

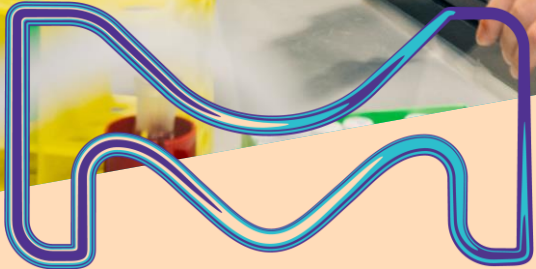


# **BIG3 DRIVE ANOTHER QUARTER OF DOUBLE-DIGIT GROWTH**

**Q3 2021 results**

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Marcus Kuhnert, CFO

November 11, 2021



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# Agenda

**01** **Executive summary**

**02** **Financial overview**

**03** **Guidance**



# EXECUTIVE SUMMARY

01



# Highlights: All sectors contribute to ~ €500 m organic net sales increase



## Operations

**Life Science:** another record quarter in terms of absolute sales and 17% organic growth against higher comps; largest growth contributor to group (~ €330 m org.) with all three business units growing above mid-term guidance; Process Solutions remains main driver

**Healthcare:** Bavencio® now delivering more than €100 m net sales in one quarter; Mavenclad® with highest quarter since launch amid muted dynamic market recovery; continued strong organic growth in Fertility

**Electronics:** Semiconductor Solutions delivering ~ €100 m org. growth, driving another quarter of double-digit org. sales growth in Electronics vs. COVID-19-impacted Q3 2020



## Financials

**Q3 organic sales:** +10.9%

**Q3 organic EBITDA pre:** +13.4% underlying  
(-10.9% incl. Q3 2020 Biogen provision reversal)

### 2021 Guidance:

Net sales:	€19.30 bn to 19.85 bn
EBITDA pre:	€6.00 bn to 6.30 bn
EPS pre:	€8.50 to 9.00

Net financial debt to EBITDA pre ratio of 1.6 on Sept. 30, 2021



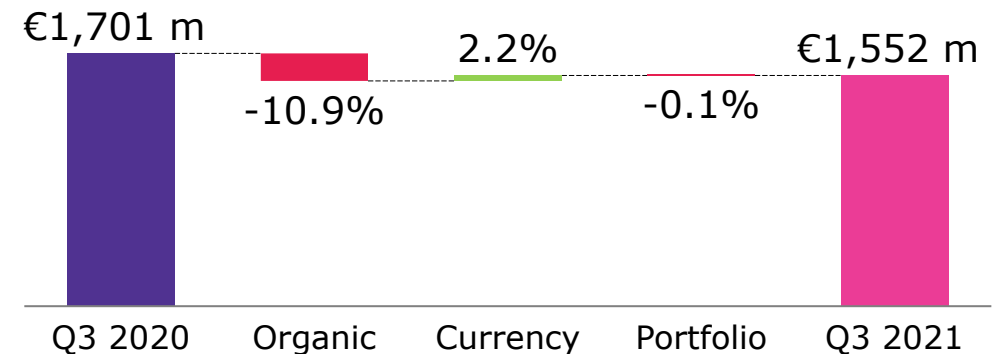
# 11% organic sales growth driven by all three business sectors; EBITDA pre growing 13% organically (excluding Biogen)

## Q3 YoY Net Sales

	Organic	Currency	Portfolio	Total
Life Science	17.1%	0.6%	0.0%	17.7%
Healthcare	4.1%	1.0%	-0.1%	5.1%
Electronics	10.3%	1.7%	0.0%	12.1%
<b>Group</b>	<b>10.9%</b>	<b>1.0%</b>	<b>0.0%</b>	<b>11.8%</b>

- Process Solutions continues to drive Life Science growth; sequential evolution takes sales to new record level of €1.2 bn in the quarter; Research Solutions growth at higher levels but normalizing
- Mavenclad<sup>®</sup> and Bavencio<sup>®</sup> contributions and ongoing strong growth in Fertility more than offset continued Rebif<sup>®</sup> decline and China VBP impact on CM&E, driving 4.1% organic growth in Healthcare overall
- Electronics again growing 10% organically, driven by strong performance of Semiconductor Solutions (+21% org.) and soft comps in Surface Solutions

## Q3 YoY EBITDA pre

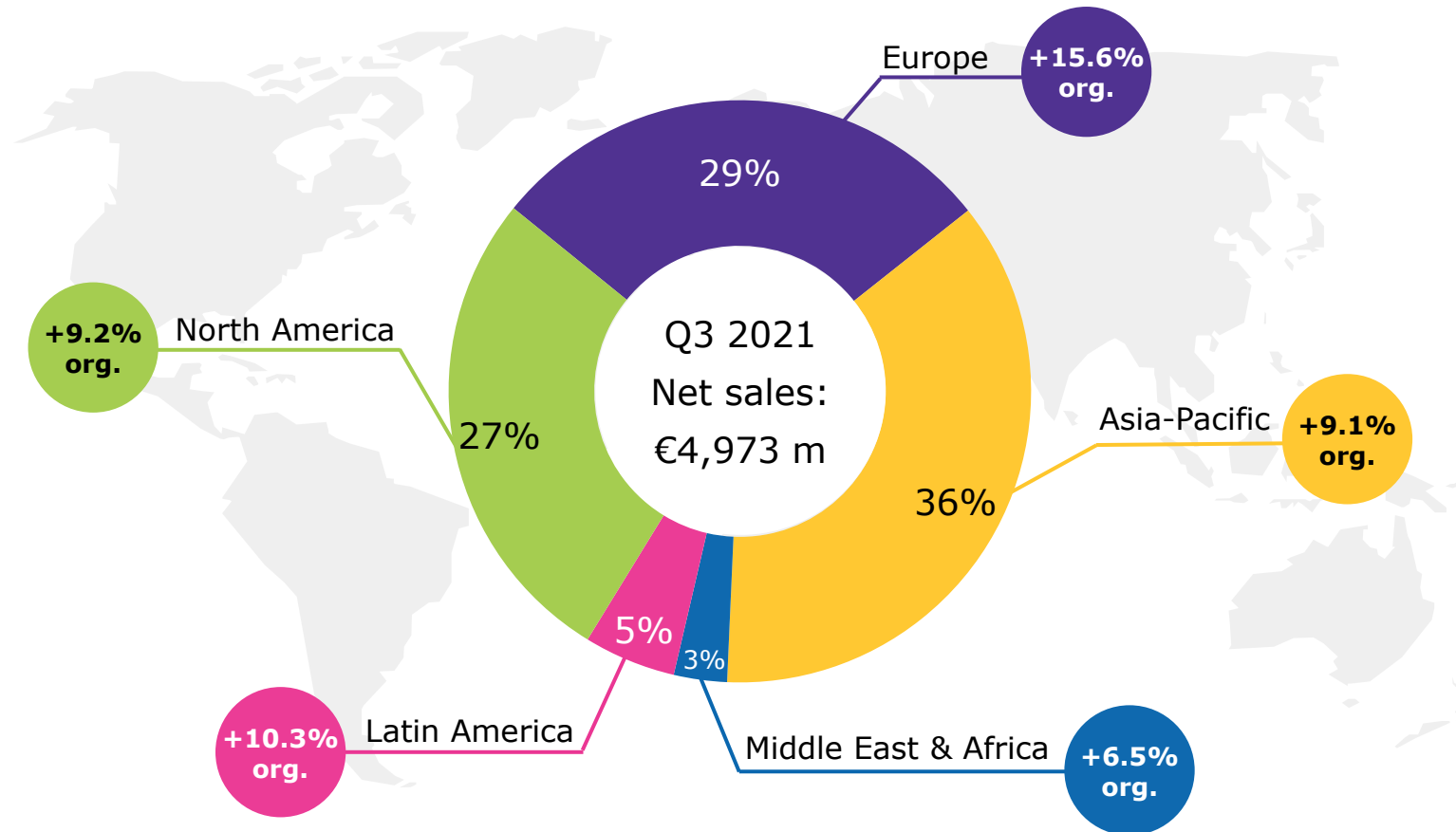


- Underlying organic EBITDA pre growth of 13% against Q3 2020 (elevated by €365 m Biogen)
- Profitable growth primarily in Life Science paired with continued cost discipline in all sectors main driver of underlying EBITDA pre
- FX effect now turning positive at +2% driven by various currencies, with largest positive impact from CNY as it moves below previous years' rates



# Continued strong Life Science demand primary driver of growth across all regions

## Regional breakdown of net sales [€m]



## Regional organic development

- APAC: Life Science and Electronics largest contributors to growth particularly in Process Solutions, and Semiconductor Solutions
- Europe: Strong demand in Process Solutions primary growth driver, Bavencio® ramp-up also contributing
- North America: Process Solutions, Research Solutions and Bavencio® top three drivers of growth, further supported by Semiconductor Solutions
- LATAM growth driven foremost by CM&E, Applied Solutions and Fertility
- Fertility continues driving ME&A growth



02

# Financial Overview





# Q3 2021: Overview

## Key figures

[€m]				(Excl. Biogen provision reversal)	
	Q3 2020	Q3 2021	Δ	Q3 2020	Δ
Net sales	4,447	<b>4,973</b>	11.8%		
EBITDA pre	1,701	<b>1,552</b>	-8.7%	1,336	16.2%
Margin (in % of net sales)	38.2%	<b>31.2%</b>	-7.0pp	30.0%	1.2 pp
EPS pre	2.34	<b>2.24</b>	-4.3%	1.71	30.9%
Operating cash flow	1,170	<b>1,467</b>	25.3%		
[€m]	Dec. 31, 2020	Sept. 30, 2021	Δ		
Net financial debt	-10,758	<b>-9,320</b>	-13.4%		
Working capital	3,938	<b>4,481</b>	13.8%		
Employees	58,096	<b>58,483</b>	0.7%		

## Comments

- Growth across all sectors, particularly Life Science, further supported by +1% FX tailwind results in +12% sales growth
- 120 bps uplift in underlying EBITDA pre margin (excl. Biogen provision reversal)
- Underlying EPS pre growth of 31% driven by EBITDA pre growth, improved financial result and lower income tax rate
- Operating cash flow up 25% supporting YTD net debt reduction of €1.4 bn
- Life Science sales growth main driver of higher working capital



# Q3 2021: Reported figures – comps impacted by Biogen provision

## Reported results

[€m]	Q3 2020	Q3 2021	Δ
EBIT	1,167	<b>1,047</b>	-10.2%
Financial result	-102	<b>-54</b>	-46.7%
Profit before tax	1,065	<b>993</b>	-6.7%
Income tax	-258	<b>-229</b>	-11.2%
<i>Effective tax rate (%)</i>	24.3%	<b>23.1%</b>	-1.2pp
Net income	805	<b>761</b>	-5.6%
EPS (€)	1.85	<b>1.75</b>	-5.4%

## Comments

- Underlying EBIT growing 31% while reported EBIT growth impacted by Q3 2020 €365 m provision reversal
- Improved financial result primarily driven by improved interest result from ongoing deleveraging
- Effective tax rate benefitting from favorable country mix in fastest growing business sector, Life Science



# Life Science Q3: Strong core business and COVID-19 demand drive another quarter of record sales

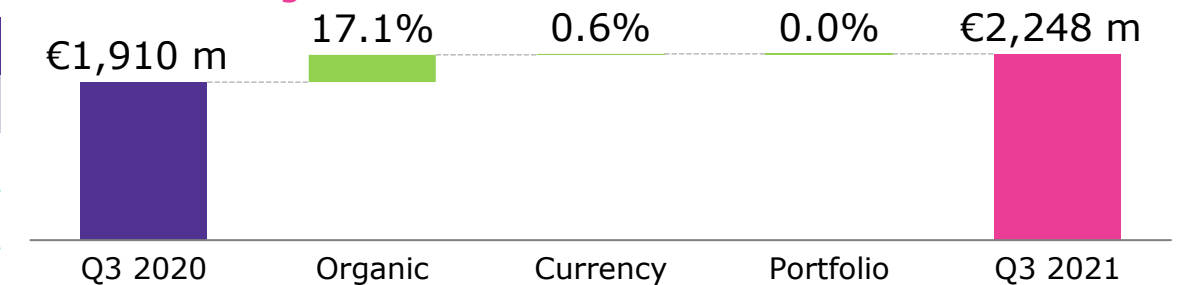
## Life Science P&L

[€m]	IFRS		Pre	
	Q3 2020	Q3 2021	Q3 2020	Q3 2021
Net sales	1,910	2,248	1,910	<b>2,248</b>
M&S*	-478	-529	-477	<b>-527</b>
Admin	-88	-93	-80	<b>-84</b>
R&D	-75	-88	-75	<b>-88</b>
EBIT	417	614	435	<b>632</b>
EBITDA	612	806	-	-
EBITDA pre	630	<b>824</b>	630	<b>824</b>
(in % of net sales)	33.0%	<b>36.6%</b>	33.0%	<b>36.6%</b>

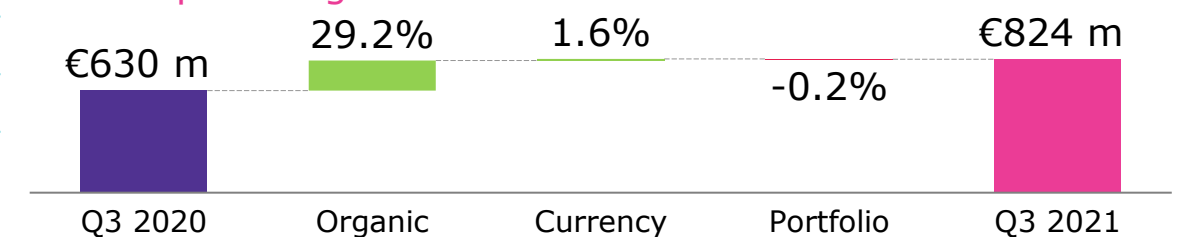
## Comments

- Process Solutions: +28% organic growth, ~2/3 driven by COVID-19 demand, primarily in bioprocessing on top of solid base business performance; comps now include significant COVID-19 business
- Research Solutions: grows +7% organically against already stronger post-lockdown recovery in Q3 2020, driven primarily by strong base business and small COVID-19 contributions
- Applied Solutions: grows +8% organically against rising comps

## Net sales bridge



## EBITDA pre bridge



- M&S in % of sales declining from 25% to 23% due to strong top line leverage, higher in absolute terms with logistics being the largest driver
- Higher R&D in absolute terms with continued focused investments in high growth & emerging segments
- Business performance, favorable mix & operating leverage continue to drive strong EBITDA pre and margin expansion



# Healthcare Q3: Strong Bavencio<sup>®</sup> performance and continued Mavenclad<sup>®</sup> ramp-up drive 4% organic growth

## Healthcare P&L

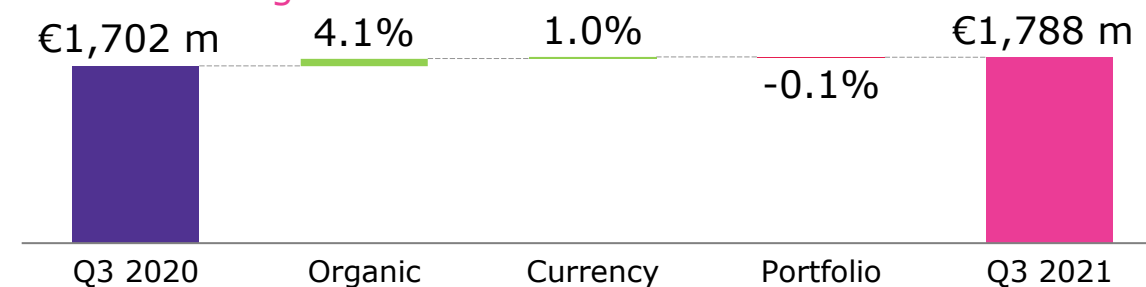
[€m]	IFRS		Pre	
	Q3 2020	Q3 2021	Q3 2020	Q3 2021
Net sales	1,702	1,788	1,702	<b>1,788</b>
M&S*	-382	-386	-379	<b>-386</b>
Admin	-75	-79	-75	<b>-77</b>
R&D	-378	-486	-378	<b>-486</b>
EBIT	807	453	812	<b>462</b>
EBITDA	892	532	-	<b>-</b>
EBITDA pre	896	<b>541</b>	896	<b>541</b>
(in % of net sales)	52.7%	<b>30.3%</b>	52.7%	<b>30.3%</b>

## Comments

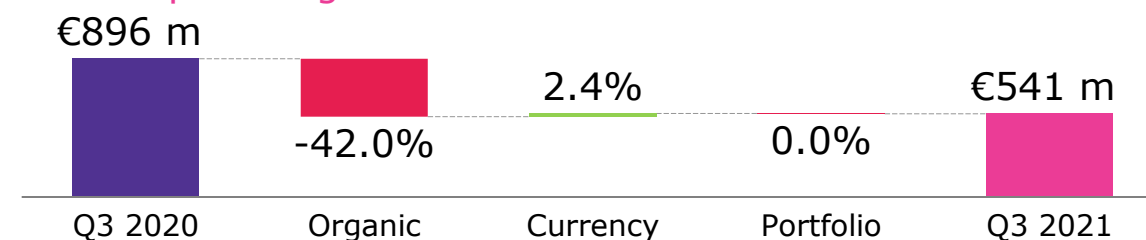
- Mavenclad<sup>®</sup> grows +33 % organically to highest quarter at €197 m, more than offsetting organic Rebif<sup>®</sup> decline of -16%
- Oncology up +26%; Bavencio<sup>®</sup> grows +147% fueled by continued UC 1L ramp-up in key markets; Erbitux<sup>®</sup> growing across all regions (+6% org.)
- VBP<sup>1</sup> impact on Glucophage<sup>®</sup> drives decline in CM&E (-3% org.) which is fully compensated by Fertility growth (+7% org.)
- Lower M&S as % of sales vs. Q3 2020 despite higher level of face-to-face activities amid progressing adaptation to pandemic situation
- Higher absolute R&D driven primarily by Bintrafusp study termination accrual (~€70 m), largely offset by accelerated recognition of Bintrafusp deferred other income (~€50 m)
- EBITDA pre and margin decline driven by Q3 2020 Biogen litigation provision reversal of €365 m, underlying EBITDA pre about stable

<sup>1</sup> Volume Based Procurement

## Net sales bridge



## EBITDA pre bridge



# Electronics Q3: 21% growth in Semi continue to drive double-digit organic sales growth

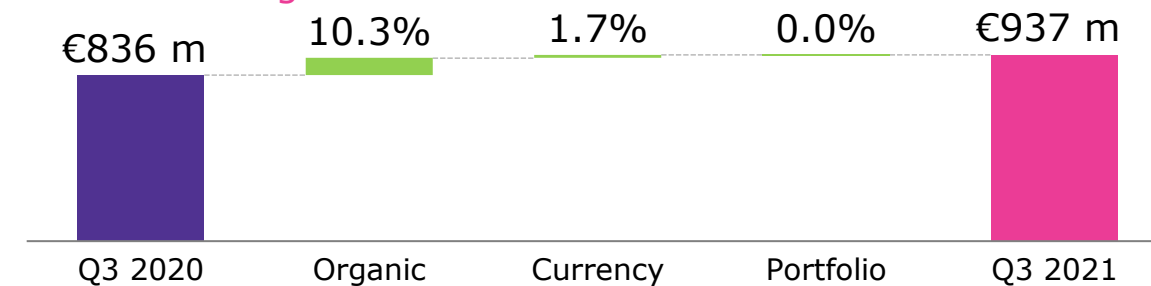
## Electronics P&L

[€m]	IFRS		Pre	
	Q3 2020	Q3 2021	Q3 2020	Q3 2021
Net sales	836	937	836	<b>937</b>
M&S*	-133	-147	-132	<b>-145</b>
Admin	-38	-39	-36	<b>-28</b>
R&D	-65	-72	-65	<b>-72</b>
EBIT	75	125	104	<b>163</b>
EBITDA	227	277	-	<b>-</b>
EBITDA pre	254	<b>297</b>	254	<b>297</b>
(in % of net sales)	30.4%	<b>31.7%</b>	30.4%	<b>31.7%</b>

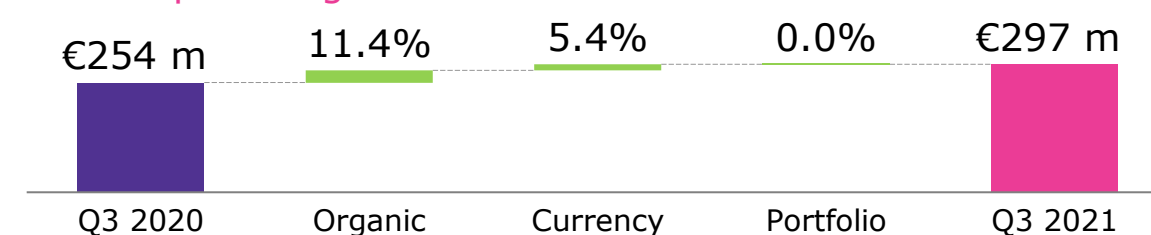
## Comments

- Semiconductor Solutions: another record quarter of absolute sales and organic growth (+21%), driven by materials and DS&S projects
- Display Solutions: down -7% organically, LC decline partly offset by high growth in OLED
- Surface Solutions: growing +10% organically vs. still pandemic-impacted Q3 2020; particularly strong cosmetics business recovery
- M&S flat as percentage of sales, despite higher logistic costs, reflecting diligent cost management amid Bright Future transformation and Versum integration synergies
- R&D flat as percentage of sales, absolute increase virtually fully driven by investments in Semiconductor Solutions
- EBITDA pre (+11% org.) again exceeding sales growth, further supported by +5% FX tailwinds

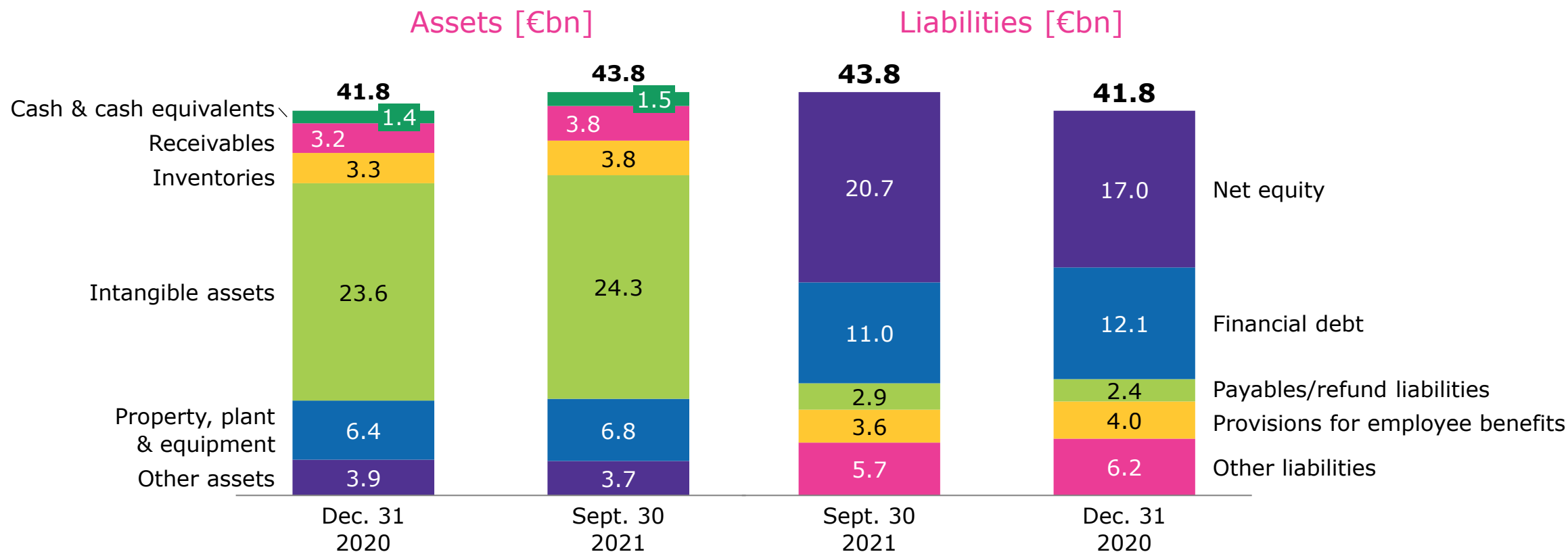
## Net sales bridge



## EBITDA pre bridge



# Balance sheet



- Higher cash level driven by strong operating cash flow
- Receivables & inventories primarily driven by Life Science sales growth
- Increase in intangible assets primarily driven by FX
- Increase in property plant & equipment driven by investments and FX
- Reduction in provisions for employee benefits driven by actuarial gains from higher interest rates
- Retained earnings and FX driven net assets appreciation drive equity ratio of 47%



# Cash flow statement

## Q3 2021 – Cash flow statement

[€m]	Q3 2020	Q3 2021	Δ
Profit after tax	806	<b>764</b>	-43
D&A	451	<b>443</b>	-8
Changes in provisions	-256	<b>191</b>	448
Changes in other assets/liabilities	114	<b>128</b>	14
Other operating activities	24	<b>22</b>	-2
Changes in working capital	31	<b>-82</b>	-113
<b>Operating cash flow</b>	1,170	<b>1,467</b>	296
Investing cash flow	-738	<b>-638</b>	100
thereof Capex on PPE	-237	<b>-295</b>	-58
Financing cash flow	-380	<b>-1,131</b>	-751

## Cash flow drivers

- Operating cash flow up €296 m driven primarily by higher underlying profit after tax, particularly in Life Science
- Negative delta in profit after tax impacted by €365 m Biogen provision reversal (Q3 2020) and €71 m Bintrafusp study termination provision (Q3 2021)
- Outflow from working capital primarily driven by Life Science sales growth
- Q3 2020 investing cash flow elevated by temporary investment of excess cash in non-financial assets
- Higher CAPEX on PPE reflects ongoing capacity expansion
- Net repayment of liabilities & commercial papers drives financing cash flow






03

guidance





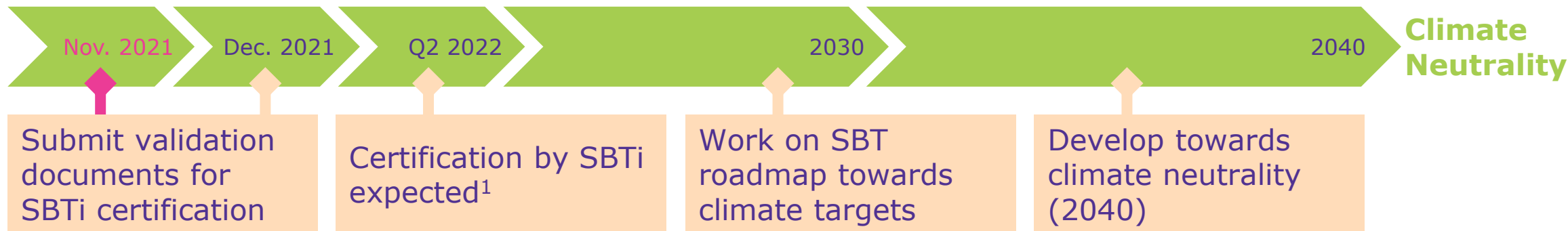
# Holistic view: a look at inflation, input prices and potential shortages

Sector	Input prices & shortages	Output pricing
 <b>Life Science</b> Sep 2021 YTD Gross Margin: <b>60%</b>	<ul style="list-style-type: none"><li>▪ Higher than usual wage inflation in some countries, such as the U.S.</li><li>▪ Freight costs remain elevated</li><li>▪ Selected materials see price increases</li><li>▪ Limited material shortages so far</li></ul>	<ul style="list-style-type: none"><li>▪ Pricing currently at higher end of historical corridor</li><li>▪ Actively monitoring environment and adjusting pricing accordingly with good ability to pass on raw mat increases</li></ul>
 <b>Healthcare</b> Sep 2021 YTD Gross Margin: <b>76%</b>	<ul style="list-style-type: none"><li>▪ Generally lower manufacturing costs</li><li>▪ Limited critical raw materials</li><li>▪ Higher share of discretionary spend, that is more flexible in nature</li></ul>	<ul style="list-style-type: none"><li>▪ Industry-typical, limited pricing flexibility in most geographies</li><li>▪ In some geographies possibility to increase prices related to inflationary pressure</li></ul>
 <b>Electronics</b> Sep 2021 YTD Gross Margin: <b>43%</b>	<ul style="list-style-type: none"><li>▪ Some materials see higher price increases, e.g., petroleum-based PGME &amp; PGMEA<sup>1</sup></li><li>▪ Tightening labor markets</li><li>▪ Some, well-managed critical materials</li><li>▪ Elevated freight cost, driven by factors such as port congestions and container shortages</li></ul>	<ul style="list-style-type: none"><li>▪ Industry-typical pricing corridor based on economies of scale amid rising volumes</li><li>▪ Evaluating pricing on case-by-case basis ( e.g. temporary surcharges) depending on input price development</li></ul>

 **Overall, well positioned to manage profitability amid higher input volatility**



# Outlook: On the path towards climate neutrality 2040



SBTi commitment letter signed

- Aiming for **climate neutrality** (scope 1-3 emissions) **by 2040**
- **Lower scope 1&2 GHG<sup>2</sup> emissions by 50%** by 2030 vs. 2020 baseline
- **Source 80% of purchased electricity from renewable sources** by 2030
- **Current scope 3 aspiration to reduce 1,500 kt<sup>3</sup> CO<sub>2</sub> equivalents** by 2030

## Science-Based Target initiative (SBTi):

Science-based targets provide a clearly defined pathway for companies to reduce GHG emissions, helping prevent the worst impacts of climate change and future-proof business growth.

Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement, pursuing efforts to limit global warming to 1.5°C.



# Full-year 2021 guidance

## Net sales:

Organic: +13% to +15% YoY  
FX: -1% to -2% YoY  
**~€19.30 bn to €19.85 bn**

## EBITDA pre:

Organic: +26% to +29% YoY *(excl Biogen<sup>1</sup>)*  
FX: -1% to -2% YoY  
**~€6.00 bn to €6.30 bn**

## EPS pre:

**~ €8.50 to €9.00**

<sup>1</sup> Q3 20 reversal of the provision for the patent dispute over Rebif in the amount of ~€365 m; Guidance including Biogen – organic: +17% to +20%



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

## Life Science



### Net sales

- Organic: +20% to +22%
- Process Solutions as main growth driver, including ~€1 bn COVID-19 sales

### EBITDA pre

- Organic: +36% to +39% YoY
- FX: -1% to -2% YoY
- ~€3,200 – 3,350 m

## Healthcare



### Net sales

- Organic: +8% to +9%
- Mainly driven by Mavenclo<sup>®</sup> and Bavencio<sup>®</sup>
- Established portfolio growing organically

### EBITDA pre

- Organic: +17% to +20% YoY (excl Biogen<sup>2</sup>)
- FX: -5% to -6% YoY
- ~€2,110 – 2,200 m

## Electronics



### Net sales

- Organic: +7% to +8%
- Strong Semiconductor Solutions contribution
- OLED with high growth

### EBITDA pre

- Organic: +9% to +12% YoY
- FX: 0% to -2% YoY
- ~€1,080 – 1,140 m

<sup>1</sup>Divisional guidances are only support to the group guidance and do not have to add up;  
<sup>2</sup>Q3 2020 reversal of the provision for the patent dispute over Rebif in the amount of ~€365 m; Healthcare Guidance including Biogen – organic: +1% to -2%

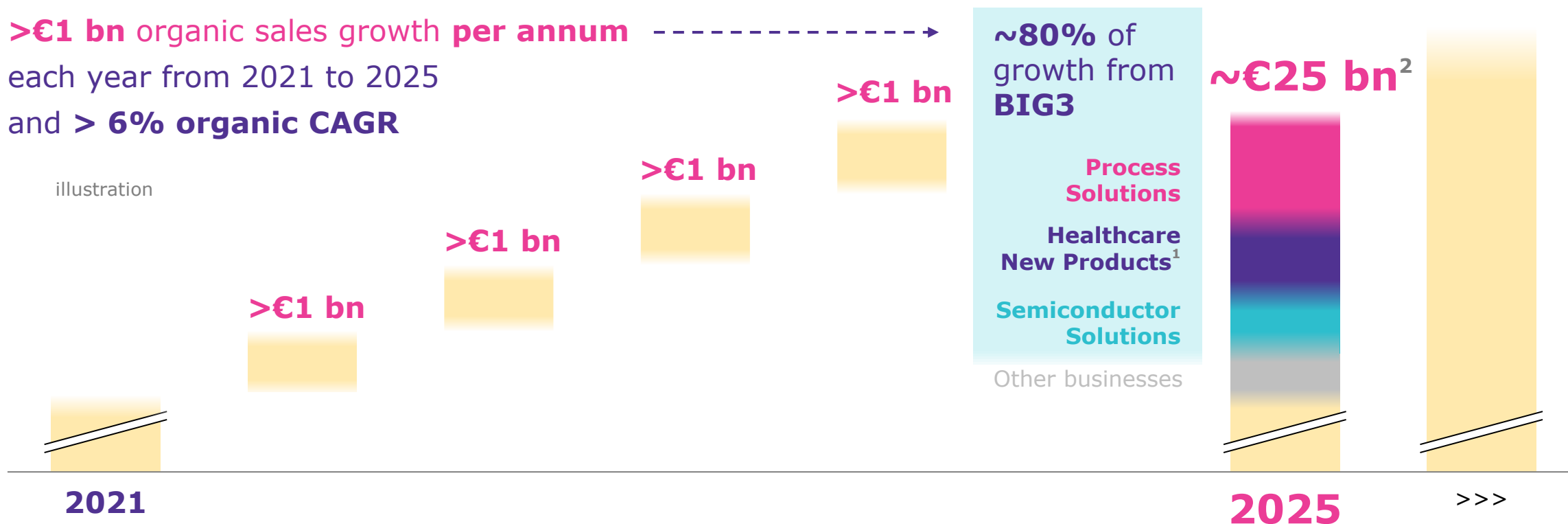


# Looking beyond 2021

## #25by25: delivering €5 bn+ organic additional sales by 2025

>€1 bn organic sales growth per annum  
each year from 2021 to 2025  
and > 6% organic CAGR

illustration



## Clear commitment to efficient growth

1) Updated scope: New Products consist of recent launches (Bavencio®, Mavenclad®, Tepmetko® MET-exon 14) and risk-adjusted launches to come until 2025 2) including potential bolt-on M&A



# Appendix



# Additional financial guidance 2021

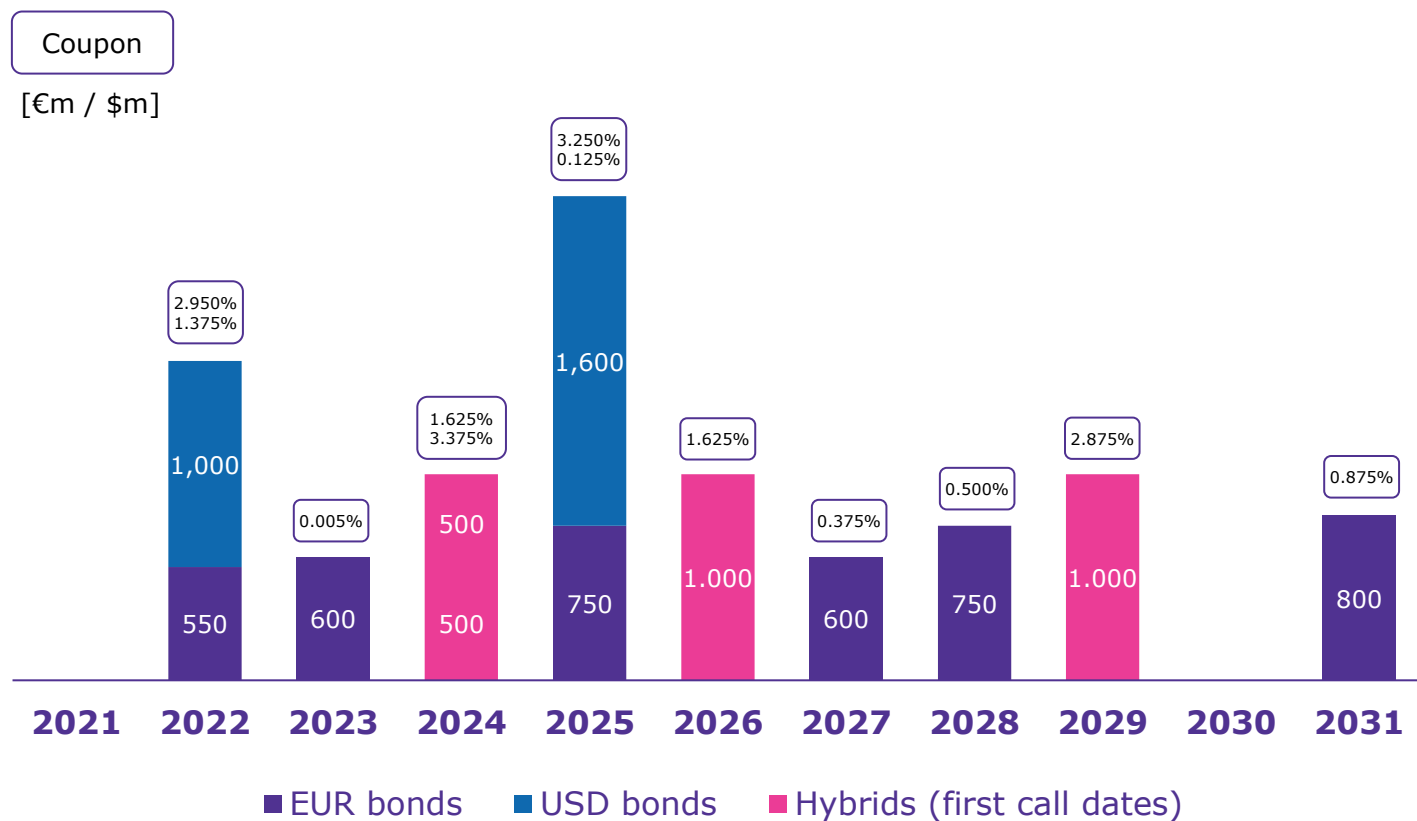
## Further financial details

Corporate & Other EBITDA pre	~ €-440 to -470 m
Interest result	~ €-190 to -220 m
Effective tax rate	~22% to 24%
Capex on PPE	~€1.4 bn
Hedging/USD assumption	<b>FY 2021 hedge ratio ~70% at EUR/USD ~1.17</b>
2021 Ø EUR/USD assumption	~1.17 to 1.19



# Credit details

## Maturity profile as of Sep 30, 2021



## Credit rating information

	LT Rating	Since	Outlook	ST Rating
MOODY'S	Baa1 <sup>1</sup>	12.12.14	Stable	P-2
S&P Global	A	29.05.13	Stable	A-1
SCOPE	A-	19.10.16	Stable <sup>2</sup>	S-1

<sup>1</sup> Moody's upgrade to A3 as of 21 Oct 2021

<sup>2</sup> Scope outlook change to "positive" as of 11 Oct 2021





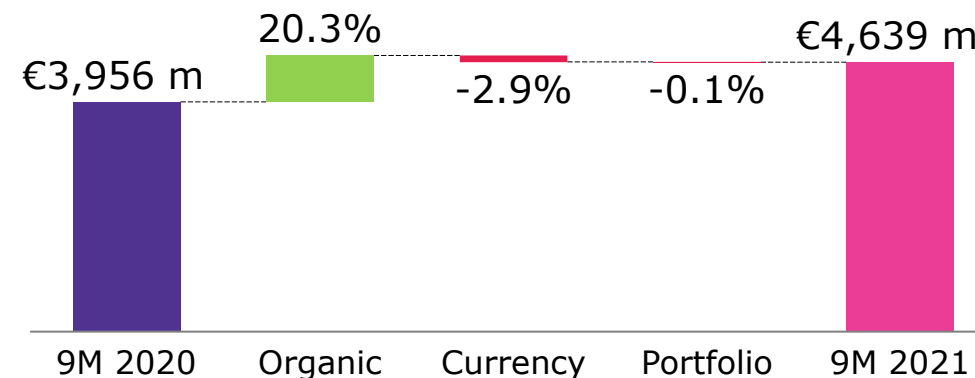
# Strong 9M performance across all three business sectors; Life Science growing 24% organically in the first 9 months of 2021

## 9M YoY Net Sales

	Organic	Currency	Portfolio	Total
Life Science	23.9%	-3.5%	0.0%	20.4%
Healthcare	9.9%	-3.0%	-0.5%	6.4%
Electronics	6.7%	-2.6%	0.0%	4.1%
<b>Group</b>	<b>15.2%</b>	<b>-3.1%</b>	<b>-0.2%</b>	<b>11.9%</b>

- Record 9M sales in all three Life Science business units, supported by COVID-19 demand (Process & Research), drive unprecedented +24% 9M org. sales growth in Life Science
- Healthcare growing +10% organically YTD September, driven by Oncology, Mavenclad<sup>®</sup> and Fertility recovery against soft comps
- +12% organic growth in Semiconductor Solutions and +16% in Surface Solutions against soft comps drive 7% 9M organic growth in Electronics

## 9M YoY EBITDA pre



- Underlying EBITDA pre growing 32.5% organically (excluding Biogen provision reversal in Q3 2020) at more than twice the rate of sales growth
- Efficient growth primarily in Life Science drives EBITDA pre and margin expansion
- FX headwinds softening as Q3 FX effect turned positive resulting in a drag of -2.9% YTD



# 9M 2021: Overview

## Key figures

[€m]	9M 2020	9M 2021	Δ	(Excl. Biogen provision reversal)	
				9M 2020	Δ
Net sales	12,936	<b>14,474</b>	11.9%		
EBITDA pre	3,956	4,639	17.3%	<b>3,591</b>	29.2%
Margin (in % of net sales)	30.6%	32.0%	1.5pp	<b>27.8%</b>	4.2 pp
EPS pre	5.14	<b>6.66</b>	29.6%	<b>4.51</b>	47.7%
Operating cash flow	2,189	<b>3,571</b>	63.1%		

[€m]	Dec. 31, 2020	Sept. 30, 2021	Δ
Net financial debt	-10,758	<b>-9,320</b>	-13.4%
Working capital	3,938	<b>4,481</b>	13.8%
Employees	58,096	<b>58,483</b>	0.7%

## Comments

- Strong YTD performance across all three Sectors. Particularly Life Science drives 12% growth in the first 9 months
- Underlying EBITDA pre growing at nearly 3x the rate of sales, driven primarily by operating leverage in Life Science, Bavencio<sup>®</sup> and soft comps in Fertility
- Improved financial result and lower tax rate further support EPS pre growth
- Operating cash flow up 63% supporting YTD net debt reduction of €1.4 bn
- Life Science sales growth main driver of higher working capital



# 9M 2021: Reported figures – impacted by Q3 2020 Biogen provision

## Reported results

[€m]	9M 2020	9M 2021	Δ
EBIT	2,374	<b>3,140</b>	32.3%
Financial result	-302	<b>-208</b>	-31.2%
Profit before tax	2,071	<b>2,932</b>	41.5%
Income tax	-518	<b>-673</b>	30.0%
<i>Effective tax rate (%)</i>	25.0%	<b>23.0%</b>	-2.0pp
Net income	1,551	<b>2,253</b>	45.2%
EPS (€)	3.57	<b>5.18</b>	45.1%

## Comments

- EBIT growing 32%, despite Biogen, driven primarily by operating leverage in Life Science, Bavencio® and soft comps in Fertility
- Improved financial result driven primarily by ongoing deleveraging
- Effective tax rate within guidance range of ~24-22%
- Higher net income and EPS reflect higher EBIT, improved financial result and lower tax rate



# Life Science 9M: Strong YTD performance with €1.3 bn org. net sales growth, primarily driven by Process Solutions

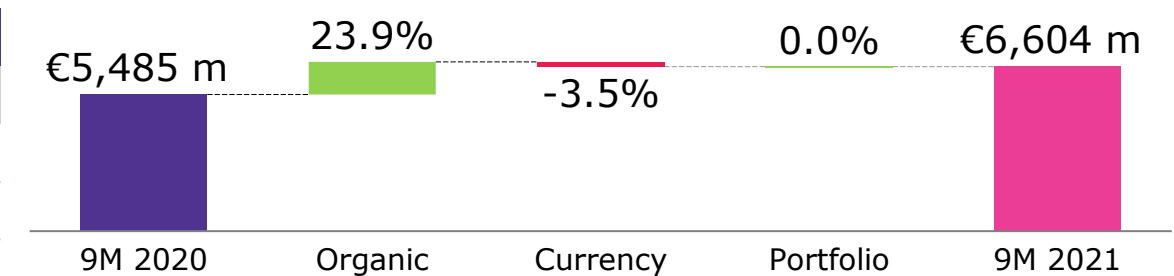
## Life Science P&L

[€m]	IFRS		Pre adjustments	
	9M 2020	9M 2021	9M 2020	9M 2021
Net sales	5,485	6,604	5,485	<b>6,604</b>
M&S*	-1,464	-1,535	-1,462	<b>-1,532</b>
Admin	-278	-267	-248	<b>-242</b>
R&D	-226	-250	-226	<b>-250</b>
EBIT	1,148	1,851	1,162	<b>1,877</b>
EBITDA	1,737	2,420	-	-
EBITDA pre	1,752	<b>2,446</b>	1,752	<b>2,446</b>
(in % of net Sales)	31.9%	<b>37.0%</b>	31.9%	<b>37.0%</b>

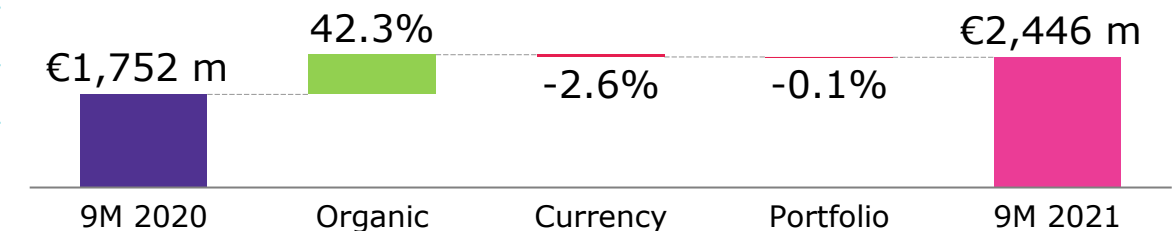
## Comments

- 33% organic growth of Process Solutions driven by additional COVID-19 demand in downstream and single use on top of strong base business
- Research Solutions growing 20% org. against a partially impacted 9M 2020 with lab closures in H1 and partial catch-up in Q3 2020
- Applied Solutions growing 10% org. against soft comps, where Q3 2020 was back to moderate growth but unable to recover lost H1 2020 sales
- Lower M&S in % of sales, 27% down to 23% due to strong operating leverage; largest driver of absolute increase are logistics cost
- Ongoing investments in strategic projects in R&D
- Outstanding operating leverage and favorable product mix in 9M 2021 temporarily boost EBITDA pre margin to 37%; first sequential normalization of EBITDA pre margin visible in Q3 2021

## Net sales bridge

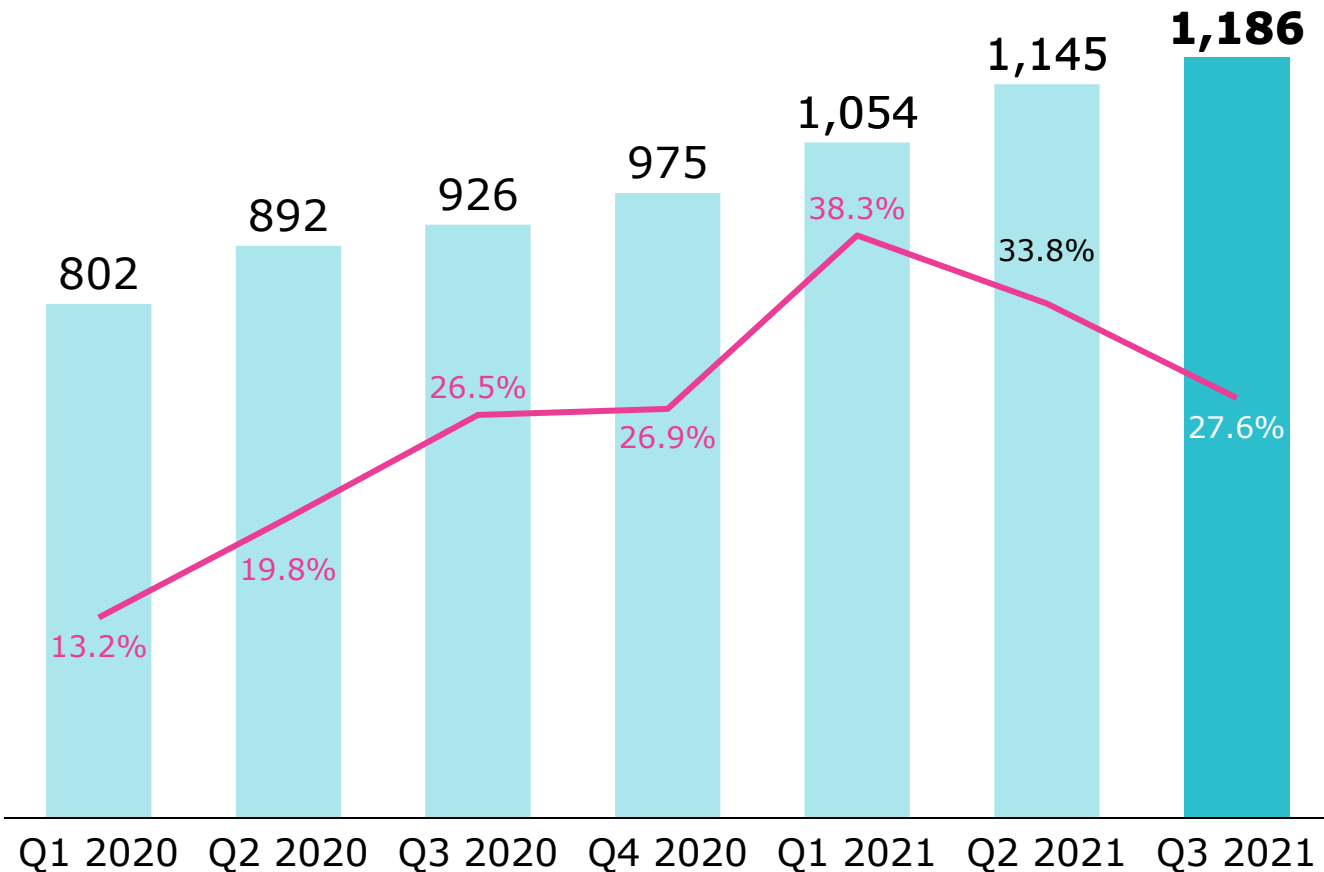


## EBITDA pre bridge



# BIG 3 - Process Solutions: record Q3 2021 in absolute terms, declining growth rate against tough comps

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

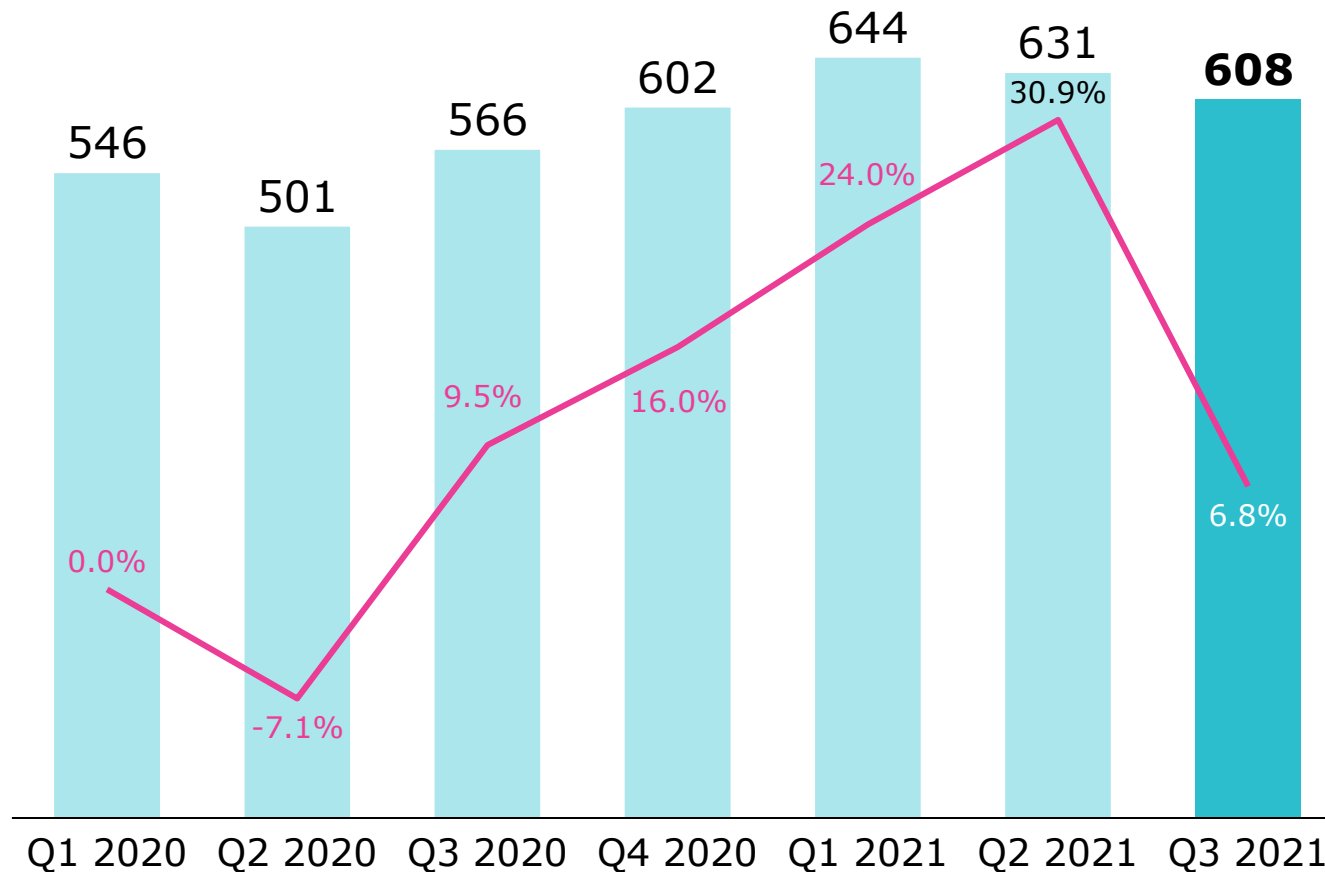


- Continued **strong growth in the core business** paired with still increasing **COVID-19 contributions** (mainly vaccine related) which face increasingly tougher comps
- **BioP remains main growth driver**, followed by formulations (e.g. lipids for mRNA)
- **Growth starting to moderate** as expected amid rising comps (Q3 2020 with increasing COVID-19 contributions)
- Sequentially higher sales as output increases on the back of **ongoing productivity gains and successful capacity ramp-up**
- **Order intake growth** in Q3 2021 remains above sales growth (>30%)



# Research Solutions: Normalizing org. growth against tougher comps

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

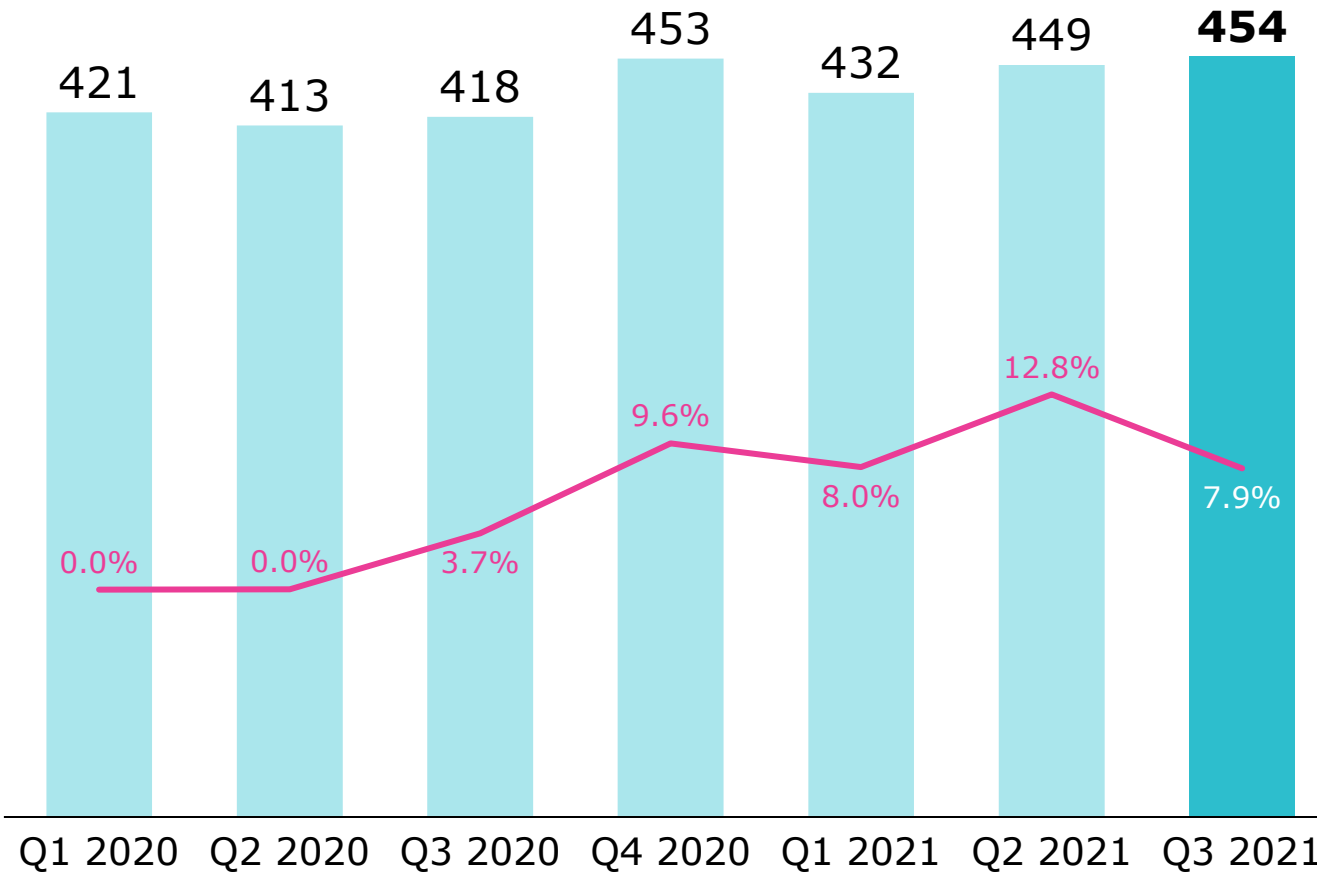


- **Organic growth now moderating to 7%** as Q3 2020 comparables include strong post Q2 lockdown catch-up and recovery as well as additional COVID-19 demand
- Absolute sales on high Q4 2020 level, but sequentially below Q1 and Q2 as **COVID-19 sales** (diagnostic raw mats) **start to fade**
- Ongoing **core business recovery** and catch-up amid **rising lab activity**
- **North America continues to be fastest growing region** in Q3, followed by emerging markets
- **Pharma & Biotech** and Industrial & Testing fastest growing customer segments, followed by Diagnostics & Academia



# Applied Solutions: record absolute sales, normalizing growth rate

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



- **Growth remains on elevated level** due to ongoing post-lockdown recovery
- **Core business remains main driver** with broad-based performance across business lines
- **COVID-19-related sales are negligible**
- **APAC and Europe** main growth drivers in Q3, followed by North America region
- **Industrial & Testing** fastest growing amid ongoing market recovery, followed by Pharma & Biotech, Diagnostics and Academia



# Healthcare 9M: Strong net sales growth; underlying EBITDA pre growing 28% organically

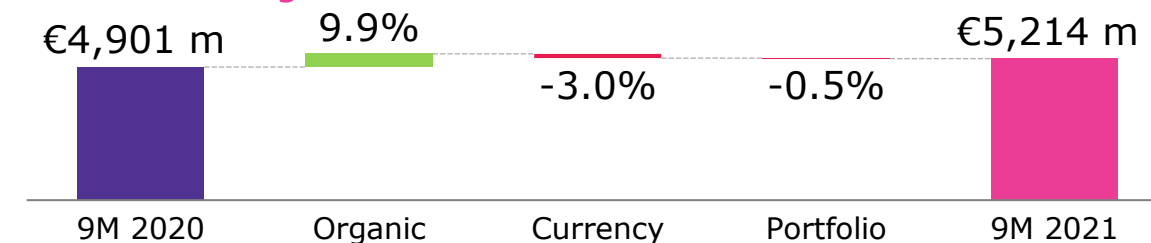
## Healthcare P&L

[€m]	IFRS		Pre	
	9M 2020	9M 2021	9M 2020	9M 2021
Net sales	4,901	5,214	4,901	<b>5,214</b>
M&S*	-1,215	-1,147	-1,203	<b>-1,140</b>
Admin	-236	-229	-233	<b>-223</b>
R&D	-1,161	-1,317	-1,161	<b>-1,315</b>
EBIT	1,499	1,399	1,491	<b>1,429</b>
EBITDA	1,752	1,627	-	-
EBITDA pre	1,742	<b>1,655</b>	1,742	<b>1,655</b>
(in % of net sales)	35.5%	<b>31.7%</b>	35.5%	<b>31.7%</b>

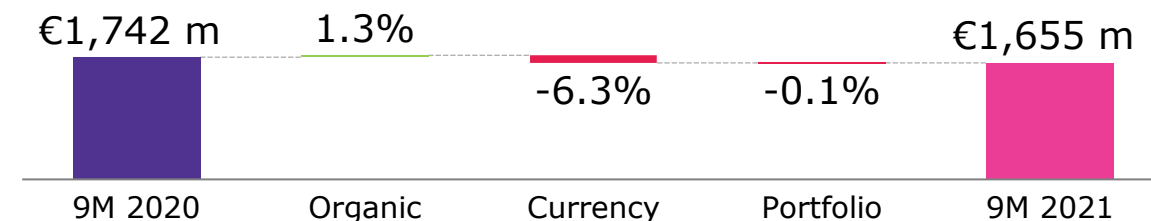
## Comments

- Mavenclad® up 47% organically versus 9M 2020 amid dampened recovery of dynamic market, more than offsetting Rebif® decline and driving 3% org. growth in N&I
- Fertility growing 32% org. against lockdown-impacted 9M 2020, with strong recovery to above pre COVID-19 levels, as majority of clinics have returned to normal operations
- Bavencio® up 150% org. driven by ramp-up in the U.S., EU and Japan; Erbitux® grows 17% organically supported by Eli Lilly supply in the U.S
- Absolute M&S decrease amid rigorous cost management, further supported by reduced face-to-face activities during COVID-19 pandemic versus 9M 2020 with a largely unaffected Q1 2020
- Higher R&D as ramp up of development activities for Xevinapant and Evobrutinib further elevated by Bintrafusp termination accrual
- EBITDA pre growth impacted by €365 m provision reversal in Q3 2020; underlying EBITDA pre growth of 28%

## Net sales bridge



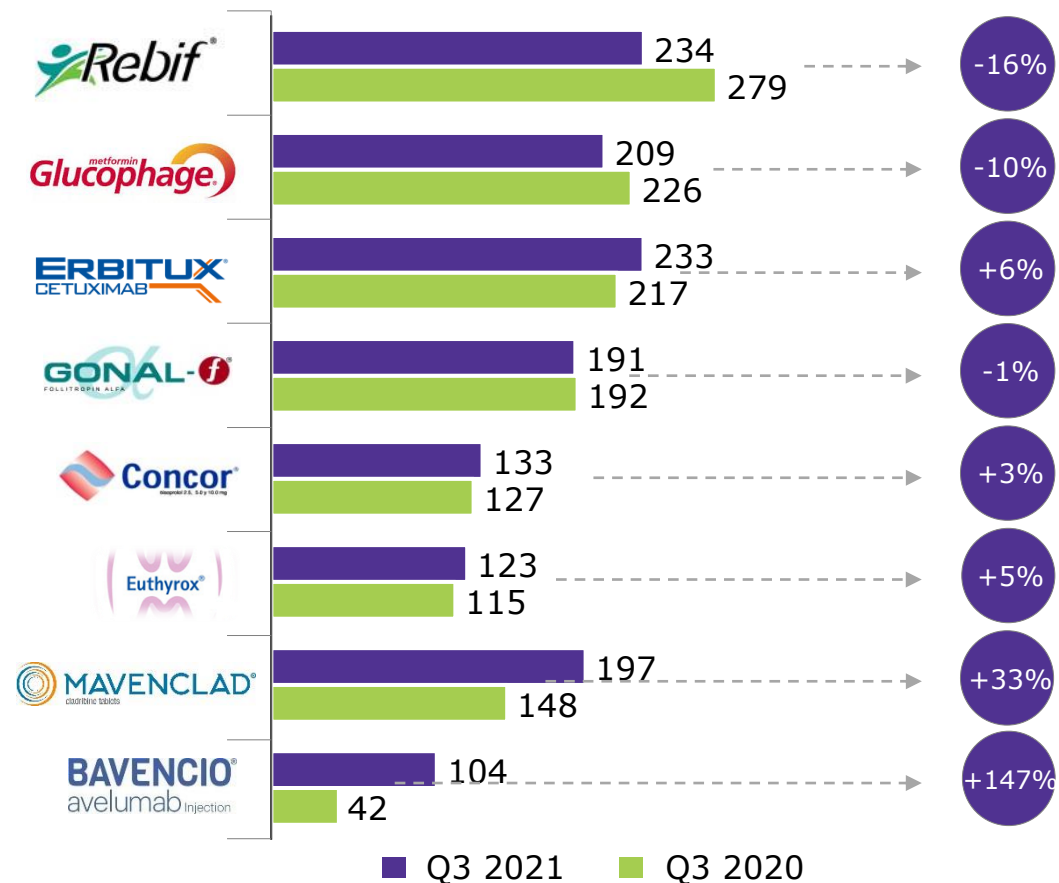
## EBITDA pre bridge



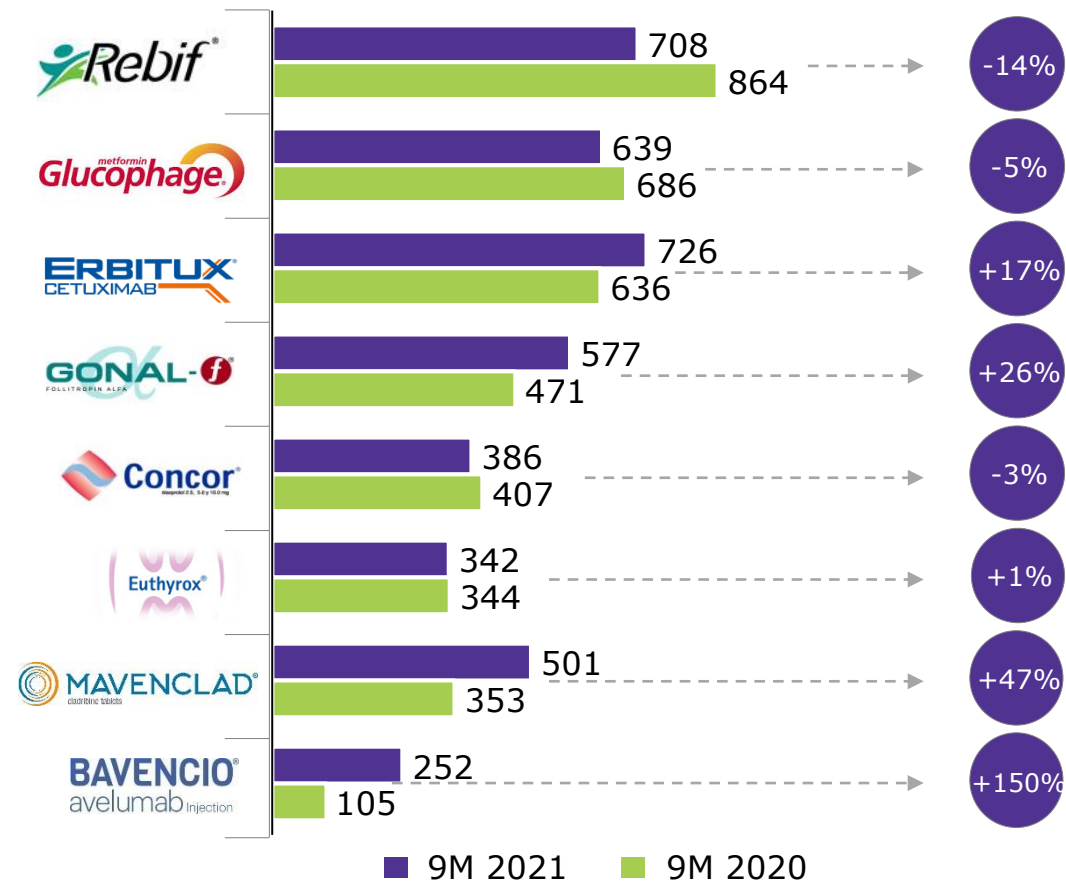


# Healthcare organic growth by franchise/product

Q3 2021 organic sales growth [%]  
by key product [€m]

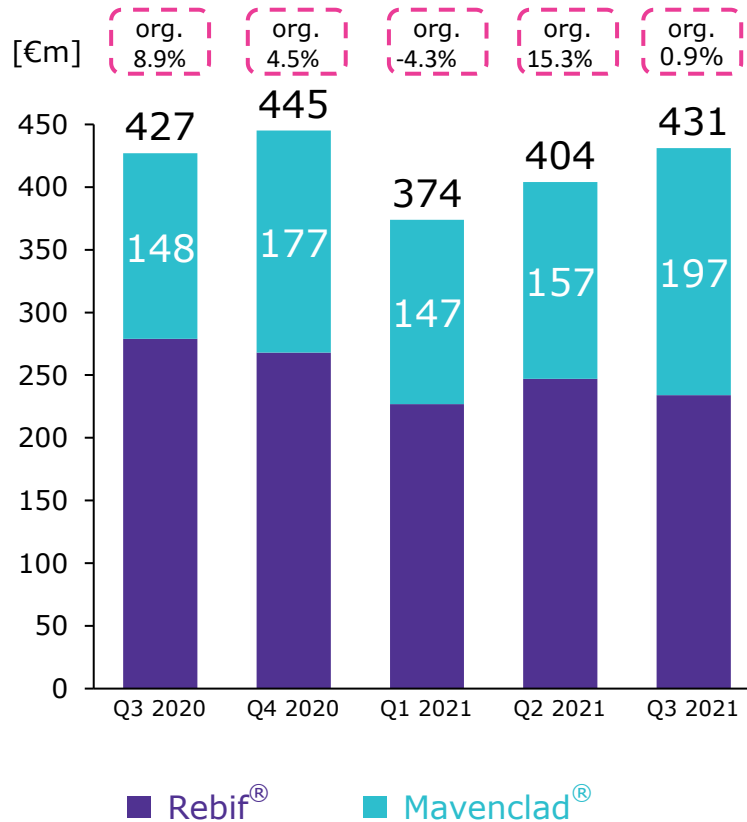


9M 2021 organic sales growth [%]  
by key product [€m]

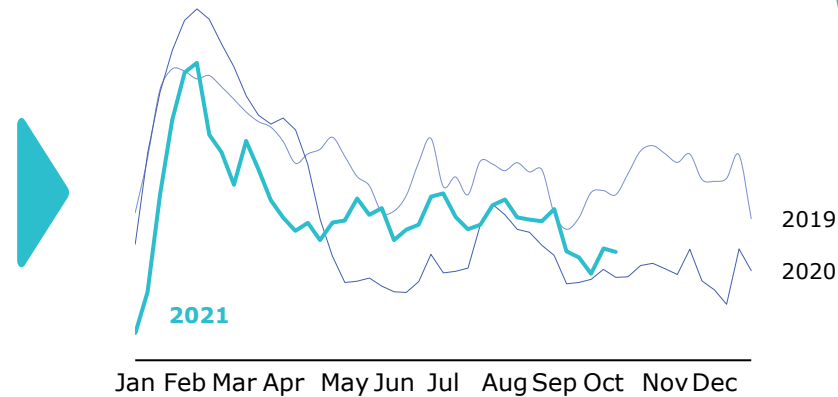


# Neurology & Immunology: Mavenclad<sup>®</sup> hits record quarter with sales up 33% (org.) YoY and equal growth contribution by U.S. and ex U.S.

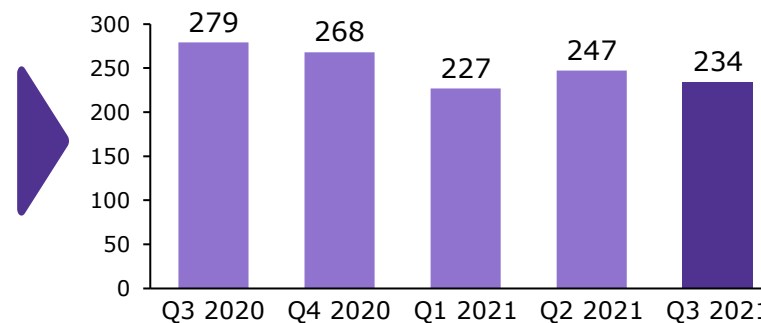
## Sales development N&I, [€m]



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



## Rebif<sup>®</sup> net sales, [€m]



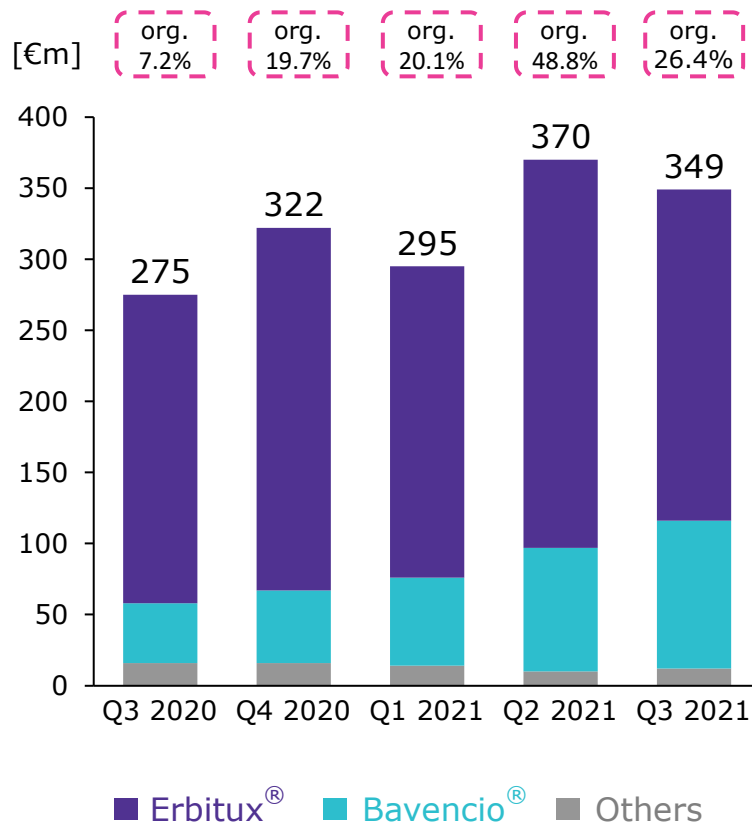
- Recovery of US dynamic market dampened by COVID 19 delta wave
- Underlying ~20% Mavenclad sales growth QoQ, boosted by add. <5% one time US impact
- QoQ growth driven by improved new patient acquisition and higher volume of return patients

- Rebif<sup>®</sup> decline in line with U.S. interferon market trend
- N&I franchise growing QoQ as Mavenclad<sup>®</sup> growth outweighs Rebif<sup>®</sup> decline

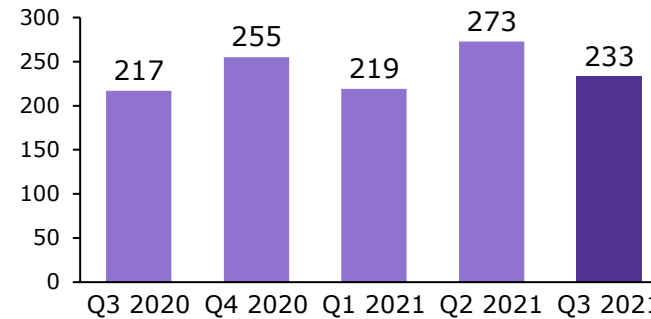


# Oncology: UC 1L ramp-up fuels 147% organic growth in Bavencio®

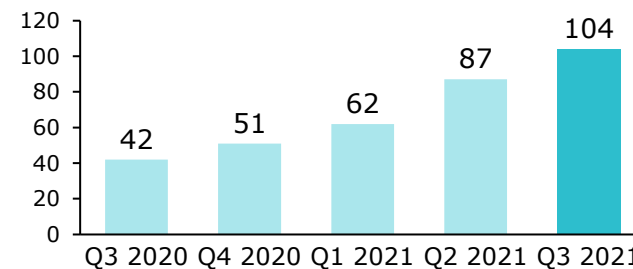
## Sales development Oncology, [€m]



## Erbitux® net sales, [€m]



## Bavencio® net sales, [€m]



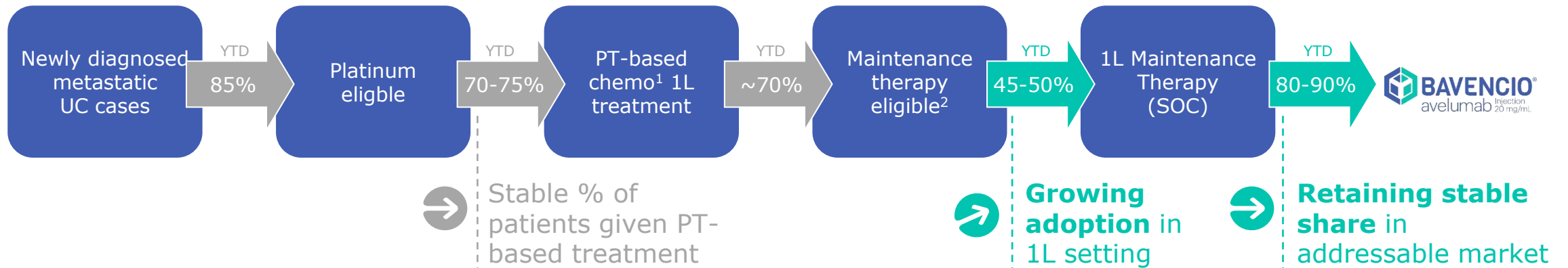
- Solid 6% org. growth with all major regions contributing
- Sequential phasing shows Eli Lilly supply agreement effect in Q4 2020 (€32 m) and Q2 2021 (€49 m)

- Sales more than double (+147% org. growth)
- ~20% QoQ growth driven by 1L UC launch ramp-up in the U.S. further supported by Europe and Japan



# Bavencio® UC 1L launch: Growing adoption of 1L maintenance therapy treatment and establishing stable market shares across key geographies

## U.S. - Approved in June 2020:



## EU and Japan - Approved in January and February 2021 respectively:

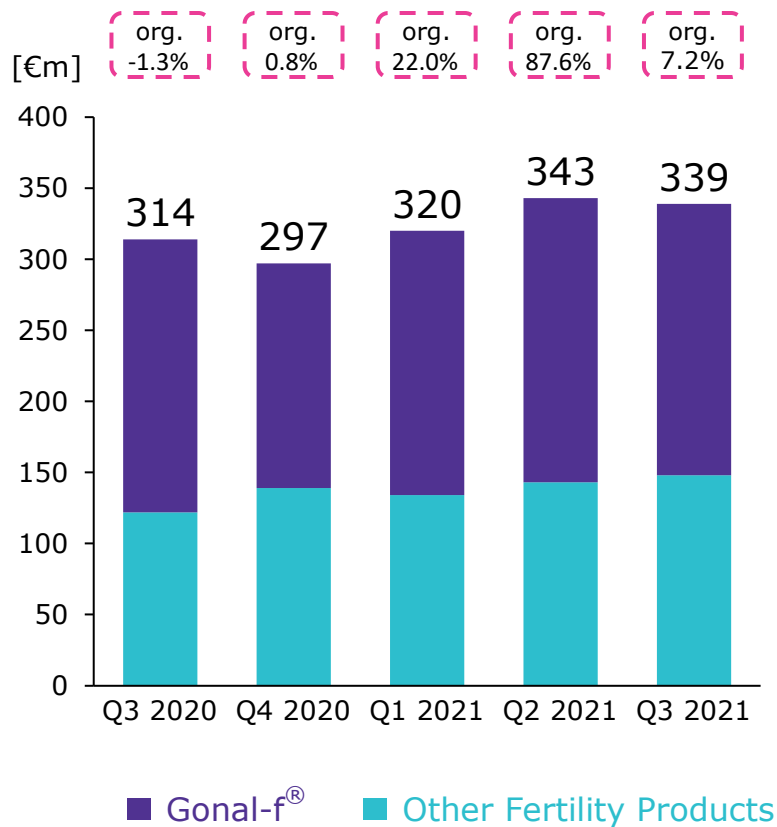
- Now approved in **50 markets** and **reimbursed in ~1/3**
- **Strong 1L adoption in key launch markets** (e.g. Japan, France, Germany) supported by **treatment guideline recommendations** and **KOL support**, on track to become **SOC**

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

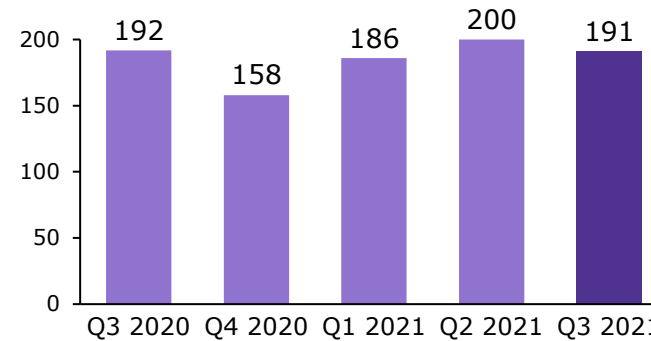


# Fertility: strong org. growth of +7% against already recovered Q3 LY

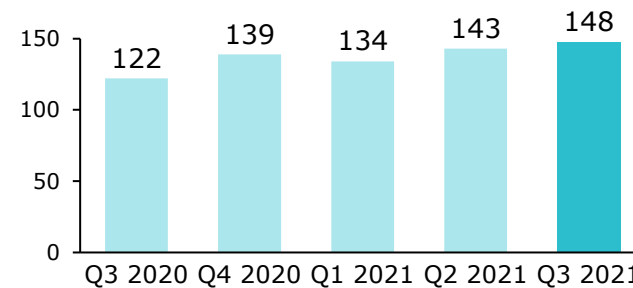
## Sales development Fertility, [€m]



## Gonal-f<sup>®</sup> net sales, [€m]



## Other Fertility net sales, [€m]

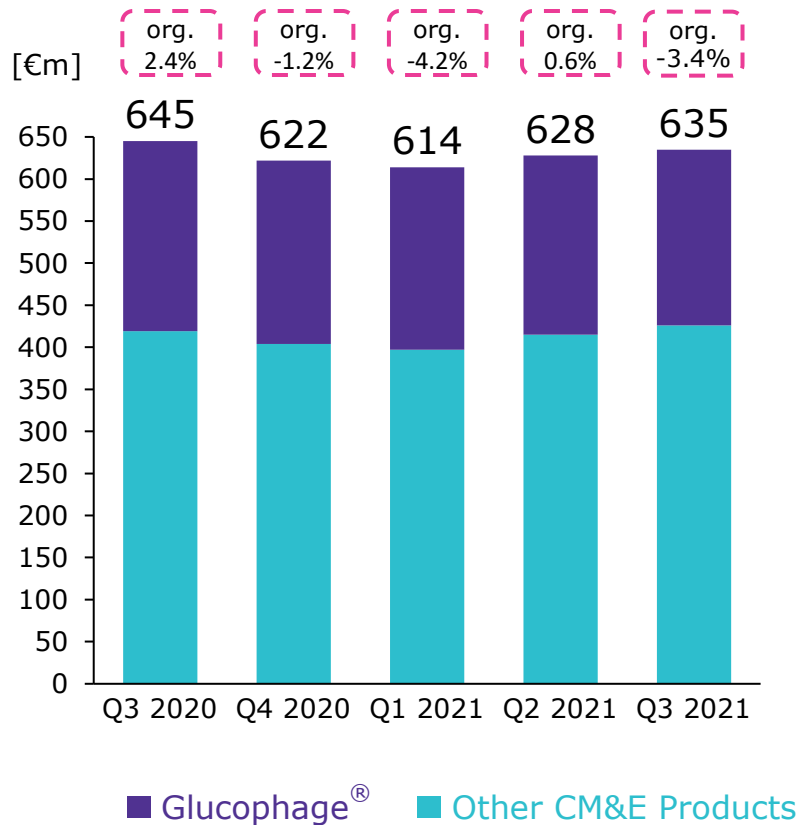


- Gonal-f<sup>®</sup> underlying growth in all markets except U.S.
- Fertility portfolio mostly back to pre pandemic levels
- Franchise expected to return to mid single-digit growth mid term

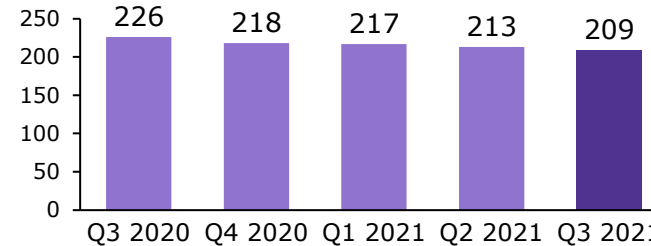


# CM&E: Growth in other regions and strong Endocrinology largely offset VBP impact on Glucophage<sup>®</sup> in China

Sales development CM&E, [€m]

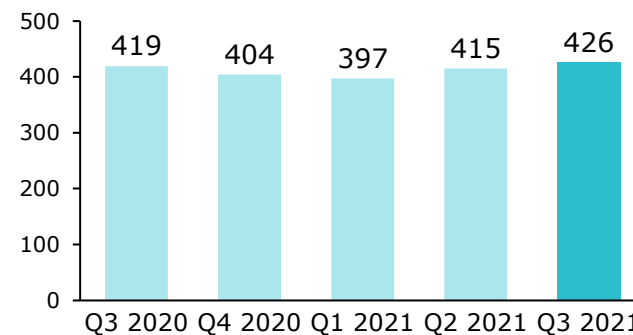


Glucophage<sup>®</sup> net sales, [€m]



- Glucophage organic decline of -10% partly compensated by +3% FX tailwinds
- VBP<sup>1</sup> hit expected to have largely materialized in Q3 2021

Other CM&E net sales, [€m]



- APAC driving growth across Other CM&E portfolio, primarily Concor<sup>®</sup> and Euthyrox<sup>®</sup>



## 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>

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

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

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

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

## 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**  
Cervical cancer 2L

**enpatoran**  
**TLR7/8 antagonist**  
COVID-19 pneumonia

## 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

**arpraziquantel**  
**anthelmintic**  
Pediatric schistosomiasis

## Registration

**tepotinib**  
**MET kinase inhibitor**  
Non-small cell lung cancer,  
*METex14 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 SCCHN 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.

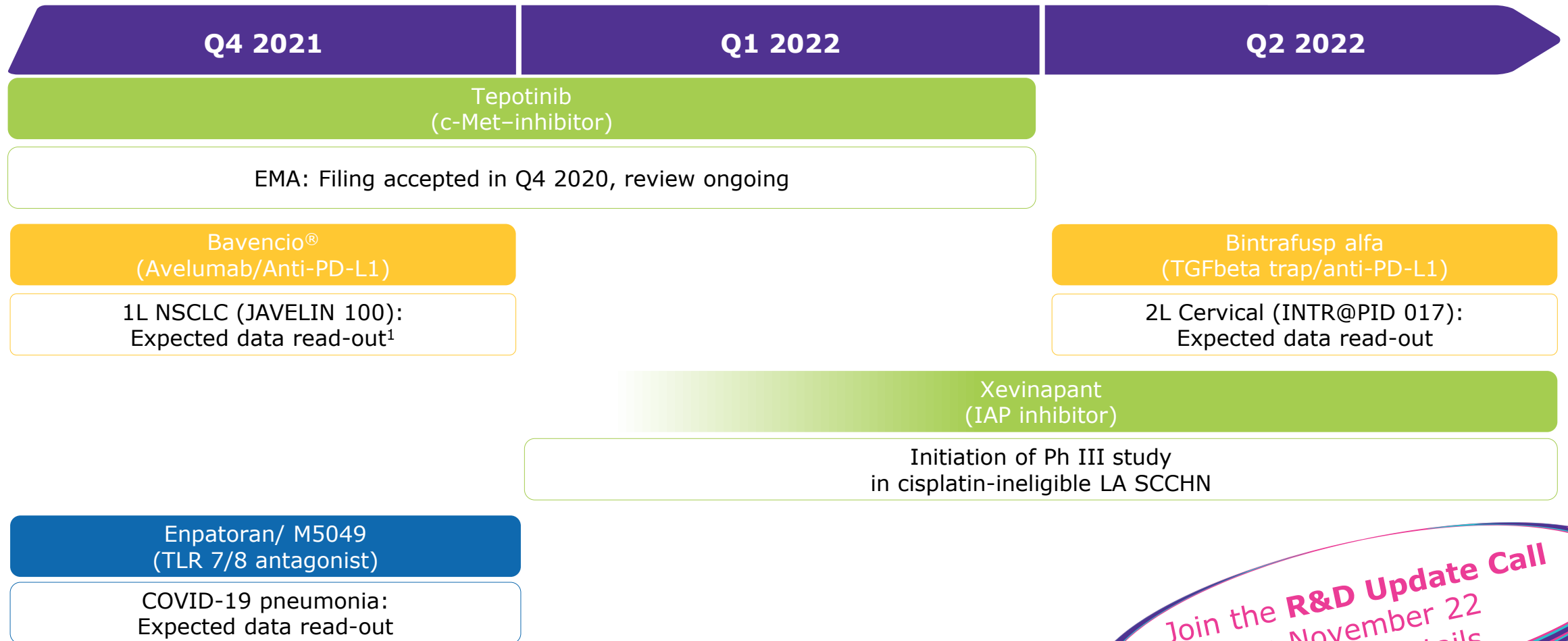
Unless noted otherwise, clinical programs conducted in collaboration with external partners are not shown unless the group has co-ownership of data. In such case the indication is shown in *Italics*.

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

■ Oncology  
■ Immuno-Oncology ■ Immunology



Join the **R&D Update Call**  
 on November 22  
 for more details



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



# Electronics 9M: top-line growth well above mid-term guidance driven by strong Semi Solutions and soft comps in Surface Solutions

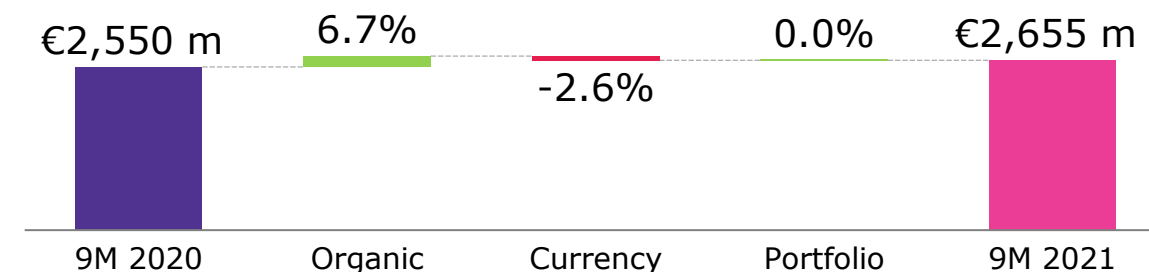
## Electronics P&L

[€m]	IFRS		Pre adjustments	
	9M 2020	9M 2021	9M 2020	9M 2021
Net sales	2,550	2,655	2,550	<b>2,655</b>
M&S*	-402	-419	-398	<b>-417</b>
Admin	-121	-103	-110	<b>-89</b>
R&D	-205	-205	-206	<b>-204</b>
EBIT	162	369	355	<b>434</b>
EBITDA	697	789	-	-
EBITDA pre	778	<b>829</b>	778	<b>829</b>
(in % of net Sales)	30.5%	<b>31.2%</b>	30.5%	<b>31.2%</b>

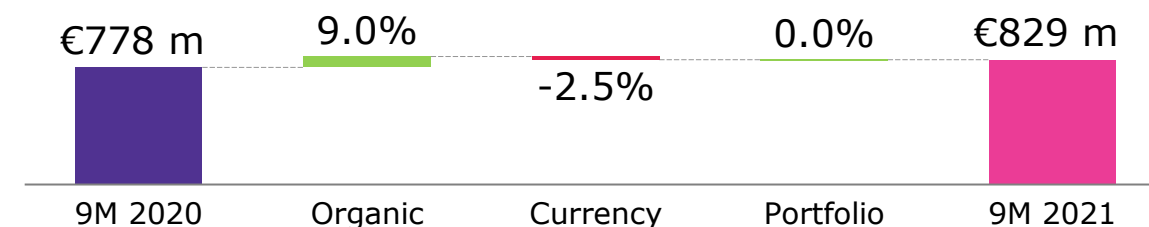
## Comments

- Semiconductor Solutions: growing 12% org. YTD; strong underlying demand for materials further supported by favorable DS&S phasing
- Display Solutions: declining -5% org. YTD against a somewhat impacted COVID-19 impacted 9M 2020, OLED showing strong growth well into the double-digits
- Surface Solutions: 16% org. YTD growth against a heavy COVID-19 impact on automotive and cosmetic end markets in 9M 2020
- M&S at a flat 16% of sales; Admin declining in absolute terms amid diligent underlying cost management as part of Bright Future program
- R&D 9M flat vs. 2020 overall, showing underlying Bright Future cost management, while growing in line with sales for Semi Solutions
- EBITDA pre growing faster than sales at 9% org. FX effect easing sequentially for 9M, as it turns positive in Q3

## Net sales bridge

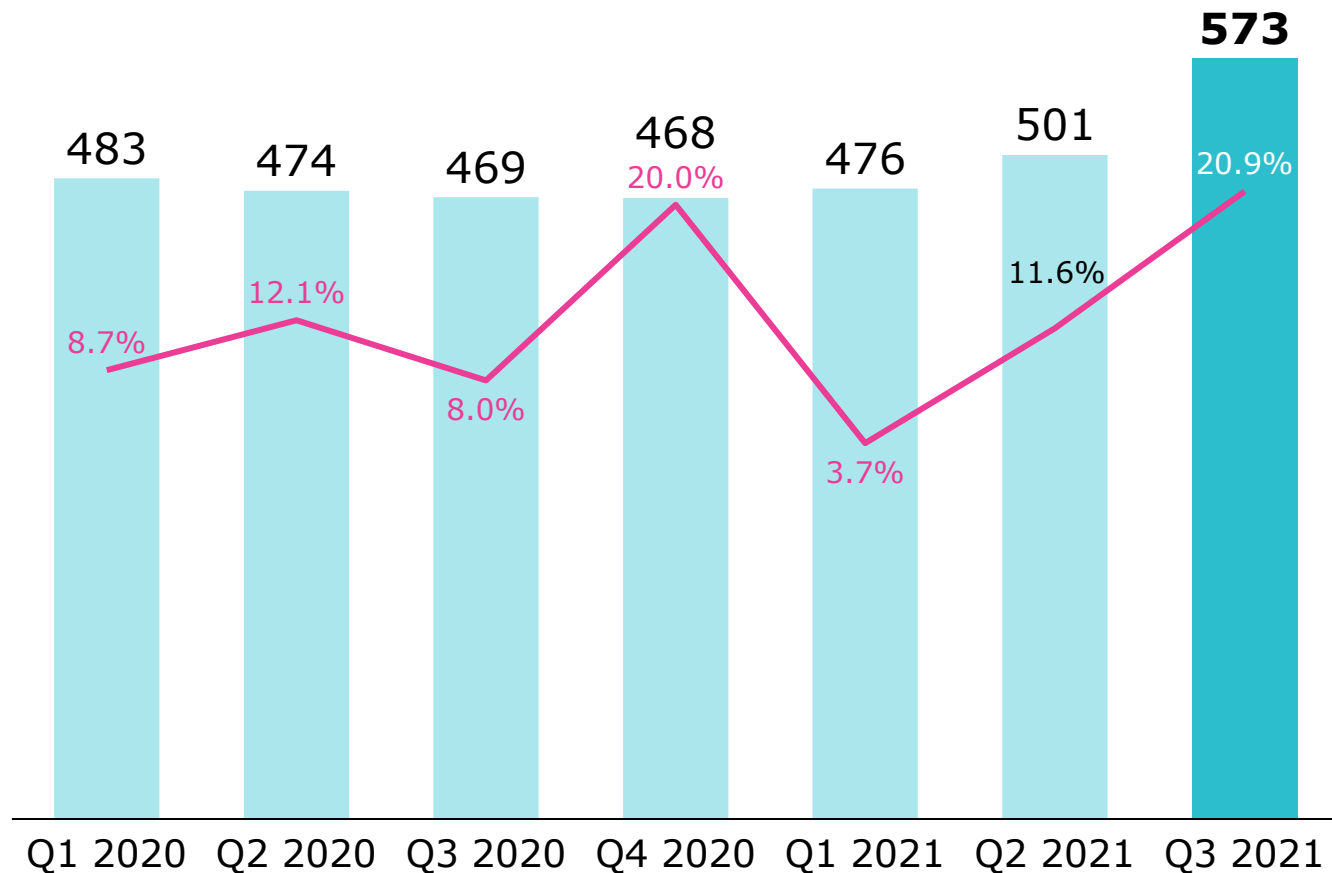


## EBITDA pre bridge



# BIG 3 - Semiconductor Solutions: Strong Semi Materials drive growth

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



- **Another record quarter** for Semiconductor Solutions, both in terms of absolute sales and organic growth
- **Semiconductor Materials** biggest contributor to growth with double-digit organic growth rate amid continued strong underlying demand
- **Positive DS&S project phasing in Q3**, expected to continue in Q4 and into H1 2022
- **Continued strong confidence** in mid-term market outperformance, and in Semi Solutions, contribution to deliver 2021 Electronics guidance



# Cash flow statement

## 9M 2021 – cash flow statement

[€m]	9M 2020	9M 2021	Δ
Profit after tax	1,554	<b>2,258</b>	705
D&A	1,442	<b>1,287</b>	-156
Changes in provisions	-294	<b>246</b>	540
Changes in other assets/liabilities	-75	<b>72</b>	147
Other operating activities	0	<b>46</b>	46
Changes in working capital	-437	<b>-338</b>	99
<b>Operating cash flow</b>	2,189	<b>3,571</b>	1,382
Investing cash flow	-1,242	<b>-1,226</b>	16
thereof Capex on PPE	-769	<b>-860</b>	-91
Financing cash flow	-141	<b>-2,184</b>	-2,044

## Cash flow drivers

- Operating cash flow growing €1.4 bn or +63% vs. 9M 2020
- Profit after tax primary driver, with +€705 m (muted by 2020 €365 m Biogen provision reversal)
- Delta in changes in provisions driven primarily by €365 m Biogen provision reversal (Q3 2020)
- Favorable delta in working capital driven by higher inventories increase in 2020 to secure supply amid COVID 19
- Financing cash flow explained by net repayment of bonds, bank liabilities and commercial papers



# Adjustments in Q3 2021

## Adjustments in EBIT

[€m]	Q3 2020		Q3 2021	
	Adjustments	thereof D&A	Adjustments	thereof D&A
Healthcare	4	0	<b>9</b>	0
Life Science	18	0	<b>18</b>	0
Electronics	28	1	<b>38</b>	18
Corporate & Other	31	0	<b>11</b>	1
Total	82	1	<b>76</b>	19



# Adjustments in 9M 2021

## Adjustments in EBIT

[€m]	9M 2020		9M 2021	
	Adjustments	thereof D&A	Adjustments	thereof D&A
Healthcare	-8	2	<b>30</b>	3
Life Science	15	0	<b>26</b>	0
Electronics	194	112	<b>65</b>	25
Corporate & Other	56	0	<b>114</b>	1
Total	256	114	<b>235</b>	30





## Financial Calendar

Date	Event
March 3, 2022	Q4 2021 Earnings release
April 22, 2022	<i>Annual General Meeting</i>
May 12, 2022	Q1 2022 Earnings release
August 4, 2022	Q2 2022 Earnings release
November 10, 2022	Q3 2022 Earnings release



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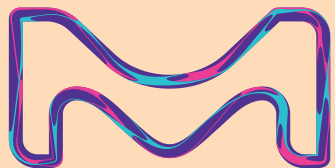


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