



profitable growth despite challenges

Merck KGaA, Darmstadt, Germany
Q4 / Full-Year 2022 Results

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March 2, 2023

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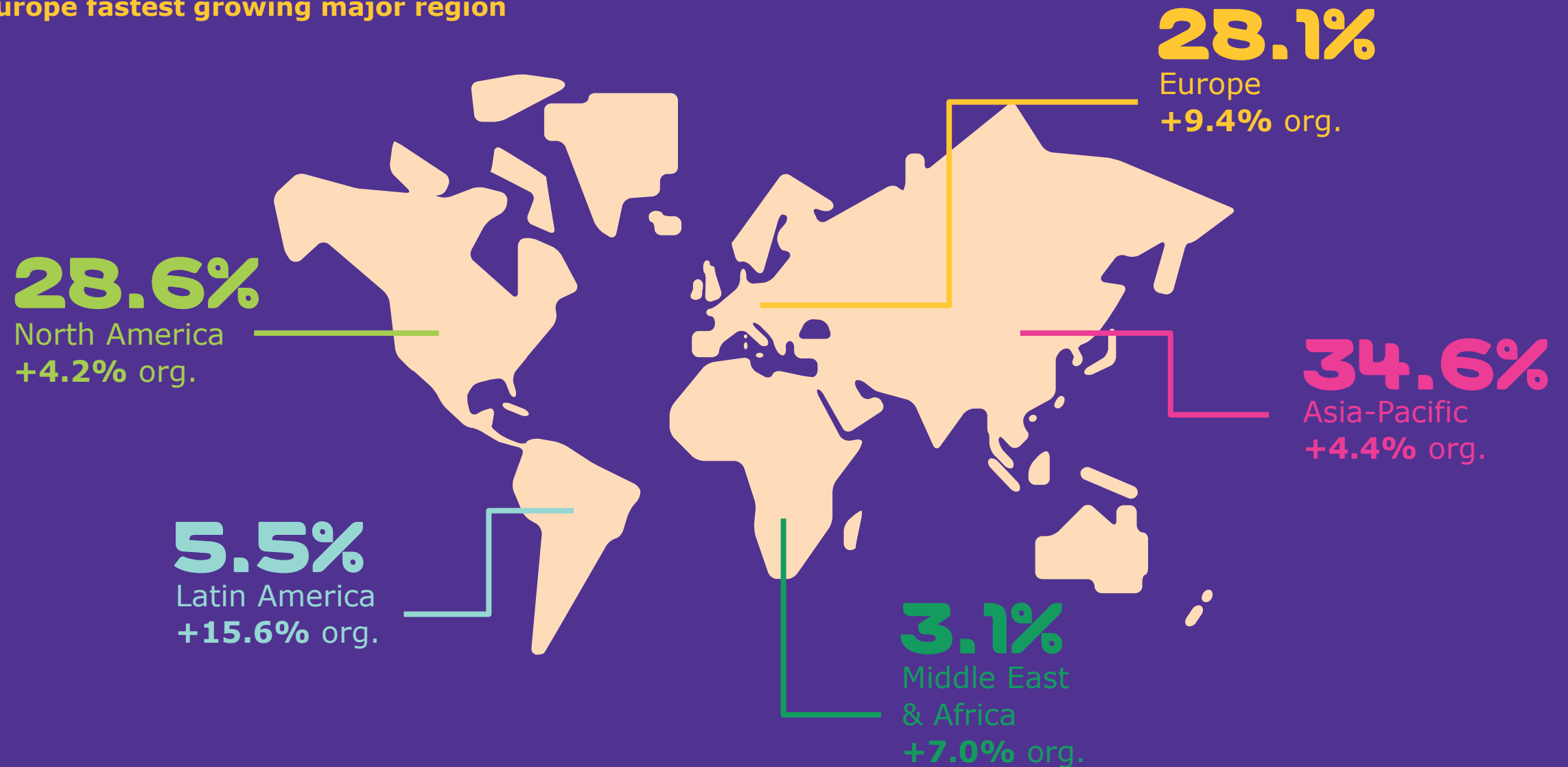
This presentation contains certain financial indicators such as EBITDA pre adjustments, net financial debt and earnings per share pre adjustments, which are not defined by International Financial Reporting Standards (IFRS). These financial indicators should not be taken into account in order to assess the performance of Merck KGaA, Darmstadt, Germany in isolation or used as an alternative to the financial indicators presented in the consolidated financial statements and determined in accordance with IFRS. The figures presented in this statement have been rounded. This may lead to individual values not adding up to the totals presented.

We delivered on our guidance

| | 2022 Guidance | 2022 Results | |
|------------|-------------------|--------------|---|
| Net sales | €22.00 – 22.90 bn | €22.23 bn | ✓ |
| EBITDA pre | €6.80 – 7.20 bn | €6.85 bn | ✓ |
| EPS pre | €9.90 – 10.70 | €10.05 | ✓ |

Breakdown of net sales

Europe fastest growing major region





in Life science

We impact life and health with science.



in Healthcare

We help to create, improve and prolong lives.



in Electronics

We advance digital living.

Life Science

Sales crossing €10 bn mark



Growth across all business units fueled by Process Solutions (+11% org.), further supported by Science & Lab Solutions (+6% org.) and Life Science Services (+6% org.)



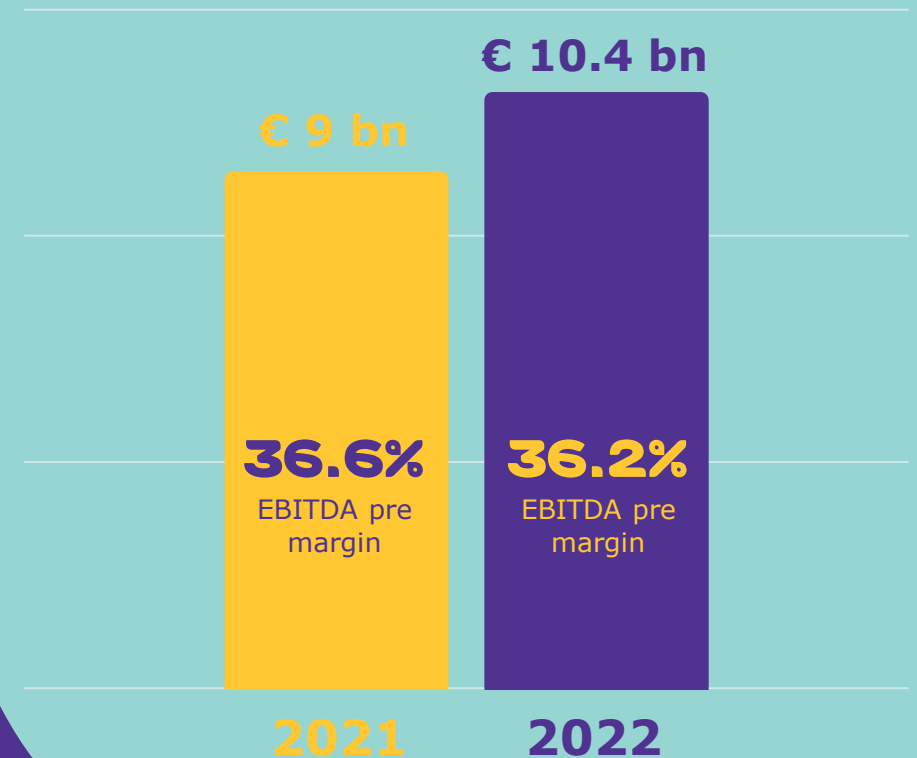
COVID-19 business with total sales of ~€800 m, declining as anticipated



Expanding capacity and regional network across up- and downstream bioprocessing

+15%

+8.2% org.



+11%

+5.5% org.



€ 7.1 bn

€ 7.8 bn

30.4%

EBITDA pre
margin

31.6%

EBITDA pre
margin

2021

2022

Healthcare

Recent launches drive +6% org. sales growth



Oncology growth of +17% org. fueled by continued Bavencio® ramp-up; Erbitux® reaching blockbuster status



N&I stable; Mavenclad® growing +17% org. balancing continued Rebif® decline



Evobrutinib and xevinapant Phase III assets remain on track for first-in-class and best-in-class opportunities

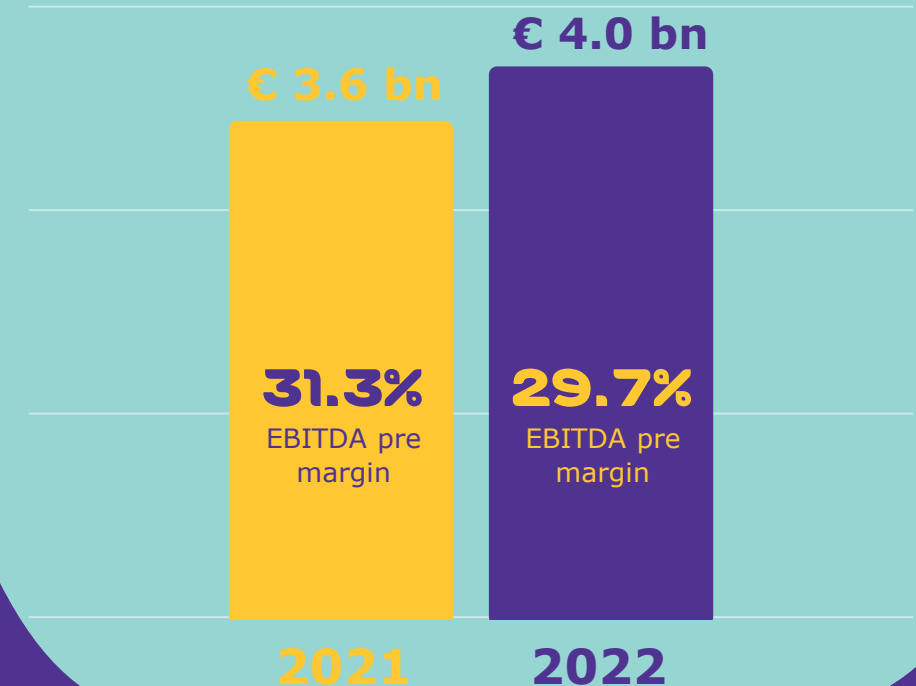
Electronics

Unchanged long-term market growth expectations in Semiconductor Solutions

- ➔ Semiconductor Solutions growth accelerating to +15% org., above market and mid-term guidance
- ➔ Display Solutions with double-digit decline driven by lower customer utilization, keeping the majority of market share
- ➔ Electronics able to partially mitigate inflationary pressures by improving supply chain efficiency and implementing stringent cost management

+11%

+3.7% org.





sustainability

Minimizing negative
environmental impacts
and taking meaningful action

Financial Overview



Fiscal 2022: Financial Overview

Key figures

| [€m] | FY 2021 | FY 2022 | Δ |
|----------------------------|---------|---------------|--------|
| Net sales | 19,687 | 22,232 | 12.9% |
| EBITDA pre | 6,103 | 6,849 | 12.2% |
| Margin (in % of net sales) | 31.0% | 30.8% | -0.2pp |
| EPS pre | 8.72 | 10.05 | 15.3% |
| Operating cash flow | 4,616 | 4,259 | -7.7% |

➔ Sales growth driven by an organic performance and significant boost from currency effects

➔ EPS pre growth mainly driven by EBITDA pre contribution and better financial result

| [€m] | Dec. 31, 2021 | Dec. 31, 2022 | Δ |
|--------------------|---------------|---------------|-------|
| Net financial debt | -8,753 | -8,328 | -4.9% |
| Working capital | 4,207 | 5,237 | 24.5% |
| Employees | 60,335 | 64,233 | 6.5% |

➔ Operating Cash Flow decline despite higher EBITDA pre largely due to working capital

+13% growth led by Life Science; supported by significant currency tailwinds across all sectors

| FY YoY Net Sales | Organic | Currency | Portfolio | Total |
|------------------|-------------|-------------|-------------|--------------|
| Life Science | 8.2% | 6.4% | 0.8% | 15.4% |
| Healthcare | 5.5% | 5.1% | 0.0% | 10.6% |
| Electronics | 3.7% | 7.6% | 0.0% | 11.3% |
| Group | 6.4% | 6.1% | 0.4% | 12.9% |



Life Science: +8% organic growth mainly driven by Process Solutions, further supported by Science & Lab Solutions and Life Science Services

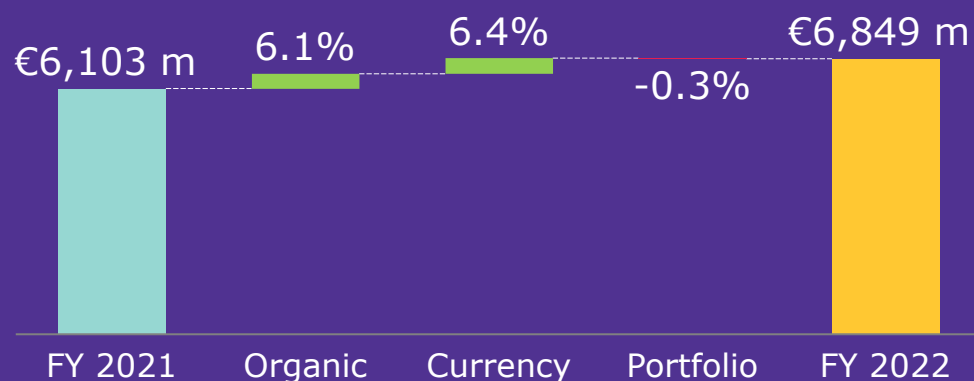


Healthcare: Recent launches up +33% org. fueled by Bavencio® mUC 1L ramp-up and Mavenclad® uptake, driving +6% org. growth in the sector



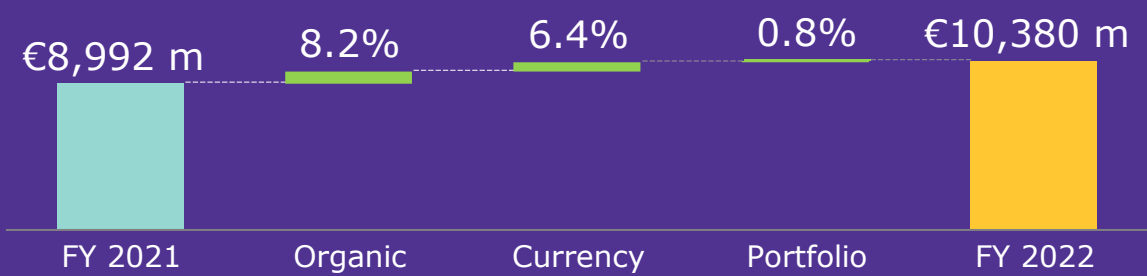
Electronics: Double digit growth of Semiconductor Solutions more than offset Display decline, driving +4% org. growth overall

FY YoY EBITDA pre



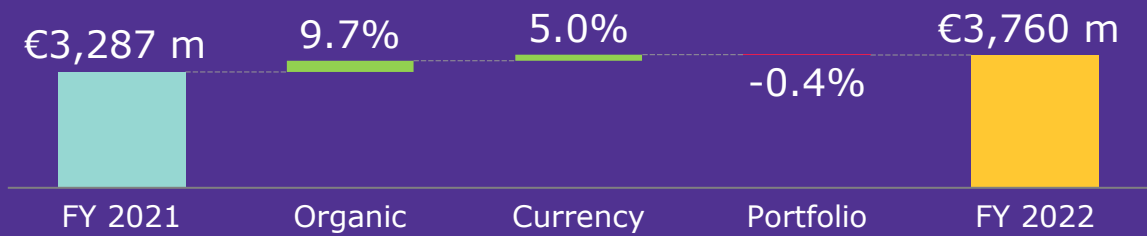
Life Science: Sales growth mainly driven by strong performance of core business; supported by currency effects

Net sales bridge



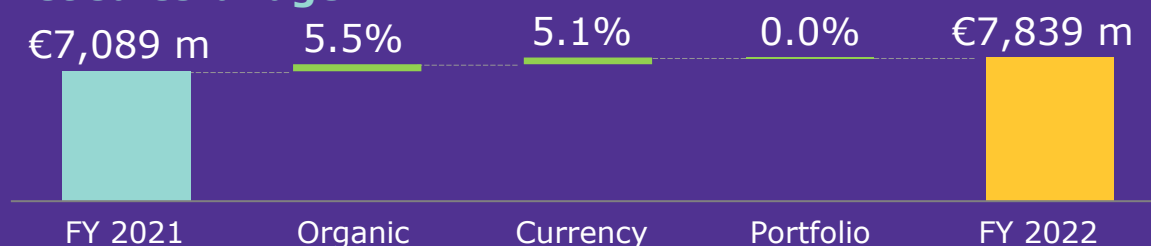
- ➔ Process Solutions: +11% organic growth reflects excellent core business performance; COVID-19 business declining as anticipated
- ➔ Science & Lab Solutions: +6% organic growth across majority of portfolio, supported by positive pricing and robust demand
- ➔ Life Science Services: +6% organic growth led by Contract Testing

EBITDA pre bridge



Healthcare: recent launches drive organic growth of +5.5%, building on a solid established portfolio

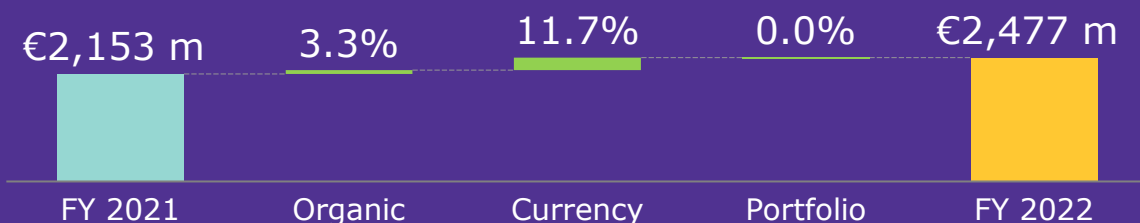
Net sales bridge



➔ Oncology up +17% org., driven by Bavencio® growth of +58% org.; Erbitux® increase of +3% org. against elevated comps due to prior year Eli Lilly supply agreement (+€59 m)

➔ Mavenclad® growth of +17% org. primarily driven by sales in Europe, balancing Rebif® decline of -13% org.

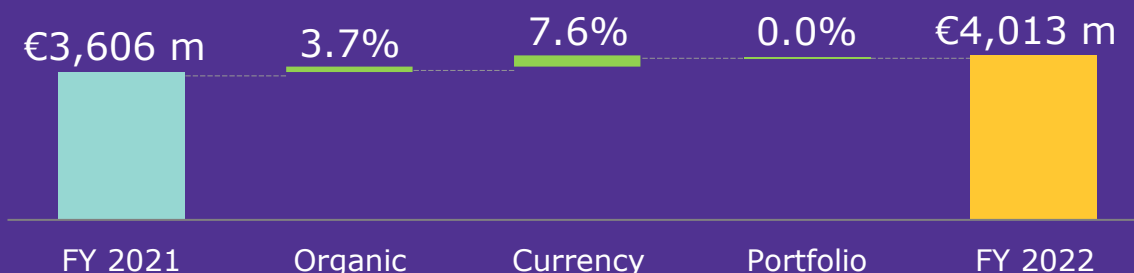
EBITDA pre bridge



➔ Solid CM&E performance of +4% org. in line with mid-term guidance, Fertility growing 4% amid headwinds from China lockdowns

Electronics: Strong Semi performance drives sector growth, inflationary challenges and Display pricing weighing on sector margins

Net sales bridge

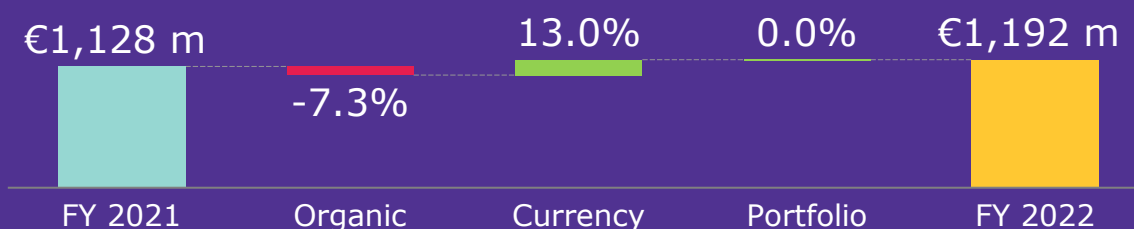


Semiconductor Solutions: growing +15% org. driven by strong underlying demand in Semi Materials, further supported by DS&S project business



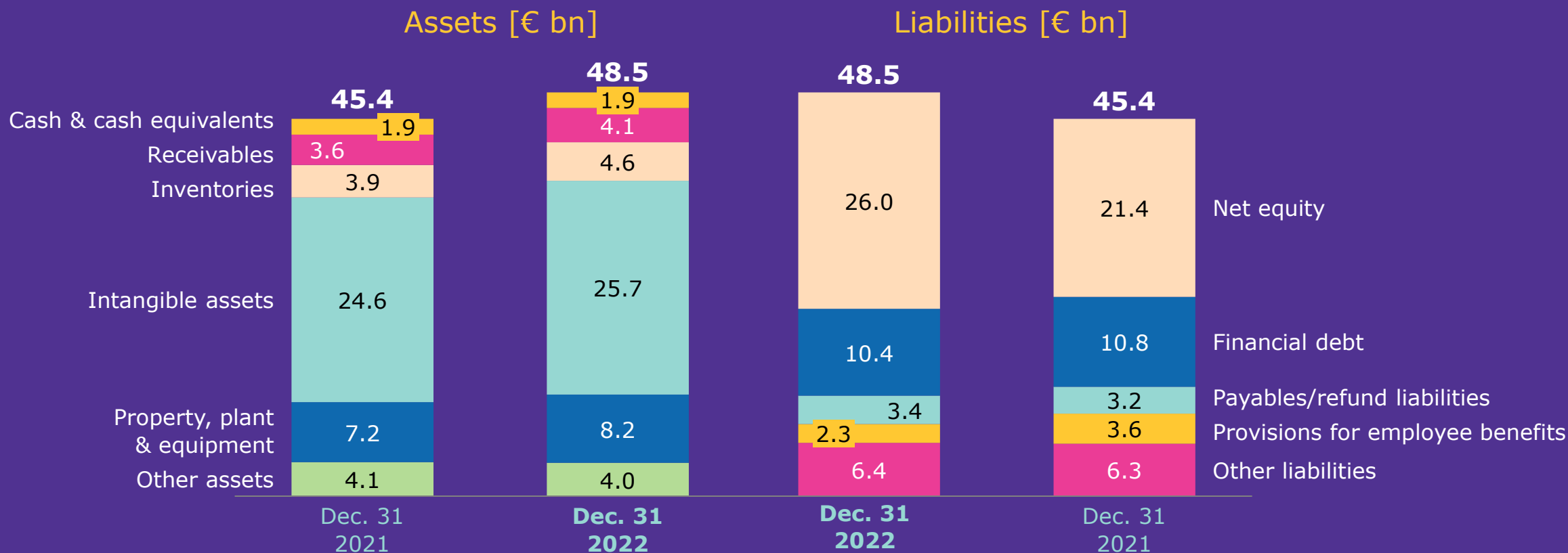
Display Solutions: declining -20% org., driven mainly by continued volume declines in LC markets and reduced fab utilization

EBITDA pre bridge



Surface Solutions: +3% org. growth; higher demand in Cosmetics and Coatings compensating for softer Industrials

Balance sheet



Fiscal 2022: Cash flow statement

| [€m] | FY 2021 | FY 2022 | Δ |
|-------------------------------------|---------|---------------|-------|
| Profit after tax | 3,065 | 3,339 | 274 |
| D&A | 1,767 | 2,030 | 263 |
| Changes in provisions | 196 | 113 | -83 |
| Changes in other assets/liabilities | -121 | -279 | -158 |
| Other operating activities | 57 | -27 | -84 |
| Changes in working capital | -349 | -917 | -568 |
| Operating cash flow | 4,616 | 4,259 | -357 |
| Investing cash flow | -1,578 | -2,743 | -1165 |
| thereof Capex on PPE | -1,059 | -1,510 | -452 |
| Financing cash flow | -2,504 | -1,555 | 949 |

Cash flow drivers



+9% profit after tax growth driven by strong operational performance, particularly in Life Science



Decrease in operating cash flow mainly driven by changes in working capital, partially offset by higher D&A



Higher investing cash flow reflects Exelead acquisition and ongoing capacity expansion

outlook & Guidance



Net sales

Slight to solid organic growth
(ex-COVID-19:
solid to strong organic growth)

**Adverse FX of
-1% to -4% YoY**

EBITDA pre

**Organically from moderate
decline to about stable**

**Adverse FX of
-1% to -4% YoY**

2023 Business sector guidance

Net sales

EBITDA pre

Life science

- Slight to moderate organic growth
- Solid to strong organic growth in core business (ex-COVID)
- Process Solutions as main contributor to core growth
- Total COVID-19 sales of ~€250 m (vs. ~€800 m in 2022)
- Slight to moderate adverse FX

- Organically moderate decline up to about stable
- Slight adverse FX

Healthcare

- Moderate to solid organic growth
- Driven by recent launches
- Complemented by CME & Fertility
- Slight to moderate adverse FX

- Slight to moderate organic growth
- High single digit to low teens adverse FX

Electronics

- Slight to solid organic growth
- Based on industry consensus of a Semi market recovery in H2 2023
- Semi expected to continuously outperform MSI
- Low utilization at Display customers into H1
- Slight to moderate adverse FX

- Slight to strong organic decline
- Significant adverse FX

SUMMARY

Confident on strategy thanks to strong resilience

- ➔ Our financial position is favorable despite a challenging environment
- ➔ Our operating model is built on a high degree of diversification and innovation
- ➔ We have robust supply networks



