



DEMONSTRATING RESILIENCE UNDER MARKET PRESSURE

Q2 2023 results

Presentation Media Call

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Merck KGaA
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Agenda

01 Executive summary

02 Financial overview

03 Outlook & Guidance



EXECUTIVE SUMMARY

01

Highlights Q2 2023:



Operations

Life Science:

- Sales decline of -9% org. amid pronounced destocking and COVID-19 headwinds
- Core business¹ 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



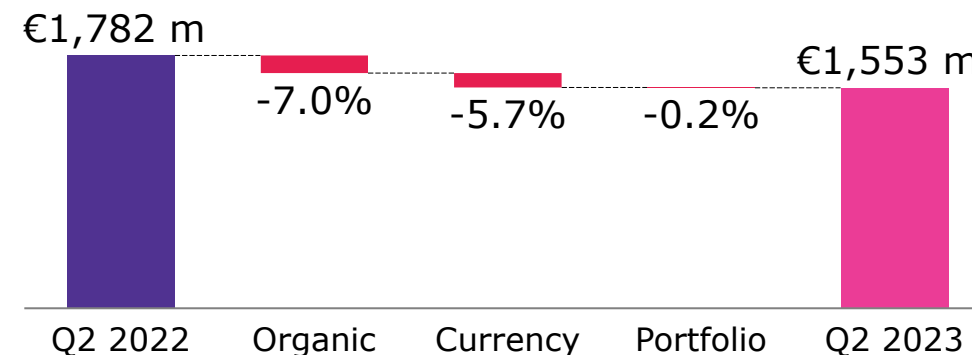
Group resilient as Healthcare performance largely offsets decline in Life Science and Electronics

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%
Group	-1.1%	-3.7%	0.1%	-4.8%

- 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

Q2 YoY EBITDA pre



- 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 UDC¹ patent agreement in Q2; strengthens OLED portfolio
- Significant foreign exchange burden on EBITDA pre



02

Financial Overview

Q2 2023: Overview

Key figures

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

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



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

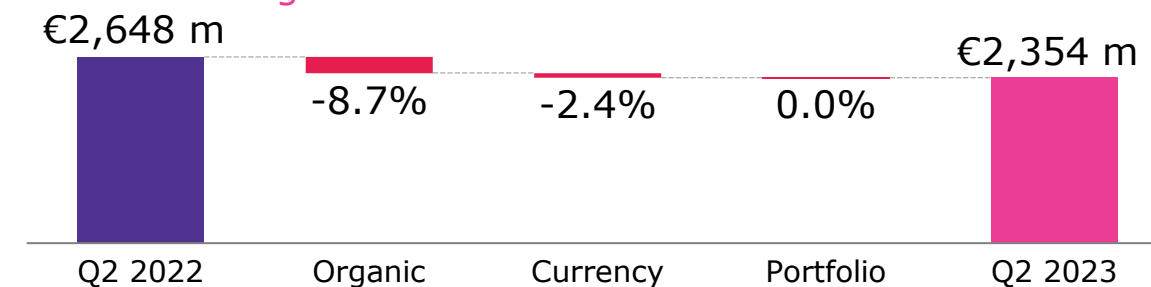
Life Science P&L

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

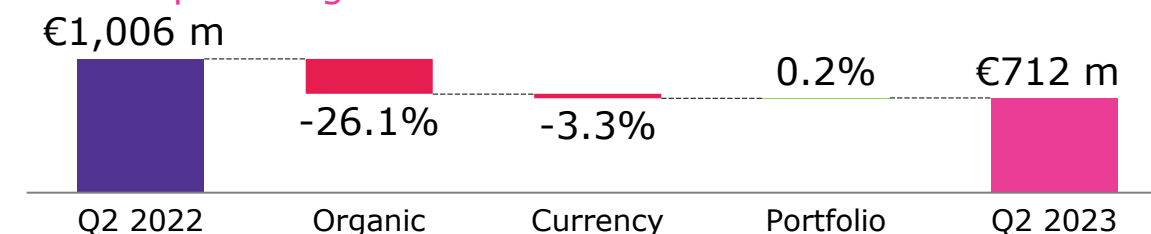
Comments

- 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

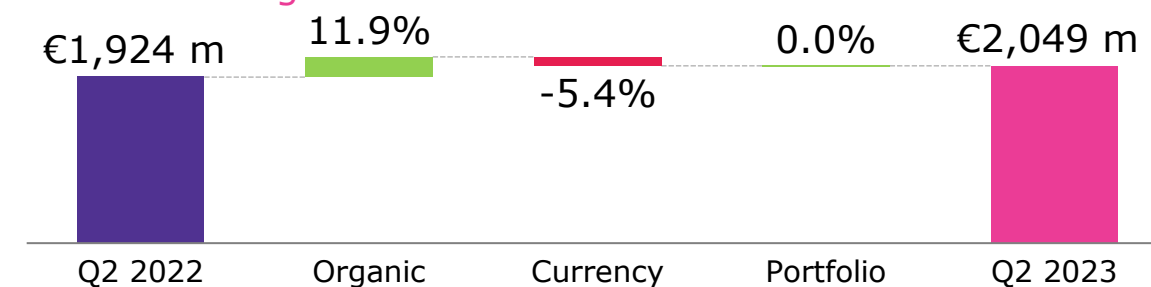
Healthcare P&L

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

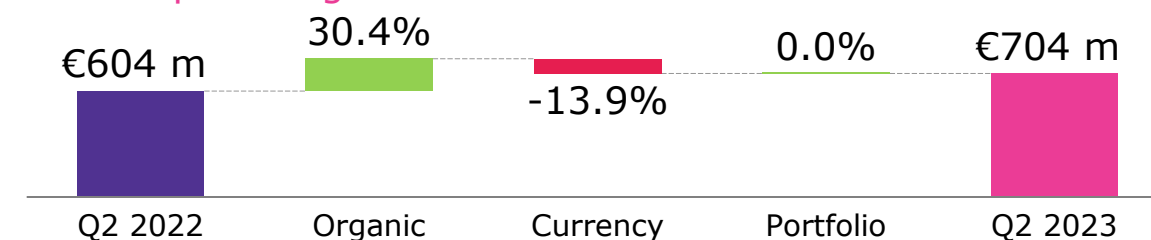
Comments

- 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

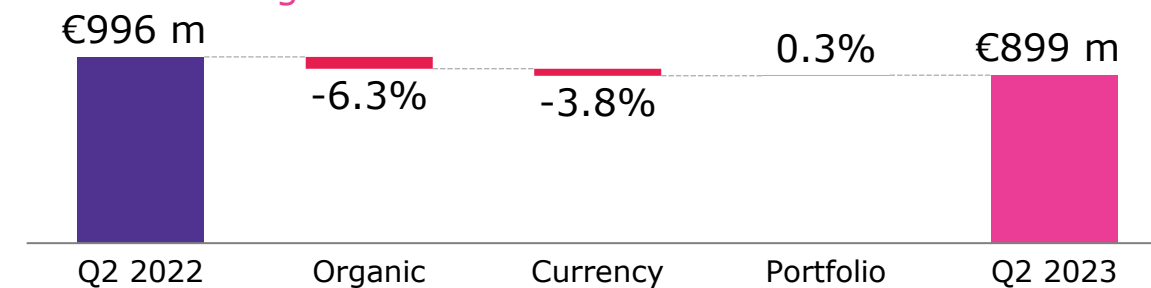
Electronics P&L

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

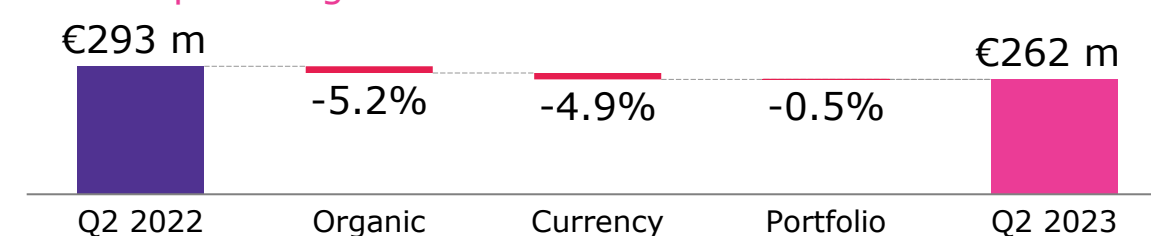
Comments

- 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

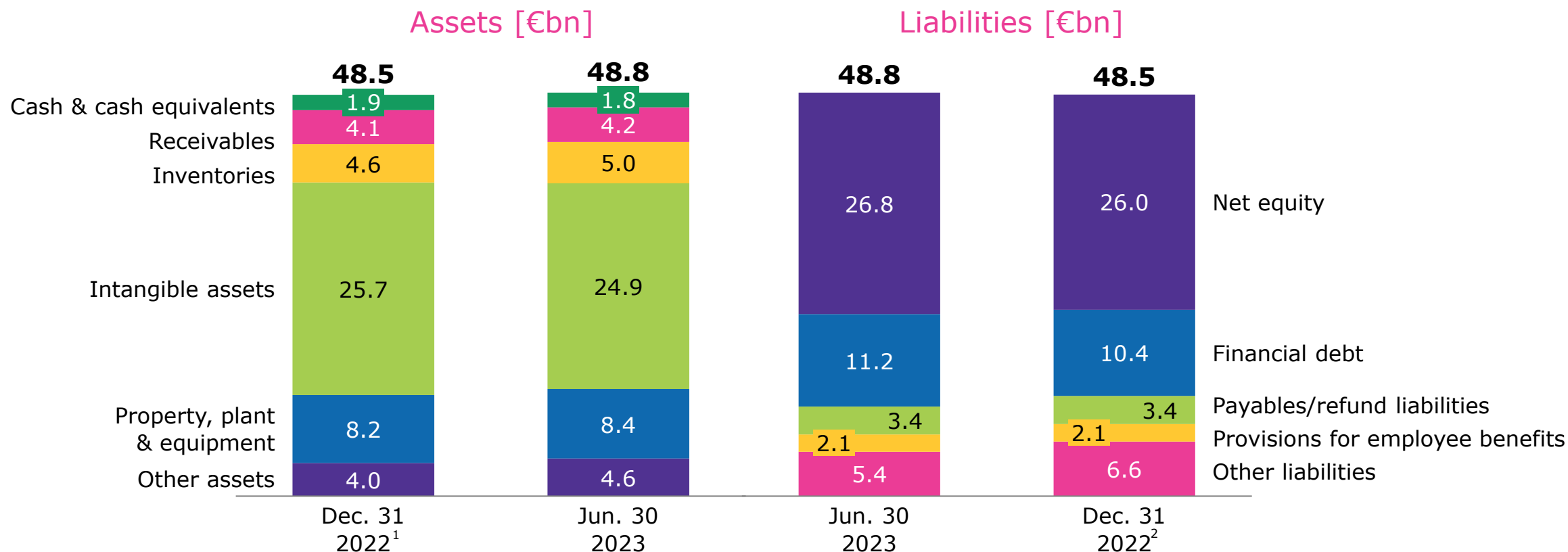
Net sales bridge



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%)

¹Previous-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.

²As 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.



03

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 guidance¹

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



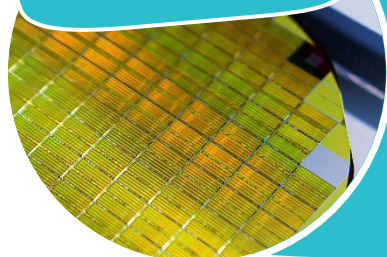
Net sales

- 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



