

News Release

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Merck KGaA, Darmstadt, Germany, Delivers Strong First Quarter

Results of Q1 2022

- **Group sales increase by 12.2% to € 5.2 billion; EBITDA pre up 7.8% to € 1.6 billion; EBITDA pre margin 31.3%**
- **Growth story continues to materialize**
- **High margins in all three businesses despite challenging economic headwinds and increasing global uncertainty**

Forecast for fiscal 2022

- **Company specifies forecast for net sales, EBITDA pre and earnings per share pre**
- **Net sales between € 21.6 billion and € 22.8 billion; EBITDA pre in a range between € 6.6 billion and € 7.1 billion; earnings per share pre between € 9.60 and € 10.50**

Darmstadt, Germany, May 12, 2022– Merck KGaA, Darmstadt, Germany, a leading science and technology company, achieved strong results in the first quarter of 2022. Net sales increased by 12.2% to € 5,198 million compared with the year-earlier quarter. All three business sectors contributed to this growth. The key drivers were the company's Big 3 businesses – the Process Solutions business of Life Science, new Healthcare products and the Semiconductor Solutions business of Electronics. EBITDA pre, the most important financial indicator used to steer



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operating business, rose by 7.8% to € 1,629 million. Merck KGaA, Darmstadt, Germany, specified the qualitative forecast for fiscal 2022 given in March 2022 and now expects organic sales growth of 6% to 9% and net sales of between € 21.6 billion and € 22.8 billion (2021: € 19.7 billion). For EBITDA pre, the company expects an organic increase of between 5% and 9% and forecasts EBITDA pre in a range between € 6.6 billion and € 7.1 billion (2021: € 6.1 billion).

“We have made a promising start to 2022, with our Big 3 generating strong growth and attractive margins. The outstanding quarter by Life Science demonstrates that our core business is not reliant on Covid-19 to deliver impressive growth. Our new medicines, including Bavencio and Mavenclad, were primarily responsible for growth in Healthcare. Electronics also had a robust quarter, thanks to the excellent performance of Semiconductor Solutions. We are especially pleased that our growth story continues to materialize despite significant market headwinds caused by current geopolitical tensions,” said Belén Garijo, Chair of the Executive Board and CEO of Merck KGaA, Darmstadt, Germany.

During the first quarter the company continued to implement its strategic agenda on the path towards becoming the global 21st century science and technology pioneer. In February, the company completed the acquisition of Exelead Inc., USA, (Exelead) a biopharmaceutical contract development and manufacturing organization (CDMO) and is driving its growth further with the new business model for Life Science, which was also announced in February.

Organic growth driven by all three business sectors

Organic growth of Group sales was attributable to all three business sectors and totaled 7.8%. Foreign exchange effects had a positive impact of 4.4% on net sales. This was primarily attributable to the U.S. dollar, the Chinese renminbi and the Taiwan dollar. Portfolio changes increased Group net sales by € 5 million or 0.1%. This resulted from the acquisition of Exelead, which closed on February 22, 2022.

EBITDA pre grew organically by 1.6% and was supported by positive foreign exchange effects of 6.4%. This was partly offset by negative portfolio effects of -0.2%, which were largely attributable to the Exelead acquisition. Relative to net sales, the EBITDA pre margin was 31.3% in the first quarter of 2022. The operating

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result EBIT rose by 12.5% to € 1,173 million; Group net income increased by 17.9% to € 880 million. Earnings per share pre improved by 10.6% to € 2.41. Net financial debt amounted to € 9.2 billion on March 31, 2022; the increase from € 8.8 billion at the end of December resulted primarily from the acquisition of Exelead.

Life Science: Highest growth rate in Process Solutions and another record quarter

Life Science performed strongly in the first quarter and reduced its dependency on sales in connection with the pandemic relief effort. In the first quarter of 2022, net sales grew by 14.7% to € 2,445 million. This reflected organic sales growth of 9.7% and a favorable foreign exchange effect of 4.8%.

The Process Solutions business unit, which markets products and services for the entire pharmaceutical production value chain, generated organic sales growth of 13.1%, which was the highest rate within Life Science. Strong demand in the core business drove the positive performance while the business with products for the fight against Covid-19 remained stable in a year-on-year comparison. The Research Solutions business unit, which provides products and services to support life science research for pharmaceutical, biotechnology and academic research laboratories, delivered organic sales growth of 2.1%. This was mainly driven by growth in the core business amid a decline in pandemic-related demand. The Applied Solutions business unit, with its products for researchers as well as scientific and industrial laboratories, generated double-digit organic sales growth of 12.9%.

EBITDA pre of the Life Science business sector rose by 16.8% to € 927 million with an EBITDA pre margin of 37.9%.

Healthcare: Oncology drives net sales

In the first quarter of 2022, the Healthcare business sector generated organic sales growth of 6.5%, which was considerably higher than market growth, and gained shares in key markets. Almost the entire organic growth resulted significantly from the business with new products, on the other hand the established portfolio once again demonstrated its resilience. Including positive foreign exchange effects of 3.0%, net sales increased by a total of 9.5% to € 1,795 million.

In the first quarter of 2022, the Oncology franchise generated organic growth of 26.6%. Net sales of the immuno-oncology medicine Bavencio more than doubled. With its approval as a first-line maintenance therapy for patients with locally

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advanced or metastatic urothelial carcinoma (UC) in the United States in 2020 and in Europe and Japan in 2021, Bavencio has continuously gained market share in these regions. The oncology drug Erbitux generated favorable organic sales growth of 9.5%. Sales of the Neurology & Immunology franchise increased organically by 0.8%. Mavenclad, for the oral short-course treatment of highly-active relapsing multiple sclerosis delivered organic sales growth of 24.9%; Rebif, which is used to treat relapsing forms of multiple sclerosis, decreased organically by -14.8%. Net sales of the Fertility franchise increased organically by 4.3%; the Cardiovascular, Metabolism & Endocrinology franchise grew by 2.5% in the reporting period.

At € 529 million, EBITDA pre remained at the level of the year-earlier quarter which included € 50 million milestone payments from Pfizer for the Bavencio approvals in Europe and Japan. The EBITDA pre margin amounted to 29.5%.

Electronics: Mid-teens organic growth in Semiconductor Solutions

In the first quarter of 2022, net sales of the Electronics business sector grew by 11.2% to € 957 million. In addition to organic sales growth of 5.2%, favorable foreign exchange effects increased sales by 6.0%.

Organically, net sales of the Semiconductor Solutions business unit, which comprises two businesses, namely Semiconductor Materials and Delivery Systems & Services, rose by 15.9% in the first quarter of 2022, driving its overall share of net sales of the business sector to almost two thirds. Organically, the Surface Solutions business unit increased sales by 0.9% in the first quarter of 2022. Net sales of the Display Solutions business unit, consisting mainly of the business with liquid crystals, photoresists for display applications as well as OLED materials, decreased organically by -11.5%.

EBITDA pre increased by 5.8% to € 289 million as 11.9% currency tailwinds overcompensated an organic decline of -6.0% amid margin pressure from inflationary developments in raw materials, energy cost and logistics. The EBITDA pre margin was 30.2%.

Merck KGaA, Darmstadt, Germany, expects organic sales growth of 6% to 9% and an EBITDA pre increase between 5% to 9%

Owing to the geopolitical situation, the increase in energy and raw material prices in particular has accelerated. The current forecast reflects the continuation of a correspondingly high price level. Furthermore, subsequent to a renewed outbreak

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of Covid-19 in China, lockdowns have been imposed in individual provinces. The current forecast is based on the assumption of a short, locally restricted lockdown with imminent relaxations. Owing to the assumptions outlined above as regards economic and geopolitical circumstances, the current forecast is subject to increased uncertainty and volatility.

Merck KGaA, Darmstadt, Germany, expects organic sales growth of 6% to 9% in fiscal 2022 (previously strong organic growth), which will be driven by all business sectors, particularly Life Science. Overall, the company forecasts net sales in a range of between € 21.6 billion and € 22.8 billion (2021: € 19.7 billion).

For EBITDA pre in fiscal 2022, the company expects organic growth of between 5% and 9% (previously strong organic growth). Life Science will be the key growth driver; Healthcare and Electronics will also contribute positively to the organic development. Overall, the company expects EBITDA pre of between € 6.6 billion and € 7.1 billion (2021: € 6.1 billion). The forecast for earnings per share pre is in a range between € 9.60 and € 10.50, based on an underlying tax rate of 23%.

Overview of the key figures for the first quarter of 2022

Group

Key figures

€ million	Q1 2022	Q1 2021	Change
Net sales	5,198	4,631	12.2%
Operating result (EBIT) ¹	1,173	1,043	12.5%
Margin (% of net sales) ¹	22.6%	22.5%	
EBITDA ²	1,603	1,467	9.3%
Margin (% of net sales) ¹	30.8%	31.7%	
EBITDA pre ¹	1,629	1,511	7.8%
Margin (% of net sales) ¹	31.3%	32.6%	
Profit after tax	884	748	18.2%
Earnings per share (€)	2.02	1.72	17.4%
Earnings per share pre (€) ¹	2.41	2.18	10.6%
Operating cash flow	840	1,216	-30.9%

¹ Not defined by International Financial Reporting Standards (IFRS).

² Not defined by International Financial Reporting Standards (IFRS); EBITDA corresponds to the operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

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Life Science

Net sales by business unit

€ million	Q1 2022	Share	Organic growth ¹	Exchange rate effects	Acquisitions/divestments	Total change	Q1 2021 ²	Share
Process Solutions	1,251	51%	13.1%	5.2%	0.5%	18.8%	1,053	50%
Research Solutions	688	28%	2.1%	4.4%	–	6.5%	646	30%
Applied Solutions	506	21%	12.9%	4.3%	–	17.2%	432	20%
Life Science	2,445	100%	9.7%	4.8%	0.2%	14.7%	2,131	100%

¹ Not defined by International Financial Reporting Standards (IFRS).

² Prior-year figures have been adjusted due to product reallocations between the Life Science and Electronics business sectors and adjustments within the Life Science business sector.

Healthcare

Development of net sales by key product lines and products

€ million	Q1 2022	Share	Organic growth ¹	Exchange rate effects	Total change	Q1 2021	Share
Oncology	379	21%	26.6%	1.9%	28.5%	295	18%
thereof: Erbitux®	242	13%	9.5%	1.0%	10.5%	219	13%
thereof: Bavencio®	128	7%	>100%	5.0%	>100%	62	4%
Neurology & Immunology	391	22%	0.8%	3.5%	4.4%	374	23%
thereof: Rebif®	201	11%	-14.8%	3.4%	-11.4%	227	14%
thereof: Mavenclad®	189	11%	24.9%	3.7%	28.7%	147	9%
Fertility	341	19%	4.3%	2.3%	6.6%	320	20%
thereof: Gonal-f®	200	11%	5.0%	2.3%	7.3%	186	11%
Cardiovascular, Metabolism and Endocrinology	652	36%	2.5%	3.6%	6.1%	615	37%
thereof: Glucophage®	218	12%	-5.1%	5.4%	0.2%	217	13%
thereof: Concor®	138	8%	8.1%	1.4%	9.5%	126	8%
thereof: Euthyrox®	128	7%	16.1%	3.5%	19.7%	107	7%
thereof: Saizen®	61	3%	6.6%	–	6.6%	57	3%
Other	32	2%				35	2%
Healthcare	1,795	100%	6.5%	3.0%	9.5%	1,639	100%

¹ Not defined by International Financial Reporting Standards (IFRS).

Electronics

Net sales by business unit

€ million	Q1 2022	Share	Organic growth ¹	Exchange rate effects	Acquisitions/divestments	Total change	Q1 2021 ²	Share
Semiconductor Solutions	581	61%	15.9%	6.3%	–	22.2%	475	55%
Display Solutions	262	27%	-11.5%	6.8%	–	-4.7%	274	32%
Surface Solutions	115	12%	0.9%	3.0%	–	4.0%	111	13%
Electronics	957	100%	5.2%	6.0%	–	11.2%	861	100%

¹ Not defined by International Financial Reporting Standards (IFRS).

² Prior-year figures have been adjusted due to product reallocations between the Life Science and Electronics business sectors and adjustments within the Electronics business sector.

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Notes for editors:

- The **conference call for media representatives** will take place at 9:30 a.m. (CEST) and will be broadcast live via webcast (more info [here](#))
- The respective **presentation** and further information for journalists, including a **digital press kit**, can be found [here](#)
- The quarterly statement can be found [here](#)
- Our company on [Twitter](#) and [LinkedIn](#)
- **Photos and images** can be found [here](#)
- **Our company's stock symbols**

Reuters: MRCG, Bloomberg: MRK GY, Dow Jones: MRK.DE

Frankfurt Stock Exchange: ISIN: DE 000 659 9905 – WKN: 659 990

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About Merck KGaA, Darmstadt, Germany

Merck KGaA, Darmstadt, Germany, a leading science and technology company, operates across life science, healthcare and electronics. Around 60,000 employees work to make a positive difference to millions of people's lives every day by creating more joyful and sustainable ways to live. From advancing gene editing technologies and discovering unique ways to treat the most challenging diseases to enabling the intelligence of devices – the company is everywhere. In 2021, Merck KGaA, Darmstadt, Germany, generated sales of € 19.7 billion in 66 countries.

The company holds the global rights to the name and trademark "Merck" internationally. The only exceptions are the United States and Canada, where the business sectors of Merck KGaA, Darmstadt, Germany, operate as MilliporeSigma in life science, EMD Serono in healthcare and EMD Electronics in electronics. Since its founding in 1668, scientific exploration and responsible entrepreneurship have been key to the company's technological and scientific advances. To this day, the founding family remains the majority owner of the publicly listed company.