



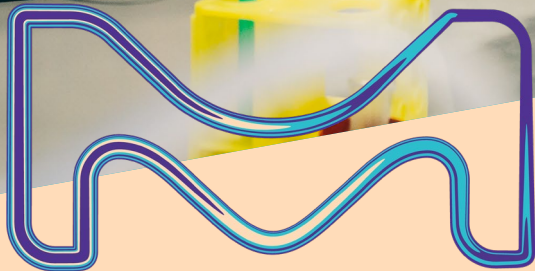
strong growth despite challenging MACRO environment

Q3 2022 results

Presentation for the media

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Merck KGaA
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Agenda

01 Executive summary

02 Financial overview

03 Outlook & Guidance



EXECUTIVE SUMMARY

01

Highlights Q3 2022: Strong growth driven by LS and HC; FY guidance fully confirmed



Operations

Life Science:

- +9% organic sales growth backed by mid-teens growth in core¹ business with Process Solutions as key driver (core business growth at +31%)
- Largest growth contribution (org. +€196 m)
- All business units growing

Healthcare:

- Recent launches up +26% org. driving strong growth of 9% and record quarterly sales. Established portfolio up mid-single digit supported by lower comps and channel dynamics
- Significant growth contribution (org. +€155 m)

Electronics:

- Semi solutions growing in the mid teens, significantly above softer market, driving net Electronics growth contribution (org. +€4 m) despite significant decline in Display
- Semi margins remain intact despite inflationary pressures



Financials

Q3 organic sales: growth of +7.1%

Q3 organic EBITDA pre: growth of +7.5%

Confirming Guidance:

Net sales: €22.00 bn to €22.90 bn

EBITDA pre: €6.80 bn to €7.20 bn

EPS pre: €9.90 - € 10.70

Net financial debt to EBITDA pre:

1.4 on Sept. 30, 2022



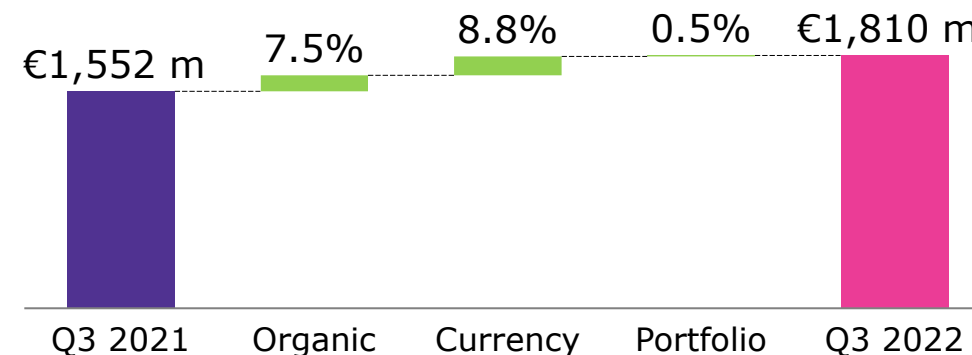
Life Science and Healthcare drive strong organic sales growth; Sales and EBITDA pre further supported by significant positive FX effects

Q3 YoY Net Sales

	Organic	Currency	Portfolio	Total
Life Science	8.7%	9.2%	1.3%	19.2%
Healthcare	8.7%	8.2%	0.0%	16.9%
Electronics	0.4%	10.2%	0.0%	10.6%
Group	7.1%	9.0%	0.6%	16.8%

- Life Science: High single-digit org. growth mainly driven by Process Solutions (+11% org.) and Science & Lab Solutions (+8% org.); Life Science Services temporarily softer (+3% org.)
- Healthcare: Recent launches up +26% organically (primarily fueled by Bavencio® and Mavenclad®), driving +9% org. growth; CM&E portfolio growing +6% organically, incl. EM catch-up
- Electronics: +15% org. growth in Semiconductor Solutions more than offsetting -32% org. decline in Display Solutions; Surface growing +4% organically

Q3 YoY EBITDA pre

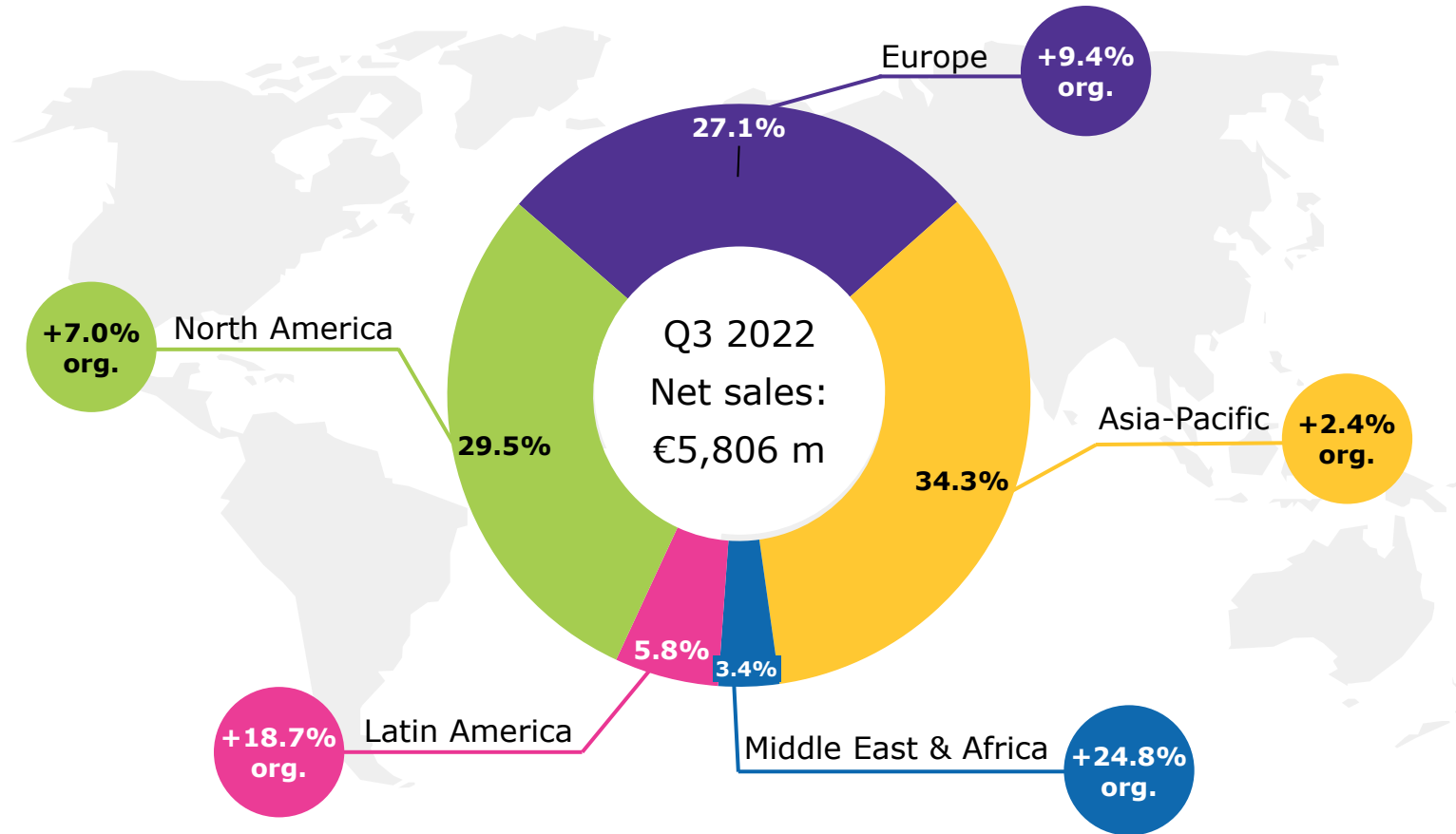


- EBITDA pre growing above sales (+7.5% org.) despite increasing input costs for raw materials, energy and logistics and accelerated Display decline
- Life Science and Healthcare driving org. EBITDA pre growth with margins at or above prior-year level
- Positive FX effect of +9% across various currencies with largest positive impact from USD and CNY; partly offset by hedging



Europe largest growth contributor in absolute terms with strong performance across all three sectors

Regional breakdown of net sales [€m]



Regional organic development

- APAC: Science & Lab Solutions, Healthcare and Semi main growth drivers, more than offsetting Display decline
- Europe: Healthcare and Life Science primary growth drivers
- North America: Life Science main growth driver, backed by all business units
- LATAM: Oncology and CM&E primary growth drivers, further supported by Life Science across the board
- ME&A: CM&E and Oncology drive growth



02

Financial Overview

Q3 2022: Overview

Key figures

[€m]	Q3 2021	Q3 2022	Δ
Net sales	4,973	5,806	16.8%
EBITDA pre	1,552	1,810	16.7%
Margin (in % of net sales)	31.2%	31.2%	0.0pp
EPS pre	2.24	2.68	19.6%
Operating cash flow	1,467	1,552	5.8%

[€m]	Dec. 31, 2021	Sept. 30, 2022	Δ
Net financial debt	-8,753	-9,215	5.3%
Working capital	4,207	5,640	34.1%
Employees	60,335	63,713	5.6%

Comments

- Life Science and Healthcare drive EBITDA pre growth organically, further boosted by FX tailwinds
- EPS pre growth fueled by EBIT pre contribution & better financial result
- OCF* mainly powered by EBITDA pre performance, more than offsetting higher tax cash-out and higher NWC
- Net financial debt increases, mainly due to temporary investment of excess cash, significant deleveraging vs. Q2 (~€1 bn)
- Working capital increase primarily driven by higher inventories from inflationary effects, higher safety stocks and FX effects



Q3 2022: Reported figures

Reported results

[€m]	Q3 2021	Q3 2022	Δ
EBIT	1,047	1,234	17.8%
Financial result	-54	-47	-13.2%
Profit before tax	993	1,187	19.5%
Income tax	-229	-261	13.8%
<i>Effective tax rate (%)</i>	23.1%	22.0%	-1.1pp
Net income	761	923	21.3%
EPS (€)	1.75	2.12	21.1%

Comments

- Life Science and Healthcare organic drivers of +18% EBIT growth, further boosted by favorable FX effects amid inflationary pressures
- Improved financial result primarily driven by higher interest income from buy-back of hybrid bond (€250 m)
- Effective tax rate at the lower end of guidance range
- Net income and EPS growth reflect EBIT and improved financial result



Life Science Q3: Core business (+16% org.) as key growth driver fueled by strong underlying demand and ongoing capacity expansions

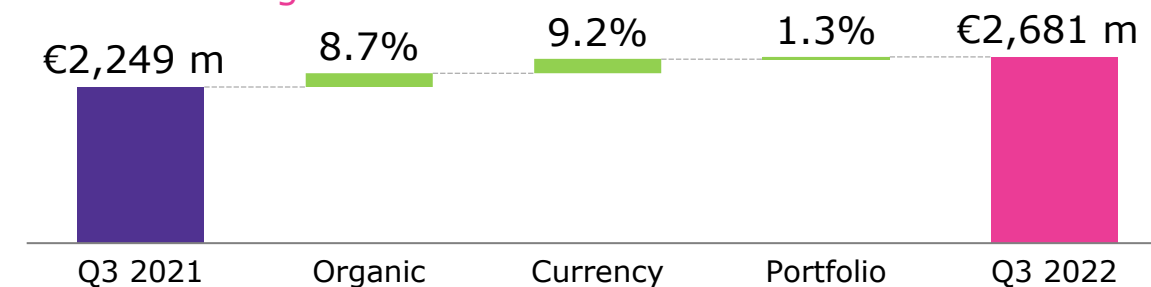
Life Science P&L

[€m]	IFRS		Pre	
	Q3 2021	Q3 2022	Q3 2021	Q3 2022
Net sales	2,249	2,681	2,249	2,681
M&S*	-529	-634	-527	-629
Admin	-93	-112	-84	-102
R&D	-88	-106	-88	-106
EBIT	614	719	632	760
EBITDA	806	936	-	-
EBITDA pre	824	976	824	976
(in % of net sales)	36.6%	36.4%	36.6%	36.4%

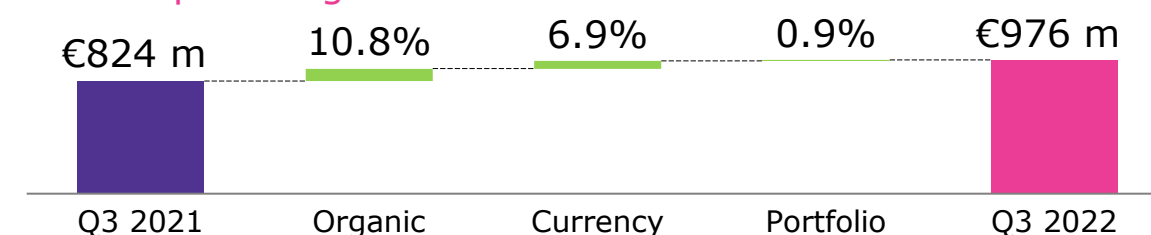
Comments

- Process Solutions: +11% org. growth, driven by excellent core business performance (+31%), esp. bioprocessing with lead times improving further; COVID-19 business declining as anticipated vs. tough comps
- Science & Lab Solutions: growing +8% org. across majority of the portfolio, supported by positive pricing and slight pull-forward effects
- Life Science Services: +3% org. growth amid tough comps and near-term volatility, while mid-term prospects remain fully intact
- M&S about stable as a % of sales despite steep increases in logistics costs; excluding logistics, M&S growing significantly below sales
- Higher R&D in absolute terms mainly driven by FX effects with continued investments in high growth & emerging segments, e.g. novel modalities
- EBITDA pre growing +11% org., still exceeding sales growth despite significant investment in future growth and inflationary environment; supported by pricing, op. leverage and product mix in core business

Net sales bridge



EBITDA pre bridge



Healthcare Q3: Record sales quarter with +9% org. growth; strong contribution from recent launches and established portfolio

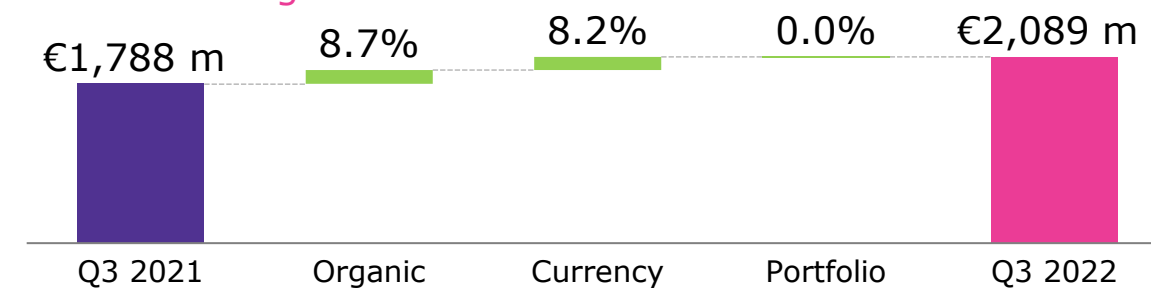
Healthcare P&L

[€m]	IFRS		Pre	
	Q3 2021	Q3 2022	Q3 2021	Q3 2022
Net sales	1,788	2,089	1,788	2,089
M&S*	-386	-413	-386	-412
Admin	-79	-84	-77	-79
R&D	-486	-431	-486	-409
EBIT	453	606	462	635
EBITDA	532	683	-	-
EBITDA pre	541	711	541	711
(in % of net sales)	30.3%	34.0%	30.3%	34.0%

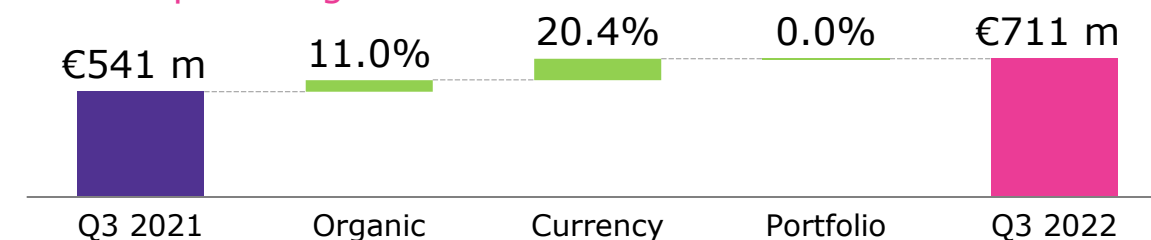
Comments

- Oncology up +25% org., driven by continued strong Bavencio® ramp-up (+51% org.) across regions as well as Erbitux® growth (+14% org.)
- Mavenclad® continued to grow +10% org., more than offsetting muted Rebif® decline -4% org. amid one-off channel dynamics and softer comps
- Established portfolio up +5% org. with solid CM&E performance of +6% org. and Fertility growth of +3% org.
- M&S declining in % of sales; absolute increase mainly driven by increasing activities and rise in physical congress attendance
- Lower absolute R&D level largely driven by LY bintrafusp termination provision partly offset by unfavorable FX effects
- Strong organic EBITDA pre with profitable growth (+11%) supported by controlled cost development and one-off channel dynamics with low- to mid double-digit € million contribution

Net sales bridge



EBITDA pre bridge



Electronics Q3: Semi Solutions offsetting significant decline in Display amid softening markets

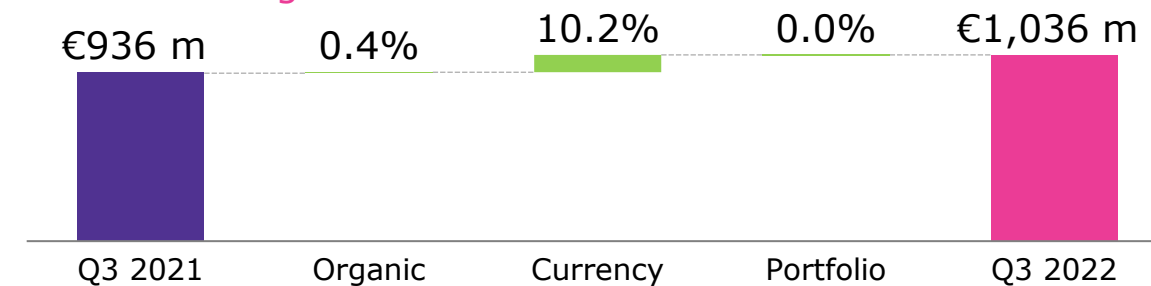
Electronics P&L

[€m]	IFRS		Pre	
	Q3 2021	Q3 2022	Q3 2021	Q3 2022
Net sales	936	1,036	936	1,036
M&S*	-147	-173	-145	-172
Admin	-39	-33	-28	-32
R&D	-72	-78	-72	-78
EBIT	125	144	163	162
EBITDA	277	294	-	-
EBITDA pre	297	302	297	302
(in % of net sales)	31.7%	29.1%	31.7%	29.1%

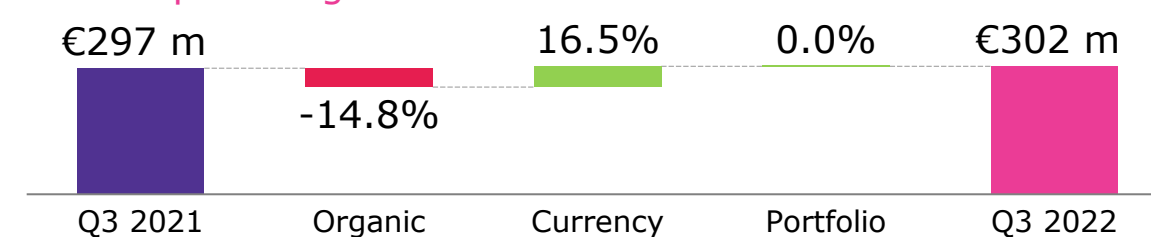
Comments

- Semiconductor Solutions: +15% org. growth fueled by high teens growth in Materials; DS&S large project business now included in comps
- Display Solutions: down -32% organically, driven by high decline in Liquid Crystals (amplified by lower utilization across customers)
- Surface Solutions: +4% org. growth driven by strong coatings and cosmetics business, more than offsetting softer industrials

Net sales bridge



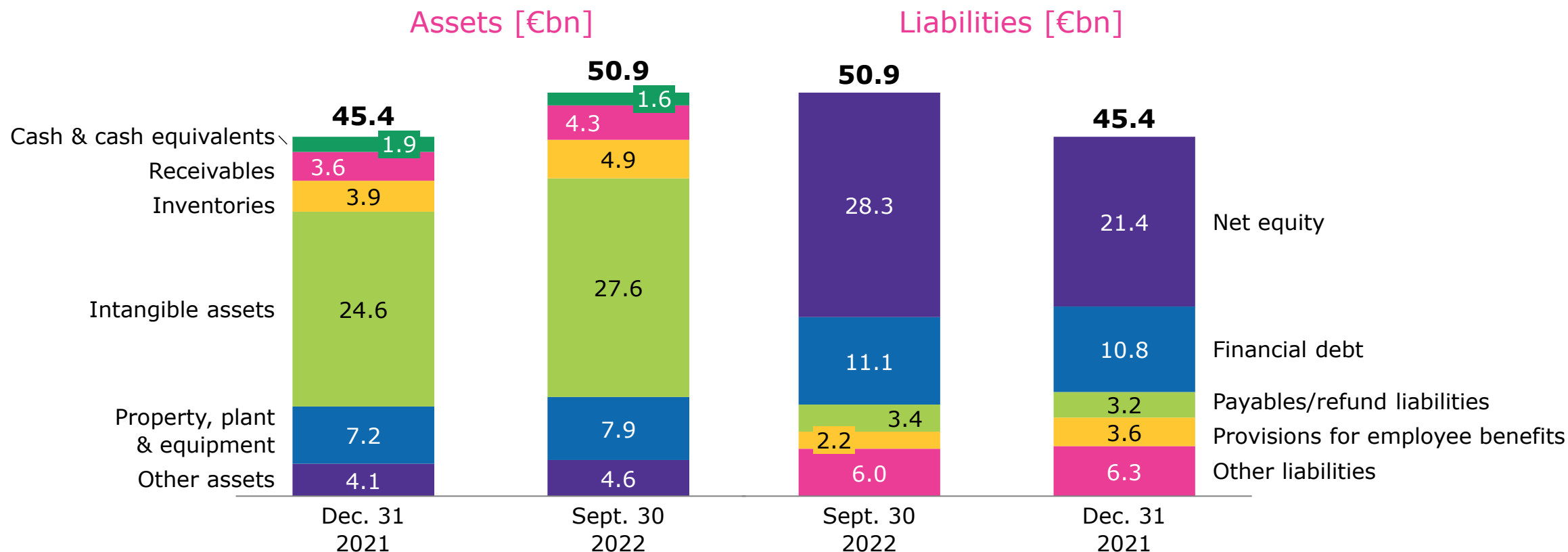
EBITDA pre bridge



- M&S slightly up as a % of sales, mainly due to higher logistics cost
- R&D increase in line with sales growth, largely driven by FX; investments continue to focus on future growth of Semi Materials
- Organic EBITDA pre decline primarily driven by Display Solutions amid inflationary pressures (raw materials, energy & logistics) and capacity ramp-up for future growth; Semi margins remain intact



Balance sheet



- Lower cash level largely driven by temporary excess cash investment
- Receivables & inventories driven by strong sales, inflationary effects, higher safety stocks and FX
- Higher intangible assets driven by FX effects and Exelead acquisition
- Reduction in provisions for employee benefits driven by actuarial gains from higher interest rates
- Equity ratio up further to 56% (vs. 47% in 2021), driven by retained earnings, actuarial gains and translational FX effects



Cash flow statement

Q3 2022 – Cash flow statement

[€m]	Q3 2021	Q3 2022	Δ
Profit after tax	764	926	162
D&A	447	470	22
Changes in provisions	191	111	-80
Changes in other assets/liabilities	128	235	107
Other operating activities	18	-9	-27
Changes in working capital	-82	-181	-99
Operating cash flow	1,467	1,552	85
Investing cash flow	-638	-622	16
thereof Capex on PPE	-295	-385	-89
Financing cash flow	-1,131	-909	222

Cash flow drivers

- +21% profit after tax driven by strong performance in Life Science and Healthcare, further boosted by favorable FX and improved financial result
- Delta in changes in provisions from LY bintrafusp termination and lower LTIP¹ provision this year
- Delta in other assets & liabilities driven primarily by LY bintrafusp termination
- Delta in working capital driven primarily by inventories while receivables and payables balance out
- Higher capex on PPE driven by capacity expansion in key portfolios
- Financing cash flow reflects higher net repayment of LY financial liabilities



03

outlook & guidance

Full-year 2022 guidance

Net sales:

Organic: +6% to +8% YoY
FX: 5% to 8% YoY
~€22.00 – €22.90 bn

EBITDA pre:

Organic: +5% to +9% YoY
FX: 6% to 10% YoY
~€6.80 – €7.20 bn

EPS pre:

~€9.90 – €10.70



2022 business sector guidance¹

Life Science



Net sales

- Organic: +7% to +10%; FX: 5% to 8% YoY
- ~€10,200 m to €10,700 m
- Strong core business, PS main growth driver
- COVID-19 sales of up to ~€450 m in PS and up to ~€250 m in LSS

EBITDA pre

- Organic: +8% to +11% YoY
- FX: 4% to 7% YoY
- ~€3,700 m to €3,900 m

Healthcare



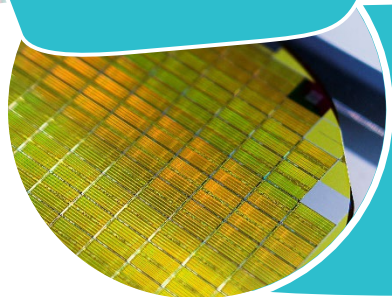
Net sales

- Organic: +4% to +7%; FX: 4% to 7%
- ~€7,700 m to €8,050 m
- Mainly driven by Mavencad® and Bavencio®
- CM&E growing in the mid-single digits

EBITDA pre

- Organic: +3% to +5% YoY
- FX: 12% to 15% YoY
- ~€2,450 m to €2,550 m

Electronics



Net sales

- Organic: +2% to +5%; FX: 6% to 9%
- ~€4,000 m to €4,150 m
- Continuously strong Semiconductor Materials and DS&S amid first signs of market slowdown
- Display Solutions decline driven by significantly lower customer fab utilization post COVID-19

EBITDA pre

- Organic: -10% to -7% YoY
- FX: 13% to 16% YoY
- ~€1,190 m to €1,240 m



