

Q2 2021 results

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Marcus Kuhnert, CFO

August 5, 2021





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# Agenda

**01** Executive summary

**02** Financial overview

**03** Guidance



# Executive SUMMARY

01

# Highlights: Strong group performance with contribution of all businesses



**Healthcare:** 88% organic growth in Fertility; Oncology up nearly 50% with Bavencio® nearly tripling in size, Mavenclad® more than doubling & resuming sequential growth; dynamic market beginning to recover

**Life Science:** Record organic growth; double-digit growth in all three business sectors; Process Solutions still the main driver despite comparison base including initial COVID-19 demand; Research Solutions up 31% against soft comps

**Electronics:** Strong performance of Semiconductor Solutions and strong recovery of Surface Solutions drive double digit org. sales growth, while ongoing LC decline nearly offset by strong OLED



**Q2 organic sales:** +23.0%

**Q2 organic EBITDA pre:** +52.0%

### Guidance:

Net sales: €18.8 – 19.7 bn

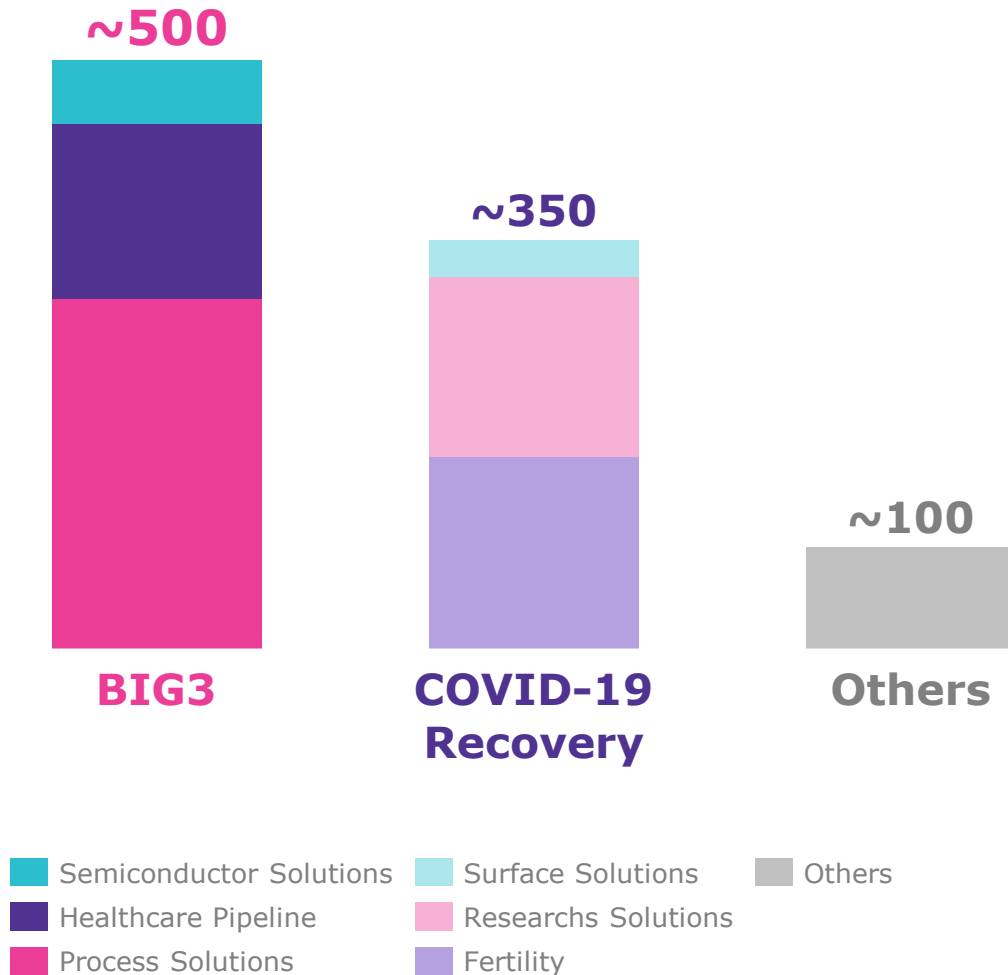
EBITDA pre: €5.6 – 6.0 bn

EPS pre: €7.80 – 8.50

Net financial debt to EBITDA pre ratio of 1.7 on June 30, 2021



# BIG3 primary driver of ~ €950 m organic growth in Q2, further supported by recovery in areas impacted by COVID-19 in Q2 2020



## Growth drivers by Business

### Process Solutions:

- +34% organic growth delivering additional ~€300 m
- Bioprocessing primary driver amid strong underlying business and demand for COVID-19 projects

### Healthcare Pipeline:

- All pipeline products growing >100% delivering ~ €150 m
- First signs MS dynamic market recovery

### Semiconductor Solutions:

- +12% organic growth delivering additional €55 m
- Strong performance amid increasing demand

**Fertility, Research Solutions and Surface Solutions** all recovering broadly against COVID-19 impact in Q2 2020



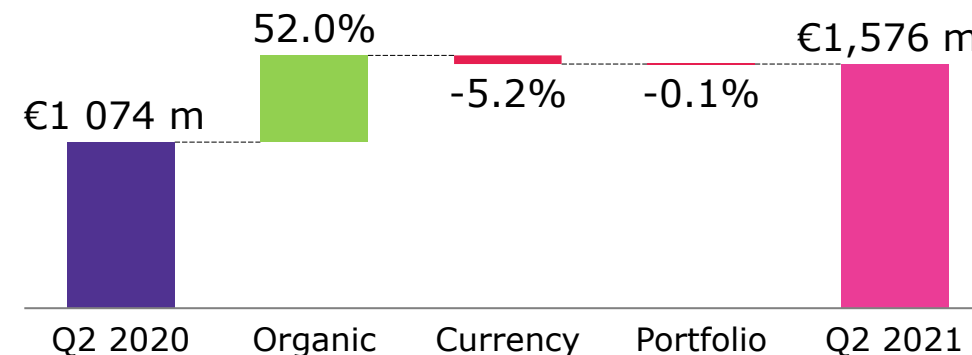
# Strong Life Science demand and robust Healthcare recovery drive 23% sales and 52% EBITDA pre organic growth

## Q2 YoY Net Sales

	Organic	Currency	Portfolio	Total
Healthcare	23.6%	-4.3%	0.0%	19.2%
Life Science	28.2%	-5.0%	0.0%	23.2%
Electronics	10.3%	-5.0%	0.0%	5.4%
<b>Group</b>	<b>23.0%</b>	<b>-4.8%</b>	<b>0.0%</b>	<b>18.2%</b>

- Strong recovery in Fertility well above pre COVID-19 levels, organic Mavenclad<sup>®</sup> growth of 102% and Oncology organic growth of +49% drive +24% growth in Healthcare overall
- Record 28% organic growth in Life Science; driven by all businesses with Process Solutions up +34%; Research Solutions +31% and Applied Solutions +13% against soft comps from lockdown
- Electronics growing 10% organically, driven by strong performance in Semiconductor Solutions (+12% org.) and strong recovery of Surface Solutions while Display Solutions declines slightly

## Q2 YoY EBITDA pre



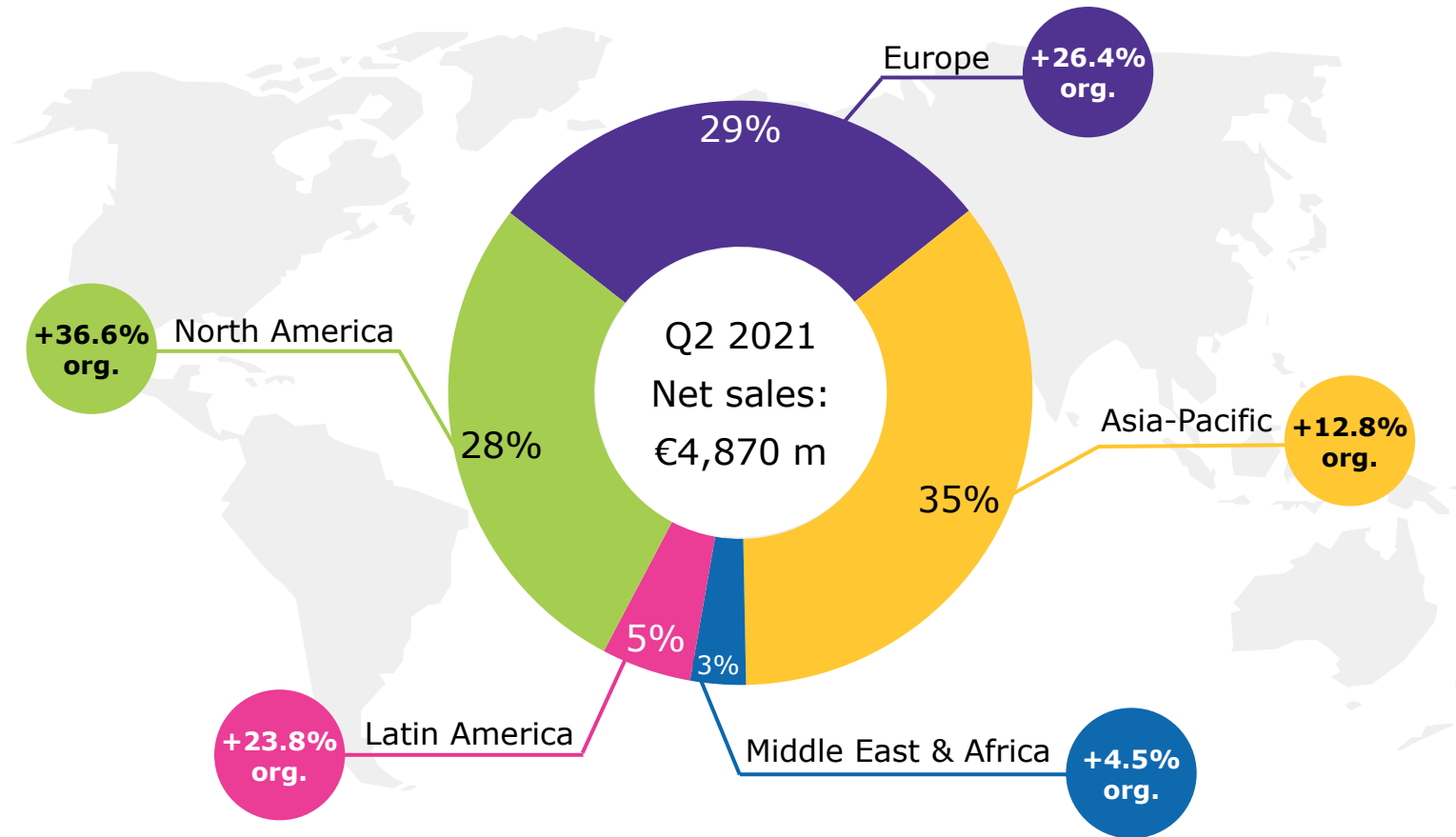
- Organic EBITDA pre increases by more than 50% and more than twice as fast as sales
- Strong uptake in Life Science and Healthcare gross profit paired with continued cost discipline in all sectors vs. soft Q2 2020
- FX burden of -5% across various currencies with largest negative impact from USD and JPY; partly mitigated by hedging





# Life Science demand and Healthcare recovery drive particularly strong growth in North America and Europe

## Regional breakdown of net sales [€m]



## Regional organic development

- APAC: Strong growth across all sectors particularly in Process Solutions, Fertility and Semiconductor Solutions
- Europe: Strong demand in Process Solutions and strong recovery in Fertility against heavily impacted Q2 2020 drive 26% growth
- North America: Growth across all sectors, particularly strong Life Science, Fertility & Oncology (supported by Eli Lilly supply agreement)
- LATAM growth driven foremost by Fertility and CM&E
- Fertility drives growth in ME&A



# Financial Overview

02

# Q2 2021: Overview

## Key figures

[€m]	Q2 2020	Q2 2021	Δ
Net sales	4,119	<b>4,870</b>	18.2%
EBITDA pre	1,074	<b>1,576</b>	46.7%
Margin (in % of net sales)	26.1%	<b>32.4%</b>	6.3pp
EPS pre	1.30	<b>2.24</b>	72.3%
Operating cash flow	502	<b>888</b>	76.9%

[€m]	Dec. 31, 2020	June 30, 2021	Δ
Net financial debt	-10,758	<b>-10,141</b>	-5.7%
Working capital	3,938	<b>4,222</b>	7.2%
Employees	58,096	<b>58,382</b>	0.5%

## Comments

- EBITDA pre & margin increase, driven by operating leverage in Life Science and Healthcare vs. LY COVID-19 burden
- EPS pre increase driven by EBIT pre, better financial result and lower tax rate vs. particularly soft Q2 2020
- Operating cash flow up 77% driven by higher profit after tax in all three sectors
- Ongoing reduction of net financial debt



# Q2 2021: Reported figures

## Reported results

[€m]	Q2 2020	Q2 2021	Δ
EBIT	491	<b>1,049</b>	113.6%
Financial result	-102	<b>-95</b>	-7.3%
Profit before tax	389	<b>955</b>	145.4%
Income tax	-100	<b>-208</b>	107.9%
<i>Effective tax rate</i>	25.7%	<b>21.8%</b>	-3.9pp
Net income	290	<b>745</b>	157.1%
EPS (€)	0.67	<b>1.71</b>	155.2%

## Comments

- EBIT more than doubles, driven by strong performance across all sectors vs. Q2 2020 COVID-19 burden
- Improved financial result largely driven by lower interest expense from deleveraging
- Effective tax rate benefitting from boosted results in Life Science (better country mix)
- Strong EBIT growth, improved financial result and lower tax rate drive higher net income & EPS



# Healthcare Q2: Strong Fertility recovery & Bavencio® performance; Mavenclad® returns to sequential growth as dynamic market picks up

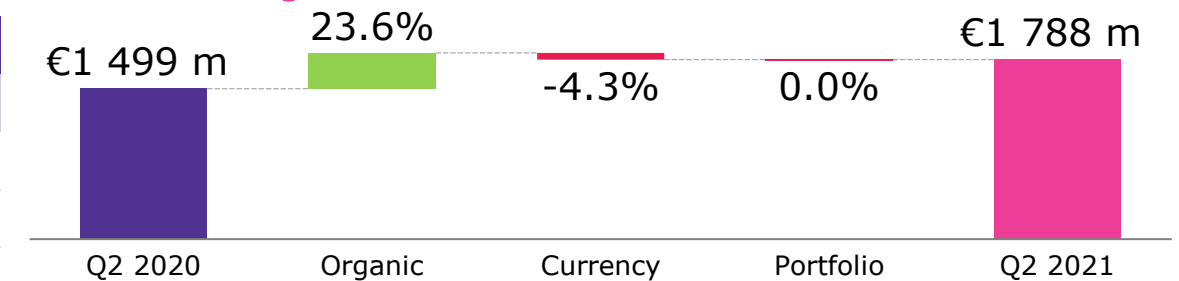
## Healthcare P&L

[€m]	IFRS		Pre	
	Q2 2020	Q2 2021	Q2 2020	Q2 2021
Net sales	1,499	1,788	1,499	<b>1,788</b>
M&S*	-409	-391	-401	<b>-389</b>
Admin	-81	-78	-79	<b>-76</b>
R&D	-366	-415	-366	<b>-414</b>
EBIT	269	501	284	<b>512</b>
EBITDA	359	572	-	<b>-</b>
EBITDA pre	374	581	374	<b>581</b>
(in % of net sales)	24.9%	32.5%	24.9%	<b>32.5%</b>

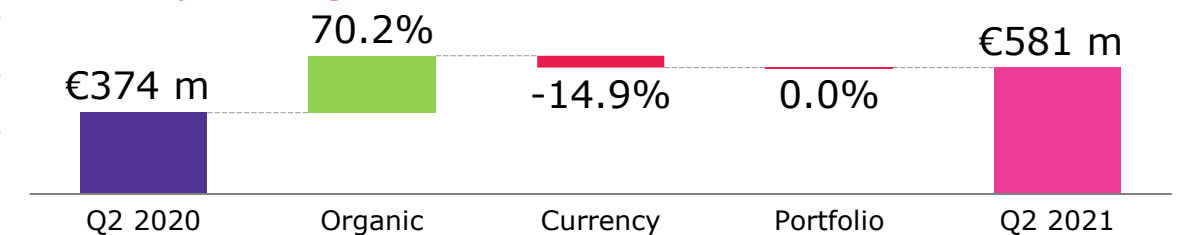
## Comments

- Mavenclad® grows +102 % organically to €157 m, amid first signs of recovery of dynamic market and low comps; Rebif® declines -9%
- Oncology up +49%; Bavencio® grows +206% fueled by UC 1L launch in key markets; Erbitux® up +36% supported by Eli Lilly supply agreement
- Base business up +15%, driven primarily by strong Fertility recovery (+88% org.); CM&E +1% org. Glucophage VBP<sup>1</sup> impact compensated for by Endocrinology
- Lower absolute M&S vs. Q2 2020 with higher level of face-to-face activities amid progressing adaptation to pandemic situation
- Higher absolute R&D driven largely by ramp up of Evobrutinib and Xevinapant development activities; lower R&D as % of sales
- EBITDA pre and margin increasing with operating leverage, further supported by temporary Eli Lilly supply agreement in the U.S.

## Net sales bridge



## EBITDA pre bridge



# Life Science Q2: Strong core business and COVID-19 demand fuel record growth, mainly driven by Process and Research Solutions

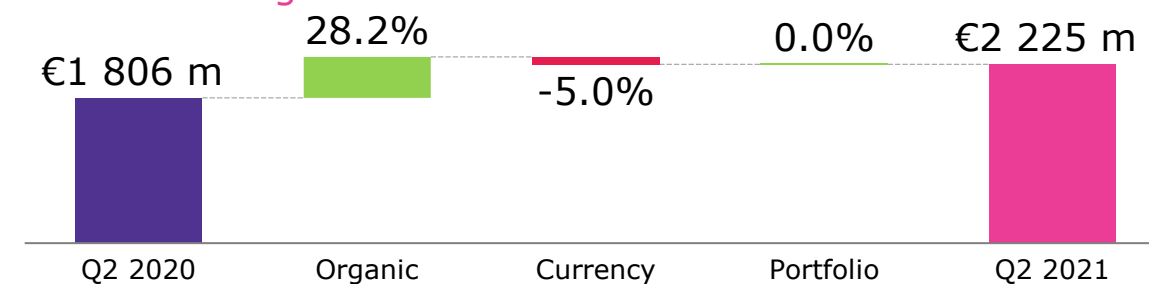
## Life Science P&L

[€m]	IFRS		Pre	
	Q2 2020	Q2 2021	Q2 2020	Q2 2021
Net sales	1,806	2,225	1,806	<b>2,225</b>
M&S*	-488	-505	-488	<b>-505</b>
Admin	-100	-92	-88	<b>-84</b>
R&D	-75	-87	-75	<b>-87</b>
EBIT	386	644	370	<b>638</b>
EBITDA	584	835	-	-
EBITDA pre	569	829	569	<b>829</b>
(in % of net sales)	31.5%	37.3%	31.5%	<b>37.3%</b>

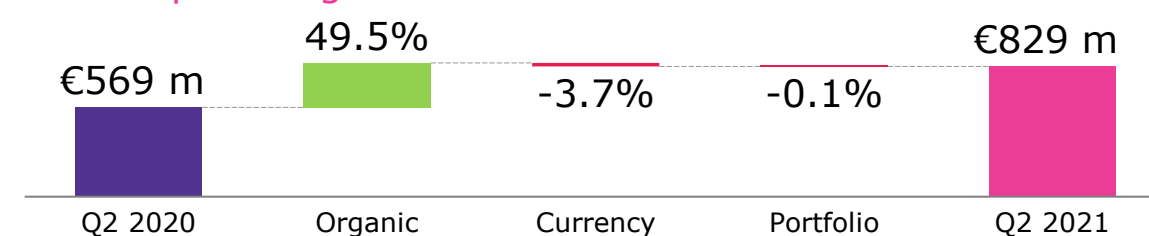
## Comments

- Process Solutions: grows +34% organically, supported primarily by bioprocessing demand for COVID-19 projects; comparable base now starts including COVID-19 business
- Research Solutions: grows +31% organically against Q2 2020 COVID-19 dip, driven by recovery in base business and COVID-19 opportunities, mainly in diagnostics and pharma
- Applied Solutions: grows (+13% org.) against softest quarter of 2020
- Declining M&S in % of sales from 27% to 23% due to strong top line leverage, slightly higher in absolute terms
- Higher R&D in absolute terms with continued focused investments in high growth & emerging segments
- Business performance, operational leverage & favorable mix continue to drive strong EBITDA pre and margin expansion

## Net sales bridge



## EBITDA pre bridge



# Electronics Q2: Strong performance in Semi, recovery in Surface, and stabilizing Display Solutions drive double-digit organic sales growth

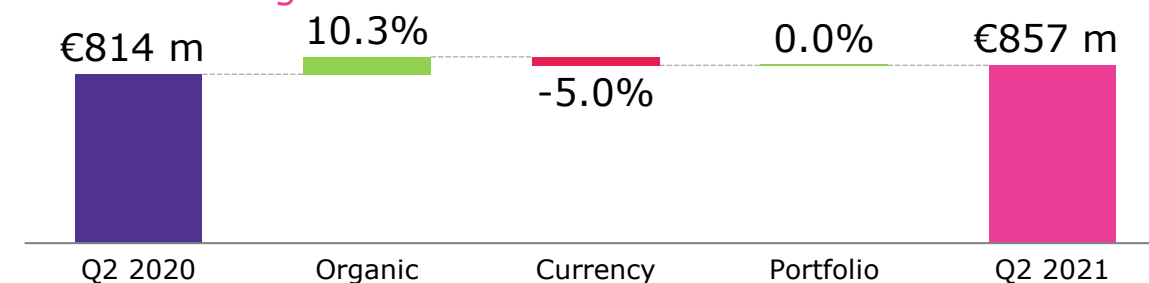
## Electronics P&L

[€m]	IFRS		Pre	
	Q2 2020	Q2 2021	Q2 2020	Q2 2021
Net sales	814	857	814	<b>857</b>
M&S*	-134	-137	-131	<b>-136</b>
Admin	-44	-30	-36	<b>-28</b>
R&D	-68	-67	-69	<b>-66</b>
EBIT	-30	118	101	<b>129</b>
EBITDA	219	252	-	<b>-</b>
EBITDA pre	238	258	238	<b>258</b>
(in % of net sales)	29.3%	30.1%	29.3%	<b>30.1%</b>

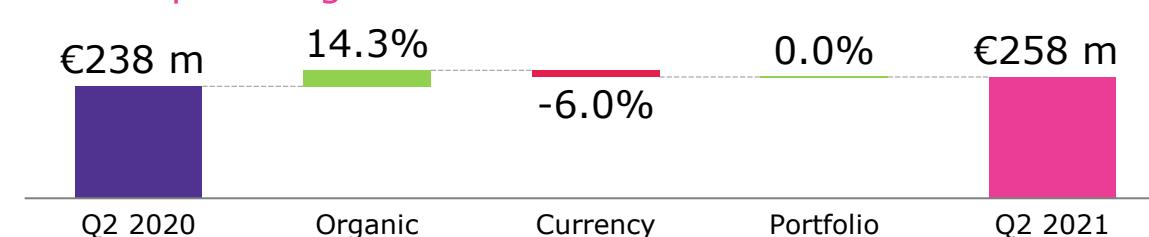
## Comments

- Semiconductor Solutions: record quarter in terms of sales; 12% organic growth across all businesses with Semi Materials growing even faster than strong DS&S
- Display Solutions: down -1% organically as LC decline was nearly fully offset by growth in remaining portfolio primarily strong OLED
- Surface Solutions: delivers 41% organic growth over pandemic-impacted Q2 2020; visible recovery across all end markets
- M&S up 4%, largely driven by 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 (+14% org.) continues to exceed sales growth, but burdened by -6% FX headwinds

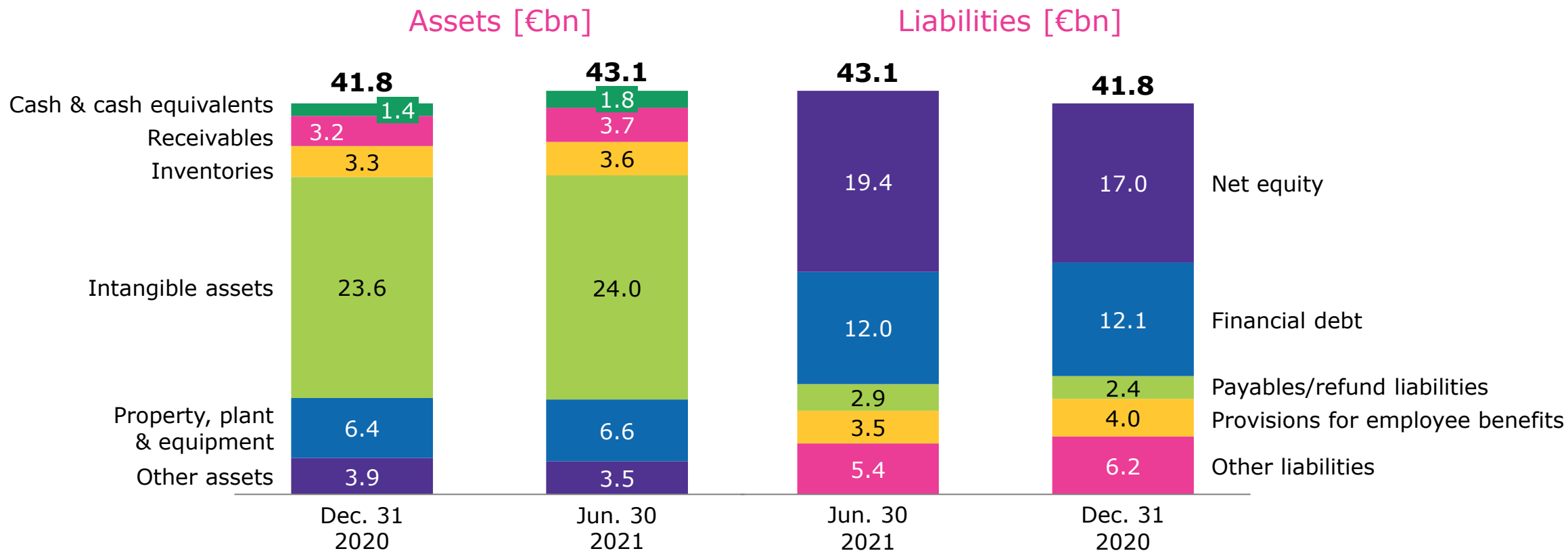
## Net sales bridge



## EBITDA pre bridge



# Balance sheet



- Higher cash level driven by strong operating cash flow
- Higher receivables and inventories – growing slower than sales
- Increase in intangible assets primarily driven by FX and investments in pharmaceutical compounds (Xevinapant)

- Reduction in provisions for employee benefits driven by actuarial gains from higher interest rates
- Strong profit after tax and actuarial gains drive retained earnings, supported by FX driven net assets appreciation; equity ratio of 45%





# Cash flow statement

## Q2 2021 – Cash flow statement

[€m]	Q2 2020	Q2 2021	Δ
Profit after tax	289	<b>747</b>	458
D&A	559	<b>419</b>	-140
Changes in provisions	-54	<b>88</b>	142
Changes in other assets/liabilities	-166	<b>-217</b>	-50
Other operating activities	-13	<b>19</b>	32
Changes in working capital	-112	<b>-168</b>	-56
<b>Operating cash flow</b>	502	<b>888</b>	386
Investing cash flow	-216	<b>-241</b>	-25
thereof Capex on PPE	-194	<b>-256</b>	-62
Financing cash flow	-302	<b>-1,059</b>	-757

## Cash flow drivers

- Operating cash flow up €386 m driven primarily by higher profit after tax in all three sectors, particularly Life Science
- Delta in D&A driven by COVID-19 related impairments in Q2 2020
- Provisions up, driven by litigation accruals, pension fluctuations, and LTIP\*
- Higher outflow from working capital but growing considerably slower than sales
- Higher investments, particularly CAPEX on PPE in line with ongoing capacity expansion
- Financing cash flow explained by net repayment of bonds, bank liabilities and commercial papers



guidance

03

## Full-year 2021 guidance

### Net sales:

Organic: +12% to +14% YoY

FX: -2% to -4% YoY

**~€18.8 – 19.7 bn**

### EBITDA pre:

Organic: +21% to +25% YoY (*excl. Biogen<sup>1</sup>*)

FX: -2% to -4% YoY

**~€5.6 – 6.0 bn**

### EPS pre:

**~ €7.80 – 8.50**

<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 EBITDA pre: +12% to +17%



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

## Healthcare



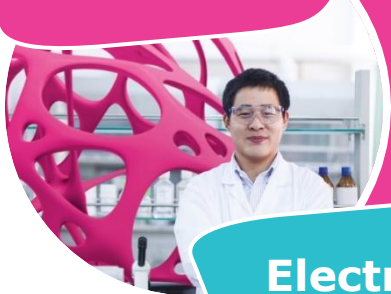
### Net sales

- 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: +15% to +18% YoY (excl Biogen<sup>2</sup>)
- FX: -5% to -7% YoY
- ~€2,050 – 2,150 m

## Life Science



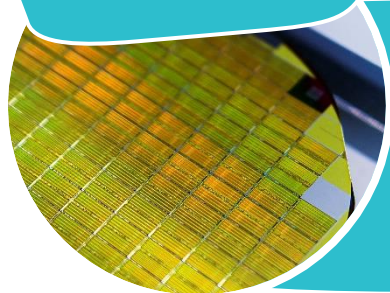
### Net sales

- Organic: +18% to +21%
- Process Solutions as main growth driver

### EBITDA pre

- Organic: +30% to +34% YoY
- FX: -1% to -3% YoY
- ~€3,050 – 3,200 m

## Electronics



### Net sales

- Organic: +6% to +8%
- Strong Semiconductor Solutions contribution
- OLED with high growth

### EBITDA pre

- Organic: +9% to +12% YoY
- FX: -2% to -4% YoY
- ~€1,070 – 1,130 m

# Group

## Looking beyond 2021

### Life Science



**Upgrading the COVID-19 PS floor for 2022 to € 700m**

- Higher 2021 overall **COVID-19 contribution of at least €1 bn**
- **Process Solution** expecting more than **€900 m COVID-19 related sales in 2021**
- Current strong additional demand and forward visibility warrant **upgrade**

### Healthcare



**Updating 2022 pipeline sales to €1.6 bn to €1.8 bn**

- Mavenclo® **peak sales** of €1 to 1.4 bn **unaffected**; phased outward due to COVID-19
- Ramp-up dependent on continued **recovery of dynamic market**
- Anticipated positive **impact of vaccines data**

### Electronics



**Further upgraded guidance also positive signal for 2022 and beyond**

- **Continued strong semi market** based on underlying **accelerating demand**
- Above mid-term guidance for 2021, **further upgraded** organic sales growth
- **Positive market signals** also anticipated to **carry on mid-term**

# Appendix

# Additional financial guidance 2021

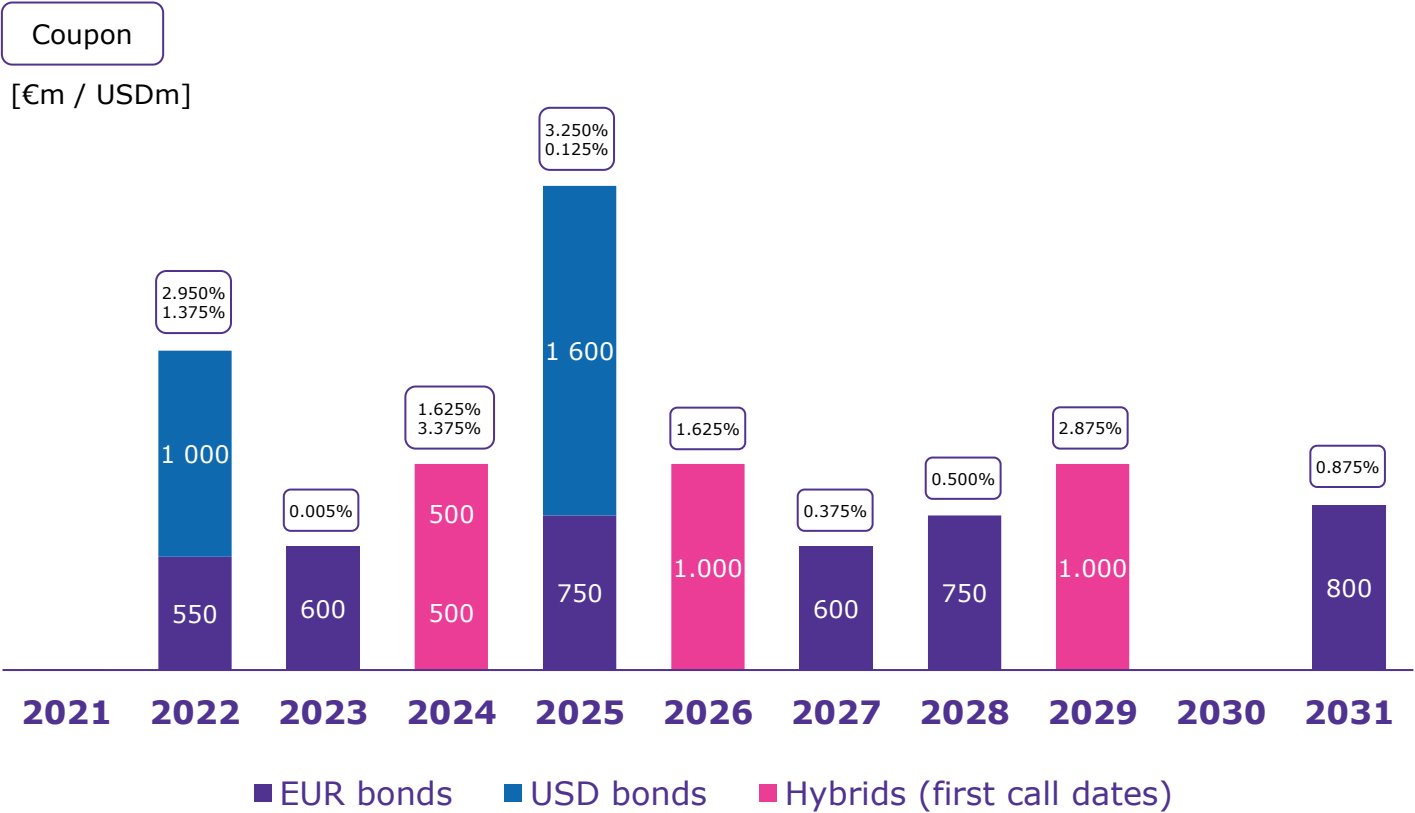
## Further financial details

Corporate & Other EBITDA pre	~ €-450 to -500 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% at EUR/USD ~1.17</b>
2021 Ø EUR/USD assumption	~1.19 to 1.23



# Credit details

Maturity profile as of June 30, 2021



Credit rating information

	LT Rating	Since	Outlook	ST Rating
Moody's	Baa1	12.12.14	Stable	P-2
S&P Global	A	29.05.13	Stable	A-1
SCOPE	A-	19.10.16	Stable	S-1





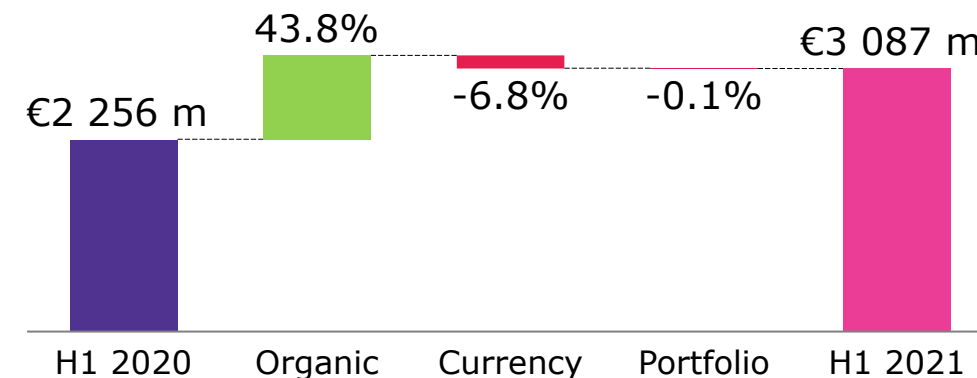
# Strong performance across all sectors drives 17% organic net sales growth and 44% organic EBITDA pre growth against COVID-19-impacted H1 2020

## H1 YoY Net Sales

	Organic	Currency	Portfolio	Total
Healthcare	12.9%	-5.2%	-0.6%	7.1%
Life Science	27.5%	-5.6%	0.0%	21.8%
Electronics	5.0%	-4.7%	0.0%	0.3%
<b>Group</b>	<b>17.4%</b>	<b>-5.3%</b>	<b>-0.2%</b>	<b>11.9%</b>

- Healthcare: +13% org. growth vs. COVID-19-impacted H1 2020, driven by strong recovery in Fertility, growth in Mavenclad® & Bavencio®; supported by Erbitux® Eli Lilly supply agreement
- Life Science: Up +28% as strong base business across all BUs is boosted by additional COVID-19 demand in Process and Research Solutions against lockdown-related soft comps
- Electronics: Grows +5% (above mid-term guidance) as strong performance in Semiconductor Solutions and recovery of Surface Solutions overcompensate stabilizing Display decline

## H1 YoY EBITDA pre



- EBITDA pre grows faster than sales organically, largely driven by strong operating leverage in Life Science and Healthcare vs. a weaker H1 2020
- FX headwinds primarily from USD, JPY & BRL amount to burden of -5% on net sales and -7% on EBITDA pre



# H1 2021: Overview

## Key figures

[€m]	H1 2020	H1 2021	Δ
Net sales	8,489	<b>9,501</b>	11.9%
EBITDA pre	2,256	<b>3,087</b>	36.9%
Margin (in % of net sales)	26.57%	<b>32.49%</b>	5.919%
EPS pre	2.80	<b>4.42</b>	57.9%
Operating cash flow	1,019	<b>2,104</b>	106.6%

[€m]	Dec. 31, 2020	June 30, 2021	Δ
Net financial debt	-10,758	<b>-10,141</b>	-5.7%
Working capital	3,938	<b>4,222</b>	7.2%
Employees	58,096	<b>58,382</b>	0.5%

## Comments

- Strong performance across all sectors drives +12% growth despite -6% FX
- EBITDA pre & margin increase, driven by operating leverage in Life Science and Healthcare vs. pandemic-impacted LY; further supported by Erbitux® Eli Lilly supply agreement (+€49 m net sales)
- EPS pre above last year driven by strong operating performance, supported by better financial result & lower tax rate
- Operating cash flow more than doubles as strong EBITDA pre growth supported by favorable net working capital



# H1 2021: Reported figures

## Reported results

[€m]	H1 2020	H1 2021	Δ
EBIT	1,207	<b>2,092</b>	73.3%
Financial result	-201	<b>-154</b>	-23.3%
Profit before tax	1,006	<b>1,939</b>	92.6%
Income tax	-259	<b>-444</b>	71.2%
<i>Effective tax rate (%)</i>	25.8%	<b>22.9%</b>	-2.9pp
Net income	746	<b>1,492</b>	100.0%
EPS (€)	1.72	<b>3.43</b>	99.4%

## Comments

- EBIT increase driven by strong growth and operating leverage in all business sectors, particularly Life Science
- Improved financial result largely driven by lower interest expenses in line with deleveraging
- Effective tax rate in the middle of updated guidance range
- Doubled net income and EPS reflect positive development of EBIT, financial result and tax rate



# Healthcare H1: Strong organic growth driven by recovery in Fertility, Mavenclad® & Bavencio® uptake, and upside from Erbitux® supply to Eli Lilly

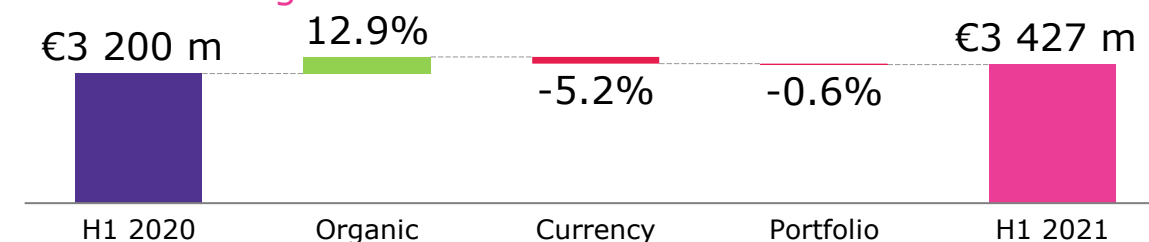
## Healthcare P&L

[€m]	IFRS		Pre	
	H1 2020	H1 2021	H1 2020	H1 2021
Net sales	3,200	3,427	3,200	<b>3,427</b>
M&S*	-832	-761	-824	<b>-754</b>
Admin	-160	-150	-157	<b>-146</b>
R&D	-783	-831	-783	<b>-829</b>
EBIT	692	945	680	<b>967</b>
EBITDA	860	1,096	-	-
EBITDA pre	846	1,114	846	<b>1,114</b>
(in % of net sales)	26.4%	32.5%	26.4%	<b>32.5%</b>

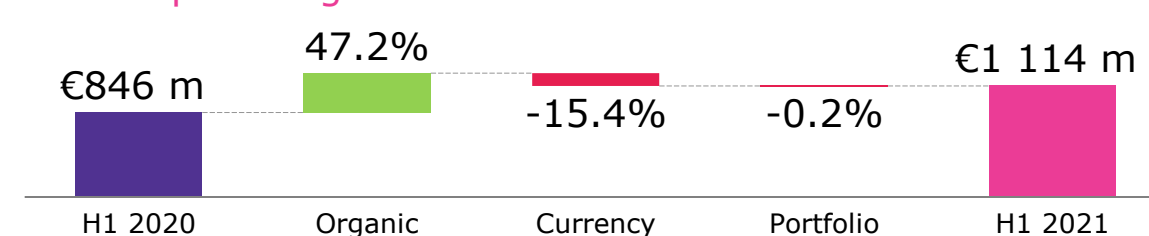
## Comments

- Mavenclad® up 56% organically versus H1 2020
- Fertility grows 49% organically with a strong recovery across all markets and growth, to above pre COVID-19 levels, as majority of clinics have returned to normal operations
- Bavencio® up 152% org. and accelerating sequentially; Erbitux® grows 23% organically supported by Eli Lilly supply in the U.S (+€49 m)
- Absolute M&S decrease amid rigorous cost management, further supported by reduced face-to-face activities during COVID-19 pandemic versus H1 2020 with a largely unaffected Q1 2020
- Lower R&D as % of sales, higher absolute R&D driven largely by ramp up of Evobrutinib and Xevinapant development activities
- EBITDA pre grows considerably faster than sales, driven by operating leverage & Bavencio® milestone payments in Q1

## Net sales bridge

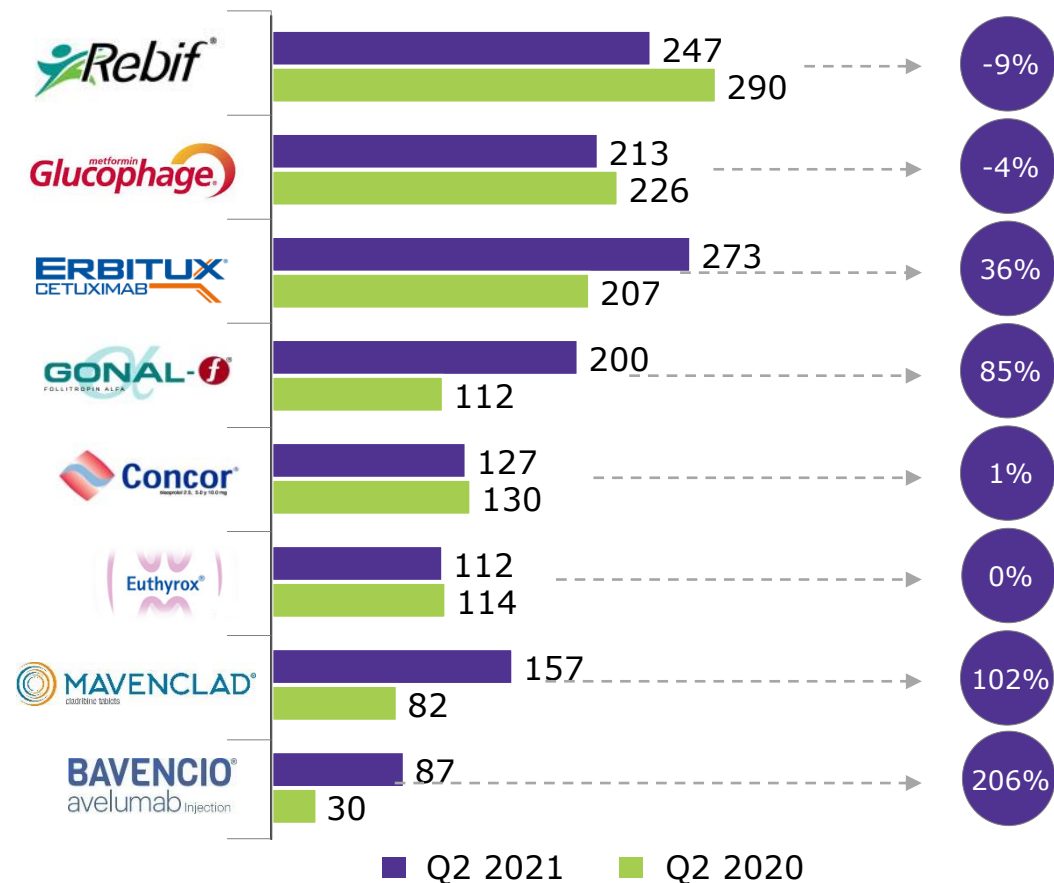


## EBITDA pre bridge

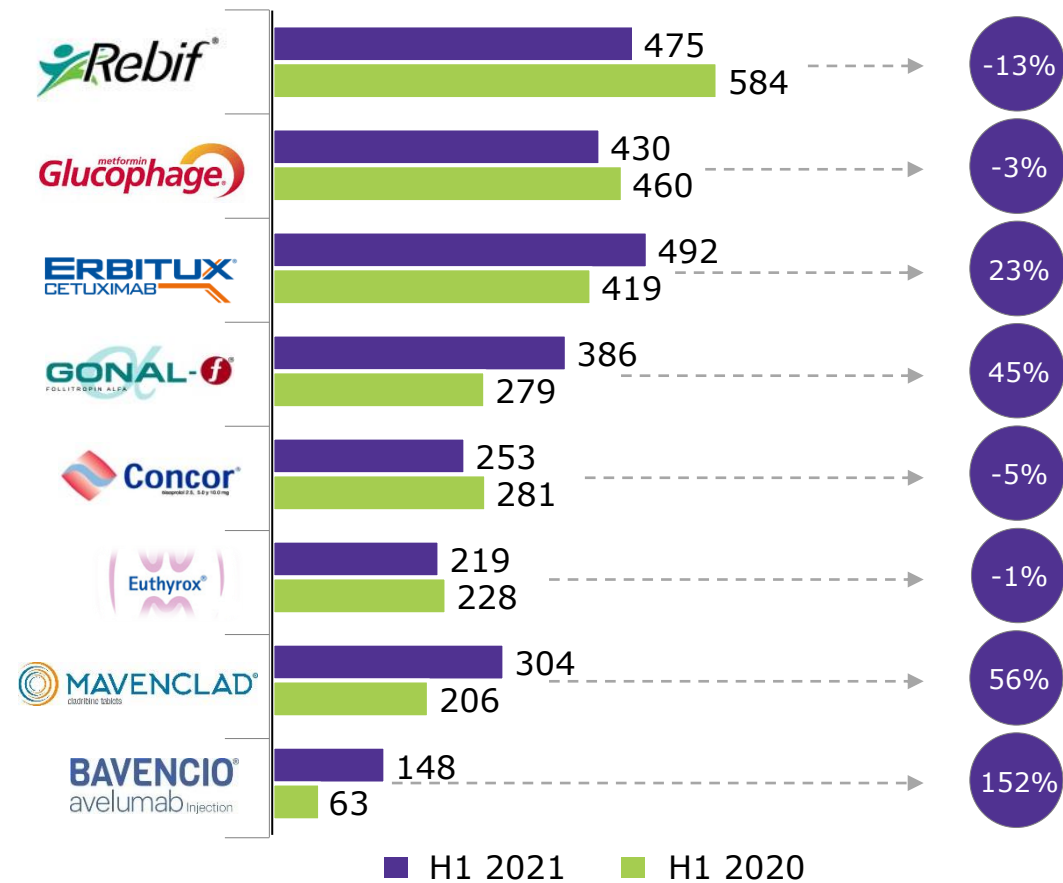


# Healthcare organic growth by franchise/product

Q2 2021 organic sales growth [%]  
by key product [€m]

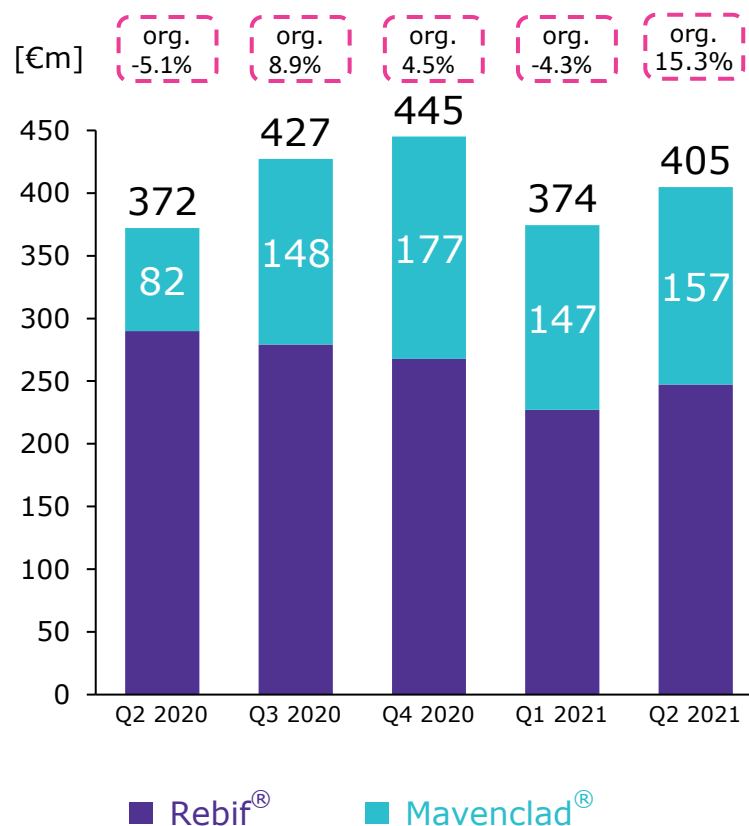


H1 2021 organic sales growth [%]  
by key product [€m]

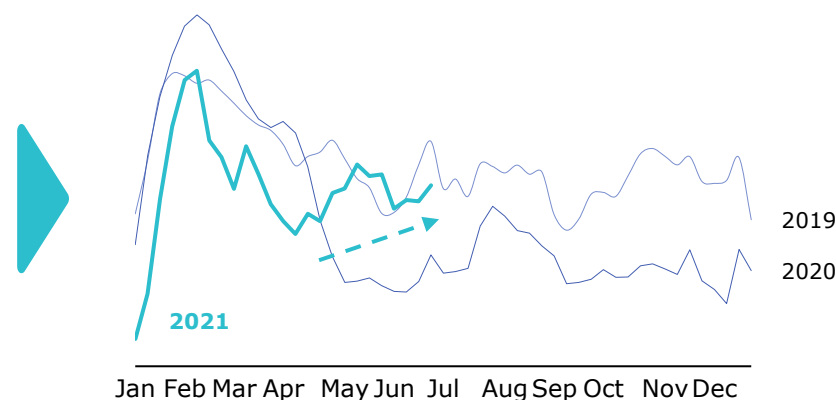


# Neurology & Immunology: Mavenclad® sales +102% (org.) YoY amid initial recovery of dynamic market and low comps

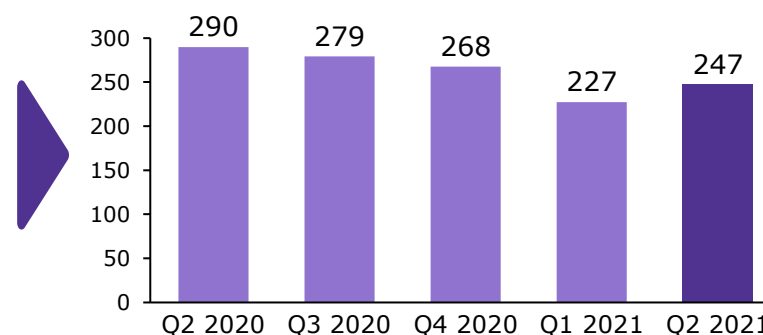
## Sales development NDI, [€m]



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



## Rebif® net sales, [€m]



- 102% organic growth against soft comps
- Q2 impacted by **low base of year one starters in 2020**, leading to lower rate of year 2 patients
- Year 1 patients** continue showing strong growth

- Rebif® decline in line with U.S. interferon market trend
- Uptake vs. previous quarter driven by accrual reversal for lower commercial deductions in the U.S.

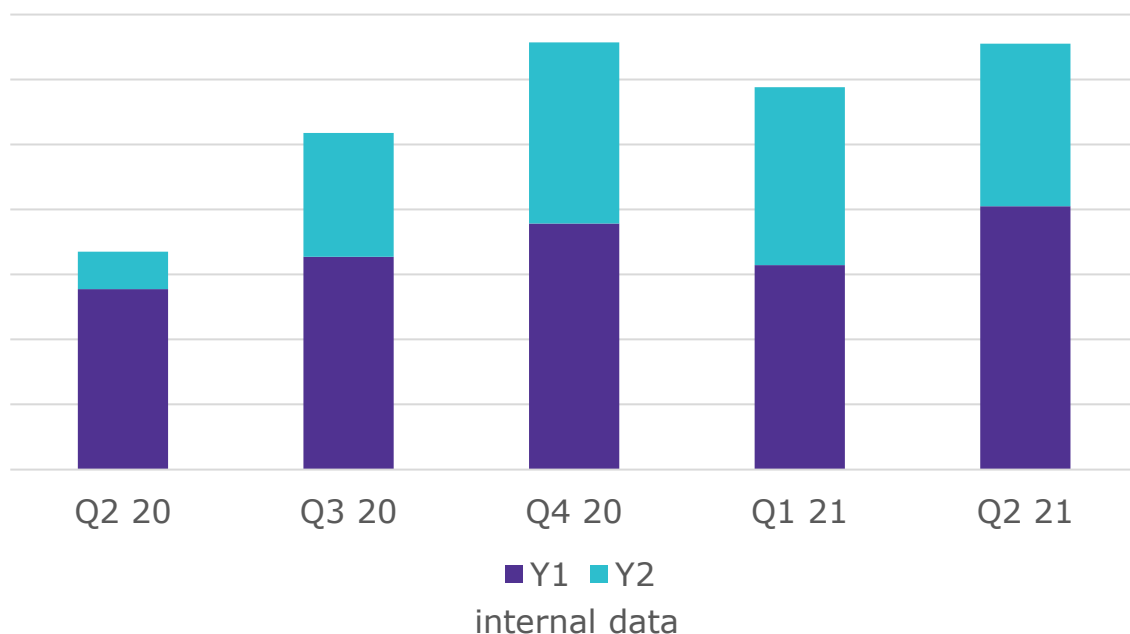


# Mavenclad® US: Q2 Y1 patients growing QoQ with expanded prescriber base



***New patient volume growing 23% QoQ,  
now comprising over 60% of total  
patient volume***

Mavenclad® US Y1/Y2 patients

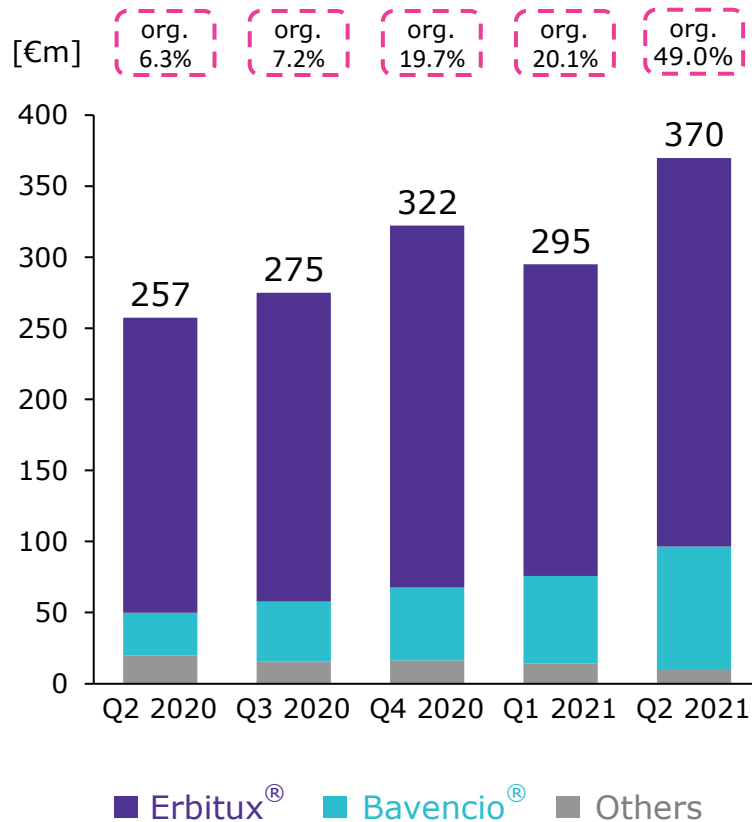


- ➔ **New patients growing** QoQ both in terms of volume and % of total patients
- ➔ **New prescribers growing** QoQ by 23%
- ➔ **Total patient growth in H2 2021** to be driven by:
  - Higher volume of H2 2020 return patients
  - Continued new patient growth

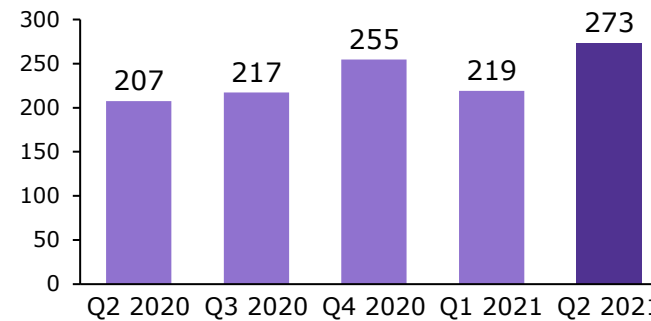


# Oncology: Bavencio® org. growth of 206% fueled by UC 1L launch; Erbitux org. growth of 36% primarily driven by Eli Lilly supply agreement

## Sales development Oncology, [€m]

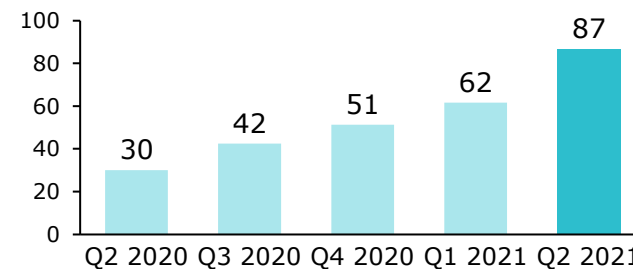


## Erbitux® net sales, [€m]



- Sales boosted by benefit from Eli Lilly supply agreement (+€49 m)
- China and Europe main organic growth drivers against softer comps

## Bavencio® net sales, [€m]



- Sales triple organically (+206% org. growth)
- >40% QoQ growth driven by increasing 1L UC Europe and Japan contributions on top of continued U.S. growth
- Q2 benefit from France price adjustment (+€5 m)

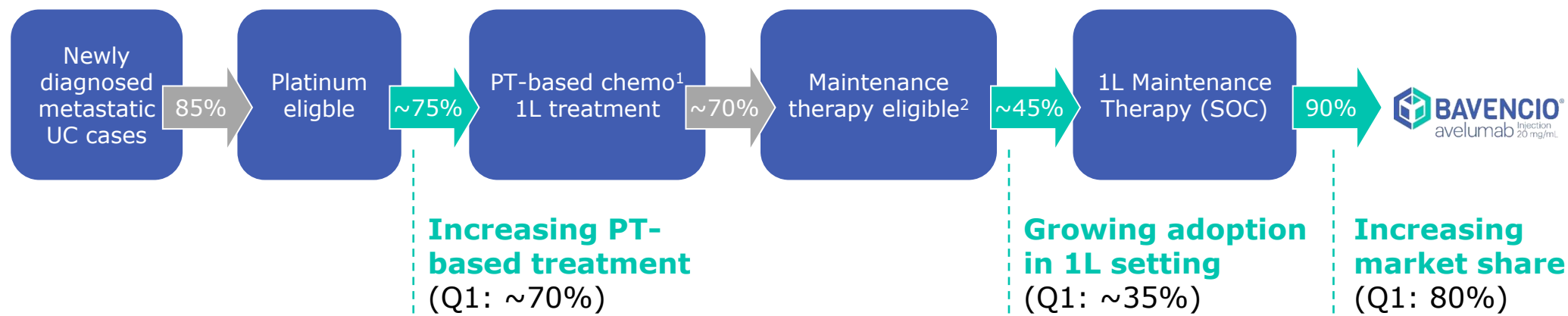




# Bavencio® UC 1L launch: Increasing the adoption of 1L maintenance therapy in both U.S. and ex-U.S.



**U.S. – 1 year into launch, continued progress across the entire treatment flow:**



**Europe & Japan – Recently approved, encouraging uptake:**

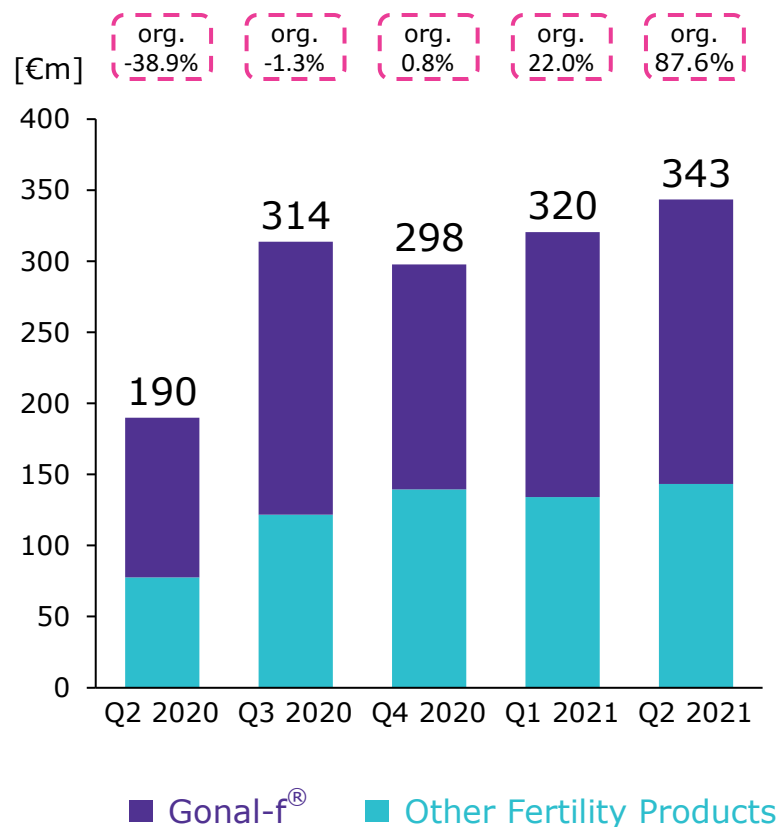
- Now approved in **45 markets** and **reimbursed in ~1/3**
- Strong **initial uptake in key launch markets** (e.g. Japan, France, Germany) with guideline recommendations and KOL support, on track to become SOC

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

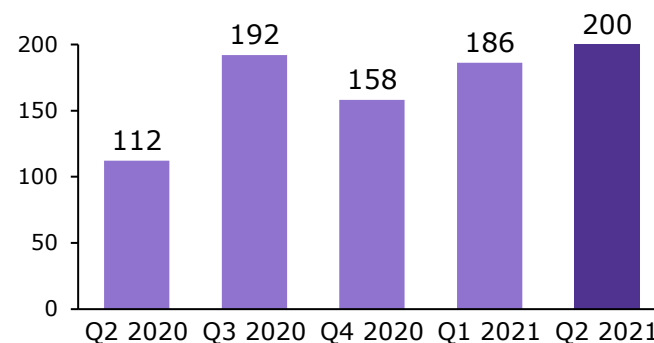


# Fertility: +88% organic growth against soft COVID-19 related comps

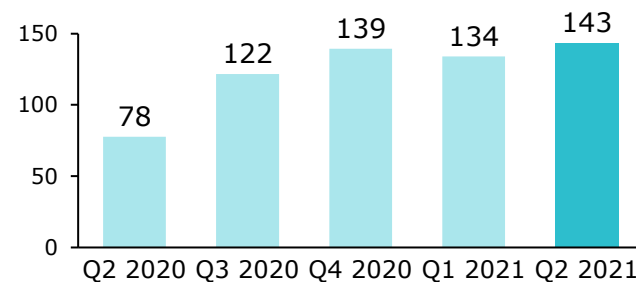
## Sales development Fertility, [€m]



## Gonal-f® net sales, [€m]



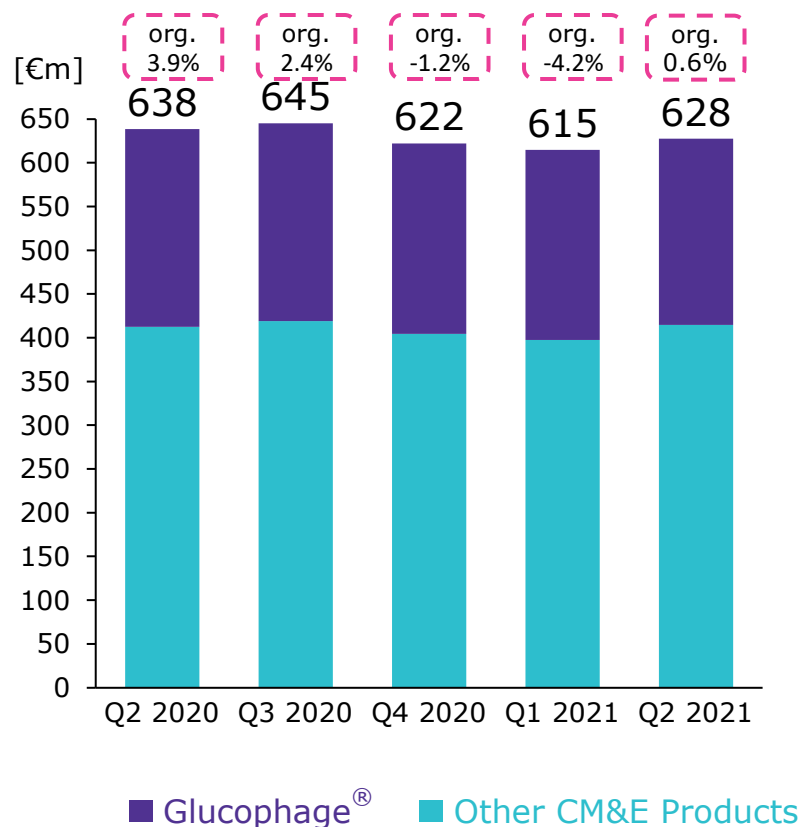
## Other Fertility net sales, [€m]



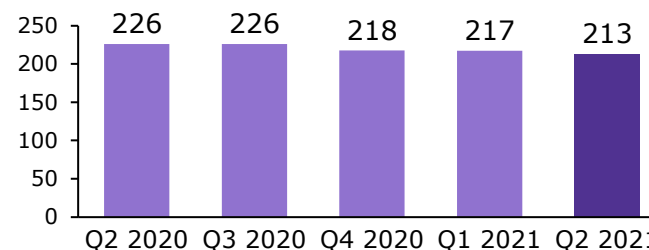
- Strong growth of +88% over heavily impacted Q2 2020 across all regions due to temporary clinic closures
- Gonal-f® with similar trajectory resulting in 85% organic growth
- Fertility franchise grows beyond pre COVID-19 levels, primarily supported by catch-up effects
- Franchise expected to return to mid-single-digit growth mid term

# CM&E: Growing 1% org. as Glucophage VBP in China largely compensated for by growth in other regions and strong Endocrinology

## Sales development CM&E, [€m]

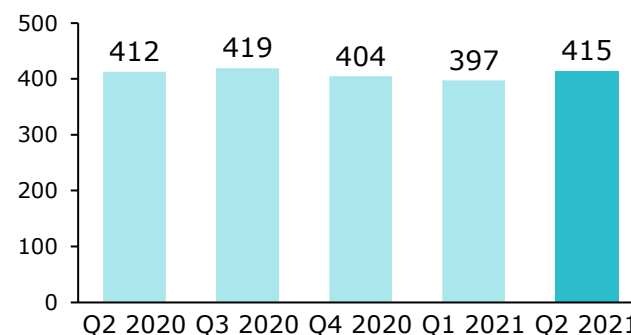


## Glucophage® net sales, [€m]



- Organic decline of -4% further muted by -2% FX headwinds
- VBP<sup>1</sup> impact on Glucophage® in China largely compensated for by strong growth in other regions

## Other CM&E net sales, [€m]



- Strong Endocrinology vs. soft comps further supported by lower commercial deductions
- Concor® about stable as VBP impact overcompensated for in other regions



## Phase I

**M1231**  
**Bispecific MUC1xEGFR**  
**ADC**  
Solid tumors

**M1774**  
**ATR inhibitor**  
Solid tumors<sup>1</sup>

**M4076**  
**ATM inhibitor**  
Solid tumors

**peposertib**  
**DNA-PK inhibitor**  
Solid tumors<sup>2</sup>

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

**M6223**  
**anti-TIGIT mAb**  
Solid tumors<sup>3</sup>

**enpatoran (M5049)**  
**TLR7/8 antagonist**  
Systemic lupus erythematosus /  
Cutaneous lupus erythematosus

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

## Phase II

**berzosertib**  
**ATR inhibitor**  
Small-Cell Lung Cancer<sup>4</sup>

**tepotinib**  
**MET kinase inhibitor**  
Metastatic Colorectal Cancer  
*RAS/BRAF* wt, *MET* amplified<sup>5</sup>

**tepotinib**  
**MET kinase inhibitor**  
Non-small cell lung cancer,  
*EGFR* mutant, *MET* amplified<sup>6</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  
(HMGA2 positive)

**enpatoran (M5049)**  
**TLR7/8 antagonist**  
COVID-19 pneumonia

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

## Phase III

**xevinapant**  
**IAP inhibitor**  
Locally advanced squamous cell carcinoma  
of the head and neck<sup>7,8</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,  
*MET*ex14 skipping<sup>9</sup>

ADC: Antibody Drug Conjugate; 1L: first-line treatment; 2L: second-line treatment

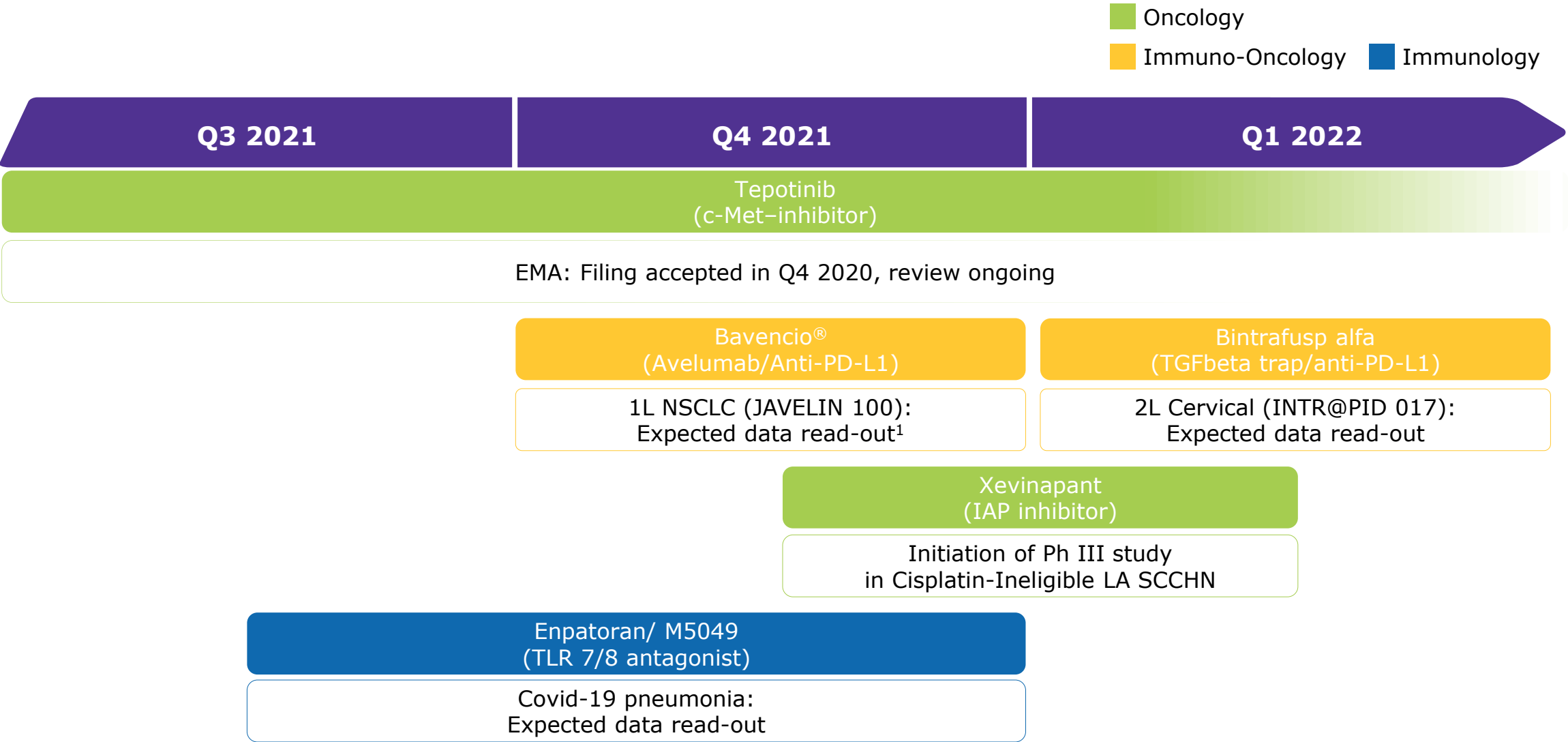
<sup>1</sup> Study as monotherapy and in combination with niraparib. <sup>2</sup> Study in combination with avelumab. <sup>3</sup> Includes study in combination with bintrafusp alfa. <sup>4</sup> Includes studies (phase I/II) in collaboration with/ sponsored by external partners, e.g. US National Cancer Institute (NCI). <sup>5</sup> In combination with cetuximab. <sup>6</sup> In combination with osimertinib. <sup>7</sup> In unresected LA SCCN patients eligible for cisplatin. <sup>8</sup> On March 01, 2021, Merck KGaA, Darmstadt, Germany announced a worldwide in-licensing agreement with Debiopharm, Switzerland, for the development and commercialization of xevinapant (Debio 1143). <sup>9</sup> 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.

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



Acronyms: EMA = European Medicines Agency, LA = locally advanced, 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 H1: Strong core performance across all businesses and substantial COVID-19 demand in Process and Research fuel record growth

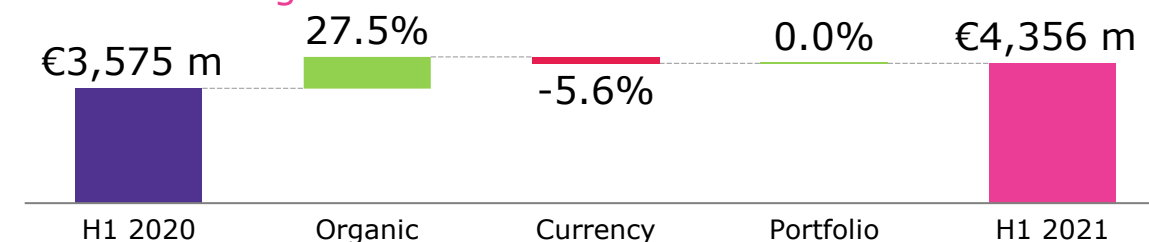
## Life Science P&L

[€m]	IFRS		Pre	
	H1 2020	H1 2021	H1 2020	H1 2021
Net sales	3,575	4,356	3,575	<b>4,356</b>
M&S*	-986	-1,006	-986	<b>-1,005</b>
Admin	-189	-174	-168	<b>-158</b>
R&D	-151	-162	-151	<b>-162</b>
EBIT	731	1,237	727	<b>1,245</b>
EBITDA	1,126	1,614	-	-
EBITDA pre	1,122	1,622	1,122	<b>1,622</b>
(in % of net sales)	31.4%	37.2%	31.4%	<b>37.2%</b>

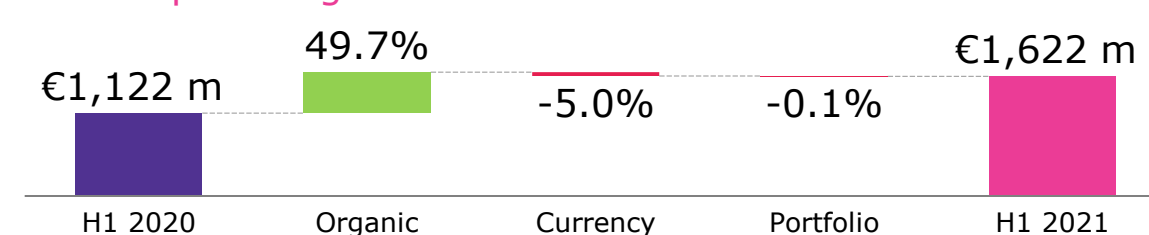
## Comments

- Process Solutions: 36% organic growth mainly driven by bioprocessing, with COVID-19 demand contributing significantly
- Research Solutions: 27% organic growth driven by recovery in base business and COVID-19 opportunities, mainly in diagnostics and pharma
- Applied Solutions: 10% organic growth against soft comps related to H1 2020 lock-downs
- Lower M&S as % of sales; absolute growth to support sales development partially offset by overall cost-consciousness and lower travel expenses
- Lower R&D as % of sales, higher absolute R&D driven by investments in strategic projects in high growth and emerging segments
- EBITDA pre grows considerably faster than sales, reflecting operational leverage from strong top-line growth

## Net sales bridge



## EBITDA pre bridge



# Electronics H1: Delivering growth above mid-term guidance despite unfavorable phasing in DS&S project business

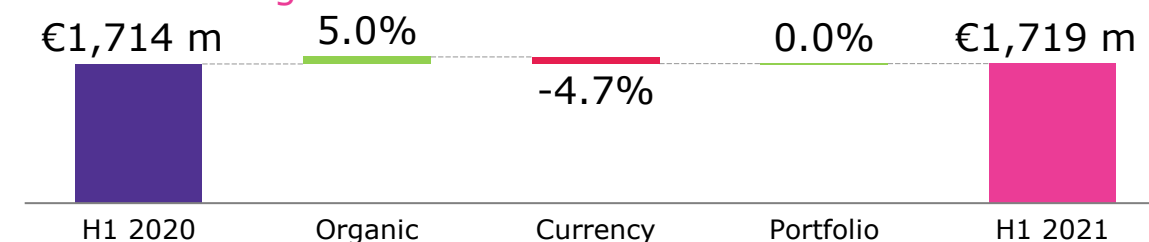
## Electronics P&L

[€m]	IFRS		Pre	
	H1 2020	H1 2021	H1 2020	H1 2021
Net sales	1,714	1,719	1,714	<b>1,719</b>
M&S*	-270	-272	-266	<b>-271</b>
Admin	-83	-64	-74	<b>-61</b>
R&D	-140	-134	-141	<b>-133</b>
EBIT	86	244	252	<b>271</b>
EBITDA	470	512	-	-
EBITDA pre	524	532	524	<b>532</b>
(in % of net sales)	30.6%	30.9%	30.6%	<b>30.9%</b>

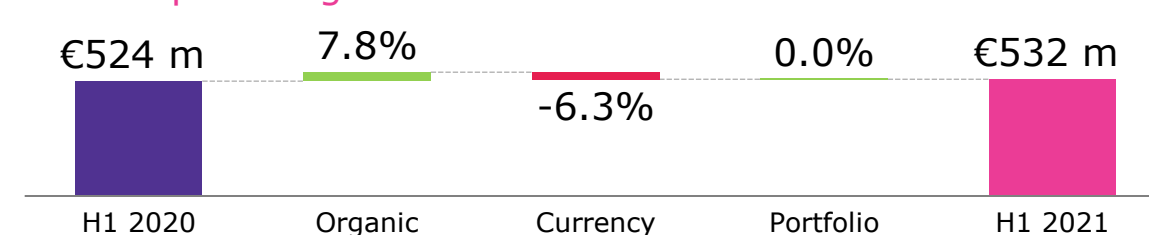
## Comments

- Semiconductor Solutions: strong growth in semiconductor materials drives 8% organic growth (upper half of mid-term guidance) despite unfavorable DS&S phasing
- Display Solutions: down -4% organically as LC decline is offset by growth in remaining portfolio primarily in OLED
- Surface Solutions: posts 20% organic growth over pandemic impacted H1 2020; visible recovery in all end markets
- M&S up 2% (vs. 5% organic sales growth) largely driven by 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 (+8% org.) continues to exceed sales growth; but burdened by -6% FX headwinds

## Net sales bridge



## EBITDA pre bridge



# Cash flow statement

## H1 2021 – cash flow statement

[€m]	H1 2020	H1 2021	Δ
Profit after tax	747	<b>1,495</b>	748
D&A	991	<b>843</b>	-148
Changes in provisions	-38	<b>55</b>	93
Changes in other assets/liabilities	-189	<b>-56</b>	133
Other operating activities	-24	<b>25</b>	48
Changes in working capital	-468	<b>-256</b>	212
Operating cash flow	1,019	<b>2,104</b>	1,086
Investing cash flow	-504	<b>-587</b>	-83
thereof Capex on PPE	-532	<b>-564</b>	-33
Financing cash flow	239	<b>-1,054</b>	-1,293

## Cash flow drivers

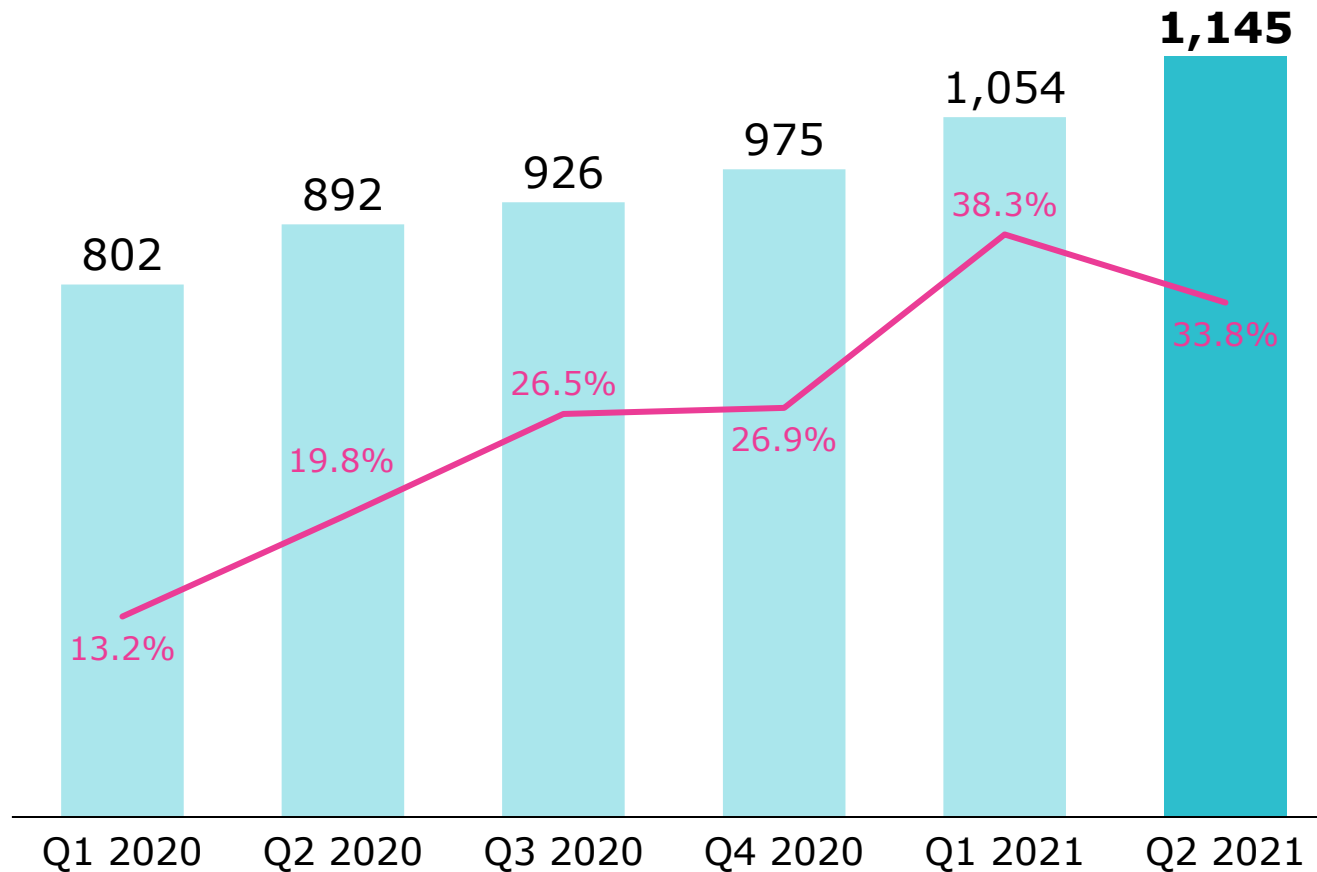
- Operating cashflow more than doubles as strong profit after tax is further boosted by favorable working capital
- Lower depreciation & amortization vs. H1 2020 which was elevated by COVID-19-related impairments in EL
- Changes in provisions elevated by mid double-digit €m litigation accrual
- Changes in other assets and liabilities largely explained by Q1 tax positions
- Favorable lower increase in working capital driven by higher inventories in 2020 to secure supply amid COVID-19
- Financing cash flow explained by net repayment of bonds, bank liabilities and commercial papers





## BIG 3 - Process Solutions: Continued strong double-digit growth, moderating as expected against rising comps

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

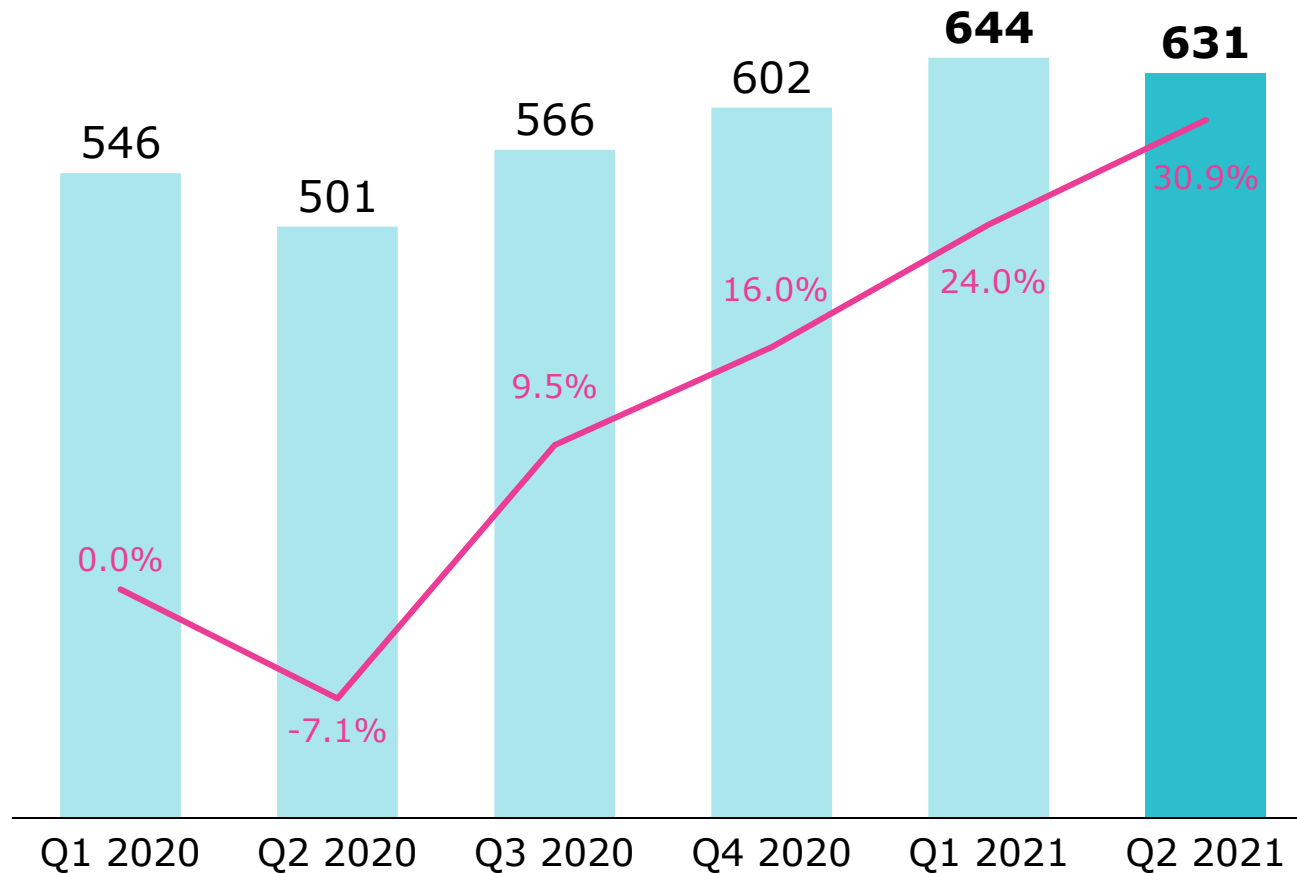


- Continued **double-digit growth in the core business** paired with **rising COVID-19 contributions** (mainly vaccine related)
- **BioP as main growth driver**, formulation growing fastest, services also strong
- **Growth starting to moderate** as expected **amid rising comps** (Q2 2020 with initial COVID-19 contributions)
- Sequentially higher sales as output increases on the back of **ongoing productivity gains and successful capacity ramp-up**
- **Order intake growth remains above 60%**, reflecting strong demand



# Research Solutions: Record organic growth amid ongoing business recovery and soft comps

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

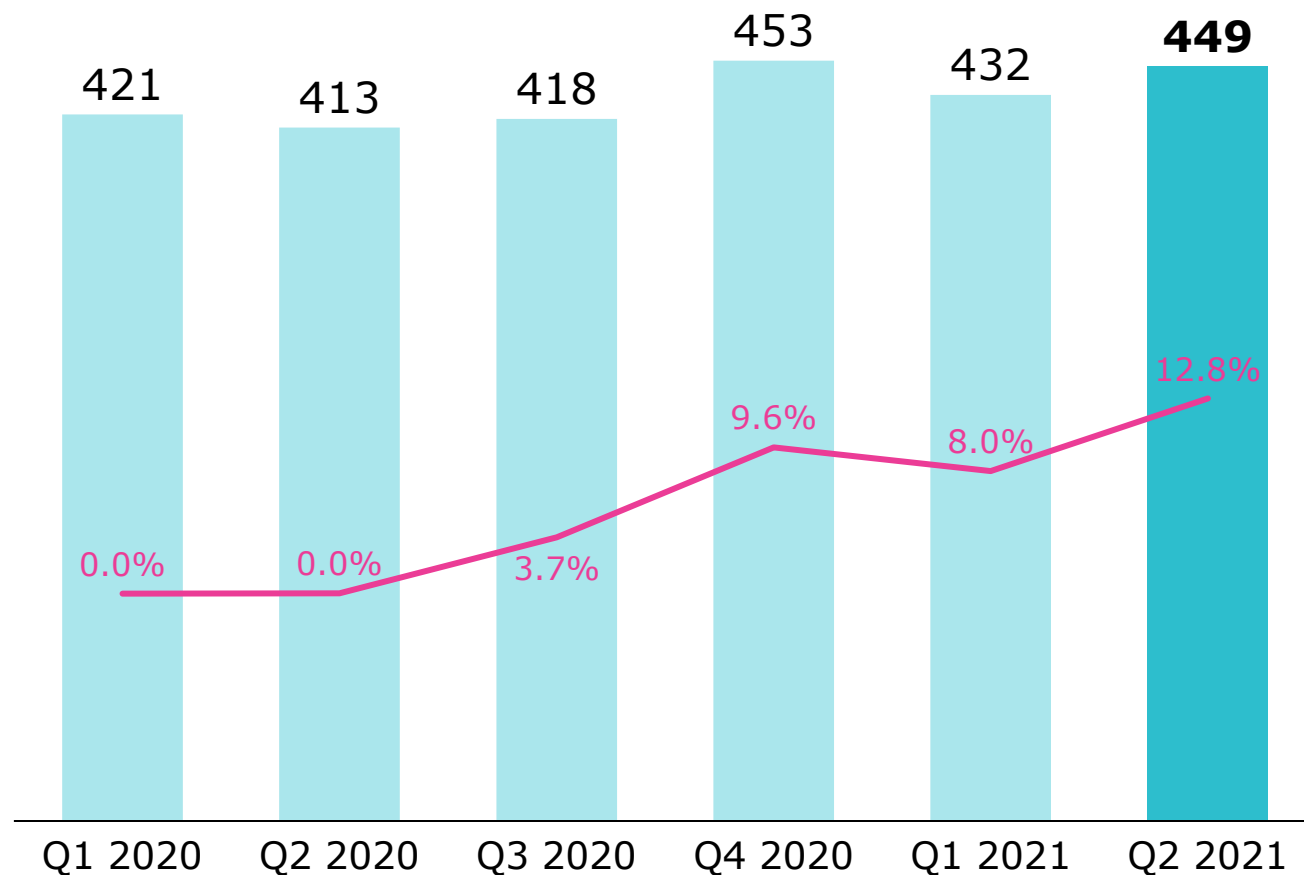


- Strong **double-digit growth, accelerating further** on soft comps (Q2-20 with biggest impact from lockdowns)
- Ongoing **core business recovery** and catch-up amid **rising lab activity**
- Diagnostics related **COVID-19 tailwinds continue albeit slowing** as expected
- **North America as fastest growing region**, followed by Europe and APAC (given difference in comps / phasing of lockdowns last year)
- **Strong rebound in academia** and healthy growth in pharma



# Applied Solutions: Growth accelerating as recovery is gaining traction

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

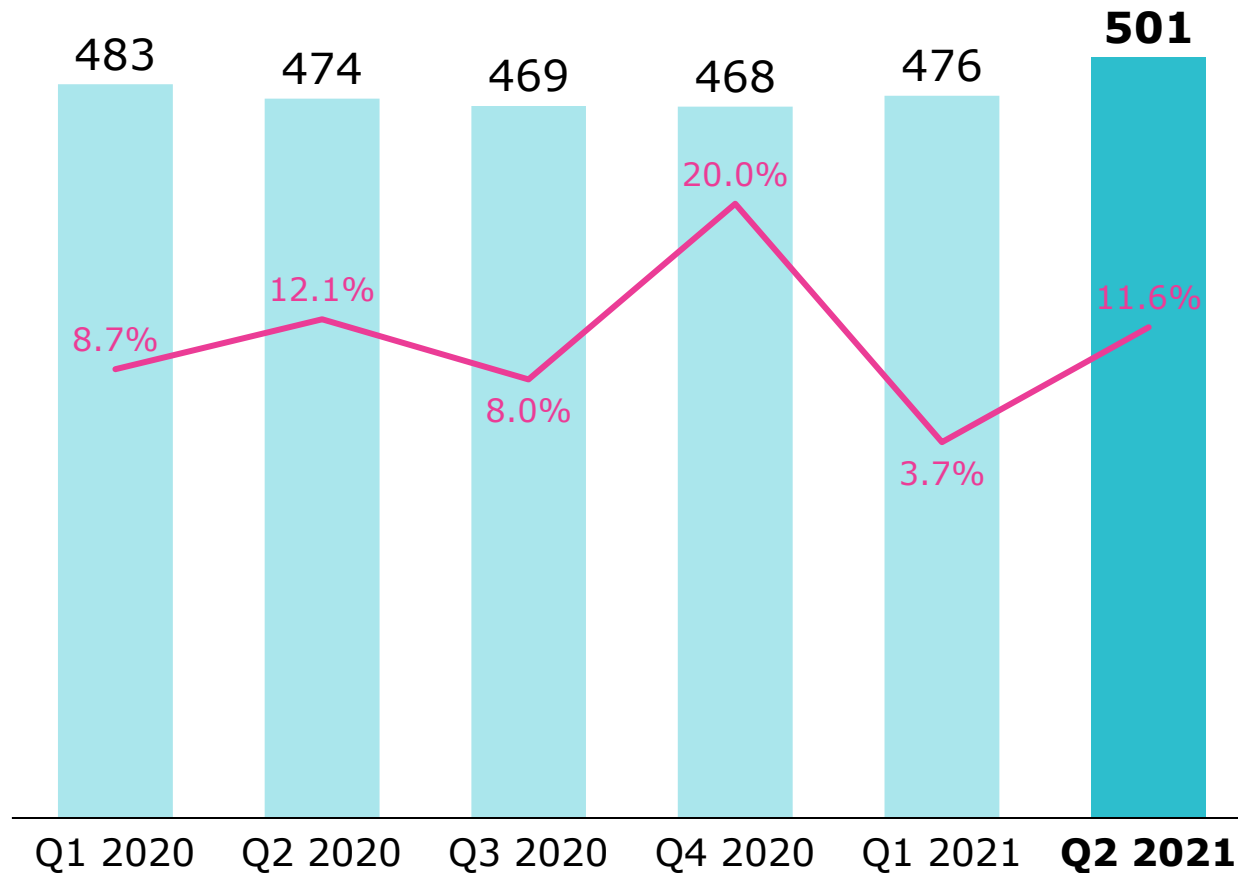


- **Growth accelerating to double-digits** as recovery continues amid still easy comps (H1-20 with flat growth due to lockdowns)
- **Core business as main driver** with broad-based performance across business lines
- **COVID-19-related sales are negligible**
- **North America as fastest growing region**, followed by Europe and APAC (given difference in comps / phasing of lockdowns last year)
- **Strong rebound in Academia** and ongoing recovery in Industrial



## BIG 3 - Semiconductor Solutions: Strong semi materials drive growth

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



- **Q2 2021: record quarter** for Semiconductor Solutions, driven by strong performance across the board, particularly in semi materials
- **DS&S project phasing now positive** again post significant burden in Q1 2021; further DS&S project contributions expected in H2
- **Semiconductor Materials growing** above BU average with the entire BU growing above mid-term guidance corridor
- **Continued strong confidence** in mid-term market outperformance, and in Semi Solutions contribution to deliver upgraded 2021 Electronics guidance



# Adjustments in Q2 2021

## Adjustments in EBIT

[€m]	Q2 2020		Q2 2021	
	Adjustments	thereof D&A	Adjustments	thereof D&A
Healthcare	15	0	<b>11</b>	3
Life Science	-15	0	<b>-6</b>	0
Electronics	131	112	<b>10</b>	5
Corporate & Other	8	0	<b>97</b>	0
Total	138	112	<b>112</b>	8



# Adjustments in H1 2021

## Adjustments in EBIT

[€m]	H1 2020		H1 2021	
	Adjustments	thereof D&A	Adjustments	thereof D&A
Healthcare	-12	2	<b>21</b>	3
Life Science	-4	0	<b>8</b>	0
Electronics	165	112	<b>27</b>	7
Corporate & Other	25	0	<b>103</b>	1
Total	174	114	<b>159</b>	11





## Financial Calendar

Date	Event
August 5, 2021	Q2 2021 Earnings release
September 9, 2021	Virtual Capital Markets Day
November 11, 2021	Q3 2021 Earnings release
April 22, 2022	<i>Annual General Meeting</i>
August 4, 2022	Q2 2022 Earnings release

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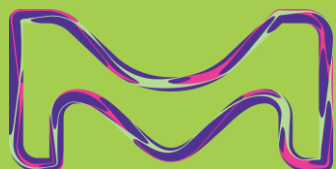


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