



# DEMONSTRATING RESILIENCE UNDER MARKET PRESSURE

**Merck KGaA, Darmstadt, Germany**

**Q2 2023 results**

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# Agenda

**01** Executive summary

**02** Financial overview

**03** ESG update

**04** Outlook & Guidance



# EXECUTIVE SUMMARY

01



# Highlights Q2 2023:



## Operations

### Life Science:

- Sales decline of -9% org. amid pronounced destocking and COVID-19 headwinds
- Core business<sup>1</sup> sales -4% org., mainly driven by PS and LSS

### Healthcare:

- The growth driver of the group
- Recent launches up +29% org., driving +12% org. growth
- Fertility up +25% org., benefiting from competitors' stock-out

### Electronics:

- Electronics sales decline (-6% org.) amid market headwinds
- Semiconductor Solutions with -5% org. decline, MSI with mid-teens decline



## Financials

**Q2 organic sales:** -1%

**Q2 organic EBITDA pre:** -7%

### Guidance:

Net sales: €20.5 bn to €21.9 bn

EBITDA pre: €5.8 bn to €6.4 bn

EPS pre: €8.25 to €9.35

**Net financial debt to EBITDA pre:**

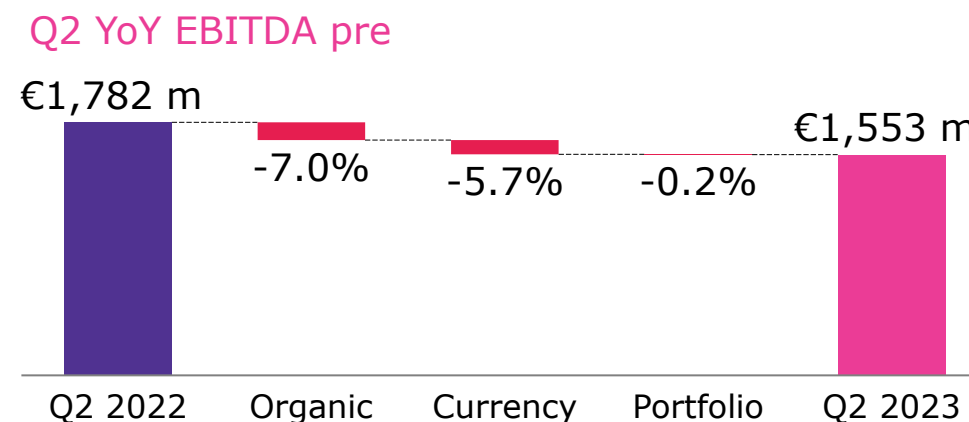
1.4 on June 30, 2023



# Group resilient as Healthcare performance largely offsets decline in Life Science and Electronics

Q2 YoY Net Sales	Organic	Currency	Portfolio	Total
Life Science	-8.7%	-2.4%	0.0%	-11.1%
Healthcare	11.9%	-5.4%	0.0%	6.5%
Electronics	-6.3%	-3.8%	0.3%	-9.7%
<b>Group</b>	<b>-1.1%</b>	<b>-3.7%</b>	<b>0.1%</b>	<b>-4.8%</b>

- Life Science: Core decline of -4% org., driven by Process Solutions (-7%) and Life Science Services (-7%); Science & Lab Solutions flat
- Healthcare: Recent launches up +29% org. with continued strong Bavencio® (+27% org.) and Mavenclad® (+28% org.) uptake, fueling +12% org. sector growth
- Electronics: Semiconductor with -5% org. decline, against backdrop of MSI down mid teens; Display declines -11% org., impacted by pricing and market-related product segment mix

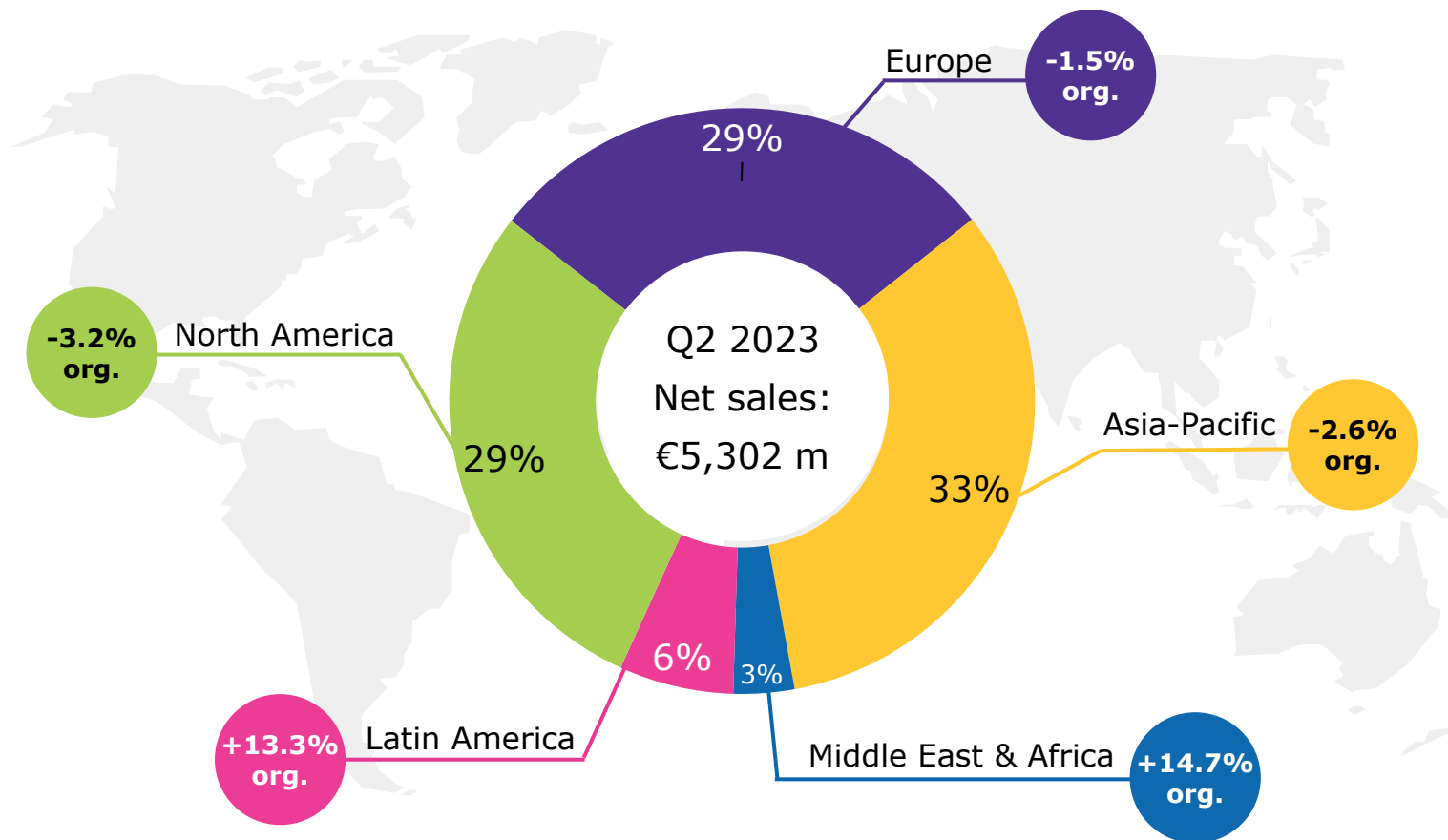


- EBITDA pre down -7% org. mainly due to negative product mix and volume decline in Life Science
- Healthcare increases contribution to EBITDA pre with +30% org. growth driven by excellent sales growth, boosted by portfolio management income
- Electronics margins supported by UDC<sup>1</sup> patent agreement in Q2; strengthens OLED portfolio
- Significant foreign exchange burden on EBITDA pre



# Double-digit growth in LATAM and ME&A partially offsets major markets downturn

## Regional breakdown of net sales [€m]



## Regional organic development

- North America: Strong Mavenclad<sup>®</sup> and Bavencio<sup>®</sup>, as well as Semis, mitigate sharp Life Science decline
- Europe: Sales growth weighed down by Process Solutions; uplifted by strong growth in Healthcare and support from EL
- APAC: Decline driven mainly by Electronics, partially offset by strong Healthcare growth
- ME&A: Growth driven by Healthcare, supported by Electronics
- LATAM: All sectors drive strong growth



02

# Financial Overview





# Q2 2023: Overview

## Key figures

[€m]	Q2 2022	Q2 2023	Δ
Net sales	5,568	<b>5,302</b>	-4.8%
EBITDA pre	1,782	<b>1,553</b>	-12.8%
<i>Margin (in % of net sales)</i>	32.0%	<b>29.3%</b>	-2.7pp
EPS pre	2.64	<b>2.20</b>	-16.7%
Operating cash flow	852	<b>622</b>	-27.0%

[€m]	Dec. 31, 2022	June 30, 2023	Δ
Net financial debt	-8,328	<b>-9,355</b>	12.3%
Working capital	5,237	<b>5,646</b>	7.8%
Employees	64,233	<b>63,701</b>	-0.8%

## Comments

- Sales down -5%, impacted by FX headwinds
- Lower volumes in Life Science and Electronics, partially offset by growth in Healthcare
- EBITDA pre decline impacted by lower organic sales and mix in Life Science and Electronics
- EPS pre down, in line with EBITDA pre
- Decline in operating cash flow mainly due to lower EBITDA pre
- Net financial debt is up, mainly driven by investment for future growth and short-term investments, plus the dividend



# Q2 2023: Reported figures

## Reported results

[€m]	Q2 2022	Q2 2023	Δ
EBIT	1,177	<b>969</b>	-17.6%
Financial result	-55	<b>-76</b>	37.4%
Profit before tax	1,122	<b>894</b>	-20.3%
Income tax	-252	<b>-188</b>	-25.4%
<i>Effective tax rate (%)</i>	22.4%	<b>21.0%</b>	-1.4pp
Net income	867	<b>704</b>	-18.9%
EPS (€)	1.99	<b>1.62</b>	-18.6%

## Comments

- EBIT decline mainly driven by impact from PS destocking in Life Science and Electronics slowdown
- Financial result with additional interest costs from pensions, related party financial liabilities and tax
- Lower effective tax rate at lower end of guidance range
- Net income and EPS reflect EBIT decline and higher financial result, mitigated by lower effective tax rate



# Life Science Q2: Decline in the core business of -4% org. mainly due to destocking in Process Solutions; COVID-19 business fading out as expected

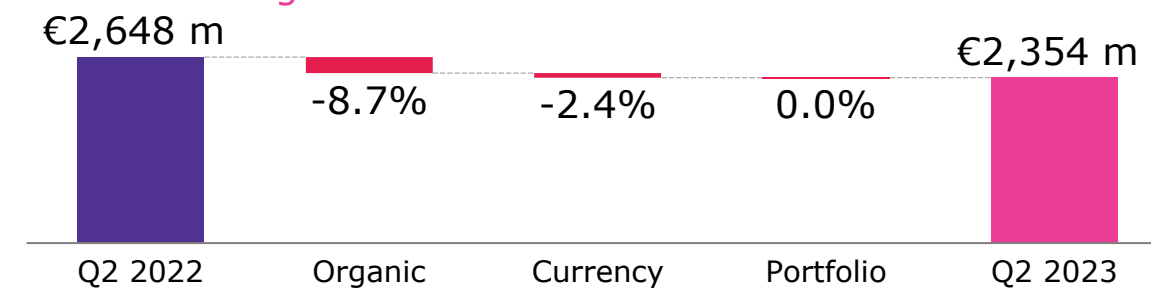
## Life Science P&L

[€m]	IFRS		Pre	
	Q2 2022	Q2 2023	Q2 2022	Q2 2023
Net sales	2,648	2,354	2,648	<b>2,354</b>
M&S*	-609	-566	-598	<b>-566</b>
Admin	-103	-103	-94	<b>-91</b>
R&D	-99	-99	-98	<b>-98</b>
EBIT	765	455	796	<b>501</b>
EBITDA	975	698	-	<b>-</b>
EBITDA pre	1,006	712	1,006	<b>712</b>
(in % of net sales)	38.0%	30.2%	38.0%	<b>30.2%</b>

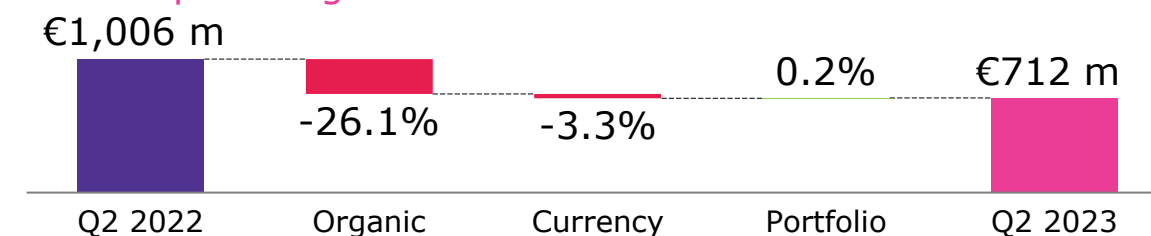
## Comments

- Process Solutions: -7% org. decline in core business on destocking effect fully materializing and pronounced COVID-19 business decline results in PS sales decline of -12% org.
- Science & Lab Solutions: Flat performance of core business (mainly due to suppressed demand) with slight headwinds from fading COVID-19 resulting in -1% org. decline
- Life Science Services: -7% org. decline in core business due to negative batch phasing and fading COVID-19 result in -30% organic sales decline
- Lower M&S and Admin costs; less pronounced than decline in sales
- R&D costs stable compared with last year
- EBITDA pre down -26% org. on lower sales and negative mix effects impacting the gross margin and a more pronounced decline in sales than in operating expenses

## Net sales bridge



## EBITDA pre bridge



# Healthcare Q2: +12% growth driven by sales momentum of Bavencio® and Mavenclad®, amplified by Fertility

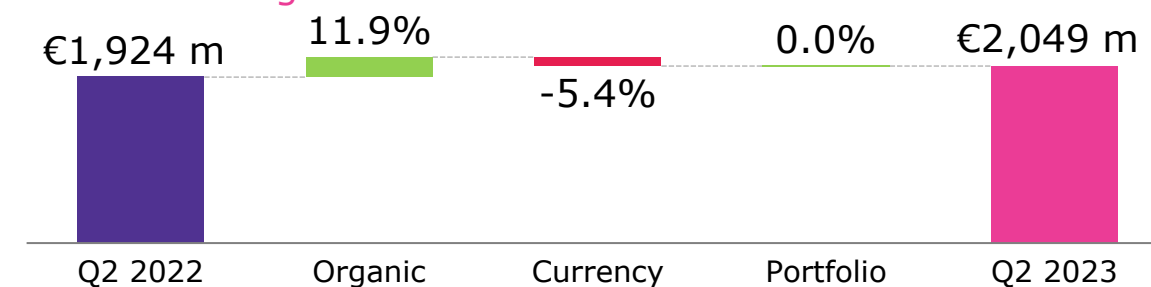
## Healthcare P&L

[€m]	IFRS		Pre	
	Q2 2022	Q2 2023	Q2 2022	Q2 2023
Net sales	1,924	2,049	1,924	<b>2,049</b>
M&S*	-417	-422	-415	<b>-418</b>
Admin	-81	-79	-78	<b>-76</b>
R&D	-401	-401	-395	<b>-396</b>
EBIT	439	616	530	<b>627</b>
EBITDA	603	692	-	<b>-</b>
EBITDA pre	604	704	604	<b>704</b>
(in % of net sales)	31.4%	34.3%	31.4%	<b>34.3%</b>

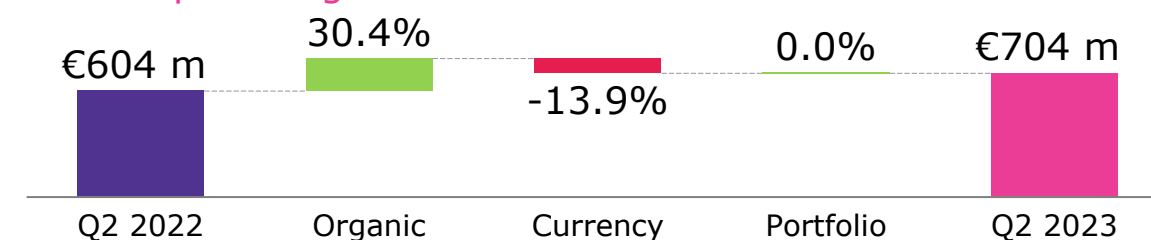
## Comments

- Oncology up +18% org., driven by continuous growth of Bavencio® (+27% org.) across all regions and supported by Erbitux® (+10% org.)
- N&I rebound at +12% org.: Mavenclad® up +28% org.; softer Rebif® decline (-3% org.), benefitting from positive channel dynamics
- Slight growth of established portfolio, driven by Fertility (+25% org.) fueled by competitors' stock-outs; CM&E flat at +1% org.

## Net sales bridge



## EBITDA pre bridge



- Constant productivity efforts drive M&S decline in % of sales
- R&D stable in absolute terms; as percentage of sales, in line with mid-term ambition of low twenties
- Strong organic EBITDA pre, driven by strong sales momentum, positive product mix and lower comps on gross profit, boosted by income from portfolio management



# Electronics Q2: Semi Solutions with resilience in declining semi market; Display Solutions environment remains challenging

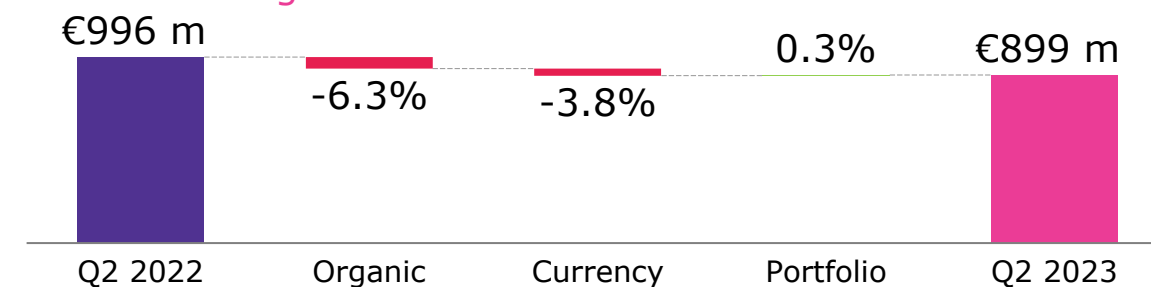
## Electronics P&L

[€m]	IFRS		Pre	
	Q2 2022	Q2 2023	Q2 2022	Q2 2023
Net sales	996	899	996	<b>899</b>
M&S*	-163	-148	-162	<b>-147</b>
Admin	-33	-35	-31	<b>-31</b>
R&D	-73	-75	-72	<b>-74</b>
EBIT	148	110	160	<b>132</b>
EBITDA	282	245	-	<b>-</b>
EBITDA pre	293	262	293	<b>262</b>
(in % of net sales)	29.4%	29.1%	29.4%	<b>29.1%</b>

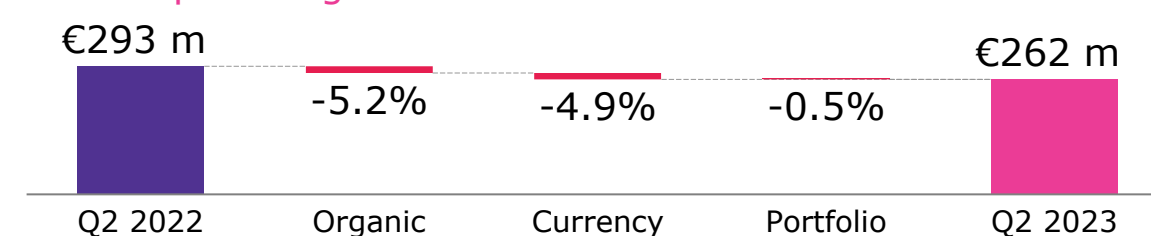
## Comments

- Semiconductor Solutions: -5% org. decline, with broad portfolio enabling outperformance of MSI (down mid-teens)
- Display Solutions: down -11% org., with continued decline in Liquid Crystals, driven by price and mix
- Surface Solutions: down -6% org. driven by softer industrials and coatings, partially offset by strong cosmetics growth
- M&S costs declining as logistics come down in line with volume development
- R&D stable in absolute terms due to ongoing investments to drive medium term growth, higher in percentage of sales due to lower topline
- EBITDA pre margin down mainly due to volume decrease and negative mix effects, largely offset by UDC\*\* patent agreement

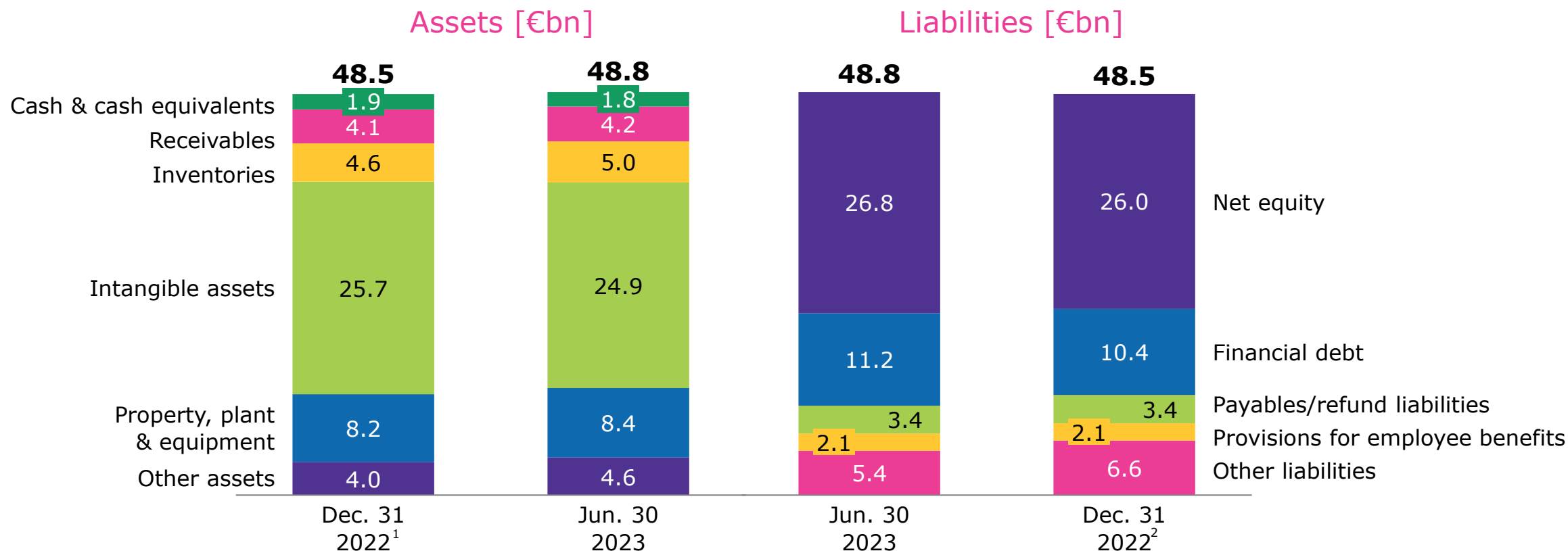
## Net sales bridge



## EBITDA pre bridge



# Balance sheet



- Increase in inventories in Life Science and Electronics, stable QoQ
- Decrease in intangible assets primarily driven by FX and amortization
- Continued investment for mid-term growth increases PPE
- Increase in financial debt due to higher related party financial debt
- Other liabilities impacted by dividend payment in Q2
- Equity ratio slight improved to 55% (2022, 54%)

<sup>1</sup>Previous-year figures have been adjusted owing to the finalization of the purchase price allocation in connection with the acquisitions of the chemical business of Mecaro Co. Ltd., Korea, trading as M Chemicals Inc., Korea, as well as Erbi Biosystems Inc., USA.

<sup>2</sup>As of January 1, 2023, wage- and salary-related liabilities are disclosed under other non-financial liabilities instead of under other financial liabilities as in the past. Also, the tranche of the Group Long-Term Incentive Plan to be paid out in the months following the balance sheet date is disclosed under other current non-financial liabilities and no longer under current provisions for employee benefits.



# Cash flow statement

## Q2 2023 – Cash flow statement

[€m]	Q2 2022	Q2 2023	Δ
Profit after tax	870	<b>706</b>	-164
D&A	532	<b>482</b>	-50
Changes in provisions <sup>1</sup>	-93	<b>53</b>	146
Changes in other assets/liabilities <sup>1</sup>	-133	<b>-421</b>	-288
Other operating activities	0	<b>-145</b>	-145
Changes in working capital	-325	<b>-53</b>	272
<b>Operating cash flow</b>	852	<b>622</b>	-230
Investing cash flow	-786	<b>140</b>	926
thereof Capex on PPE	-253	<b>-292</b>	-39
Financing cash flow	167	<b>-580</b>	-748

## Comments

- Profit after tax driven by lower EBIT, partially offset by lower tax
- Prior year D&A elevated by Berzosertib trial discontinuation impairments
- Prior year provisions impacted by actuarial gains from higher interest rates
- Delta in other assets & liabilities mainly driven by tax and pension plans
- Other operating activities reflect outlicensing and patent agreements in Healthcare and Electronics
- Favorable working capital due to prior year receivables & inventories build up
- Investing cash flow primarily driven by proceeds from short-term investments
- Financing cash flow up mainly due to repayments of bank liabilities



03

ESG  
update





# Driving positive social impact – first progress report on DE&I

## Our road towards gender equity

- We aim at gender parity in leadership until 2030, improving from 36% in 2021 to 38% in 2022
- Attract, promote and develop women
- We are committed to fair and equitable pay (2021 adjusted<sup>2</sup> gender pay gap <1.5%)

## Fostering international and ethnic diversity

- We aspire to increase the share of underrepresented racial and ethnic groups in U.S. leadership from 21% at the end of 2022 to 30% by 2030.
- We aim to increase nationals from Asia, Latin America, the Middle East and Africa in leadership from 16% today to 30% by 2030.

## Strengthen our culture of inclusion

- We build inclusive leadership practices into our global culture
- Employees report increasing level of inclusion and belonging



## Gender balanced workforce and leadership

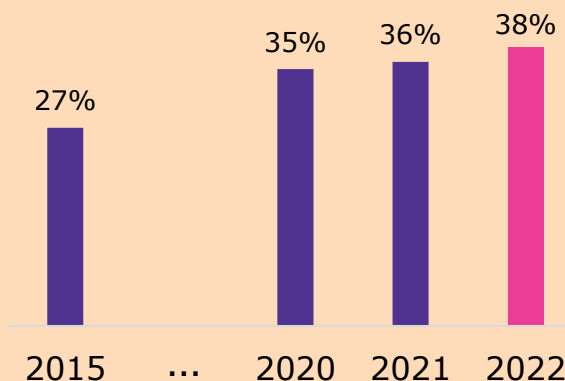
% women in...

...the Executive Board: **40%**

...the workforce: **43%**

...leadership: **38%**

Ambition:  
Gender parity  
in leadership  
until 2030



The [DE&I report](#) covers our plans and progress in 2022, along with our ambitions through 2030, and our intensified DE&I<sup>1</sup> efforts.

<sup>1</sup>DE&I: Diversity, Equity and Inclusion

<sup>2</sup>Estimated difference in pay after accounting for differences in actual pay due to legitimate reasons (source: Mercer)



04

outlook &  
guidance



# Full-year 2023 guidance

## Net sales:

Organic: -2% to +2% YoY (ex-COVID: +1% to +5%)  
FX: -6% to -3% YoY  
~€20.5 – €21.9 bn

## EBITDA pre:

Organic: -9% to -3% YoY  
FX: -6% to -3% YoY  
~€5.8 – €6.4 bn

## EPS pre:

~€8.25 – €9.35



# 2023 business sector guidance<sup>1</sup>

## Life Science



### Net sales

- Organic: -8% to -2%; ex-COVID: -3% to +4%
- FX: -5% to -2% YoY
- ~€9.10 bn to €9.95 bn
- Destocking in PS more pronounced than expected
- Total COVID-19 sales of ~€250 m (vs. ~€800 m in 2022)

### EBITDA pre

- Organic: -21% to -12% YoY
- FX: -6% to -2% YoY
- ~€2.75 bn to €3.20 bn

## Healthcare



### Net sales

- Organic: +6% to +9%; FX: -7% to -4%
- ~€7.75 bn to €8.30 bn
- Driven by recent launches
- Complemented by Fertility

### EBITDA pre

- Organic: +14% to +19% YoY
- FX: -17% to -13% YoY
- ~€2.45 bn to €2.60 bn

## Electronics



### Net sales

- Organic: -6% to -1%; FX: -7% to -4%
- ~€3.50 bn to €3.80 bn
- Semi market recovery delayed into 2024
- Semi expected to continuously outperform MSI
- Display impacted by pricing and negative mix in H1; partial recovery expected in H2

### EBITDA pre

- Organic: -18% to -10% YoY
- FX: -10% to -7% YoY
- ~€870 m to €980 m

<sup>1</sup>Divisional guidances are only support to the group guidance and do not have to add up



# Appendix



# Additional financial guidance 2023

## Further financial details

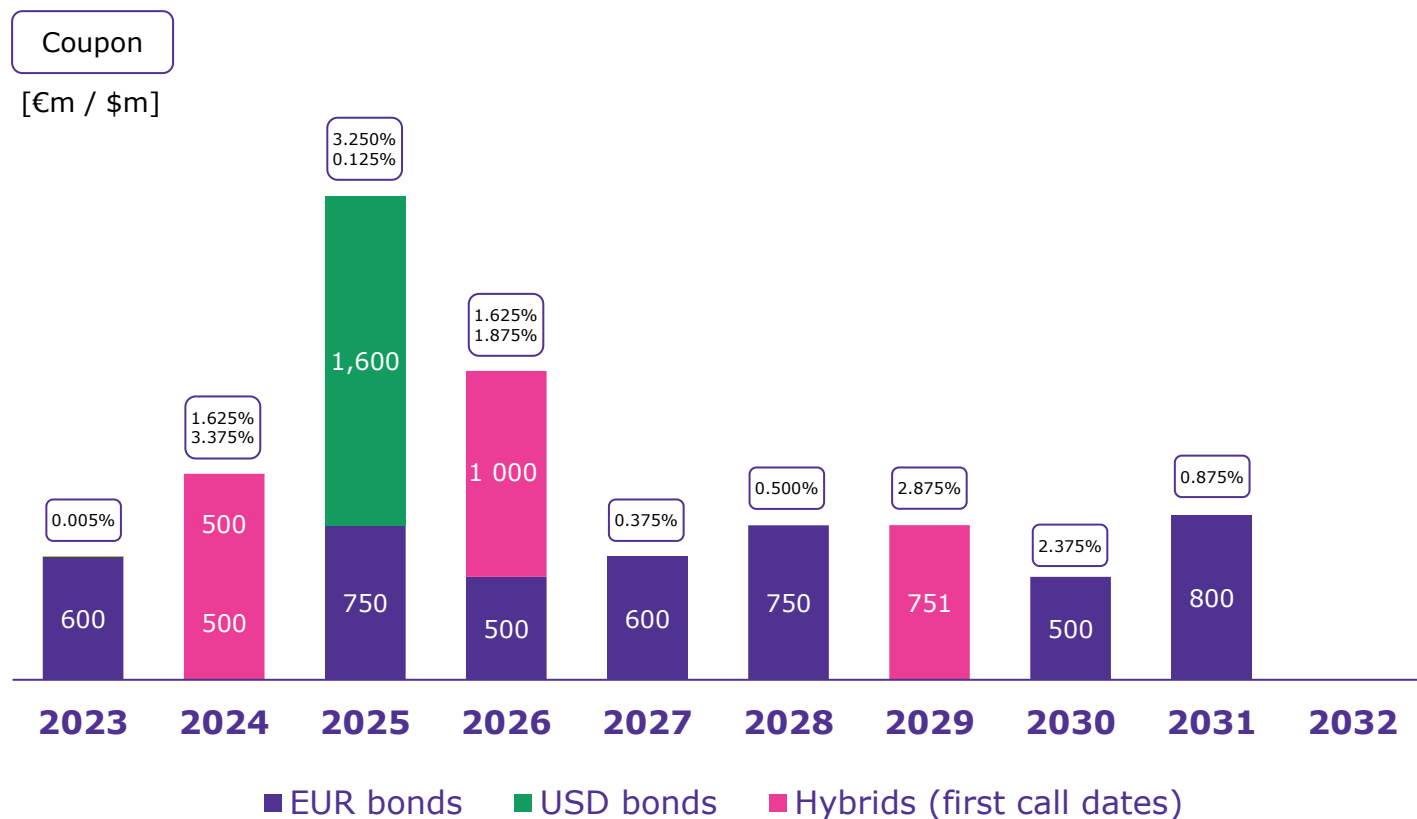
Corporate & Other EBITDA pre	<b>Lower costs driven by hedging</b>
Interest result	<b>~ €-120 m to -160 m</b>
Effective tax rate	<b>~ 21% to 23%</b>
Capex on PPE <sup>1</sup>	<b>~ €1.8 to 2.0 bn</b>
Hedging	<b>FY 2023 overall hedge ratio ~ 50% EUR/USD hedging @ ~ 1.07</b>
2023 Ø EUR/USD assumption	<b>~ 1.08 to 1.12</b>

<sup>1</sup>Based on gross additions to Property, Plant and Equipment (PPE) on balance sheet (excl. leasing) in fiscal year to reflect planned Capex expansion more accurately



# Credit details

## Maturity profile as of June 30, 2023



## Credit rating information

	LT Rating	Last LT Rating Change	Outlook	ST Rating
MOODY'S	A3	21.10.21	Stable	P-2
S&P Global	A	29.05.13	Stable	A-1
SCOPE	A	17.10.22	Stable	S-1



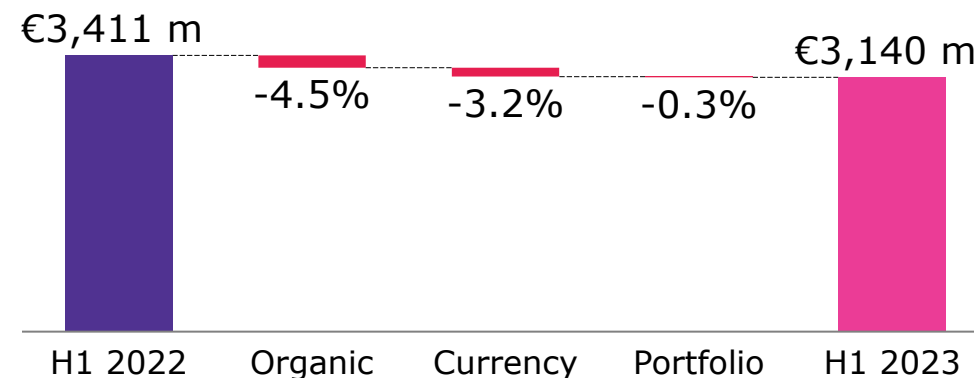
# Group delivers resilient performance; Healthcare compensates for weaker Life Science and Electronics

## H1 YoY Net Sales

	Organic	Currency	Portfolio	Total
Life Science	-4.2%	-0.9%	0.1%	-5.0%
Healthcare	8.8%	-2.4%	0.0%	6.3%
Electronics	-6.7%	-1.6%	0.3%	-7.9%
<b>Group</b>	<b>-0.2%</b>	<b>-1.5%</b>	<b>0.1%</b>	<b>-1.6%</b>

- Life Science: Core growth of +2% org., driven by SLS (+4%) and LSS (+10%), partially offset by Process Solutions (-2%); COVID-19 fading out as expected
- Healthcare: Recent launches up +28% organically, driving org. sector growth, supported by established portfolio benefitting from competitors' stock-outs
- Electronics: -2% org. decline in Semiconductor Solutions, outperformed the semi market; Display down -20% org.; Surface Solutions down -5% org.

## H1 YoY EBITDA pre



- EBITDA pre down by -4% org., burdened by Life Science and Electronics
- Healthcare positively supporting org. EBITDA pre development
- Negative FX effect of -3% across various currencies with largest negative impact from USD partly offset by hedging





# H1 2023: Overview

## Key figures

[€m]	H1 2022	H1 2023	Δ
Net sales	10,766	<b>10,595</b>	-1.6%
EBITDA pre	3,411	3,140	-7.9%
Margin (in % of net sales)	31.7%	29.6%	-2.1pp
EPS pre	5.05	<b>4.57</b>	-9.5%
Operating cash flow	1,692	<b>1,475</b>	-12.8%

[€m]	Dec. 31, 2022	June 30, 2023	Δ
Net financial debt	-8,328	<b>-9,355</b>	12.3%
Working capital	5,237	<b>5,646</b>	7.8%
Employees	64,233	<b>63,701</b>	-0.8%

## Comments

- Sales down -2% with flat organic sales and FX tailwinds
- Lower Life Science and Electronics EBITDA pre, partially mitigated by Healthcare
- EPS pre mainly driven by lower EBIT contribution
- OCF<sup>1</sup> decline driven by lower EBITDA pre and tax payments, partially offset by more favorable NWC<sup>2</sup> outflow
- Net financial debt increases, mainly driven by investment for future growth and short-term investments, plus the dividend

<sup>1</sup>Operating cash flow

<sup>2</sup>Net working capital

Totals may not add up due to rounding



# H1 2023: Reported figures

## Reported results

[€m]	H1 2022	H1 2023	Δ
EBIT	2,350	<b>2,004</b>	-14.7%
Financial result	-89	<b>-98</b>	10.0%
Profit before tax	2,261	<b>1,906</b>	-15.7%
Income tax	-507	<b>-400</b>	-21.1%
<i>Effective tax rate (%)</i>	22.4%	<b>21.0%</b>	-1.4pp
Net income	1,748	<b>1,500</b>	-14.2%
EPS (€)	4.02	<b>3.45</b>	-14.2%

## Comments

- EBIT decline mainly from efficiency drive costs across the Group and lower Life Science and Electronics volume
- Financial result with additional interest costs from pensions, related party financial liabilities and tax
- Effective tax rate in the lower end of guidance range
- Net income and EPS profile reflects lower EBIT



# Life Science H1: Core growth of +2% amid increasing headwinds from destocking in Process Solutions; declining COVID-19 demand as expected

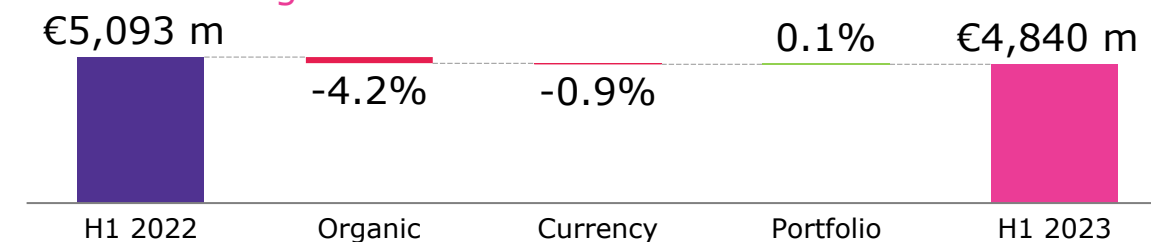
## Life Science P&L

[€m]	IFRS		Pre	
	H1 2022	H1 2023	H1 2022	H1 2023
Net sales	5,093	4,840	5,093	<b>4,840</b>
M&S*	-1,161	-1,134	-1,149	<b>-1,135</b>
Admin	-194	-208	-178	<b>-185</b>
R&D	-187	-203	-186	<b>-202</b>
EBIT	1,489	1,128	1,526	<b>1,190</b>
EBITDA	1,897	1,583	-	<b>-</b>
EBITDA pre	1,933	1,612	1,933	<b>1,612</b>
(in % of net sales)	37.9%	33.3%	37.9%	<b>33.3%</b>

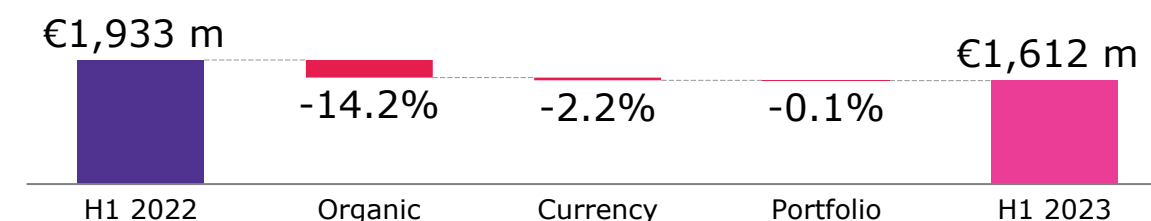
## Comments

- Process Solutions: -2% org. decline in the core due to destocking impact, also against tough comps; COVID-19 business declining as anticipated, resulting in -8% org. development in H1
- Science & Lab Solutions: Core business up +4% org. in H1, supported by price increases; limited negative impact of fading COVID-19 business led to org. growth of +2.4% in H1
- Life Science Services: Core growth of +10% org. with high QoQ volatility; fading COVID-19 business led to -21% org. sales decline
- M&S declining in absolute terms on lower logistics costs but increasing in % of sales on higher org. sales decline
- Higher R&D in absolute terms with continued investments in high growth & emerging segments, e.g. novel modalities
- EBITDA pre down -14% org. on declining volumes, negative mix effects and operating expenses declining less than sales

## Net sales bridge

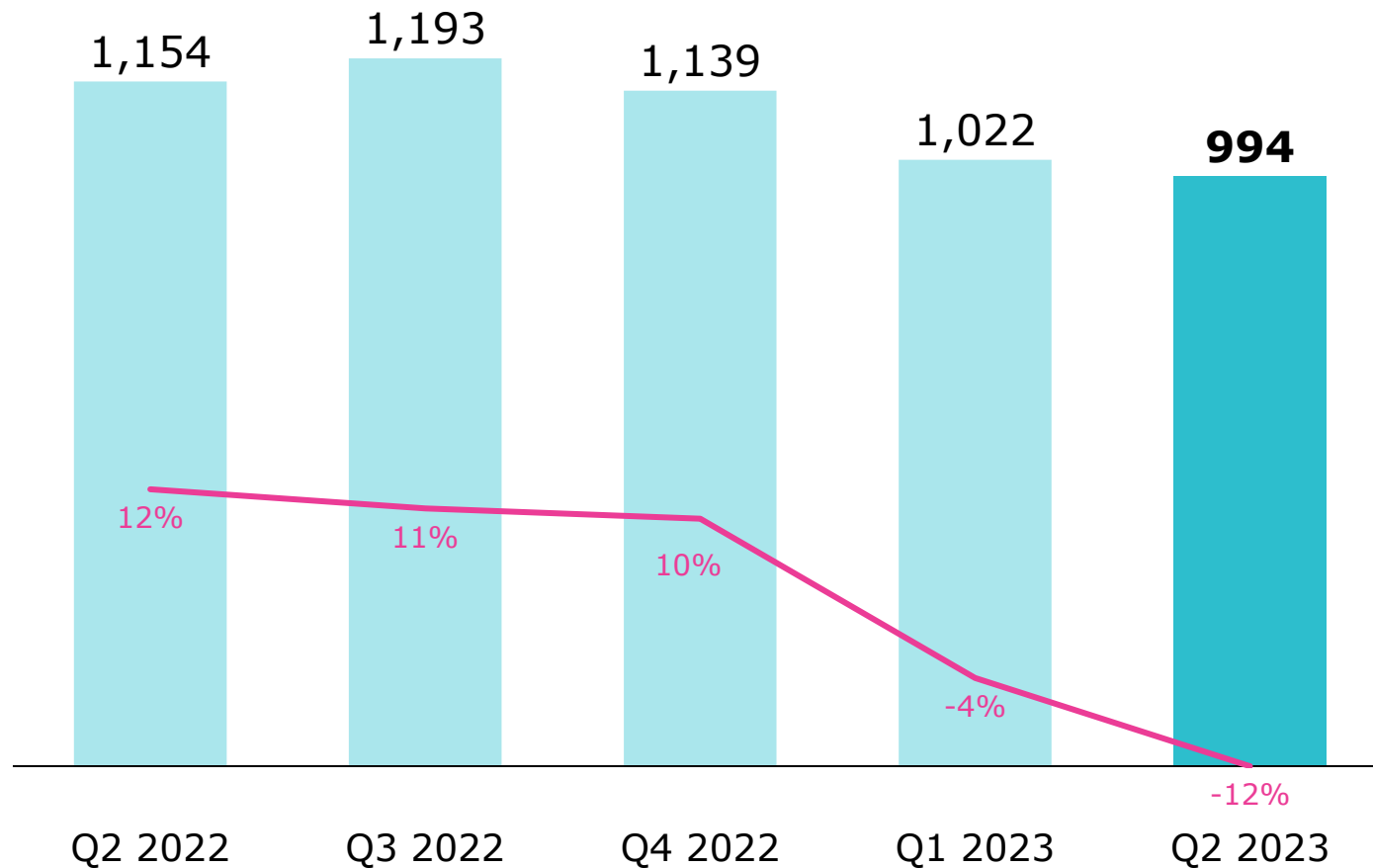


## EBITDA pre bridge



# Process Solutions: -12% org. decline on destocking; COVID-19 headwinds

Sales development [€m] - org. growth [%] YoY

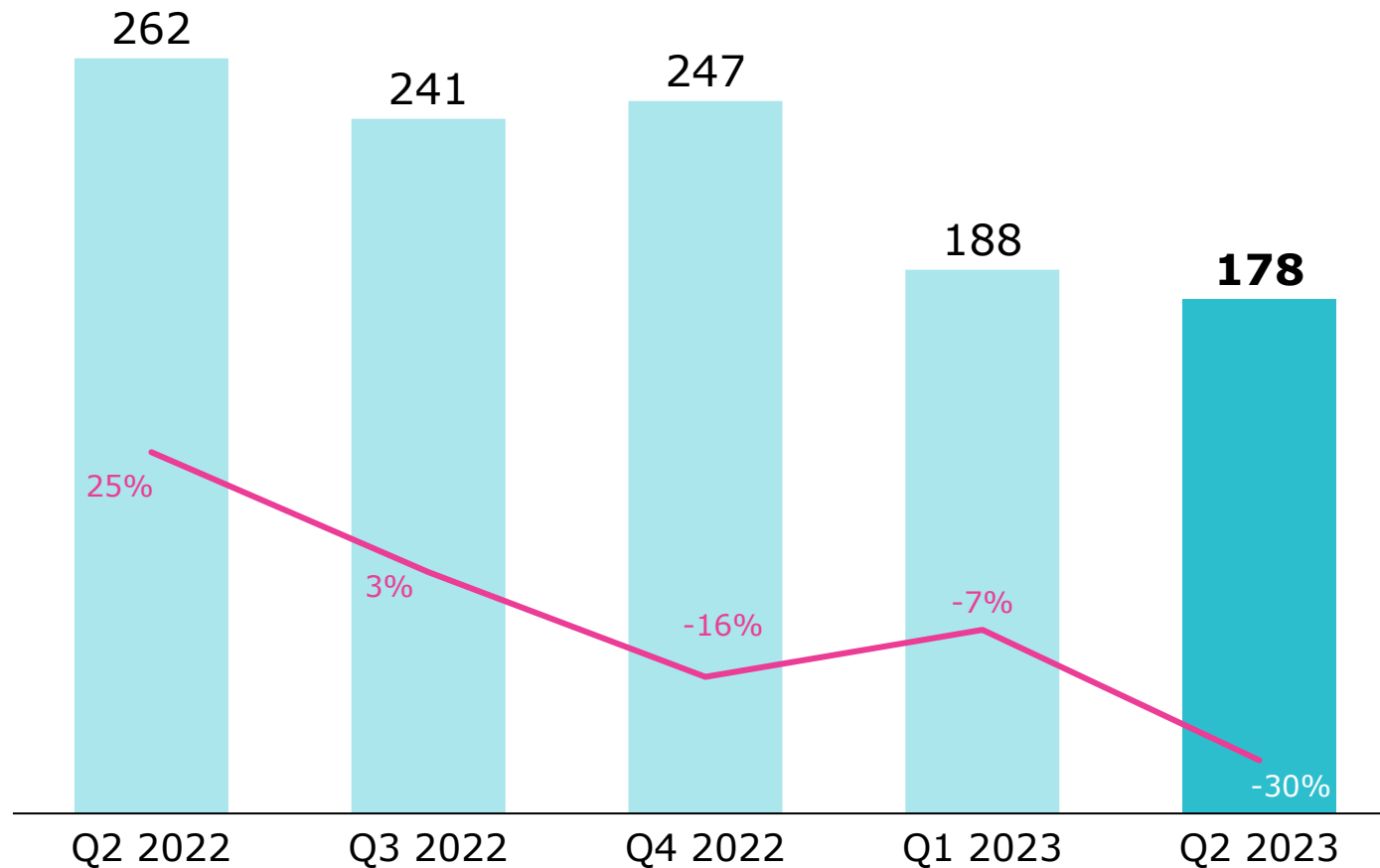


- **Core development of -7% org.** on destocking now full materializing in Q2
- **Destocking more pronounced than expected,** now also visible beyond our larger customers
- **Normalized lead times** across most of our portfolio
- COVID-19 headwinds of -5% as expected
- **Book-to-bill remains slightly below 1** in line with our expectation of hovering below 1 for a few quarters
- **All key regions down,** NA and Europe in the low-to high teens, APAC only down in low-single-digits



# Life Science Services: Negative batch phasing and high comps

Sales development [€m] - org. growth [%] YoY

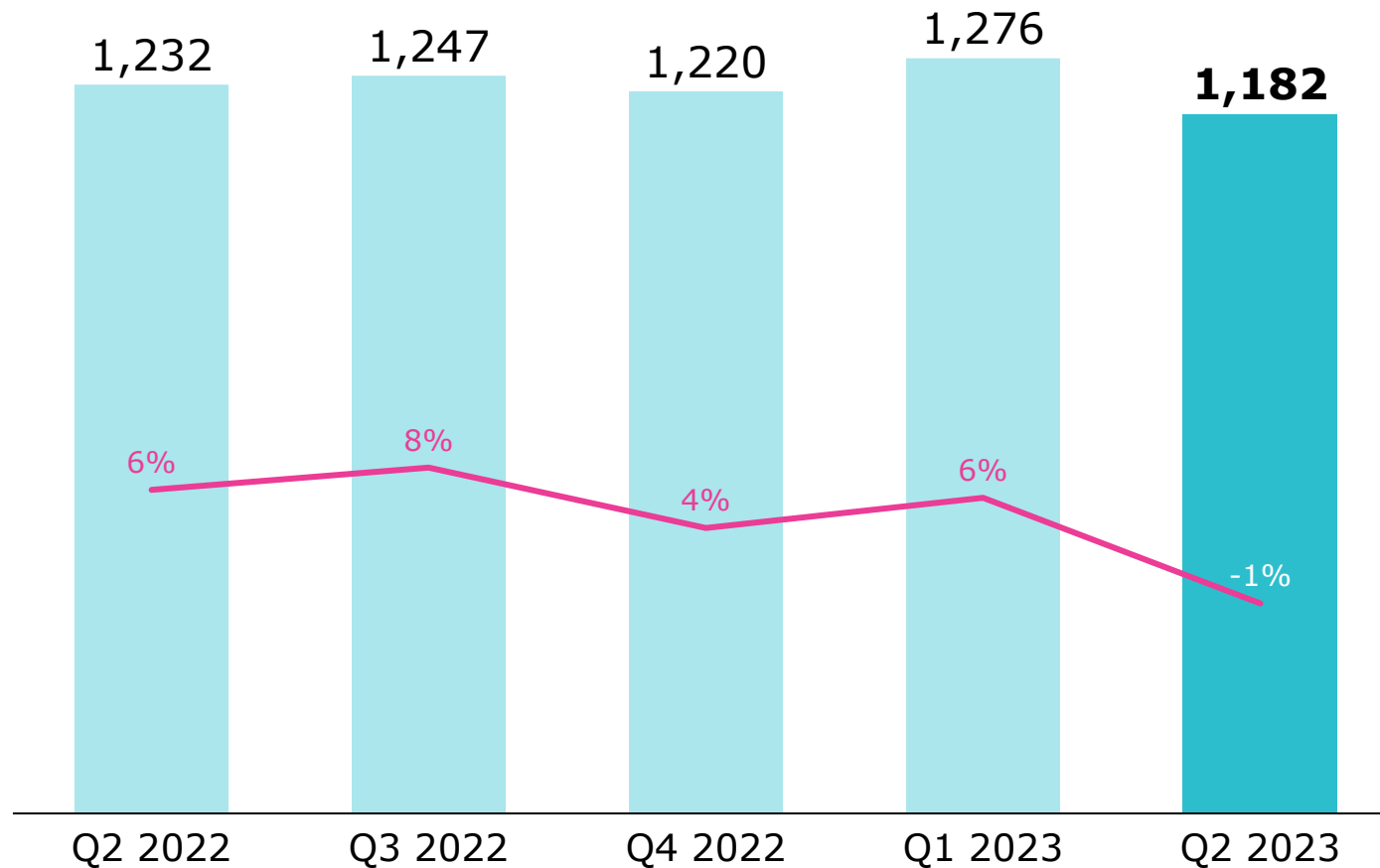


- **Life Science Services sales down -30% org.**, negative development in the core amplified by sharp decline in COVID-19 sales
- **COVID-19 business down to single-digit €m amount** amid lower demand for COVID vaccines
- **Core business down -7% org.** amid negative batch phasing in CDMO and high comps
- **Contract testing up in the mid- to high-single digits in the core org.** against tougher spending environment from early-stage biotech
- **NA and Europe down in the double digits, APAC only down in the mid-single digits,** other regions only contribute minimally to sales



# Science & Lab Solutions: Slight decline organically on COVID-19 headwind

Sales development [€m] - org. growth [%] YoY



- **Flat performance of the core business** in Q2, supported by pricing
- **Softer demand mainly at larger pharma companies**, mainly in North America
- **COVID-19 business down**, but only with a slight negative impact of -1%
- **Lab Water the strongest franchise, up in the mid-single digits**, with Chemistry and BioMonitoring up in the low-to mid-single digits
- **NA down in the mid-single digits**, Europe slightly up, APAC about stable, but against low comps



# Healthcare H1: New launches and Fertility drive organic growth

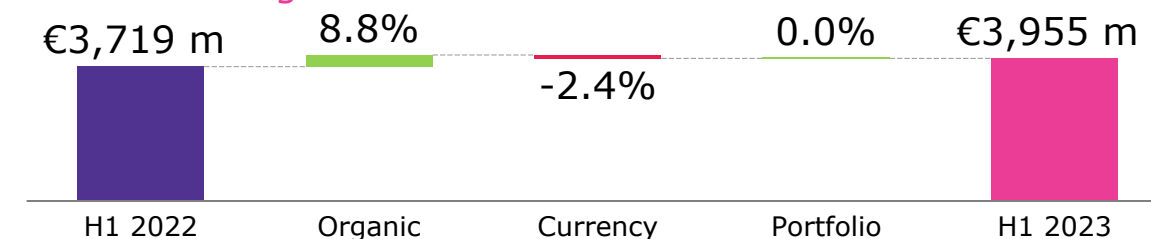
## Healthcare P&L

[€m]	IFRS		Pre	
	H1 2022	H1 2023	H1 2022	H1 2023
Net sales	3,719	3,955	3,719	<b>3,955</b>
M&S*	-792	-803	-791	<b>-798</b>
Admin	-152	-155	-147	<b>-147</b>
R&D	-798	-797	-792	<b>-800</b>
EBIT	893	1,135	988	<b>1,143</b>
EBITDA	1,128	1,285	-	-
EBITDA pre	1,133	1,293	1,133	<b>1,293</b>
(in % of net sales)	30.5%	32.7%	30.5%	<b>32.7%</b>

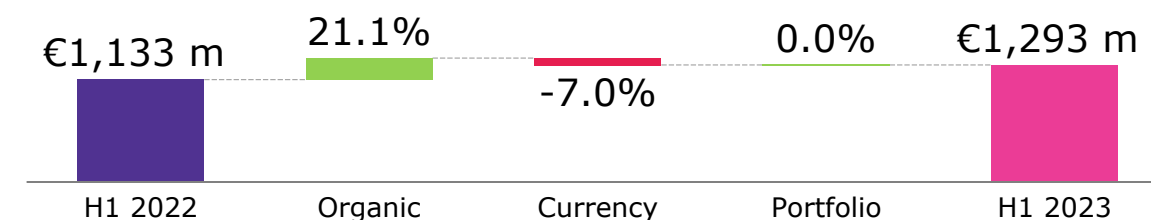
## Comments

- N&I: Mavenclad<sup>®</sup> growth of +26% org. more than offsets Rebif<sup>®</sup> decline of -14% org.
- Oncology up +16% org, driven by Bavencio<sup>®</sup> growth of +29% org., supported by strong Erbitux<sup>®</sup> (+7% org.)
- Solid growth in established portfolio, driven by Fertility (+16% org.) fueled by competitors' stock-outs; CM&E at +2% org.
- M&S about stable in absolute terms; declining in % of sales due to constant productivity efforts
- R&D about stable in absolute terms; percentage of sales in line with mid-term ambition of low twenties
- EBITDA pre organic increase, driven by strong sales momentum, positive product mix and lower comps on gross profit, supported by income from portfolio management

## Net sales bridge

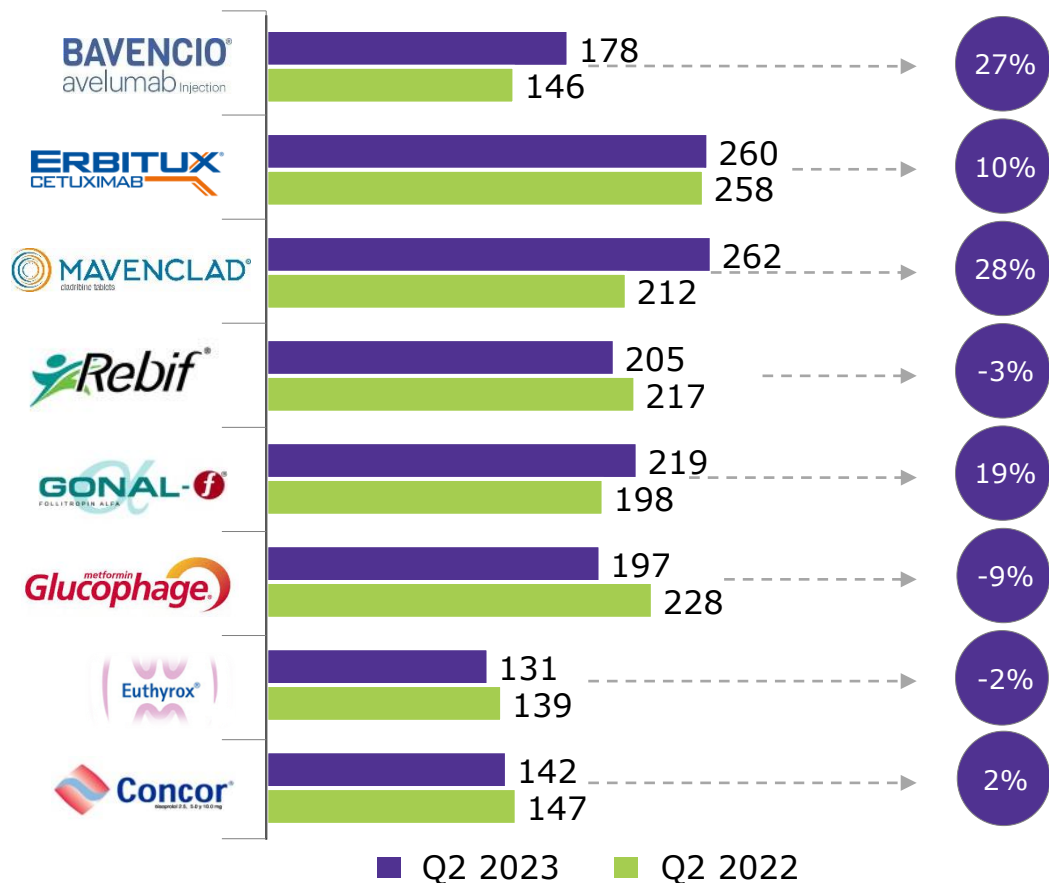


## EBITDA pre bridge

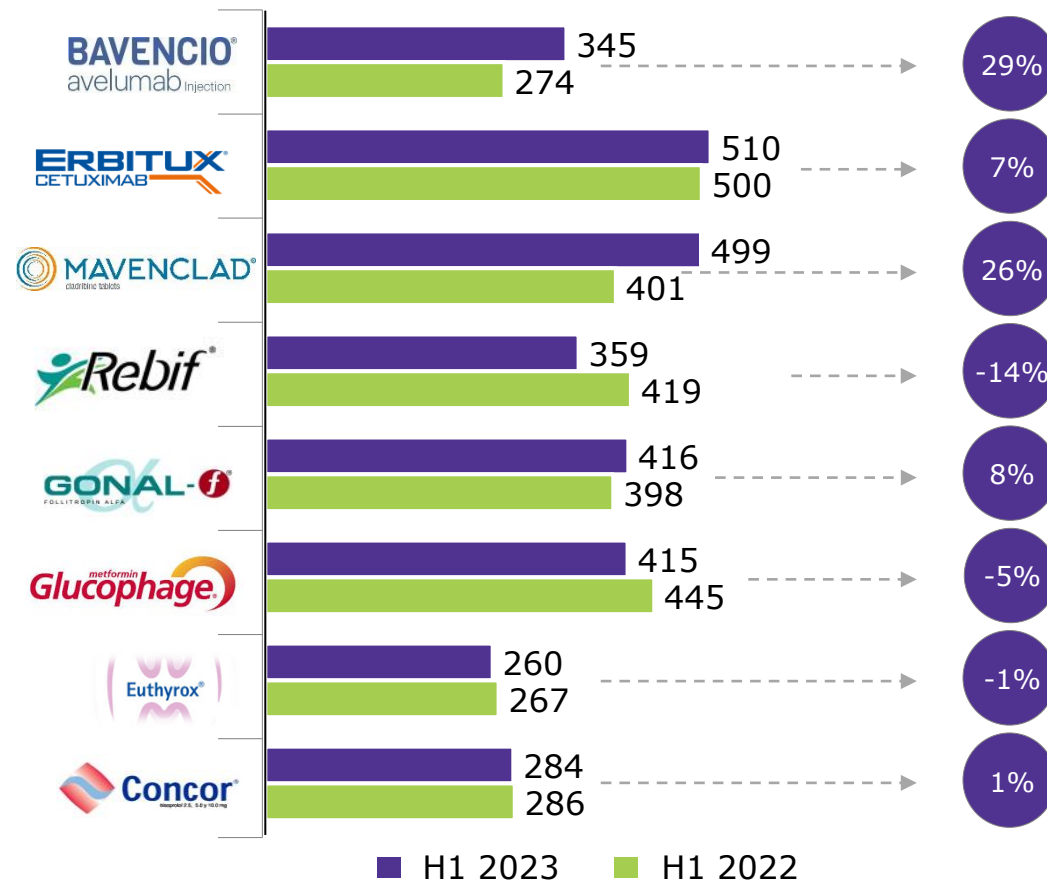


# Healthcare organic growth by franchise/product

Q2 2023 organic sales growth [%]  
by key product [€m]



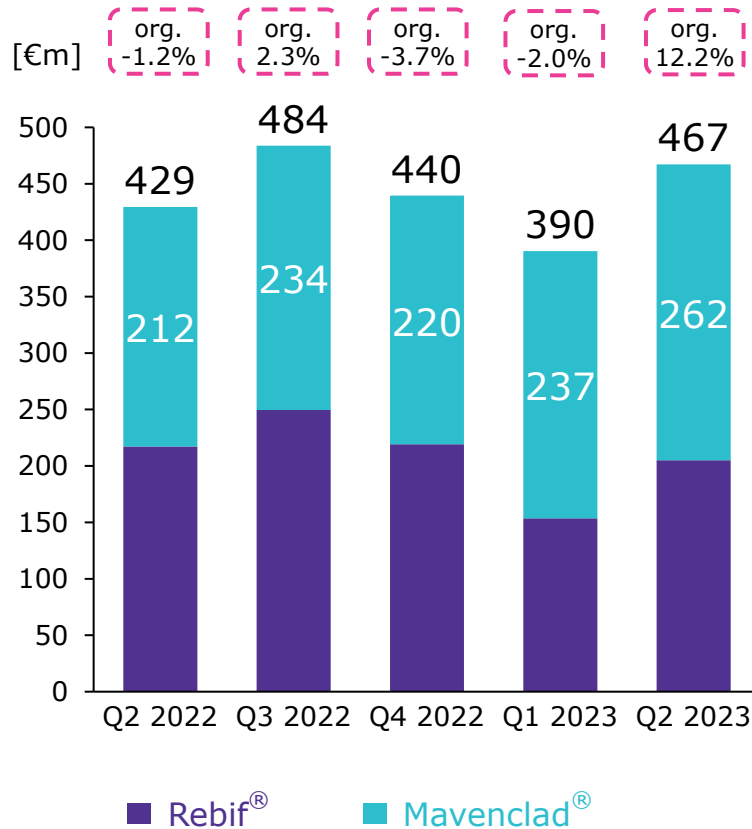
H1 2023 organic sales growth [%]  
by key product [€m]



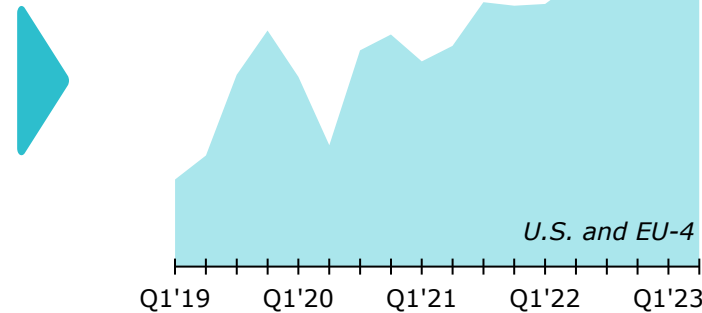


# Neurology & Immunology: Q2 Mavenclad<sup>®</sup> sales up +28% org., Rebif<sup>®</sup> with softer decline (-3% org.) benefitting from positive U.S. channel dynamics

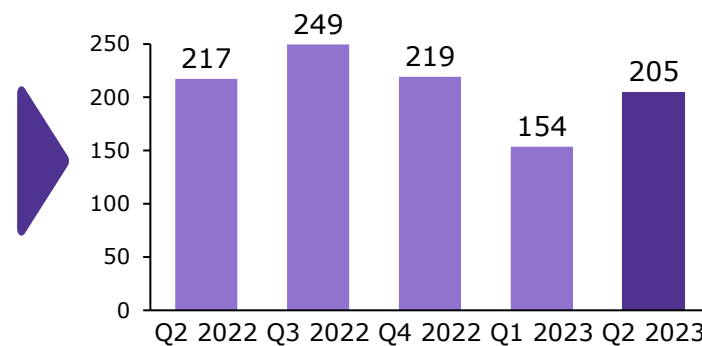
## Sales development N&I, [€m] YoY



## Mavenclad<sup>®</sup> Y1+Y2 patients<sup>1</sup>



## Rebif<sup>®</sup> net sales, [€m]



- Mavenclad<sup>®</sup> most prescribed oral HE drug in the U.S. and EU-4 in dynamic market segment<sup>2</sup>
- Continued U.S. prescription breadth & depth expansion<sup>3</sup>
- Higher efficacy than other oral MS medicines<sup>4</sup>

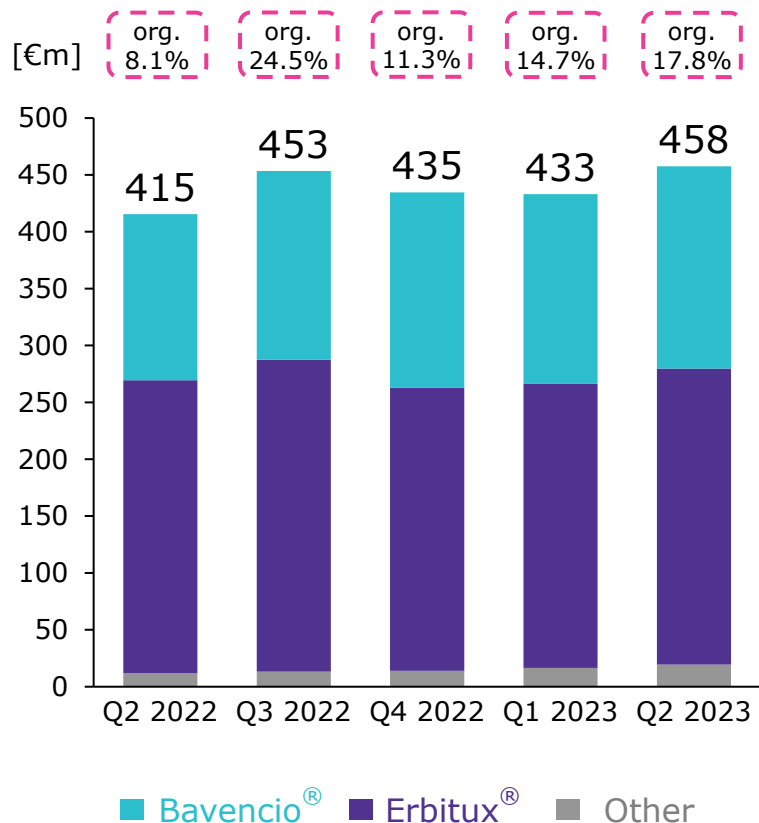
- Continued Rebif<sup>®</sup> decline in line with interferon market trend; increased shift from platform to HE therapies

<sup>1</sup>Number of Year-1 and Year-2 patients in U.S. and EU-5 per quarter, based on IQVIA and internal validation; <sup>2</sup>Based on IQVIA data; <sup>3</sup>Pharm dynamic market data; <sup>4</sup>Internal MS LifeLine ibond data; <sup>5</sup>Spelman T, et al. Mult Scler J 2022; 1-15; Acronyms: HE = High Efficacy

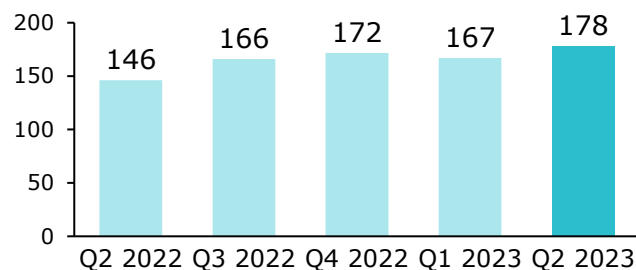


# Oncology: Bavencio® mUC 1L ramp-up drives 18% org. franchise growth

## Sales development Oncology, [€m] YoY

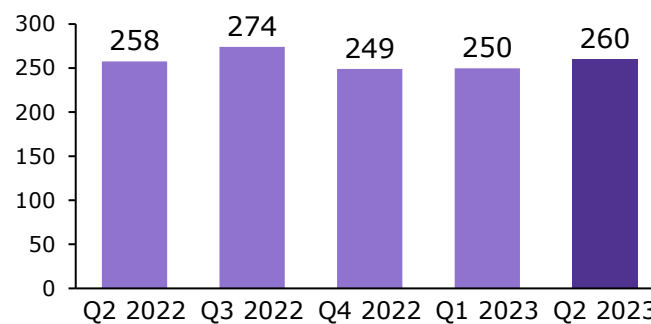


## Bavencio® net sales, [€m]



- Continued strong growth momentum of +27% org.; QoQ growth projected for remaining quarters
- Regaining full Bavencio® rights June 30; sole global commercialization going forward

## Erbitux® net sales, [€m]



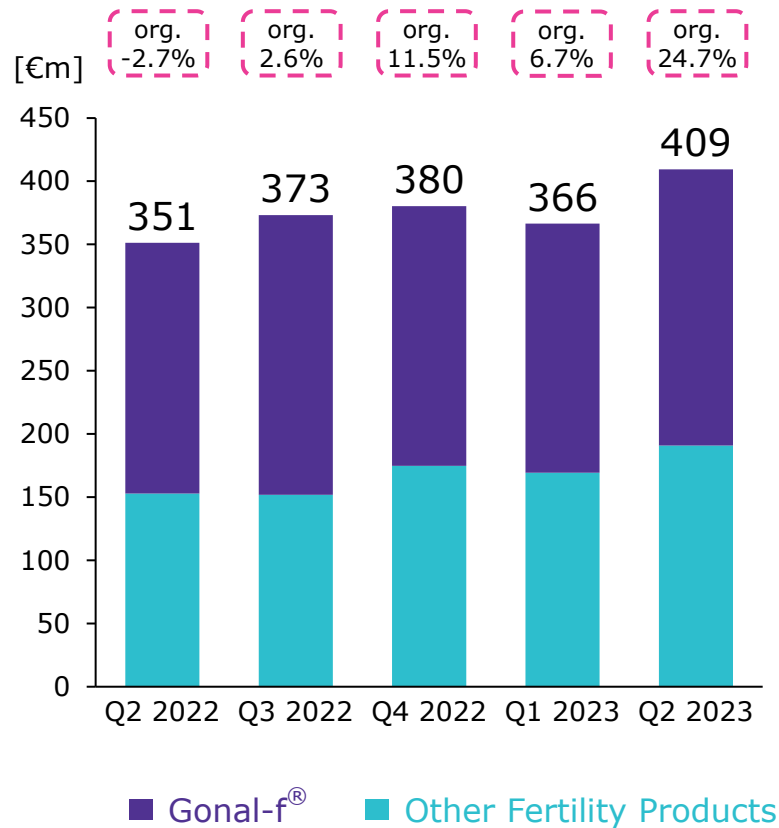
- Post-Covid catch-up effect in China and NRDL expansion driving +21% org. growth in APAC region

Acronyms: mUC 1L = metastatic urothelial carcinoma, 1<sup>st</sup> line; NRDL= National Reimbursement Drug List

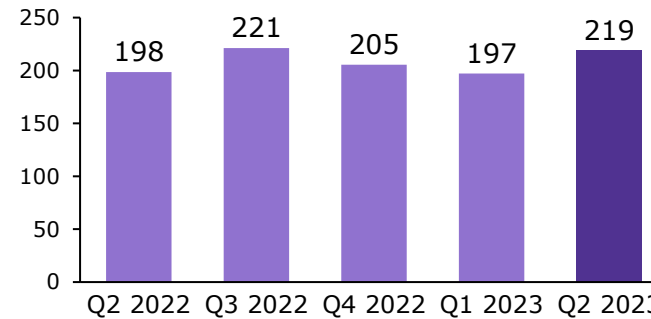


# Fertility: Growth of +25% org. supported by competitors' stock out

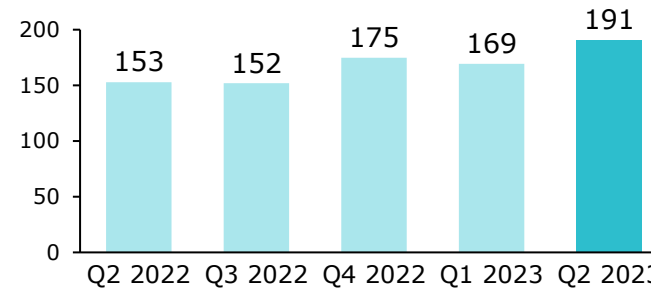
Sales development Fertility, [€m] YoY



Gonal-f<sup>®</sup> net sales, [€m]



Other Fertility net sales, [€m]

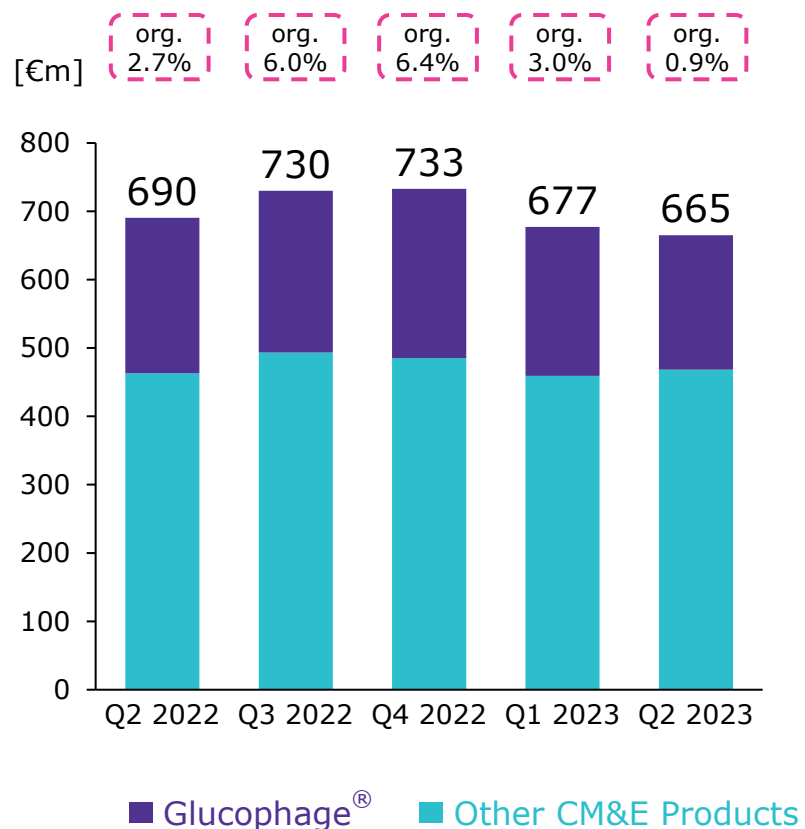


- Competitor stock-out of urine-based product in selected markets
- China: Double-digit sales increase, offsetting muted Q1 impacted by Covid-19 infection rates
- Confidence in mid-term mid-single digit CAGR for the Fertility franchise

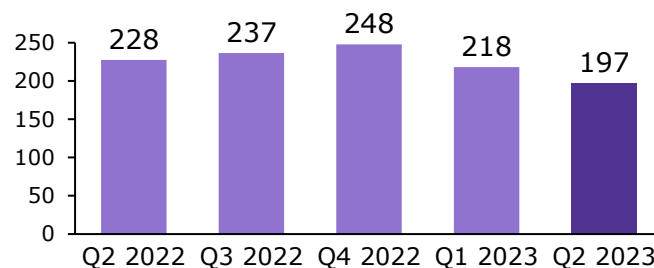


# CM&E: +1% org. growth in Q2; Saizen® with double-digit org. growth

## Sales development CM&E, [€m] YoY

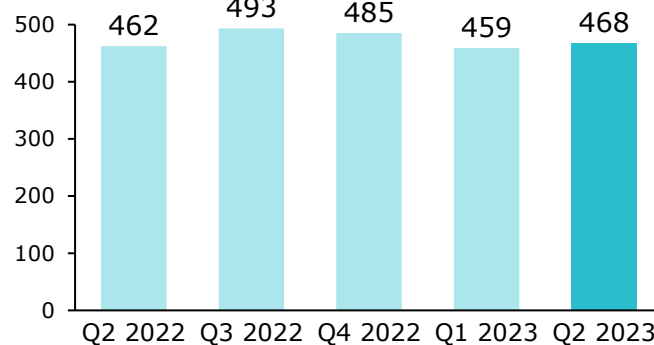


## Glucophage® net sales, [€m]



- Q2 China sales declining due to recent slowdown in market growth, linked to high Covid-driven inventory build-up
- For H2, early indicators point to market recovery in China

## Other CM&E net sales, [€m]

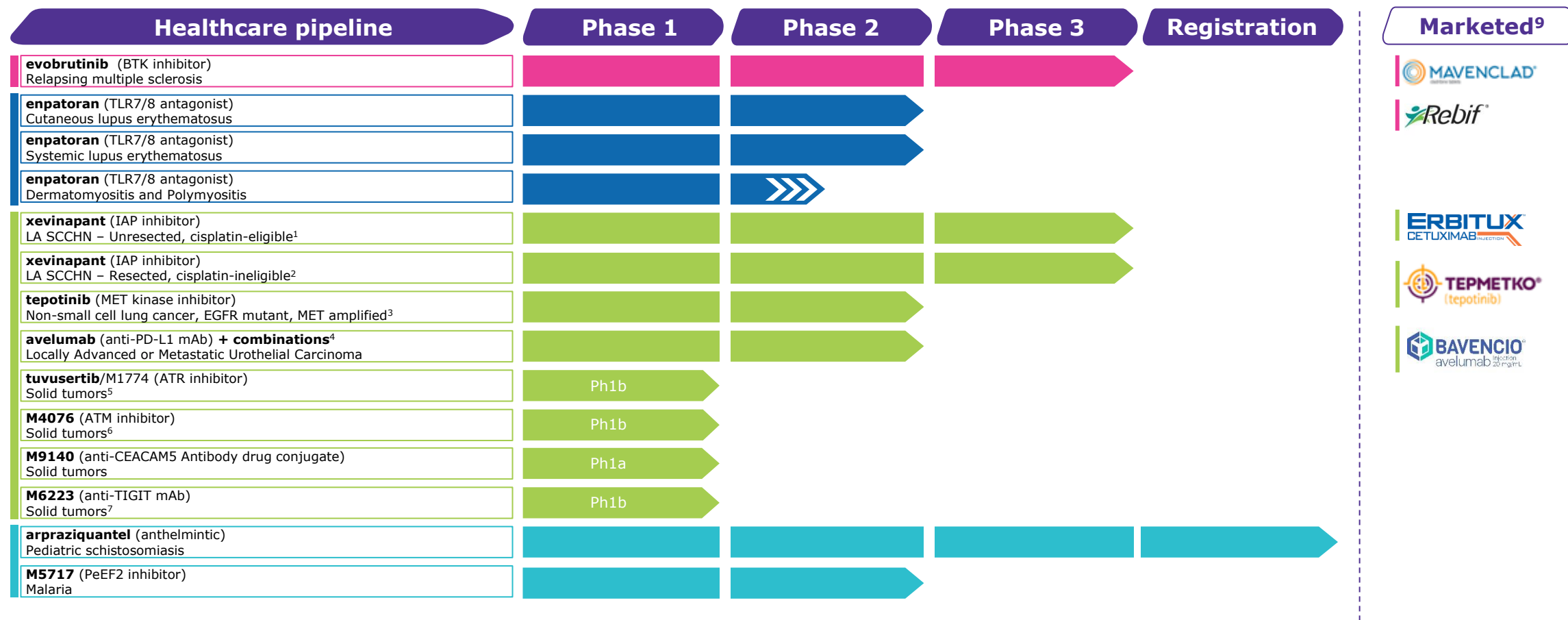


- Other CM&E portfolio growth primarily driven by Saizen® benefiting from competitor stock-out and Concor®



# Group pipeline

August 03, 2023



█ Neurology █ Immunology █ Oncology █ Global Health █»» Asset entering new phase<sup>8</sup> █ Current phase █ Previous phase(s)

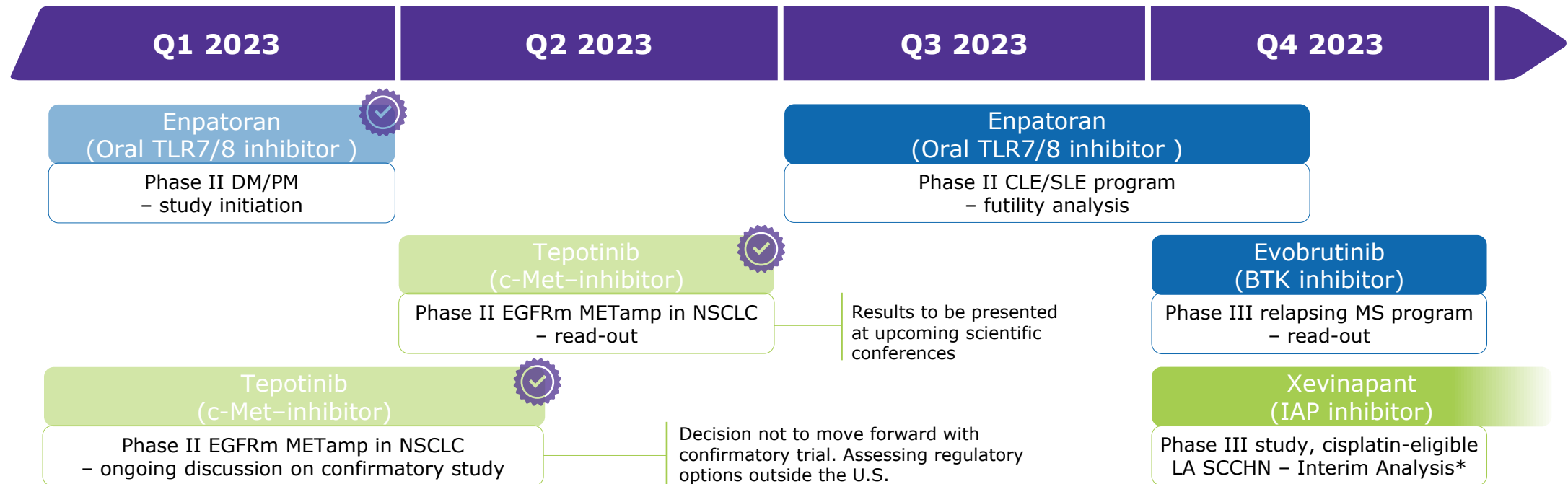
Ph1a: phase 1a, dose finding; Ph1b: phase 1b, dose escalation/expansion and signal seeking

<sup>1</sup> In combination with cisplatin and radiotherapy in unresected LA SCCHN patients eligible for cisplatin. <sup>2</sup> In combination with radiotherapy in resected LA SCCHN patients ineligible for cisplatin. <sup>3</sup> In combination with osimertinib. <sup>4</sup> Combinations include Sacituzumab Govitecan, NKTR-255 and M6223. <sup>5</sup> Studies as monotherapy and in combination with niraparib, avelumab or M4076 ATMi. Includes studies (phase I/II) in collaboration with/ sponsored by external partners, e.g. US National Cancer Institute (NCI). <sup>6</sup> Administered in combination with tuvusertib/M1774 (ATRI). <sup>7</sup> Administered in combination, including combinations other than avelumab. <sup>8</sup> Registered study with open enrollment; subjects may not yet be enrolled. <sup>9</sup>Marketed products for information only.

Unless noted otherwise, clinical programs conducted in collaboration with external partners are not shown unless Group has co-ownership of data. In such cases the indication is shown in italics.



# Healthcare catalysts



- Oncology
- Immunology

Acronyms: TLR = toll-like receptor, DM = Dermatomyositis, PM = Polymyositis, SLE = Systemic lupus erythematosus, CLE = Cutaneous lupus erythematosus, BTK = Bruton's tyrosine kinase; MS=Multiple Sclerosis, LA = locally advanced, SCCHN = squamous cell carcinoma of the head and neck, EGFR = Epidermal Growth Factor Receptor, NSCLC = non-small cell lung cancer, IAP = Inhibitor of Apoptosis Proteins  
 \* - event-driven; Interim Analysis Q4-2023/Q1-2024



# Electronics H1: Semi Solutions outperforms declining semi market; Display Solutions environment remains challenging

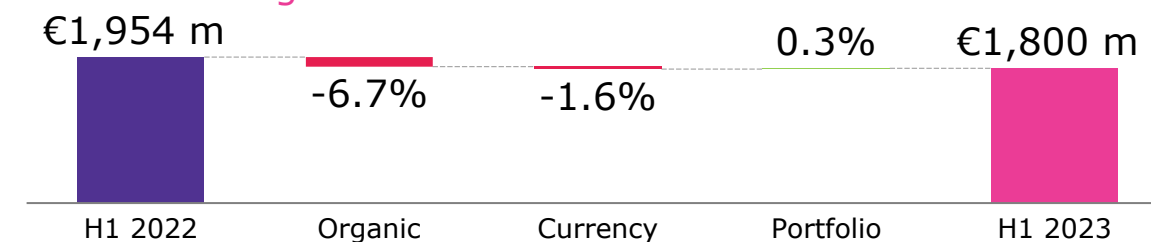
## Electronics P&L

[€m]	IFRS		Pre	
	H1 2022	H1 2023	H1 2022	H1 2023
Net sales	1,954	1,800	1,954	<b>1,800</b>
M&S*	-319	-306	-317	<b>-305</b>
Admin	-61	-68	-59	<b>-62</b>
R&D	-148	-149	-147	<b>-148</b>
EBIT	294	196	316	<b>237</b>
EBITDA	561	473	-	<b>-</b>
EBITDA pre	582	499	582	<b>499</b>
(in % of net sales)	29.8%	27.7%	29.8%	<b>27.7%</b>

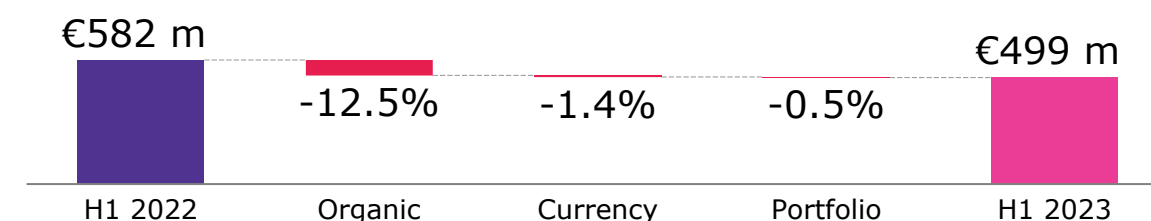
## Comments

- Semiconductor Solutions: sales down -2% org. due to weaker market; broad portfolio enables outperformance of mid-teens MSI decline
- Display Solutions: down -20% org. as LC decline only partially slowed by OLED amid lower volume and unfavorable mix
- Surface Solutions: down -5% org.; strong Cosmetics performance partially offsetting soft coatings and industrials end markets
- M&S down with cost savings and logistics costs down in-line with volume
- R&D stable in % of sales, while admin declining in absolute terms
- All P&L lines continue to reflect diligent cost management amid inflationary pressures
- EBITDA pre impacted by lower sales volumes, with mitigation from UDC\*\* patent agreement

## Net sales bridge

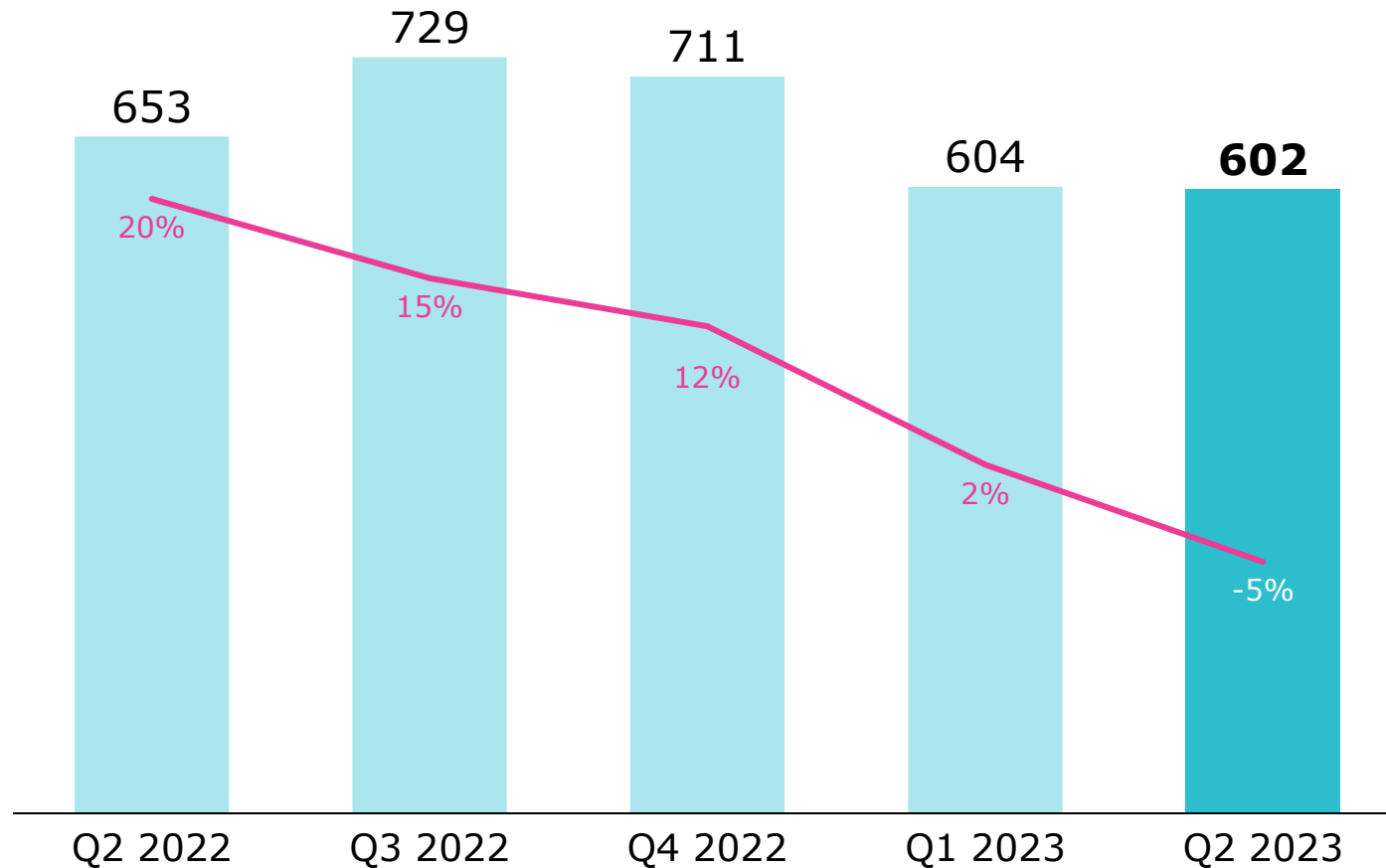


## EBITDA pre bridge



# Semiconductor Solutions outperforms weaker semi market

Sales development [€m] - org. growth [%] YoY



- **Semiconductor Solutions** slows due to ongoing semi market softening with **mid-teens decline in MSI** in Q2
- High growth in **DS&S business** driven by capex investment in new fabs
- Outlook continually improving on new projects and equipment
- **Semiconductor Materials** suppressed due to low end-user demand and lower short-term customer utilization
- High customer inventories to delay recovery
- Investing for growth as **mid-term view remains intact**





# Cash flow statement

## H1 2023 – cash flow statement

[€m]	H1 2022	H1 2023	Δ
Profit after tax	1,754	<b>1,506</b>	-248
D&A	962	<b>938</b>	-24
Changes in provisions <sup>1</sup>	14	<b>45</b>	31
Changes in other assets/liabilities <sup>1</sup>	-367	<b>-608</b>	-241
Other operating activities	-24	<b>-129</b>	-105
Changes in working capital	-647	<b>-277</b>	370
<b>Operating cash flow</b>	<b>1,692</b>	<b>1,475</b>	-217
Investing cash flow	-1,875	<b>-1,091</b>	784
thereof Capex on PPE	-667	<b>-855</b>	-188
Financing cash flow	-148	<b>-456</b>	-308

## Cash flow drivers

- Profit after tax driven by lower EBIT, partially offset by lower tax
- Prior-year provisions impacted by actuarial gain from higher interest rates;
- Delta in other assets & liabilities mainly driven by tax and pension plans
- Other operating activities reflect outlicensing and patent agreements in Healthcare and Electronics
- Favorable working capital due to prior year receivables & inventories build up
- Investing cash flow primarily driven by proceeds from short-term investments
- Financing cash flow up mainly due to repayments of bank liabilities



# Adjustments in Q2 2023

## Adjustments in EBIT

[€m]	Q2 2022		Q2 2023	
	Adjustments	thereof D&A	Adjustments	thereof D&A
Life Science	30	0	<b>45</b>	32
Healthcare	91	90	<b>12</b>	0
Electronics	11	0	<b>22</b>	5
Corporate & Other	30	0	<b>60</b>	0
Total	163	90	<b>138</b>	37



# Adjustments in H1 2023

## Adjustments in EBIT

[€m]	H1 2022		H1 2023	
	Adjustments	thereof D&A	Adjustments	thereof D&A
Life Science	37	1	<b>62</b>	32
Healthcare	95	91	<b>8</b>	-1
Electronics	22	0	<b>41</b>	15
Corporate & Other	37	0	<b>133</b>	0
Total	191	93	<b>245</b>	47



# Financial Calendar



Date	Event
October 19, 2023	Capital Markets Day
November 9, 2023	Q3 2023 Earnings release
March 7, 2024	Q4 2023 Earnings release
April 26, 2024	Annual General Meeting
May 15, 2024	Q1 2024 Earnings release
August 1, 2024	Q2 2024 Earnings release



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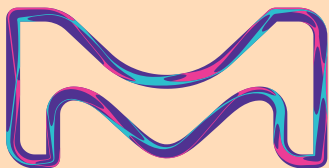


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