

Q3 2021 Financial Summary for Investors and Analysts

BIG3 drive another quarter of double-digit growth

- **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; Mavencic® 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
- **Q3 organic sales:** +10.9%
- **Q3 organic EBITDA pre:** +13.4% underlying (-10.9% incl. Q3 2020 Biogen provision reversal)
- **Guidance:**
Net sales: €19.30 – 19.85 bn
EBITDA pre: €6.00 – 6.30bn
EPS pre: €8.50 – 9.00
- Net financial debt to EBITDA pre ratio of 1.6 on Sept. 30, 2021

Overview Financials

Q3 2021 Overview

- 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 Cash Flow Statement

- 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

Q3 2021 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%

Q3 2021 Business Overview

Life Science

- **Strong core business and COVID-19 demand drive another quarter of record sales**
- Net sales deviation YoY: organic +17.1%, FX +0.6%, portfolio 0.0%
- EBITDA pre deviation YoY: organic +29.2%, FX +1.6%, portfolio -0.2%
- 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
- 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

* Marketing and selling expenses

Healthcare

- **Strong Bavencio® performance and continued Mavenclad® ramp-up drive 4% organic growth**
- Net sales deviation YoY: organic +4.1%, FX +1.0%, portfolio -0.1%
- EBITDA pre deviation YoY: organic -42.0%, FX +2.4%, portfolio 0.0%
- Mavenclad® grows +33 % organically to highest quarter at €197 m, more than offsetting organic Rebif® decline of -16%
- Oncology up +26%; Bavencio® grows +147% fueled by continued UC 1L ramp-up in key markets; Erbitux® growing across all regions (+6% org.)
- VBP¹ impact on Glucophage® drives decline in CM&E (-3% org.) which is fully compensated by Fertility growth (+7% org.)

- Lower M&S² 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

¹Volume Based Procurement

²Marketing and selling expenses

Electronics

- **21% growth in Semi continue to drive double-digit organic sales growth**
- Net sales deviation YoY: organic +10.3%, FX +1.7%, portfolio 0.0%
- EBITDA pre deviation YoY: organic +11.4%, FX +5.4%, portfolio 0.0%
- 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

* Marketing and selling expenses

2021 guidance

Group:

- Net sales:
Organic: +13% to +15% YoY
FX: -1% to -2% YoY
~€19.30 – 19.85 bn
- EBITDA pre:
Organic: +26% to +29% YoY (*excl Biogen*¹)
FX: -1% to -2% YoY
~€6.00 – 6.30 bn
- EPS pre
~€8.50 – 9.00

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

2021 business sector guidance¹:

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 Mavenclad[®], Bavencio[®]
 - Established portfolio growing organically
- EBITDA pre:
 - Organic: +17% to +20% YoY (*excl Biogen²*)
 - 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

¹Divisional guidances are only support to the group guidance and do not have to add up;

²Q3 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%

Additional financial guidance for 2021

- | | |
|--------------------------------|---|
| ▪ 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 | FY 2021 hedge ratio ~ 70%
at EUR/USD ~1.17 |
| ▪ 2021 Ø EUR/USD assumption | ~1.17 to 1.19 |

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Group Q3 2021

€ m	Group			Healthcare			Life Science			Electronics			Corporate/Others		
	Q3 2020	Q3 2021	% YoY	Q3 2020	Q3 2021	% YoY	Q3 2020	Q3 2021	% YoY	Q3 2020	Q3 2021	% YoY	Q3 2020	Q3 2021	% YoY
Net sales	4,447	4,973	12%	1,702	1,788	5%	1,910	2,248	18%	836	937	12%			
% organic			11%			4%			17%			10%			
% FX			1%			1%			1%			2%			
% portfolio			0%			0%			0%			0%			
EBIT	1,167	1,047	-10%	807	453	-44%	417	614	47%	75	125	66%	-133	-145	9%
Depreciation and amortization	453	447	-1%	84	78	-7%	195	192	-2%	151	152	0%	22	25	15%
EBITDA	1,619	1,495	-8%	892	532	-40%	612	806	32%	227	277	22%	-111	-119	8%
Adjustments in EBITDA	81	57	-30%	4	9	>100%	18	18	-5%	27	20	-26%	31	10	-67%
EBITDA pre	1,701	1,552	-9%	896	541	-40%	630	824	31%	254	297	17%	-80	-109	37%
Net financial debt*	10,758 *	9,320	-13%												

* as per 31 December 2020

Totals may not add up due to rounding

Group

P&L Group	Q3 2020	Q3 2021	% YoY
Net sales	4,447	4,973	12%
Cost of sales	-1,776	-1,859	5%
thereof: intangibles amortization	-48	-51	5%
Gross profit	2,671	3,114	17%
Marketing and selling expenses	-992	-1,066	8%
thereof: intangibles amortization	-159	-145	-9%
Administration	-280	-310	11%
Impairment losses / reversals (IFRS9)	-1	1	n.m.
Other operating income/expenses	299	-31	n.m.
Research and development	-531	-660	24%
EBIT	1,167	1,047	-10%
Depreciation and amortization	453	447	-1%
EBITDA	1,619	1,495	-8%
Adjustments in EBITDA	81	57	-30%
EBITDA pre	1,701	1,552	-9%
Financial result	-102	-54	-47%
Profit before tax	1,065	993	-7%
Income tax	-258	-229	-11%
Income tax rate	24%	23%	
Profit after tax	806	764	-5%
Non-controlling interests	-1	-3	>100%
Net income	805	761	-6%
Number of theoretical shares in million	434.8	434.8	
EPS in €	1.85	1.75	-5%
EPS pre in €	2.34	2.24	-4%

Totals may not add up due to rounding

Healthcare

P&L Healthcare	Q3 2020	Q3 2021	% YoY
Net sales	1,702	1,788	5%
Cost of sales	-427	-428	0%
thereof: intangibles amortization	-1	-1	54%
Gross profit	1,274	1,360	7%
Marketing and selling expenses	-382	-386	1%
thereof: intangibles amortization	-11	-4	-59%
Administration	-75	-79	4%
Impairment losses / reversals (IFRS9)	-1	0	n.m.
Other operating income/expenses	370	44	-88%
Research and development	-378	-486	28%
EBIT	807	453	-44%
Depreciation and amortization	84	78	-7%
EBITDA	892	532	-40%
Adjustments in EBITDA	4	9	>100%
EBITDA pre	896	541	-40%

Totals may not add up due to rounding

Life Science

P&L Life Science	Q3 2020	Q3 2021	% YoY
Net sales	1,910	2,248	18%
Cost of sales	-830	-900	8%
thereof: intangibles amortization	-14	-14	1%
Gross profit	1,079	1,348	25%
Marketing and selling expenses	-478	-529	11%
thereof: intangibles amortization	-99	-93	-6%
Administration	-88	-93	6%
Impairment losses / reversals (IFRS9)	-1	0	-83%
Other operating income/expenses	-21	-24	16%
Research and development	-75	-88	17%
EBIT	417	614	47%
Depreciation and amortization	195	192	-2%
EBITDA	612	806	32%
Adjustments in EBITDA	18	18	-5%
EBITDA pre	630	824	31%

Totals may not add up due to rounding

Electronics

P&L Electronics	Q3 2020	Q3 2021	% YoY
Net sales	836	937	12%
Cost of sales	-519	-531	2%
thereof: intangibles amortization	-34	-35	6%
Gross profit	317	406	28%
Marketing and selling expenses	-133	-147	11%
thereof: intangibles amortization	-49	-47	-4%
Administration	-38	-39	2%
Impairment losses / reversals (IFRS9)	0	0	n.m.
Other operating income/expenses	-5	-23	>100%
Research and development	-65	-72	10%
EBIT	75	125	66%
Depreciation and amortization	151	152	0%
EBITDA	227	277	22%
Adjustments in EBITDA	27	20	-26%
EBITDA pre	254	297	17%

Totals may not add up due to rounding

Consensus deviation

Group	Actual	Consensus (mean)	Difference to estimate	Consensus (median)	Difference to estimate
	[€m]	2.11.2021		2.11.2021	
	Q3 2021A	Q3 2021 E	%	Q3 2021 E	%
Group					
Sales	4,972.7	4,935.9	0.7%	4,962.0	0.2%
EBITDA pre	1,551.9	1,517.2	2.3%	1,518.3	2.2%
EBITDA pre-margin (%)	31.2	30.7	0.5pp	30.8	0.4pp
EPS pre (€)	2.24	2.15	4.0%	2.16	3.8%
Healthcare					
Sales	1,787.6	1,789.1	-0.1%	1,798.1	-0.6%
Rebif	233.6	243.9	-4.2%	245.4	-4.8%
Mavenclad	197.0	185.5	6.2%	188.2	4.7%
Erbix	233.3	228.3	2.2%	228.8	2.0%
Bavencio	103.8	96.2	7.9%	95.0	9.3%
Gonal-F	190.7	209.2	-8.8%	208.3	-8.4%
Glucophage	209.0	199.1	5.0%	199.6	4.7%
All other products	620.1	626.8	-1.1%	632.8	-2.0%
EBITDA pre	540.8	543.1	-0.4%	543.2	-0.4%
EBITDA pre-margin (%)	30.3	30.3	-0.1pp	30.3	-0.1pp
Life Science					
Sales	2,248.5	2,239.7	0.4%	2,249.2	0.0%
Research Solutions	608.4	622.6	-2.5%	624.1	1.1%
Applied Solutions	454.0	445.9	2.0%	445.3	0.9%
Process Solutions	1,186.1	1,177.2	-0.1%	1,187.5	-3.6%
EBITDA pre	823.6	796.5	3.4%	801.6	2.7%
EBITDA pre-margin (%)	36.6	35.6	1.1pp	35.8	0.8pp
Electronics					
Sales	936.7	899.4	4.1%	899.4	4.1%
Display Solutions	267.1	266.5	0.1%	266.7	-5.1%
Surface Solutions	96.2	102.2	-6.5%	102.9	0.7%
Semiconductor Solutions	573.4	531.8	8.6%	528.0	-5.2%
EBITDA pre	296.8	279.7	6.1%	278.3	6.7%
EBITDA pre-margin (%)	31.7	31.1	0.6pp	31.0	0.7pp
Corporate/Other					
EBITDA pre	-109.3	-112.2	-2.6%	-112.1	-2.6%