

Q2 2021 Financial Summary for Investors and Analysts

Strong quarter with double-digit growth driven by BIG3

- **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 – 6.0bn
EPS pre: €7.80 – 8.50
- Net financial debt to EBITDA pre ratio at 1.7 on June 30, 2021

Overview Financials

Q2 2021 Overview

- 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 Cash Flow Statement

- 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

* Long Term Incentive Plan

Q2 2021 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%

Q2 2021 Business Overview

Healthcare

- **Strong Fertility recovery & Bavencio® performance; Mavenclad® returns to sequential growth as dynamic market picks up**
- Net sales deviation YoY: organic +23.6%, FX -4.3%, portfolio 0.0%
- EBITDA pre deviation YoY: organic +70.2%, FX -14.9%, portfolio 0.0%
- 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 VBP¹ 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.

¹Volume Based Procurement

Life Science

- **Strong core business and COVID-19 demand fuel record growth, mainly driven by Process and Research Solutions**
- Net sales deviation YoY: organic +28.2%, FX -5.0%, portfolio 0.0%
- EBITDA pre deviation YoY: organic +49.5%, FX -3.7%, portfolio -0.1%
- 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

Electronics

- **Strong performance in Semi, recovery in Surface, and stabilizing Display Solutions drive double-digit organic sales growth**
 - Net sales deviation YoY: organic +10.3%, FX -5.0%, portfolio 0.0%
 - EBITDA pre deviation YoY: organic +14.3%, FX -6.0%, portfolio 0.0%
 - 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

2021 guidance

Group:

- 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*¹)
FX: -2% to -4% YoY
~€5.6 – 6.0 bn
- EPS pre
~€7.80 – 8.50

¹ Q3 20 Reversal of the provisions for the patent dispute proceedings for Rebif in the amount of ~€365m; Guidance incl. Biogen: organic: +12% to +17%

2021 business sector guidance¹:

Healthcare

- Net sales:
 - Organic: +7% to +10%
 - Mainly driven by Mavenclad[®], Bavencio[®] and recovery of Fertility
 - Base business organically around stable
- EBITDA pre:
 - Organic: +15% to +18% YoY (*excl Biogen²*)
 - 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

¹Business Sector guidances are only support to the Group guidance and do not have to add up

²Q3 20 Reversal of the provisions for the patent dispute proceedings for Rebif in the amount of ~€365m;
Guidance including Biogen – organic: -1% to -4%

Additional financial guidance for 2021

- | | |
|--------------------------------|-------------------------------------------------------------|
| ▪ 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 bn – 1.5 bn |
| ▪ Hedging / USD assumption | FY 2021 hedge ratio ~ 70%
at EUR/USD ~1.17 |
| ▪ 2021 Ø EUR/USD assumption | ~1.19 to 1.23 |

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Group Q2 2021

€ m	Group			Healthcare			Life Science			Electronics			Corporate/Others		
	Q2 2020	Q2 2021	% YoY	Q2 2020	Q2 2021	% YoY	Q2 2020	Q2 2021	% YoY	Q2 2020	Q2 2021	% YoY	Q2 2020	Q2 2021	% YoY
Net sales	4 119	4 870	18%	1 499	1 788	19%	1 806	2 225	23%	814	857	5%			
% organic			23%			24%			28%			10%			
% FX			-5%			-4%			-5%			-5%			
% portfolio			0%			0%			0%			0%			
EBIT	491	1 049	>100%	269	501	86%	386	644	67%	-30	118	n.m.	-133	-213	60%
Depreciation and amortization	556	422	-24%	90	72	-20%	199	191	-4%	249	134	-46%	19	26	37%
EBITDA	1 048	1 472	40%	359	572	59%	584	835	43%	219	252	15%	-115	-188	64%
Adjustments in EBITDA	27	105	>100%	15	9	-43%	-15	-6	-61%	19	6	-70%	8	96	>100%
EBITDA pre	1 074	1 576	47%	374	581	55%	569	829	46%	238	258	8%	-107	-92	-14%
Net financial debt	10 758*	10 141	-6%												

* as per 31 December 2020

Totals may not add up due to rounding

Group

P&L Group	Q2 2020	Q2 2021	% YoY
Net sales	4 119	4 870	18%
Cost of sales	-1 610	-1 813	13%
thereof: intangibles amortization	-57	-49	-14%
Gross profit	2 509	3 057	22%
Marketing and selling expenses	-1 035	-1 035	0%
thereof: intangibles amortization	-165	-146	-12%
Administration	-298	-307	3%
Impairment losses / reversals (IFRS9)	-5	0	-99%
Other operating income/expenses	-160	-81	-50%
Research and development	-520	-585	12%
EBIT	491	1 049	>100%
Depreciation and amortization	556	422	-24%
EBITDA	1 048	1 472	40%
Adjustments in EBITDA	27	105	>100%
EBITDA pre	1 074	1 576	47%
Financial result	-102	-95	-7%
Profit before tax	389	955	>100%
Income tax	-100	-208	>100%
Income tax rate	26%	22%	
Profit after tax	289	747	>100%
Non-controlling interests	1	-2	n.m.
Net income	290	745	>100%
Number of theoretical shares in million	434.8	434.8	
EPS in €	0.67	1.71	>100%
EPS pre in €	1.30	2.24	72%

Totals may not add up due to rounding

Healthcare

P&L Healthcare	Q2 2020	Q2 2021	% YoY
Net sales	1 499	1 788	19%
Cost of sales	-364	-420	15%
thereof: intangibles amortization	-1	-1	55%
Gross profit	1 135	1 368	21%
Marketing and selling expenses	-409	-391	-4%
thereof: intangibles amortization	-14	-4	-69%
Administration	-81	-78	-4%
Impairment losses / reversals (IFRS9)	-3	3	n.m.
Other operating income/expenses	-7	14	n.m.
Research and development	-366	-415	13%
EBIT	269	501	86%
Depreciation and amortization	90	72	-20%
EBITDA	359	572	59%
Adjustments in EBITDA	15	9	-43%
EBITDA pre	374	581	55%

Totals may not add up due to rounding

Life Science

P&L Life Science	Q2 2020	Q2 2021	% YoY
Net sales	1 806	2 225	23%
Cost of sales	-774	-887	15%
thereof: intangibles amortization	-15	-14	-10%
Gross profit	1 033	1 338	30%
Marketing and selling expenses	-488	-505	4%
thereof: intangibles amortization	-104	-96	-8%
Administration	-100	-92	-8%
Impairment losses / reversals (IFRS9)	-1	-1	53%
Other operating income/expenses	18	-8	n.m.
Research and development	-75	-87	15%
EBIT	386	644	67%
Depreciation and amortization	199	191	-4%
EBITDA	584	835	43%
Adjustments in EBITDA	-15	-6	-61%
EBITDA pre	569	829	46%

Totals may not add up due to rounding

Electronics

P&L Electronics	Q2 2020	Q2 2021	% YoY
Net sales	814	857	5%
Cost of sales	-472	-506	7%
thereof: intangibles amortization	-41	-34	-17%
Gross profit	342	352	3%
Marketing and selling expenses	-134	-137	2%
thereof: intangibles amortization	-47	-45	-4%
Administration	-44	-30	-33%
Impairment losses / reversals (IFRS9)	-1	0	-40%
Other operating income/expenses	-124	1	n.m.
Research and development	-68	-67	-2%
EBIT	-30	118	n.m.
Depreciation and amortization	249	134	-46%
EBITDA	219	252	15%
Adjustments in EBITDA	19	6	-70%
EBITDA pre	238	258	8%

Totals may not add up due to rounding

Consensus deviation

Group	Actual	Consensus (mean)	Difference to estimate	Consensus (median)	Difference to estimate
	[€m]	26.07.2021		26.07.2021	
	Q2 2021A	Q2 2021 E	%	Q2 2021 E	%
Group					
Sales	4 870.2	4 764.0	2.2%	4 769.6	2.1%
EBITDA pre	1 576.2	1 462.9	7.7%	1 437.3	9.7%
EBITDA pre-margin (%)	32.4	30.7	1.7%	30.4	1.9%
EPS pre (€)	2.24	2.06	8.5%	2.01	11.1%
Healthcare					
Sales	1 787.7	1 711.9	4.4%	1 716.5	4.1%
Rebif	247.4	239.0	3.5%	241.3	2.5%
Mavenclad	157.4	166.5	-5.5%	169.1	-6.9%
Erbitux	273.3	257.2	6.3%	262.1	4.3%
Bavencio	86.8	75.8	14.5%	78.0	11.2%
Gonal-F	200.0	188.0	6.4%	186.0	7.5%
Glucophage	213.0	191.7	11.1%	189.9	12.1%
All other products	609.9	593.7	2.7%	590.2	3.3%
EBITDA pre	581.0	519.9	11.7%	515.0	12.8%
EBITDA pre-margin (%)	32.5	30.3	2.2%	30.4	2.1%
Life Science					
Sales	2 225.1	2 185.8	1.8%	2 178.7	2.1%
Research Solutions	631.2	592.8	6.5%	591.0	6.8%
Applied Solutions	449.1	430.3	4.4%	427.4	5.1%
Process Solutions	1 144.8	1 167.3	-1.9%	1 165.0	-1.7%
EBITDA pre	829.0	770.9	7.5%	776.0	6.8%
EBITDA pre-margin (%)	37.3	35.5	1.8%	35.6	1.6%
Electronics					
Sales	857.4	859.7	-0.3%	865.5	-0.9%
Display Solutions	253.1	260.8	-3.0%	262.6	-3.6%
Surface Solutions	103.6	95.6	8.4%	95.0	9.1%
Semiconductor Solutions	500.7	502.5	-0.4%	507.7	-1.4%
EBITDA pre	258.0	267.5	-3.5%	265.2	-2.7%
EBITDA pre-margin (%)	30.1	31.2	-1.1%	31.1	-1.0%
Corporate/Other					
EBITDA pre	-91.8	-110.1	-16.6%	-113.1	-18.8%