

News Release

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Merck KGaA, Darmstadt, Germany, Confirms Guidance for 2022 and Delivers Strong Organic Growth in Q3

Results of the third quarter of 2022

- **Group net sales rise by 16.8% to € 5.8 billion**
- **Strong organic sales growth of 7.1%, driven by the “Big 3” growth businesses**
- **EBITDA pre up by 16.7% to € 1.8 billion thanks to positive earnings developments in Life Science and Healthcare**
- **EBITDA pre margin at 31.2%**
- **EPS pre comes in at € 2.68**
- **Persistent increases in the costs of raw materials, energy and logistics weigh on earnings, especially in Electronics**

Forecast for fiscal 2022

- **Forecast for absolute figures at Group level confirmed and further specified**
- **Forecast for organic growth of EBITDA pre raised for Life Science, lowered for Electronics**

Darmstadt, Germany, November 10, 2022– Merck KGaA, Darmstadt, Germany, a leading science and technology company, continued to grow in the third quarter of 2022 despite a challenging external operating environment. Group sales increased by 16.8% to € 5,806 million. The “Big 3” – Process Solutions and Life Science



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Services, new Healthcare products as well as Semiconductor Solutions – were the key drivers of the strong, 7.1% organic increase in sales. Despite higher costs for raw materials, energy and logistics, EBITDA pre rose organically by 7.5% to € 1,810 million. Higher earnings in the Life Science and Healthcare business sectors contributed to this increase in EBITDA pre.

For fiscal 2022, the company confirms the mid-point of the absolute ranges for sales, EBITDA pre and EPS pre for the Group level. The company has raised its expectation for organic growth of EBITDA pre of the Life Science business sector yet is lowering it for the Electronics business sector.

“Despite the ongoing turbulence in our external operating environment, we’ve demonstrated our resilience and delivered strong organic growth in sales and EBITDA pre in the third quarter of 2022,” said Belén Garijo, Chair of the Executive Board and CEO of Merck KGaA, Darmstadt, Germany. “All three of our business sectors are well-positioned. In Life Science, the core business delivered double-digit growth, more than offsetting the expected decline in pandemic-related sales. The new products and the established portfolio in Healthcare performed strongly. And in Electronics, the renewed double-digit growth of Semiconductor Solutions justifies our confidence in this business.”

Strong organic growth of sales and EBITDA pre

The company increased Group net sales by 16.8% to € 5,806 million in the third quarter of 2022. The strong organic sales gain of 7.1% was once again fueled by the “Big 3” businesses. Foreign exchange effects of 9.0% had a favorable influence on sales growth. This was particularly attributable to the development of the U.S. dollar and the Chinese renminbi. The acquisition of the biopharmaceutical contract development and manufacturing organization Exelead, Inc. USA (Exelead) was responsible for a portfolio-related sales increase of € 29 million or 0.6%.

EBITDA pre, the most important financial indicator used to steer operating business, soared by 16.7% to € 1,810 million. This key figure grew organically by 7.5%, driven by the Life Science and Healthcare business sectors. EBITDA pre was favorably influenced by foreign exchange effects of 8.8% and a portfolio effect of 0.5% from the acquisition of Exelead.

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Relative to net sales, the EBITDA pre margin was 31.2%. Earnings per share pre rose by 19.6% to € 2.68.

“We expect continued challenges in our external operating environment throughout the rest of this year and into 2023. Yet, we once again confirm our mid-term objective of delivering sales of € 25 billion by 2025. We are well-positioned to grow further as a leading science and technology company,” said Belén Garijo.

In the third quarter of 2022, the Group invested further in the growth of all three business sectors and advanced innovations in science and technology:

- Life Science: The Group is investing € 130 million to [expand manufacturing capacities](#) for single-use assemblies in Molsheim, France. In Shanghai, China, the company opened a [€ 29 million Biologics Testing Center](#) in order to meet growing local demand for viral clearance testing services.
- Healthcare: The company presented strong data from Phase II clinical trials for [xevinapant](#) (head and neck cancer) as well as [evobrutinib](#) (multiple sclerosis).

The Group entered into a collaboration agreement including a licensing option with Nerviano Medical Sciences S.r.l. (NMS), which focuses on the discovery and development of oncology drugs. The agreement relates to [NMS-293, a PARP1 inhibitor](#) (poly (ADP-Ribose) polymerase-1) that could potentially be used to treat cancer.

- Electronics: The Group signed an agreement to [acquire the chemical business of Mecaro Co. Ltd.](#), a Korean-based supplier to the semiconductor industry. In Gernsheim, Germany, the company commissioned its first [fully automated unit for the digital color measurement](#) of its pigment products.

Life Science: Double-digit growth in the core business more than offsets expected decline in pandemic-related demand

The Life Science business sector increased net sales organically by 8.7% in the third quarter of 2022 compared with the year-earlier quarter. This was mainly driven by mid-teens percentage growth of the core business amid an expected further decline in pandemic-related demand. Including currency tailwinds of 9.2% and a portfolio effect of 1.3% from the acquisition of Exelead, net sales of the business sector grew by 19.2% to € 2,681 million.

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Life Science delivered EBITDA pre of € 976 million, or 18.6% more than in the year-earlier quarter, also thanks to further pricing adjustments. The increase was attributable to organic growth of 10.8%, foreign exchange effects of 6.9% and a portfolio effect of 0.9% from the acquisition of Exelead. The EBITDA pre margin was 36.4%.

Healthcare: New products continue to drive growth, complemented by positive contribution from established portfolio

Healthcare sales showed strong organic growth of 8.7% in the third quarter of 2022. Foreign exchange effects made a positive contribution of 8.2% to the sales development. Overall, sales amounted to € 2,089 million, an increase of 16.9% compared with the year-earlier quarter.

New Healthcare products were once again the main drivers of sales growth: In the Oncology franchise, the immuno-oncology drug Bavencio saw an organic sales increase of 51.0 % while sales of the portfolio oncology medicine Erbitux grew by 13.5%. Sales of Mavenclad for the treatment of relapsing multiple sclerosis grew organically by 9.8%. Apart from recently launched products, the established portfolio also contributed strongly to sales growth.

In the third quarter of 2022, the Healthcare business sector recorded EBITDA pre of € 711 million, an increase of 31.4%. Organically, EBITDA pre grew by 11.0%. Foreign exchange effects contributed 20.4%. The EBITDA pre margin of Healthcare was 34.0%.

Electronics: Strong performance of Semiconductor Solutions; further decline in Display Solutions

The Electronics business sector generated sales of € 1,036 million in the third quarter of 2022, representing an increase of 10.6% compared with the year-earlier quarter. Organically, sales increased by 0.4%. Positive foreign exchange effects contributed 10.2 % to the sales growth of Electronics.

The Semiconductor Solutions business unit, one of the "Big 3" businesses of the Group, achieved organic sales growth of 14.8%. On the other hand, the Display Solutions business unit recorded a sales decline of -32.0% organically due to low demand.

EBITDA pre of Electronics increased by 1.6% to € 302 million. Higher costs for raw materials, energy and logistics had a significant negative impact. An organic decline

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of -14.8% was more than offset by positive foreign exchange effects of 16.5%. The EBITDA pre margin of the business sector was 29.1% in the third quarter of 2022.

Fiscal 2022: forecast for absolute figures at Group level further specified

For fiscal 2022, the company confirms and further specifies its forecast for the absolute figures for sales, EBITDA pre and EPS pre at Group level. The forecast is:

- Net sales: ~€ 22.0 billion to € 22.9 billion (previously: ~€ 21.9 billion to € 23.0 billion)
- EBITDA pre: ~€ 6.80 billion to € 7.20 billion (previously: ~€ 6.75 billion to € 7.25 billion)
- EPS pre: ~€ 9.90 to € 10.70 (previously: ~€ 9.85 to € 10.75)

For the Life Science business sector, the Group now expects organic growth of EBITDA pre of 8% to 11% (previously: 7% to 10%), due to slightly lower costs. For Electronics, the company now expects EBITDA pre to decrease organically by -10% to -7% (previously: 0% to +3%), mainly due to significantly lower capacity utilization at customers served by Display Solutions. This is also the main reason for the lower expectation for organic sales growth in Electronics of 2% to 5% (previously: 5% to 8%).

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Overview of the key figures for the third quarter of 2022

Group

Key figures

€ million	Q3 2022	Q3 2021	Change	Jan.-Sept 2022	Jan.-Sept 2021	Change
Net sales	5,806	4,973	16.8%	16,572	14,474	14.5%
Operating result (EBIT) ¹	1,234	1,047	17.8%	3,585	3,140	14.2%
Margin (% of net sales) ¹	21.3%	21.1%		21.6%	21.7%	
EBITDA ²	1,704	1,495	14.0%	5,016	4,433	13.1%
Margin (% of net sales) ¹	29.3%	30.1%		30.3%	30.6%	
EBITDA pre ¹	1,810	1,552	16.7%	5,221	4,639	12.6%
Margin (% of net sales) ¹	31.2%	31.2%		31.5%	32.0%	
Profit after tax	926	764	21.2%	2,680	2,258	18.7%
Earnings per share (in €)	2.12	1.75	21.1%	6.14	5.18	18.5%
Earnings per share pre (€) ¹	2.68	2.24	19.6%	7.73	6.66	16.1%
Operating cash flow	1,552	1,467	5.8%	3,244	3,571	-9.2%

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.

Life Science

Net sales by business unit

€ million	Q3 2022	Share	Organic growth ¹	Exchange rate effects	Acquisitions/divestments	Total change	Q3 2021 ²	Share
Science & Lab Solutions	1,246	47 %	7.9 %	8.8 %	–	16.7 %	1,067	48 %
Process Solutions	1,190	44 %	10.7 %	9.2 %	–	19.9 %	993	44 %
Life Science Services	244	9 %	3.1 %	11.1 %	15.3 %	29.5 %	189	8 %
Life Science	2,681	100 %	8.7 %	9.2 %	1.3 %	19.2 %	2,249	100 %

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

² Prior-year figures have been adjusted owing to the reorganization of the Life Science business sector as well as to product reallocations between the Life Science and Electronics business sectors.

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Healthcare

Development of net sales by key product lines and products

€ million	Q3 2022	Share	Organic growth ¹	Exchange rate effects	Total change	Q3 2021	Share
Oncology	453	22%	24.5%	5.4%	30.0%	349	19%
thereof: Erbitux®	274	13%	13.5%	4.0%	17.5%	233	13%
thereof: Bavencio®	166	8%	51.0%	8.9%	59.9%	104	6%
Neurology & Immunology	484	23%	2.3%	10.0%	12.3%	431	24%
thereof: Rebif®	249	12%	-3.9%	10.8%	6.8%	234	13%
thereof: Mavenclad®	234	11%	9.8%	9.2%	18.9%	197	11%
Fertility	373	18%	2.6%	7.3%	9.9%	339	19%
thereof: Gonal-f®	221	11%	8.2%	7.8%	16.0%	191	11%
Cardiovascular, Metabolism and Endocrinology (CM&E)	730	35%	6.0%	8.9%	14.8%	635	36%
thereof: Glucophage®	237	11%	3.1%	10.1%	13.2%	209	12%
thereof: Concor®	152	7%	4.1%	10.9%	14.9%	133	7%
thereof: Euthyrox®	143	7%	9.9%	6.3%	16.2%	123	7%
thereof: Saizen®	69	3%	12.3%	2.3%	14.6%	61	3%
Other	49	2%				33	2%
Healthcare	2,089	100%	8.7%	8.2%	16.9%	1,788	100%

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

Electronics

Net sales by business unit

€ million	Q3 2022	Share	Organic growth ¹	Exchange rate effects	Total change	Q3 2021 ²	Share
Semiconductor Solutions	729	71%	14.8%	12.5%	27.3%	573	61%
Display Solutions	200	19%	-32.0%	7.0%	-24.9%	267	29%
Surface Solutions	106	10%	4.2%	5.9%	10.0%	96	10%
Electronics	1,036	100%	0.4%	10.2%	10.6%	936	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 to editors:

- The **conference call for media representatives** will take place at 9:30 a.m. (CET).
- The respective **presentation** and further information for journalists, including a **digital press kit**, can be found [here](#)
- The quarterly statement can be found [here](#)
- [Twitter](#) and [LinkedIn](#)
- **Photos and images** can be found [here](#)
- **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. More than 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 providing products and services that accelerate drug development and manufacturing as well as 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.