



# staying the course through challenging MACRO environment

**Merck KGaA, Darmstadt, Germany**

**Q3 2023 results**

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# Agenda

**01** Executive summary

**02** Financial overview

**03** ESG update

**04** Outlook & guidance



01

# EXECUTIVE SUMMARY



# Highlights Q3 2023:



## Operations

### Life Science:

- Sales down -13% org. as Covid-19 fades, pronounced destocking, China macroeconomy and SAP roll-out
- Core business<sup>1</sup> sales -8% org., mainly driven by PS and SLS

### Healthcare:

- Continues to drive strong and broad organic growth (+7%), Wave 1 launches +13% org., Established portfolio +6% org.
- Fertility +14% org., boosted by competitors' stock-out

### Electronics:

- Electronics sales decline (-4% org.) amid market headwinds
- Display up +12% org. partially offsetting lower Semi sales (-9% org.), as guided; outperforms high-teens MSI decline



## Financials

**Q3 organic sales:** -4%

**Q3 organic EBITDA pre:** -13%

### 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:**

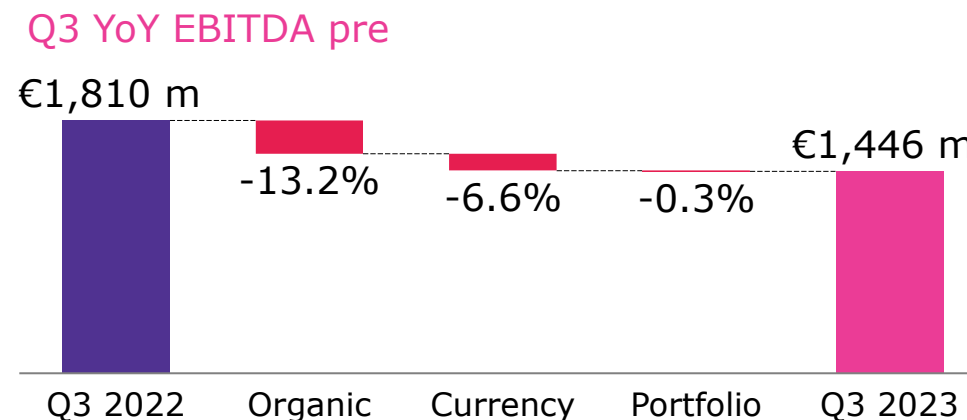
1.4x on September 30, 2023



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

Q3 YoY Net Sales	Organic	Currency	Portfolio	Total
Life Science	-13.2%	-5.1%	0.0%	-18.3%
Healthcare	7.4%	-8.5%	0.0%	-1.1%
Electronics	-4.0%	-7.9%	0.3%	-11.6%
<b>Group</b>	<b>-4.1%</b>	<b>-6.8%</b>	<b>0.1%</b>	<b>-10.9%</b>

- Life Science: Core<sup>1</sup> decline of -8% org., driven by Process Solutions (-15%) and Science & Lab Solutions (-4%); Life Science Services with +12% core<sup>1</sup> org. growth
- Healthcare: Bavencio<sup>®</sup> (+22% org.), Mavenclad<sup>®</sup> (+3% org.) with pricing pressures and increasing competitive intensity in Europe. CM&E growing +7% org. and Fertility +14% org.
- Electronics: Semiconductor with -9% org. decline, against backdrop of MSI down high-teens amount; Display up +12% org., driven by volume recovery in liquid crystals

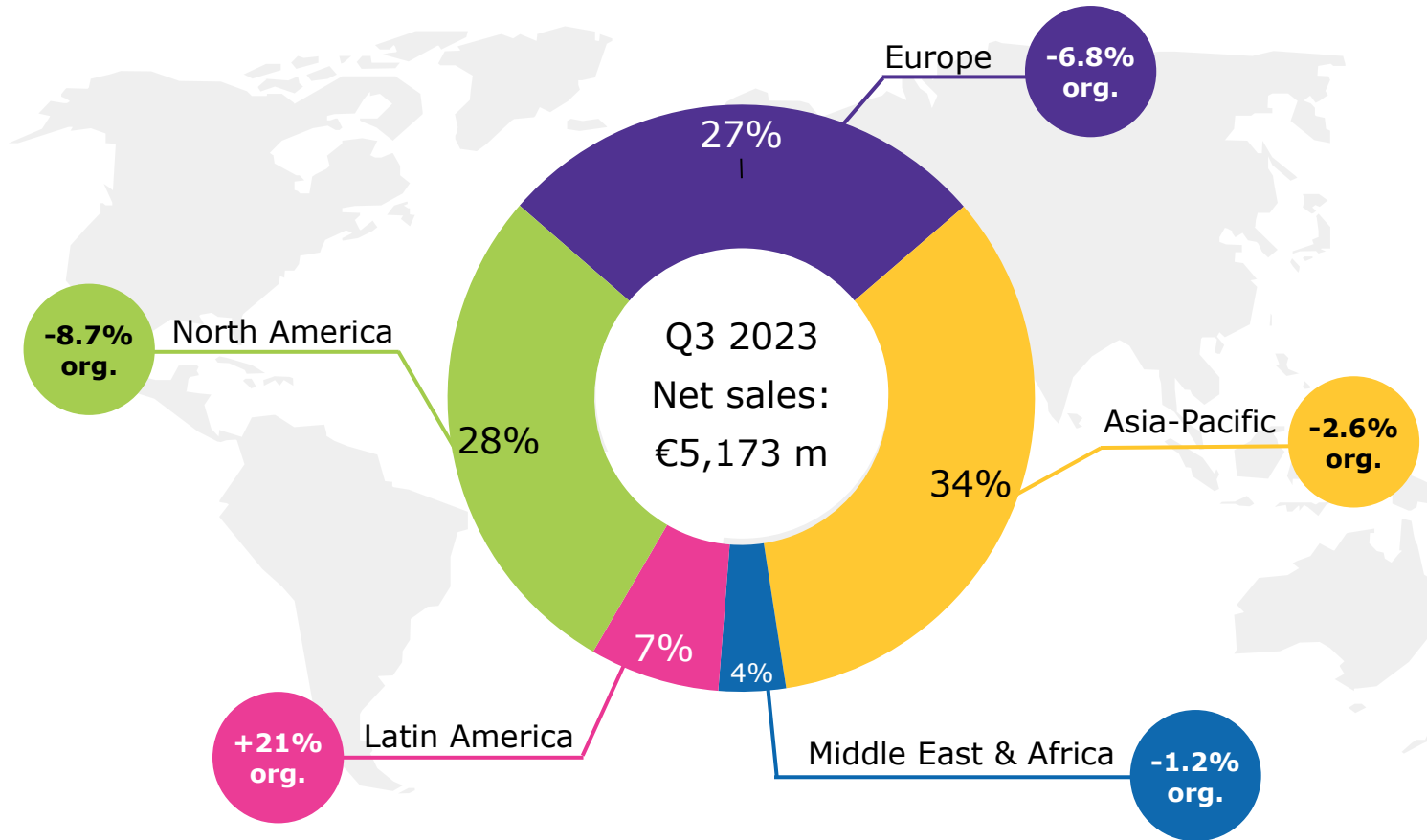


- Life Science EBITDA pre down -32% org. mainly due to underutilization caused by lower volumes
- Healthcare EBITDA pre up +17% org. driven by org. sales growth and stringent cost management
- Electronics margins reflect higher idle cost during the Semi down cycle, mix and cost inflation
- Significant foreign exchange burden on EBITDA pre



# Geographical diversification supports resilient portfolio

## Regional breakdown of net sales [€m]



## Regional organic development

- North America: Strong Mavenclad® and Semis, mitigate sharp Life Science decline
- Europe: Sales decline in Life Science, partially offset by Healthcare
- APAC: Strong org. growth in Healthcare and Display offsetting lower sales in Life Science and Semis
- ME&A: Decline in Healthcare and Life Science
- LATAM: Strong growth in Healthcare and Life Science



02

# Financial Overview





# Q3 2023: Overview

## Key figures

[€m]	Q3 2022	Q3 2023	Δ
Net sales	5,806	<b>5,173</b>	-10.9%
EBITDA pre	1,810	<b>1,446</b>	-20.2%
<i>Margin (in % of net sales)</i>	31.2%	<b>27.9%</b>	-3.3pp
EPS pre	2.68	<b>2.07</b>	-22.8%
Operating cash flow	1,552	<b>1,255</b>	-19.1%

[€m]	Dec. 31, 2022	Sept. 30, 2023	Δ
Net financial debt	-8,328	<b>-8,426</b>	1.2%
Working capital	5,237	<b>5,728</b>	9.4%
Employees	64,232	<b>63,297</b>	-1,5%

## Comments

- Sales down -11%, impacted by FX headwinds
- Lower volumes in Life Science and Electronics, partially offset by org. growth in Healthcare
- EBITDA pre decline impacted by lower sales and negative mix in both Life Science and Electronics
- EPS pre down, in line with EBITDA pre
- Decline in operating cash flow mainly due to lower EBITDA pre; lower NWC\* effect
- Working capital stable sequentially, following increase in Q1
- Net financial debt broadly flat

\* Net working capital  
Totals may not add up due to rounding



# Q3 2023: Reported figures

## Reported results

[€m]	Q3 2022	Q3 2023	Δ
EBIT	1,234	<b>983</b>	-20.3%
Financial result	-47	<b>-46</b>	-2.3%
Profit before tax	1,187	<b>937</b>	-21.1%
Income tax	-261	<b>-197</b>	-24.6%
<i>Effective tax rate (%)</i>	22.0%	<b>21.0%</b>	-1.0pp
Net income	923	<b>739</b>	-20.0%
EPS (€)	2.12	<b>1.70</b>	-19.8%

## Comments

- EBIT decline mainly driven by lower sales volumes in Life Science and Electronics
- Financial result flat as impact of hedging costs from higher rates offset by comp from Q3'22 hybrid buy-back
- Lower effective tax rate at bottom end of guidance range
- Net income and EPS reflect EBIT decline and higher financial result, mitigated by lower effective tax rate



# Life Science Q3: Core business down -8% org. with Process Solutions destocking; COVID-19 sales fading out as expected

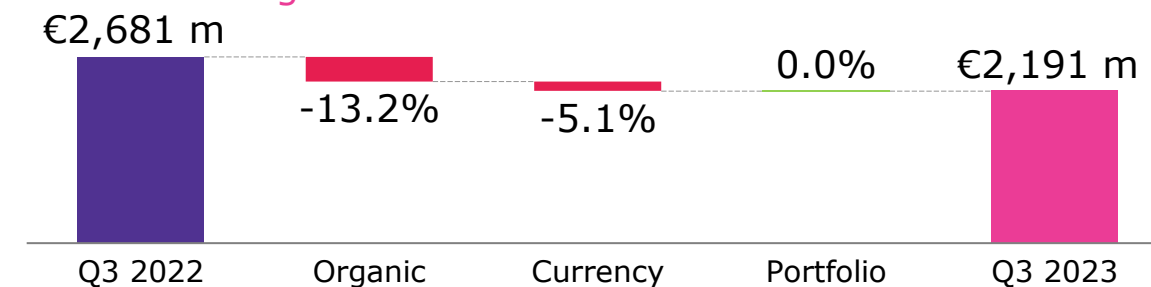
## Life Science P&L

[€m]	IFRS		Pre	
	Q3 2022	Q3 2023	Q3 2022	Q3 2023
Net sales	2,681	2,191	2,681	<b>2,191</b>
M&S*	-634	-556	-629	<b>-555</b>
Admin	-112	-103	-102	<b>-94</b>
R&D	-106	-90	-106	<b>-90</b>
EBIT	719	396	760	<b>411</b>
EBITDA	936	601	-	<b>-</b>
EBITDA pre	976	615	976	<b>615</b>
(in % of net sales)	36.4%	28.1%	36.4%	<b>28.1%</b>

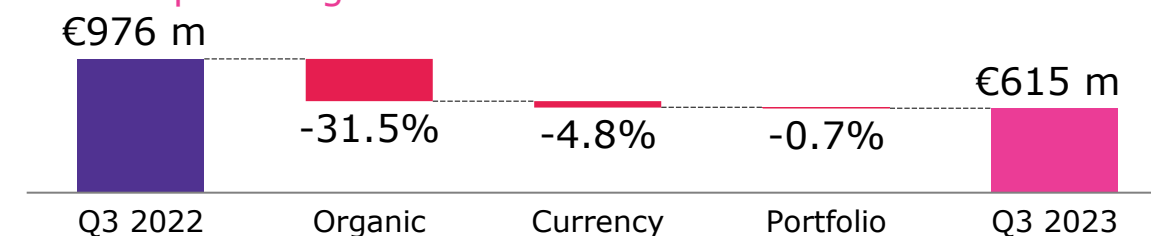
## Comments

- Process Solutions: -15% org. decline in core business; overall PS org. sales decline of -22% including anticipated pronounced COVID-19 decline
- Science & Lab Solutions: Core org. sales down -4% mainly due to suppressed demand, more pronounced in China, and SAP roll-out; with slight headwinds from fading COVID-19 resulting in -5% org. decline
- Life Science Services: Core org. growth of +12% supported by both CTS and CDMO; with COVID-19 headwinds org. growth overall down -10%
- Lower M&S, Admin, R&D and other operating expenses reflecting cost discipline and efficiencies; operating expenses declining less than sales
- Sequential FX rates partially easing in North America and Asia
- EBITDA pre down -32% org. on lower sales and with negative mix effects impacting the gross margin

## Net sales bridge



## EBITDA pre bridge



# Healthcare Q3: Organic growth of +7% supported by all franchises

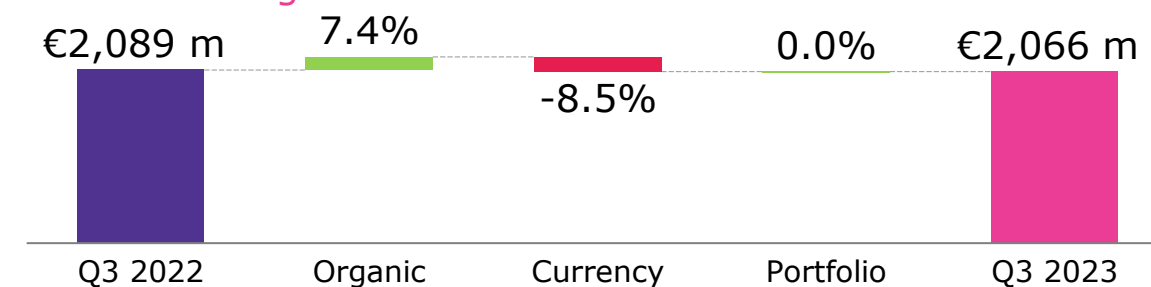
## Healthcare P&L

[€m]	IFRS		Pre	
	Q3 2022	Q3 2023	Q3 2022	Q3 2023
Net sales	2,089	2,066	2,089	<b>2,066</b>
M&S*	-413	-406	-412	<b>-400</b>
Admin	-84	-79	-79	<b>-74</b>
R&D	-431	-391	-409	<b>-391</b>
EBIT	606	653	635	<b>615</b>
EBITDA	683	723	-	<b>-</b>
EBITDA pre	711	685	711	<b>685</b>
(in % of net sales)	34.0%	33.2%	34.0%	<b>33.2%</b>

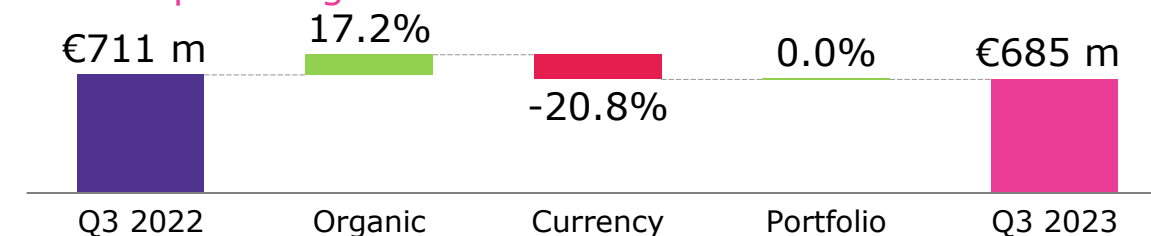
## Comments

- Oncology up +18% org., driven by continuous growth of Bavencio® (+22% org.) across all regions and supported by Erbitux® (+13% org.)
- Mavenclad® +3% org., US driving growth partially offset by Europe. Rebif® declines -25% org. amid PY channel dynamics yielding tougher comps
- Solid growth of established portfolio driven by Fertility (+14% org.) boosted by competitors' stock-outs and CM&E (+7% org.)
- Constant productivity efforts drive M&S decline in % of sales
- R&D lower in absolute terms; mid-term ambition of low twenties remains unchanged
- Currency impacts mostly driven by major businesses in APAC and North America
- EBITDA pre margin in line with H1'23, supported by positive product mix and cost discipline

## Net sales bridge



## EBITDA pre bridge



# Electronics Q3: Semi Solutions demonstrates resilience as guided; Display Solutions compensates with volume driven growth

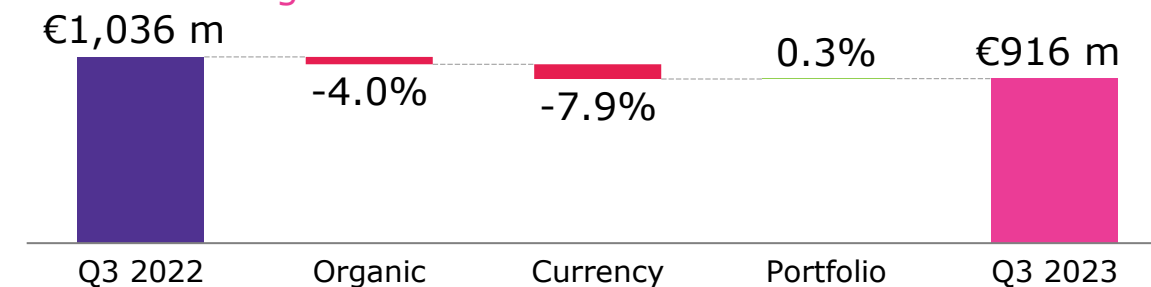
## Electronics P&L

[€m]	IFRS		Pre	
	Q3 2022	Q3 2023	Q3 2022	Q3 2023
Net sales	1,036	916	1,036	<b>916</b>
M&S*	-173	-144	-172	<b>-142</b>
Admin	-33	-40	-32	<b>-32</b>
R&D	-78	-75	-78	<b>-74</b>
EBIT	144	52	162	<b>78</b>
EBITDA	294	186	-	<b>-</b>
EBITDA pre	302	208	302	<b>208</b>
(in % of net sales)	29.1%	22.7%	29.1%	<b>22.7%</b>

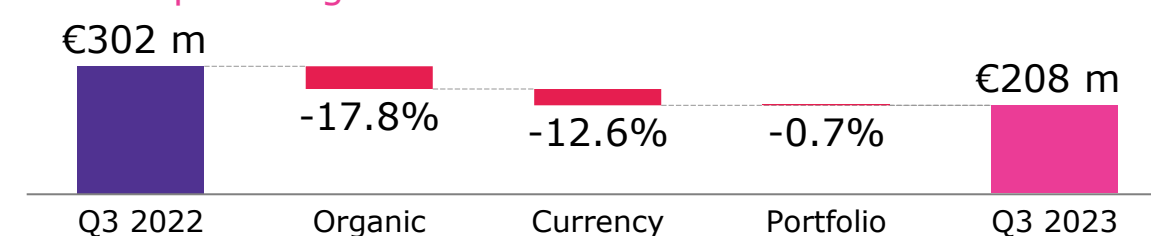
## Comments

- Semiconductor Solutions: -9% org. decline, with resilient portfolio enabling outperforming of MSI (down high-teens amount)
- Display Solutions: up +12% org., with partial recovery in Liquid Crystals, driven by volume; price pressure continues to be a factor
- Surface Solutions: up +3% org., driven by strong cosmetics growth; partially offset by weaker automotive coatings demand
- M&S costs declining with strict cost discipline and efficiencies as logistics come down in line with volume development
- R&D down slightly due to higher quarterly comp, sustained high level of investment to drive mid-term growth in line with Level-up program
- Sequential FX rates partially easing in North America and Asia
- EBITDA pre margin down due to lower sales, negative mix effects, sustained inflationary costs and some new site ramp-up costs

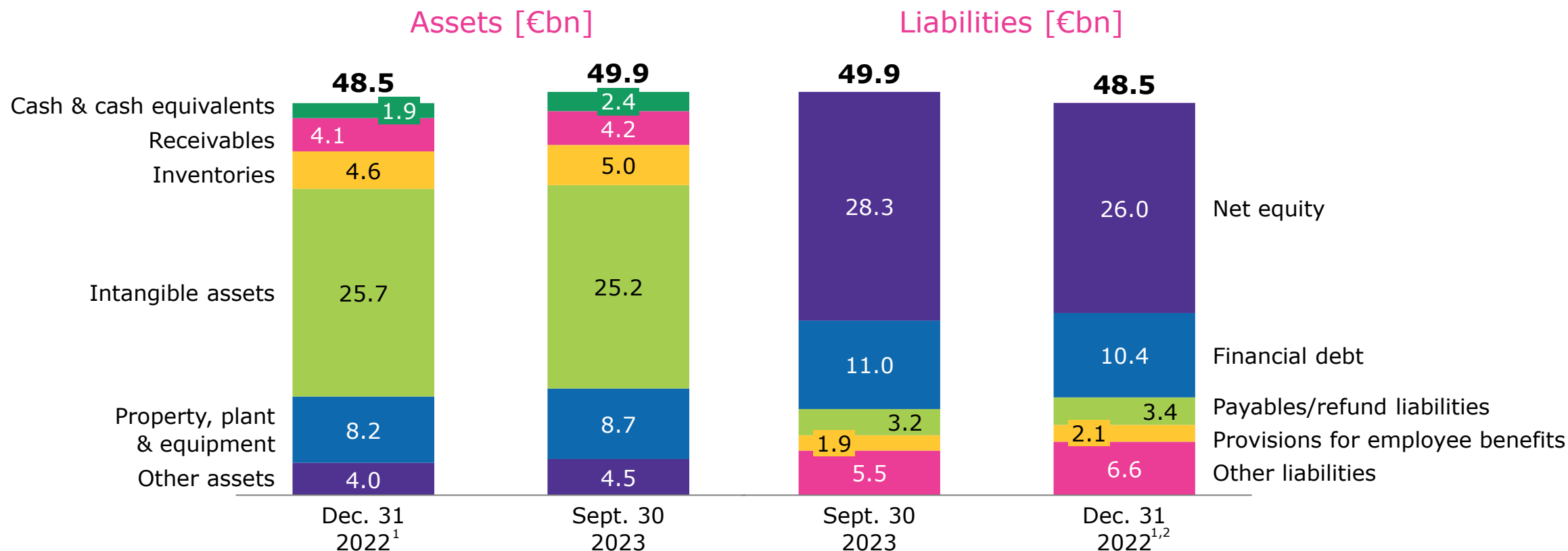
## Net sales bridge



## EBITDA pre bridge



# Balance sheet



- Increase in inventories in Life Science and Electronics from Q1'23, development stable sequentially
- Decrease in intangible assets primarily driven by FX and amortization
- Continued investment for mid-term growth increases PPE
- Increase in financial debt proportional to increase in cash
- Reduced provisions for employee benefits driven by actuarial gains due to higher interest rates
- Other liabilities impacted by dividend payment in Q2
- Equity ratio improved to 57% (Dec. 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.

Totals may not add up due to rounding



# Cash flow statement

## Q3 2023 – Cash flow statement

[€m]	Q3 2022	Q3 2023	Δ
Profit after tax	926	<b>740</b>	-186
D&A	470	<b>435</b>	-35
Changes in provisions <sup>1</sup>	111	<b>30</b>	-81
Changes in other assets/liabilities <sup>1</sup>	235	<b>143</b>	-91
Other operating activities	-9	<b>-58</b>	-49
Changes in working capital	-181	<b>-35</b>	145
<b>Operating cash flow</b>	<b>1,552</b>	<b>1,255</b>	-296
Investing cash flow	-622	<b>-350</b>	272
thereof Capex on PPE	-385	<b>-424</b>	-39
Financing cash flow	-909	<b>-302</b>	607

## Comments

- -20% decline in profit after tax driven by lower sales in Life Science and Electronics
- Profit after tax supported by lower tax and improved financial result
- Current year provisions and other assets and liabilities include lower compensation reflecting market conditions
- Other operating activities includes a line-item reclassification from Biosimilars
- Favorable working capital due to build up of receivables & inventories in prior year
- Investing cash flow includes a milestone payment from the Biosimilars divestment
- Financing CF down with repayments of bank liabilities in prior period



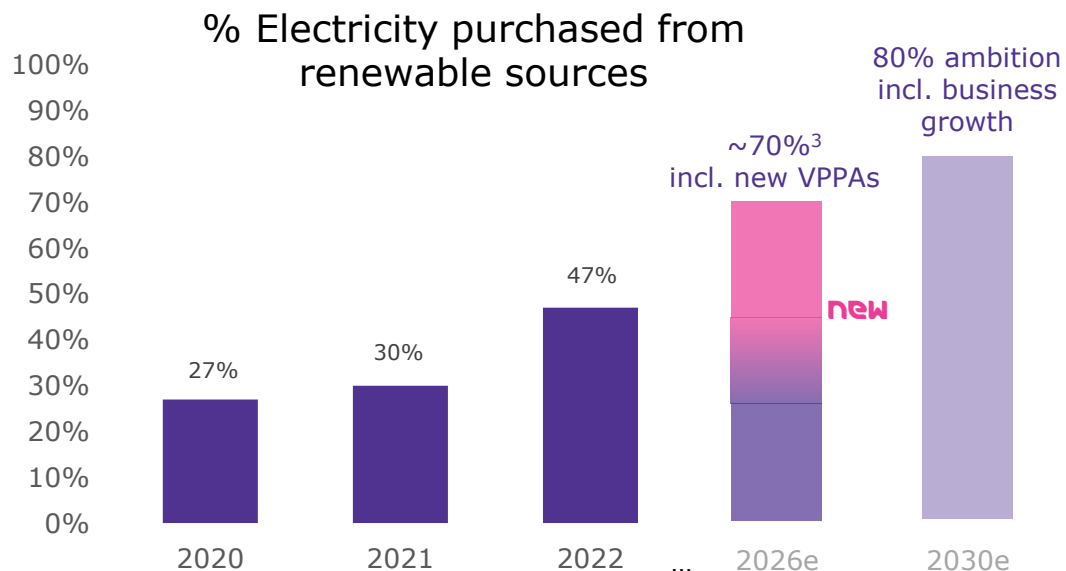
03

ESG  
update

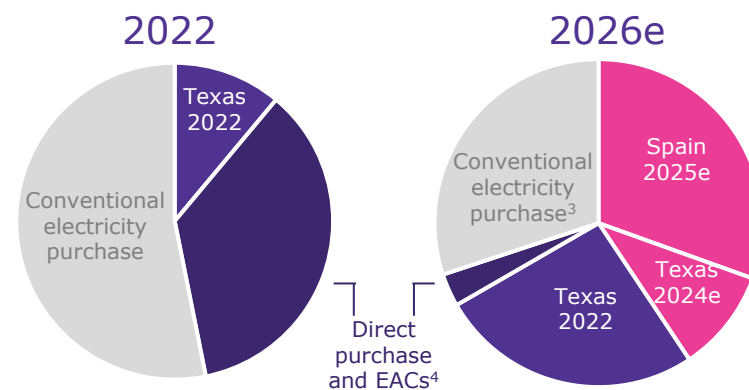




# Energy management: Investing in green energy



**GWh<sup>2</sup> purchased electricity mix 2022 vs. 2026e**



- **new** VPPA Wind and Solar Parks Spain starting 2025: 300 GWh p.a.
- **new** VPPA Solar Park Texas starting 2024: 100 GWh p.a.
- VPPA Wind Park Texas starting 2022: 256 GWh p.a.

## Adding renewable energy to the grid:

- New VPPAs<sup>1</sup> for Wind and Solar parks in Spain and Texas
- Important step on the way towards our ambition of covering 80% of purchased electricity by renewables by 2030 (47% at the end of 2022)
- From 2025 onwards, these VPPAs will help to match ~100% of the company's purchased electricity consumption in the EU, ~90% in the US, ~70% globally (based on 2022 consumption)

<sup>1</sup> VPPA: Virtual Power Purchase Agreement  
<sup>2</sup> GWh: Giga Watt hours  
<sup>3</sup> 2022 electricity consumption as baseline  
<sup>4</sup> EACs: Energy Attribute Certificate



04

## outlook & guidance



# Group 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, trending slightly below the mid-point**

## EBITDA pre:

Organic: -9% to -3% YoY

FX: -6% to -3% YoY

**~€5.8 – €6.4 bn, trending in the lower half of the range**

## EPS pre:

**~€8.25 – €9.35, trending in the lower half of the range**



# 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, trending in the lower half of the range
- Going through the expected trough in PS
- 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, trending in the lower half of the range

## Healthcare



### Net sales

- Organic: +6% to +9%; FX: -7% to -4%
- ~€7.75 bn to €8.30 bn, trending slightly above the mid-point
- Driven by Mavenclad® and Bavencio®
- Complemented by Fertility

### EBITDA pre

- Organic: +14% to +19% YoY
- FX: -17% to -13% YoY
- ~€2.45 bn to €2.60 bn, trending towards the top end of the range

## Electronics



### Net sales

- Organic: -6% to -1%; FX: -7% to -4%
- ~€3.50 bn to €3.80 bn, trending around the mid-point
- Semi expected to continue to outperform in a weaker market
- Semi market recovery further delayed into 2024

### EBITDA pre

- Organic: -18% to -10% YoY
- FX: -10% to -7% YoY
- ~€870 m to €980 m, trending in the lower half of the range

<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

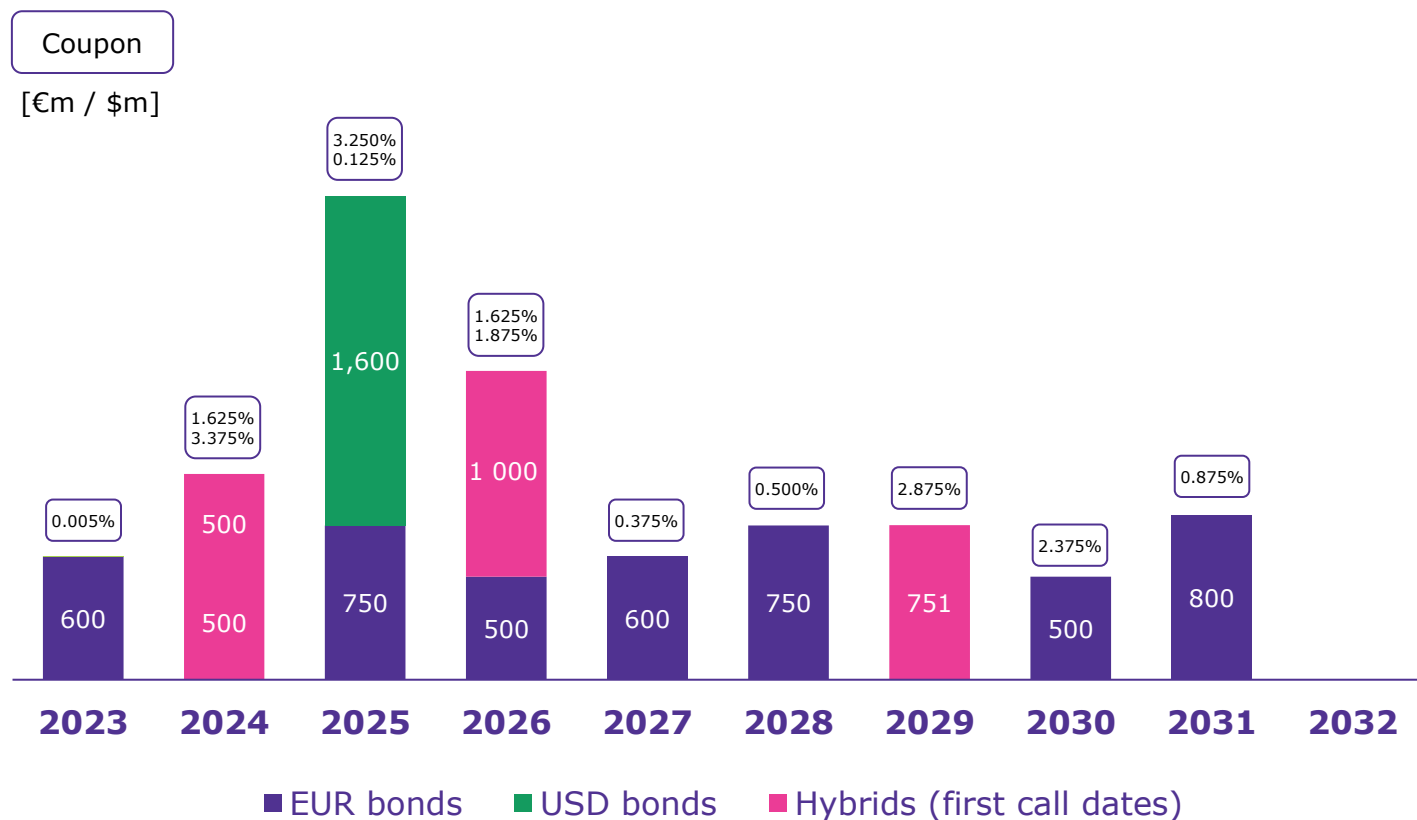
Corporate & Other EBITDA pre	<b>Lower costs driven by hedging</b>
Interest result	<b>~ €-120 m to -160 m</b>
Effective tax rate	<b>~ 21% to 23%</b>
Capex on PPE <sup>1</sup>	<b>~ €1.8 to 2.0 bn</b>
Hedging	<b>FY 2023 overall hedge ratio ~ 50% EUR/USD hedging @ ~ 1.07</b>
2023 Ø EUR/USD assumption	<b>~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



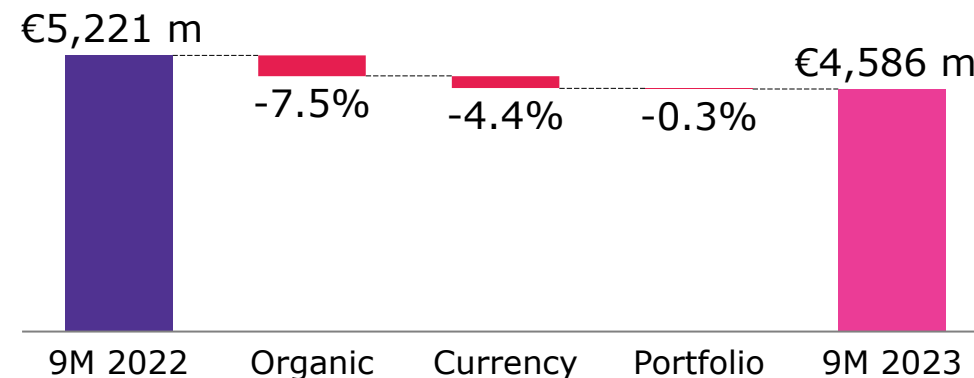
# Group delivers resilient performance; Organic growth in Healthcare largely compensates for weaker Life Science and Electronics

## 9M YoY Net Sales

	Organic	Currency	Portfolio	Total
Life Science	-7.3%	-2.3%	0.1%	-9.6%
Healthcare	8.3%	-4.6%	0.0%	3.7%
Electronics	-5.7%	-3.8%	0.3%	-9.2%
<b>Group</b>	<b>-1.6%</b>	<b>-3.4%</b>	<b>0.1%</b>	<b>-4.8%</b>

- Life Science: Core org. sales down -2%, with growth in LSS (+11%) and SLS (+1%) partially offsetting lower sales in PS (-7%); COVID-19 fading out as expected
- Healthcare: Wave 1 launches up +23% organically, driving org. sector growth, supported by established portfolio benefitting from competitors' stock-outs
- Electronics: -4% org. decline in Semiconductor Solutions, outperformed the semi market (9M MSI down mid-teens); Display down -11% org.; Surface Solutions down -3% org.

## 9M YoY EBITDA pre



- EBITDA pre down -8% org., burdened by lower sales volume and negative mix effects in Life Science and Electronics
- Healthcare positively supporting org. EBITDA pre development
- Negative FX effect of -4% across various currencies with largest negative impact from USD partly offset by hedging





# 9M 2023: Overview

## Key figures

[€m]	9M 2022	9M 2023	Δ
Net sales	16,572	<b>15,768</b>	-4.8%
EBITDA pre	5,221	<b>4,586</b>	-12.2%
Margin (in % of net sales)	31.5%	<b>29.1%</b>	-2.4pp
EPS pre	7.73	<b>6.64</b>	-14.1%
Operating cash flow	3,244	<b>2,731</b>	-15.8%

[€m]	Dec. 31, 2022	Sept. 30, 2023	Δ
Net financial debt	-8,328	<b>-8,426</b>	1.2%
Working capital	5,237	<b>5,728</b>	9.4%
Employees	64,232	<b>63,297</b>	-1.5%

## Comments

- Sales down -5% with organic sales slightly down and FX tailwinds
- Lower Life Science and Electronics EBITDA pre, partially mitigated by org. growth in 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



# 9M 2023: Reported figures

## Reported results

[€m]	9M 2022	9M 2023	Δ
EBIT	3,585	<b>2,988</b>	-16.7%
Financial result	-136	<b>-144</b>	5.8%
Profit before tax	3,448	<b>2,843</b>	-17.5%
Income tax	-768	<b>-597</b>	-22.3%
<i>Effective tax rate (%)</i>	22.3%	<b>21.0%</b>	-1.3pp
Net income	2,671	<b>2,238</b>	-16.2%
EPS (€)	6.14	<b>5.15</b>	-16.1%

## Comments

- EBIT decline mainly from lower sales in Life Science and Electronics
- 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, partially compensated by lower taxes



# Life Science 9M: Core business down -2% org. as LSS growth partially offsets headwinds in PS and SLS; declining COVID-19 demand as expected

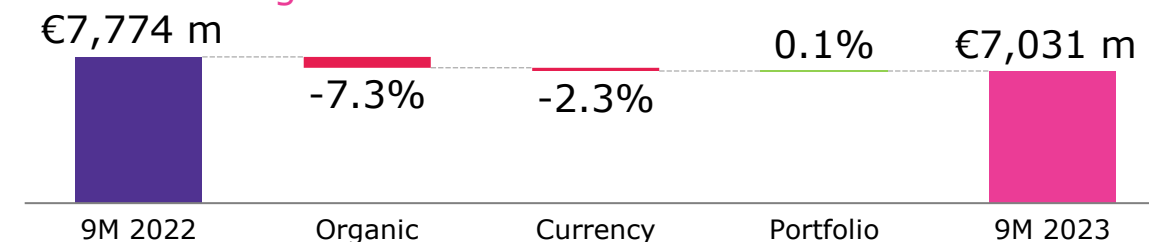
## Life Science P&L

[€m]	IFRS		Pre	
	9M 2022	9M 2023	9M 2022	9M 2023
Net sales	7,774	7,031	7,774	<b>7,031</b>
M&S*	-1,795	-1,690	-1,779	<b>-1,690</b>
Admin	-306	-311	-280	<b>-278</b>
R&D	-292	-293	-292	<b>-293</b>
EBIT	2,208	1,524	2,286	<b>1,600</b>
EBITDA	2,833	2,183	-	<b>-</b>
EBITDA pre	2,909	2,228	2,909	<b>2,228</b>
(in % of net sales)	37.4%	31.7%	37.4%	<b>31.7%</b>

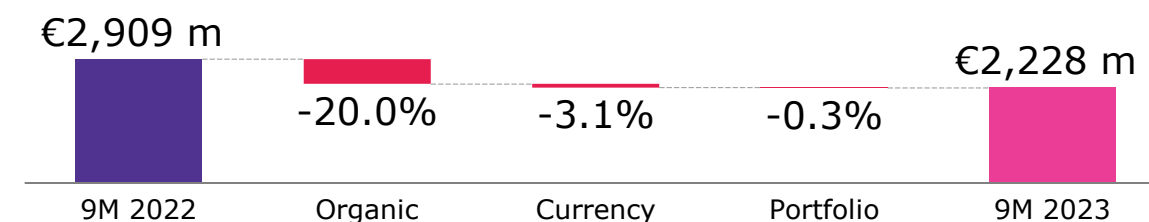
## Comments

- Process Solutions: -7% org. decline in the core due to destocking and Chinese market conditions against tough comps; Covid-19 business declining as anticipated, resulting in -13% org. development
- Science & Lab Solutions: Growth of +1% org. in the core, fully compensating lower Covid-19 sales
- Life Science Services: Core growth of +11% org. with high QoQ volatility; fading Covid-19 business led to -17% 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 -20% org. on declining volumes, negative mix effects and operating expenses declining less than sales

## Net sales bridge

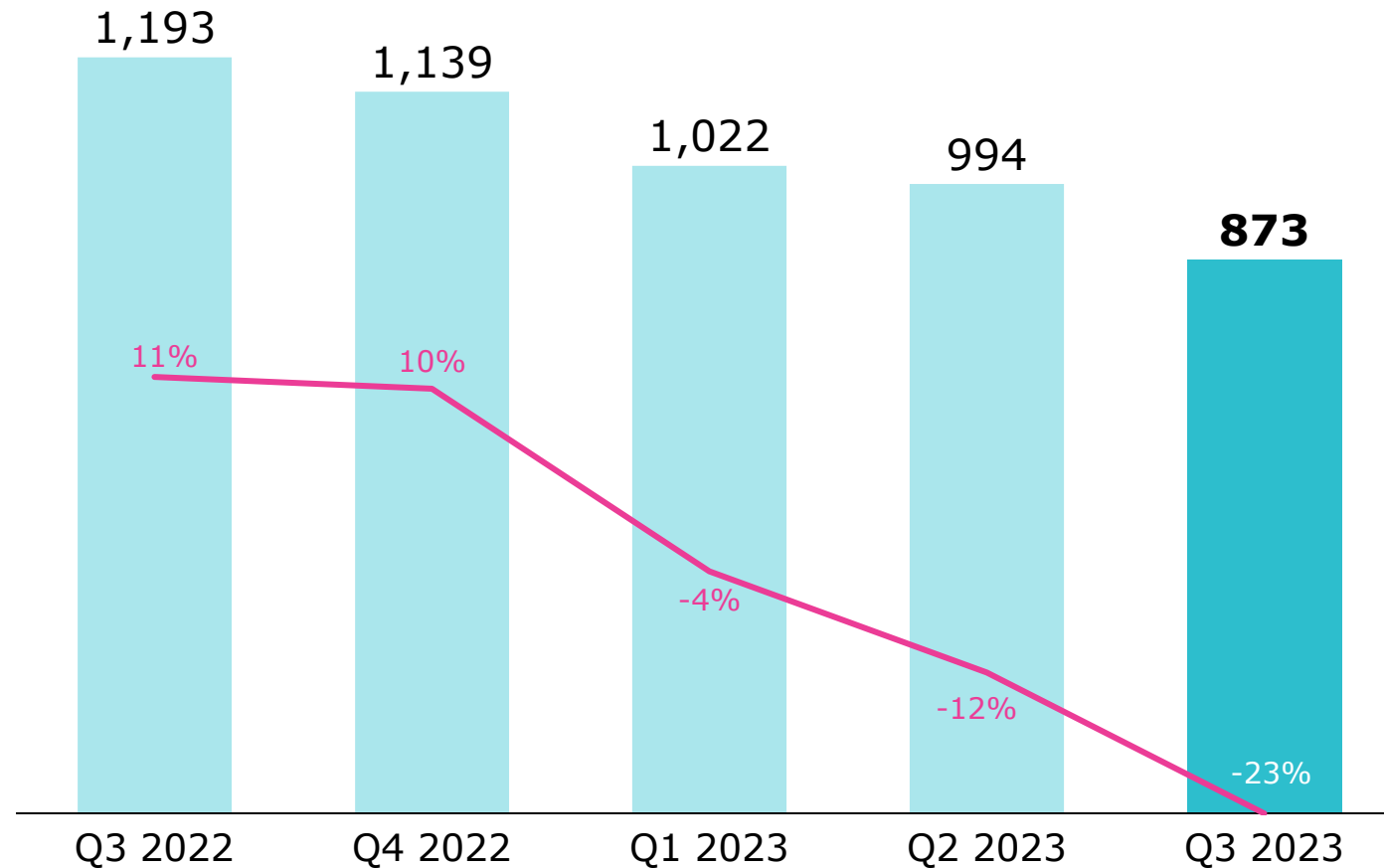


## EBITDA pre bridge



# Process Solutions: Core down -15% org. on destocking; COVID-19 headwinds

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

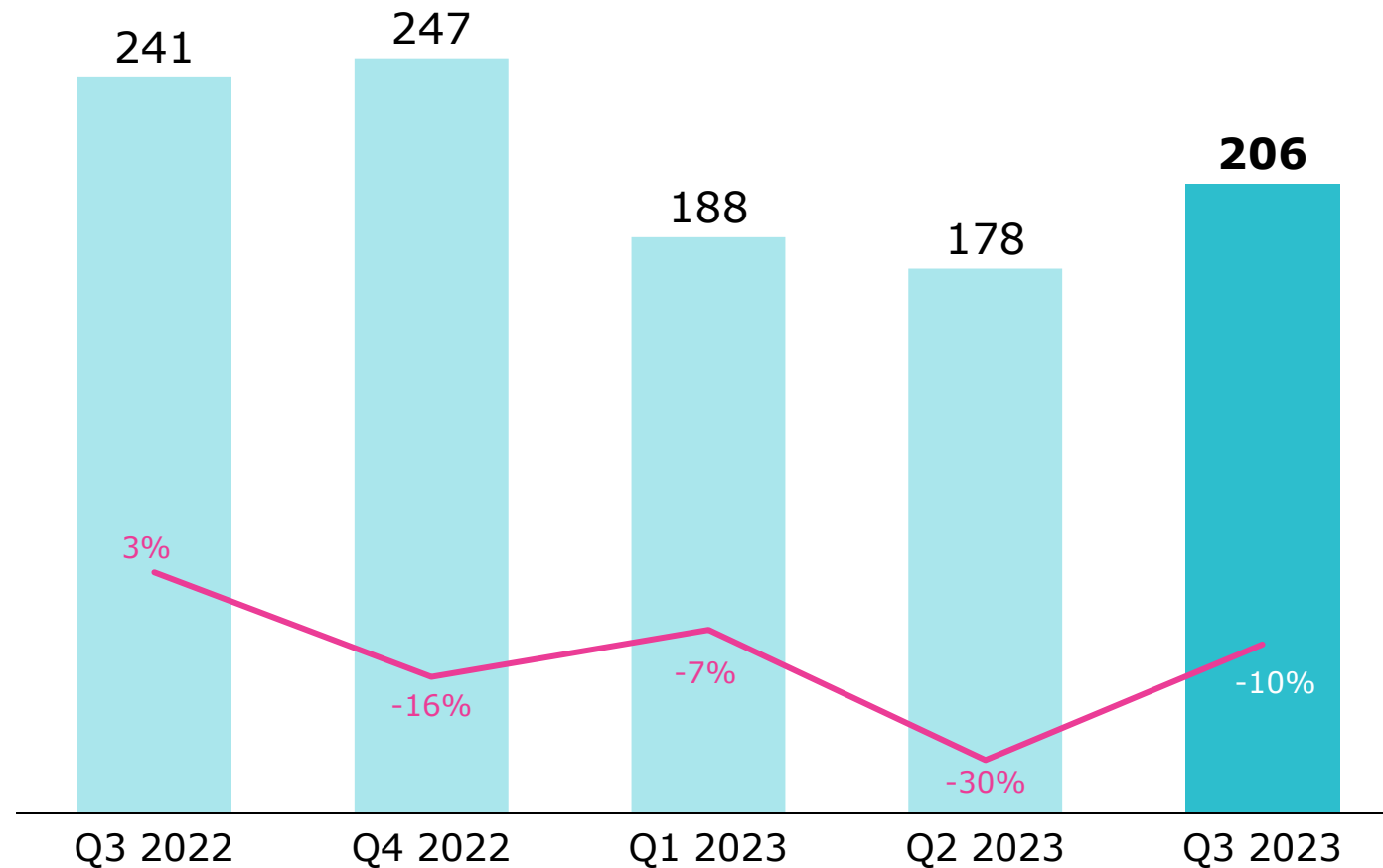


- **Core development of -15% org.** on seeing the expected trough on destocking in Q3
- **COVID-19 headwinds** of -8% **as expected;** overall down -23%
- **Order intake** in Q3 **declined y/y**, but at meaningfully reduced scale compared to Q2
- **Book-to-bill** improved slightly
- **All key regions down org.,** NA and Europe down in the low-to mid-double digits, APAC down in mid-to high-single-digits



# Life Science Services: Core sales up +12% org.; COVID-19 headwinds

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

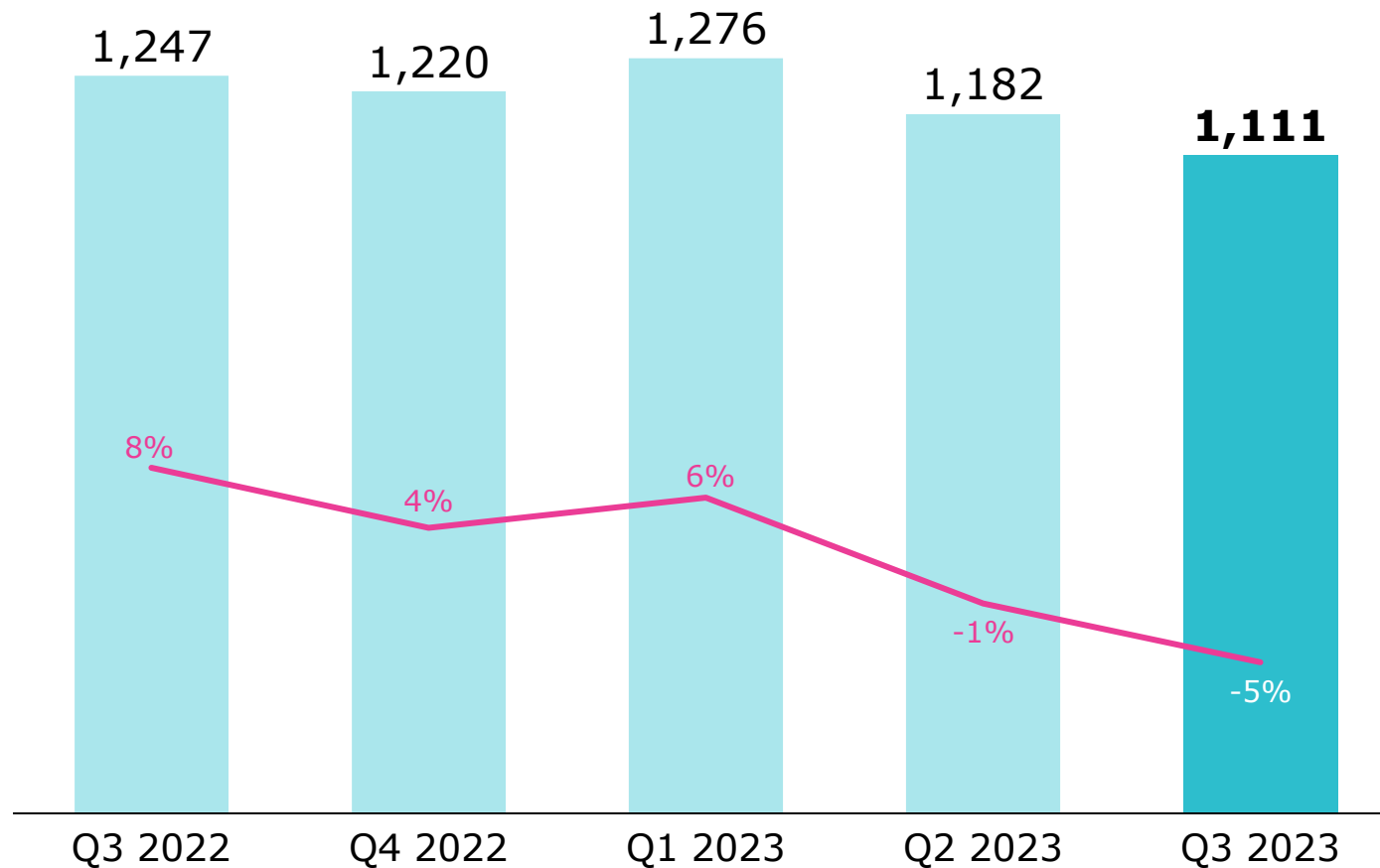


- **Core business growth of +12% org.** with both contract testing and CDMO contributing
- **Org. sales down -10%** with sharp decline in COVID-19 sales
- **COVID-related sales in Q3 benefitted from an end-of-a-contract penalty** in the amount of a low-to mid-double-digit €m amount
- **Contract testing up at a high single-digit rate in the core org.** amid soft early-stage biotechs and intense competition in China
- **Europe up org. in the mid-single digits,** NA and Asia down org. in the mid-to high-teens; other regions with only minor sales contribution



# Science & Lab Solutions: Sales down -5% org.; slight COVID-19 headwinds

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



- **Core business** down -4% org., mainly due to cautious spending environment, more visible in China, and complex SAP migration
- **COVID-19 business down**, but again only with a slight negative impact of -1%; overall down -5%
- **SAP** impact mid-double-digit €m in Q3, affecting production and distribution, mainly in US; expected to be resolved by year-end
- **Softer demand from Pharma companies** mainly in North America and also in China
- **Labwater and Biomonitoring up in the low-single-digits**, offset by a high-teens percentage decline in Diagnostics & Regulated Materials
- **Europe was slightly up**, while North America and APAC were down in the high-single digits; other regions only small contributors



# Healthcare 9M: Wave 1 launches and Fertility drive organic growth

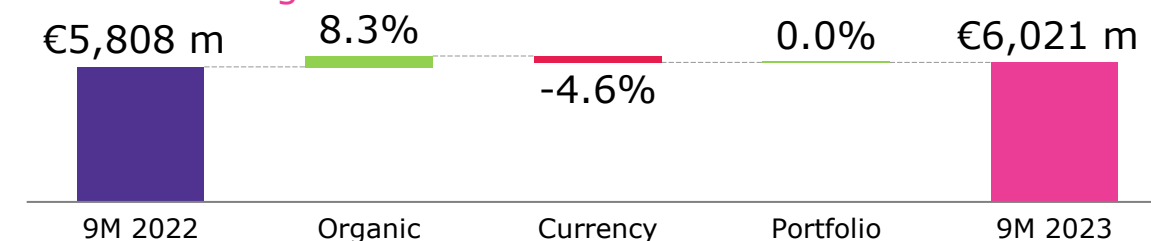
## Healthcare P&L

[€m]	IFRS		Pre	
	9M 2022	9M 2023	9M 2022	9M 2023
Net sales	5,808	6,021	5,808	<b>6,021</b>
M&S*	-1,205	-1,208	-1,202	<b>-1,198</b>
Admin	-236	-234	-227	<b>-221</b>
R&D	-1,229	-1,188	-1,201	<b>-1,191</b>
EBIT	1,499	1,789	1,622	<b>1,759</b>
EBITDA	1,811	2,008	-	-
EBITDA pre	1,844	1,979	1,844	<b>1,979</b>
(in % of net sales)	31.7%	32.9%	31.7%	<b>32.9%</b>

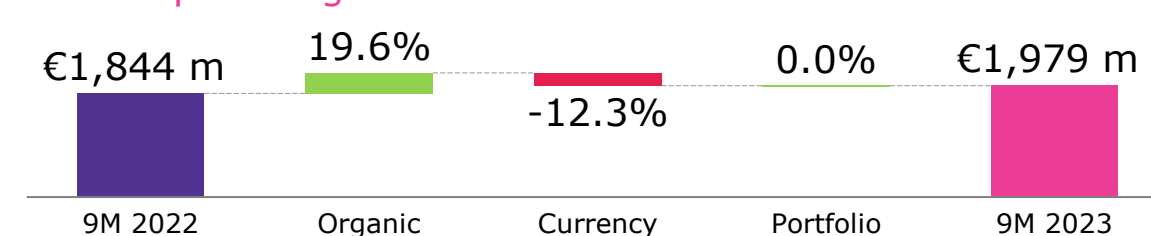
## Comments

- N&I: Mavenclad<sup>®</sup> growth of +17% org. largely compensating for the decline in Rebif<sup>®</sup> (-18% org.)
- Oncology up +17% org, driven by Bavencio<sup>®</sup> growth of +26% org., supported by strong Erbitux<sup>®</sup> (+9% org.)
- Solid growth in established portfolio, driven by Fertility (+15% org.) boosted by competitors' stock-outs; CM&E at +4% org.

## Net sales bridge



## EBITDA pre bridge

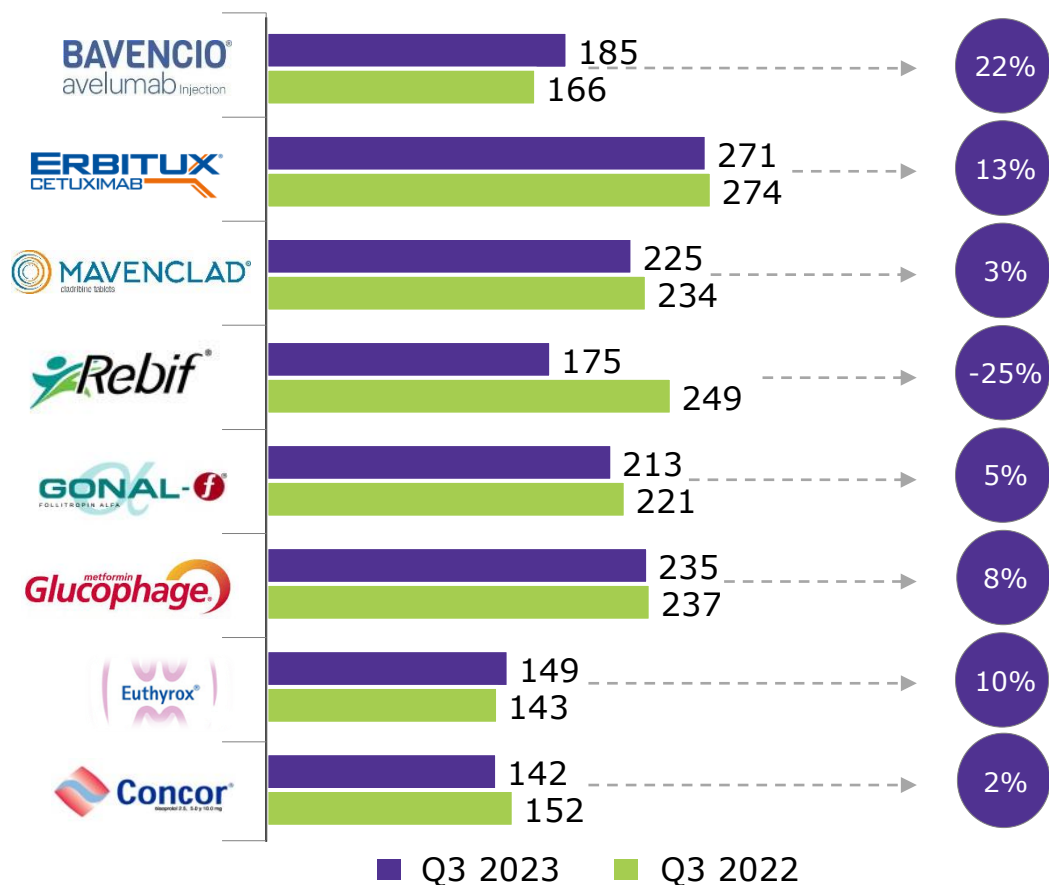


- M&S about stable in absolute terms; declining in % of sales due to constant productivity efforts
- R&D about stable in absolute terms; percentage of sales in line with mid-term ambition of low twenties
- EBITDA pre margin increase, driven by strong sales momentum, positive product mix and supported by income from portfolio management

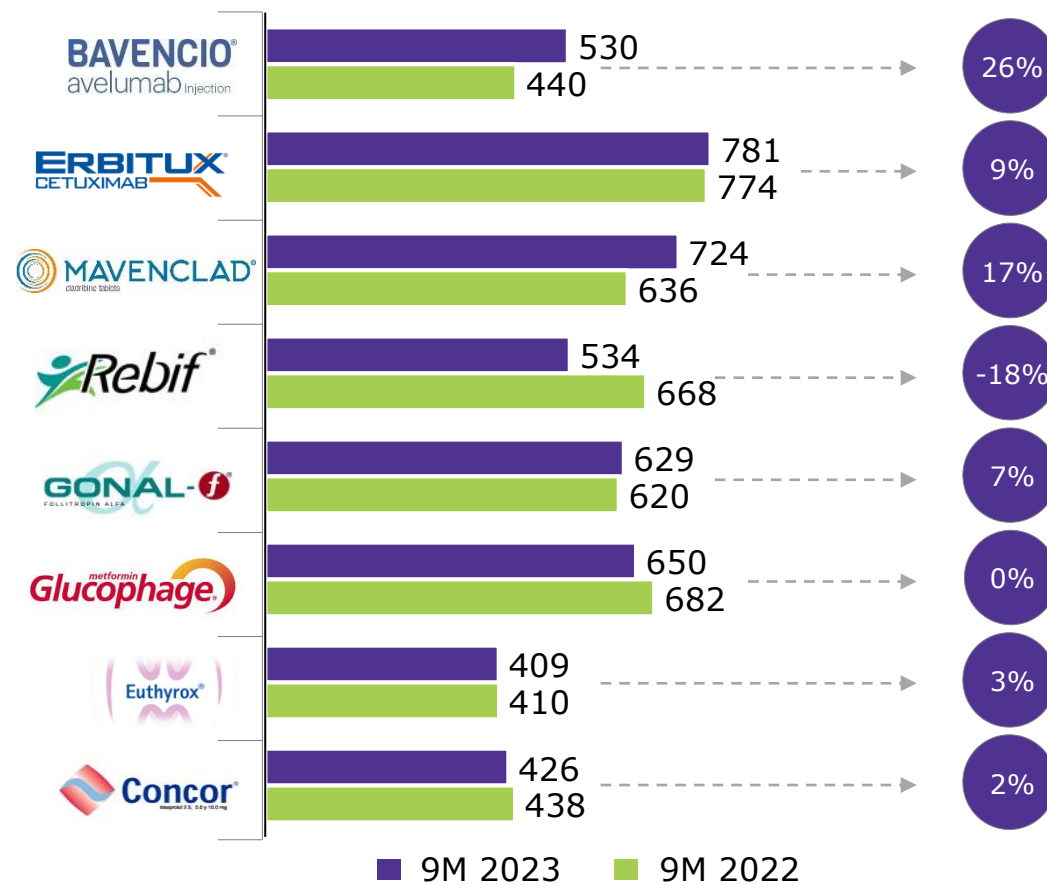


# Healthcare organic growth by franchise/product

Q3 2023 organic sales growth [%]  
by key product [€m]



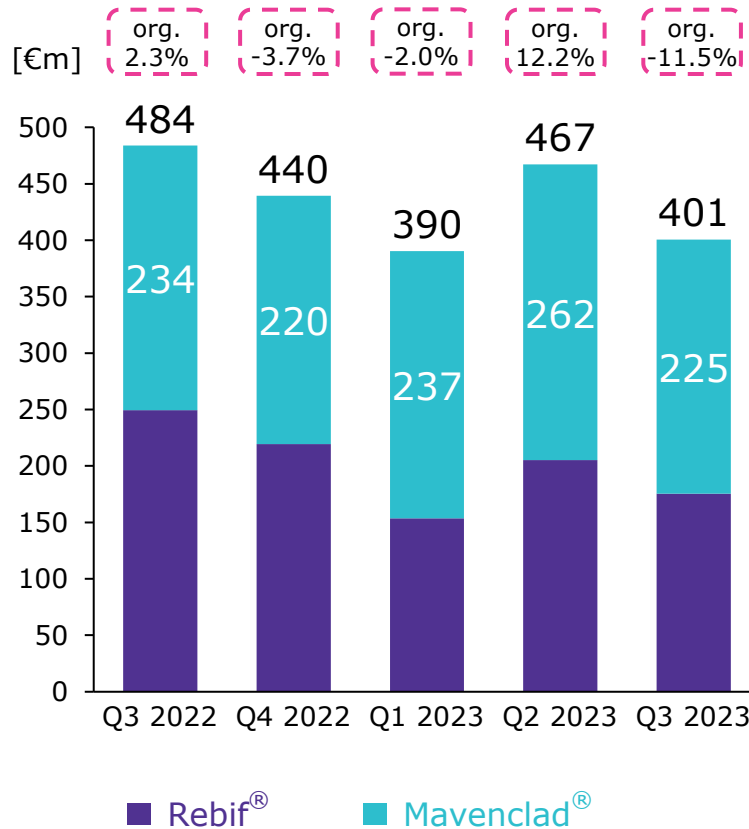
9M 2023 organic sales growth [%]  
by key product [€m]



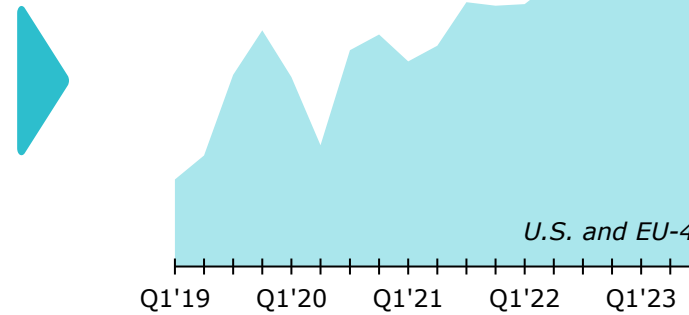


# Neurology & Immunology: Q3 Mavenclad<sup>®</sup> sales up +3% org., continued uptake in the US

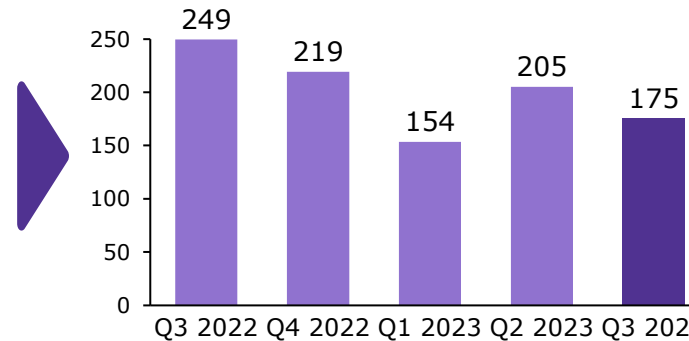
Sales development N&I, [€m] YoY



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>
- EU growth slowdown amid pricing pressures and increasing competitive intensity

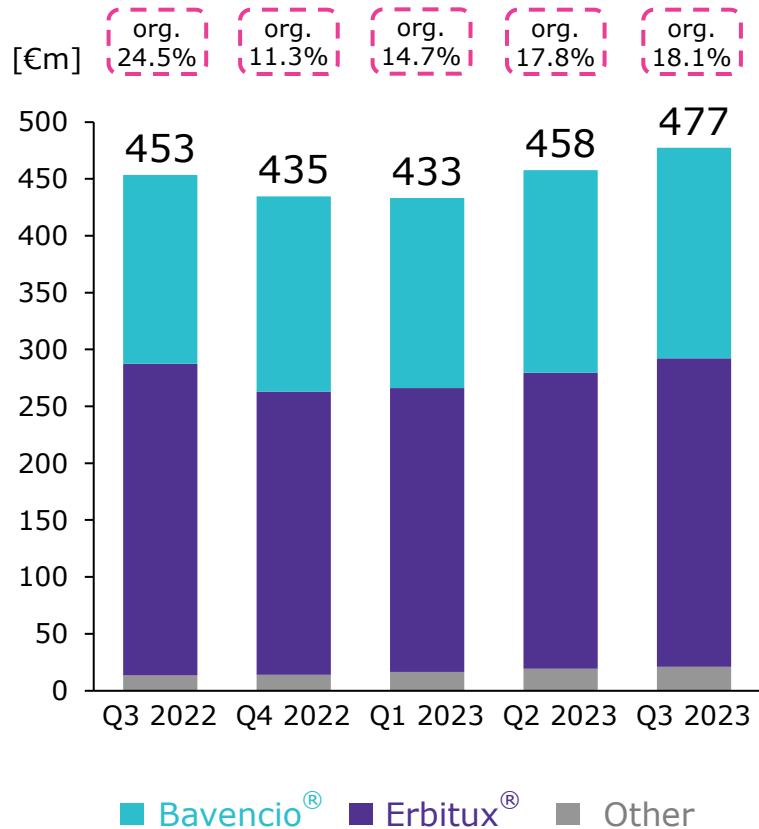
- Continued Rebif<sup>®</sup> decline in line with interferon market trend
- Amplified sales decline yoy amid one off channel dynamics in prior year

<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 and Stethos dynamic market data; <sup>3</sup>Internal MS LifeLine ibond data; <sup>4</sup>Spelman T, et al. Mult Scler J 2022; 1-15; Acronyms: HE = High Efficacy

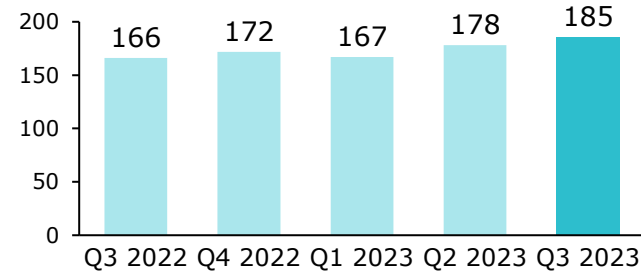


# Oncology: +18% org. growth driven by Bavencio mUC 1L ramp-up and continued strong volume growth of Erbitux

## Sales development Oncology, [€m] YoY

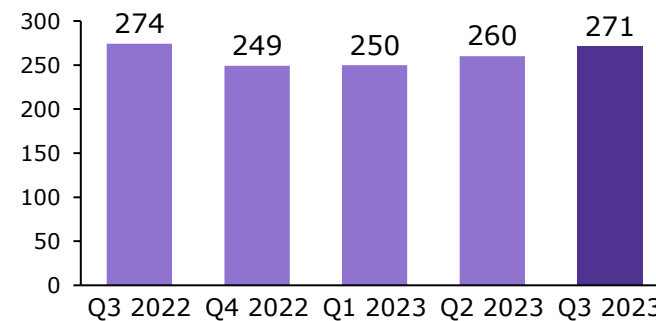


## Bavencio<sup>®</sup> net sales, [€m]



- Continued strong growth momentum of +22% org.
- Q3 first quarter of sole global commercialization after regaining back full Bavencio<sup>®</sup> rights June 30

## Erbitux<sup>®</sup> net sales, [€m]



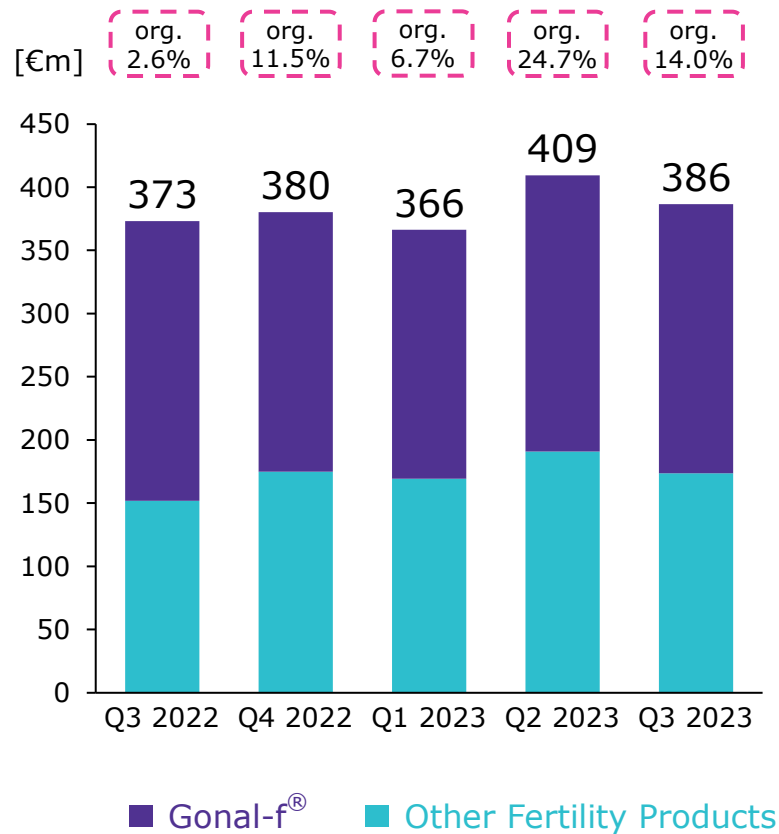
- Post-Covid catch-up effect in China and NRDL expansion driving +24% org. growth in APAC region

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

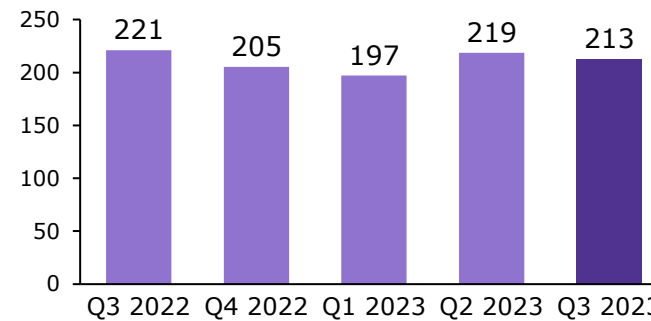


# Fertility: Growth of +14% org. boosted by competitors' stock out

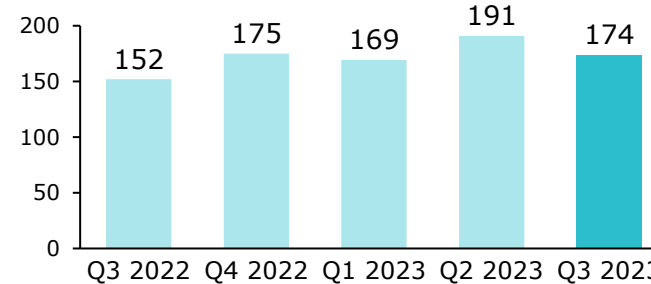
## Sales development Fertility, [€m] YoY



## Gonal-f<sup>®</sup> net sales, [€m]



## Other Fertility net sales, [€m]

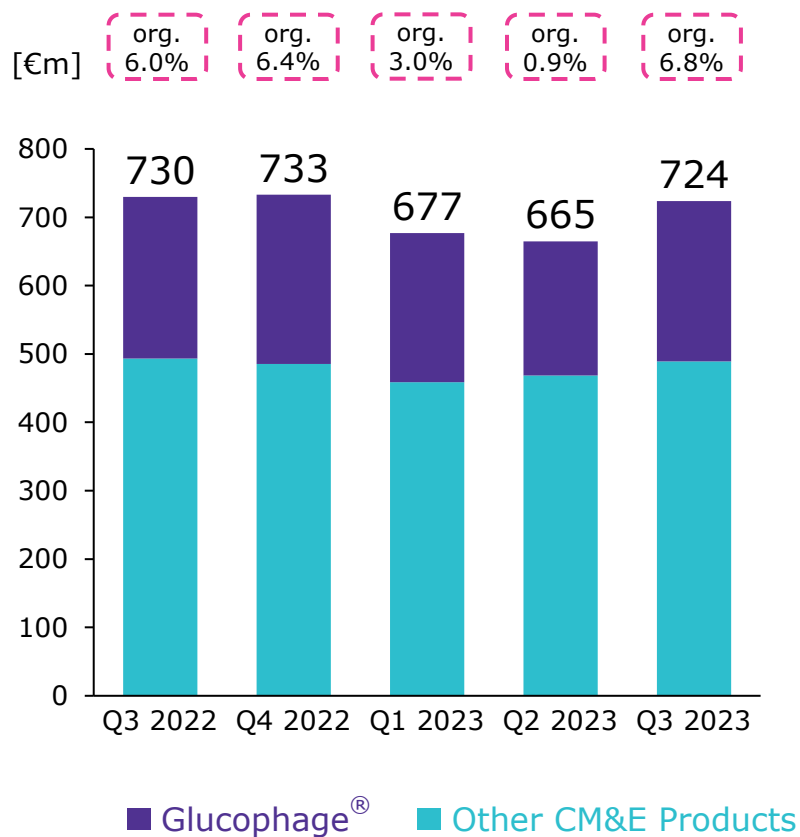


- Competitor stock-out of urine-based product in selected markets
- China: Further market growth post recovery from Covid-19
- Confidence in mid-term mid-single digit CAGR for the Fertility franchise

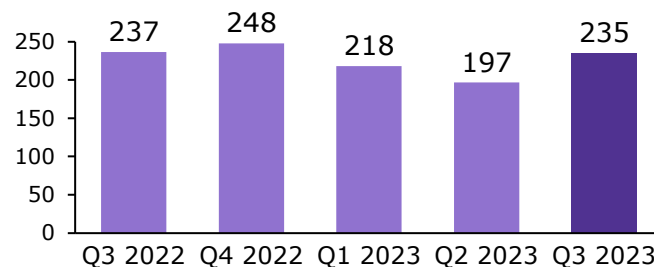


# CM&E: All segments contributing to 7% org. franchise growth

## Sales development CM&E, [€m] YoY

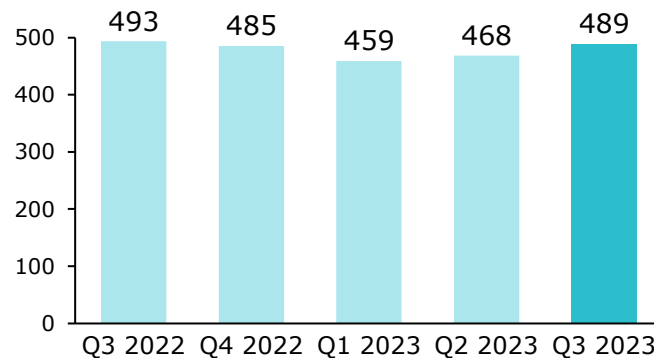


## Glucophage<sup>®</sup> net sales, [€m]



- Q3 with first signs of market recovery in China after H1 slowdown linked to high Covid-driven inventory build-up
- Strong uptake in Latin America driven by Brazil with Glucophage having highest market share

## Other CM&E net sales, [€m]

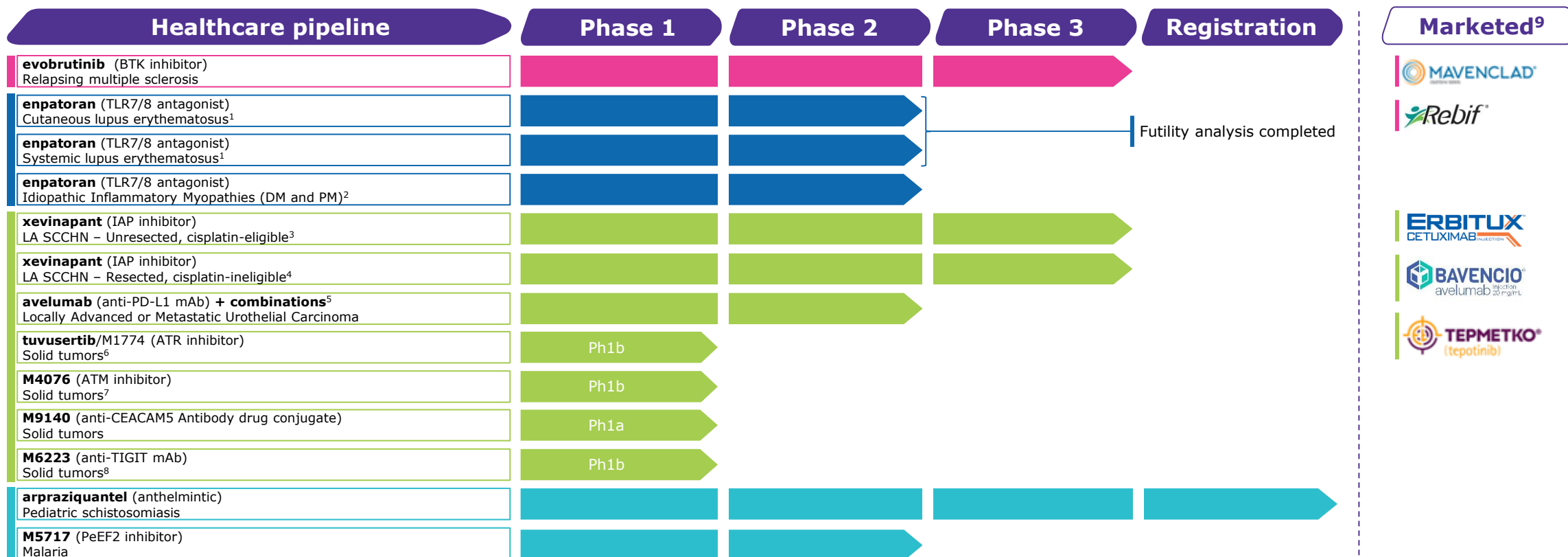


- Other CM&E portfolio growth primarily driven by Saizen<sup>®</sup> benefiting from competitor stock-out
- Euthyrox<sup>®</sup> growing in all major markets



# Group pipeline

November 9, 2023



■ Neurology  
 ■ Immunology  
 ■ Oncology  
 ■ Global Health  
 ▶▶▶ Asset entering new phase<sup>9</sup>  
 ▶ Current phase  
 ■ Previous phase(s)

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

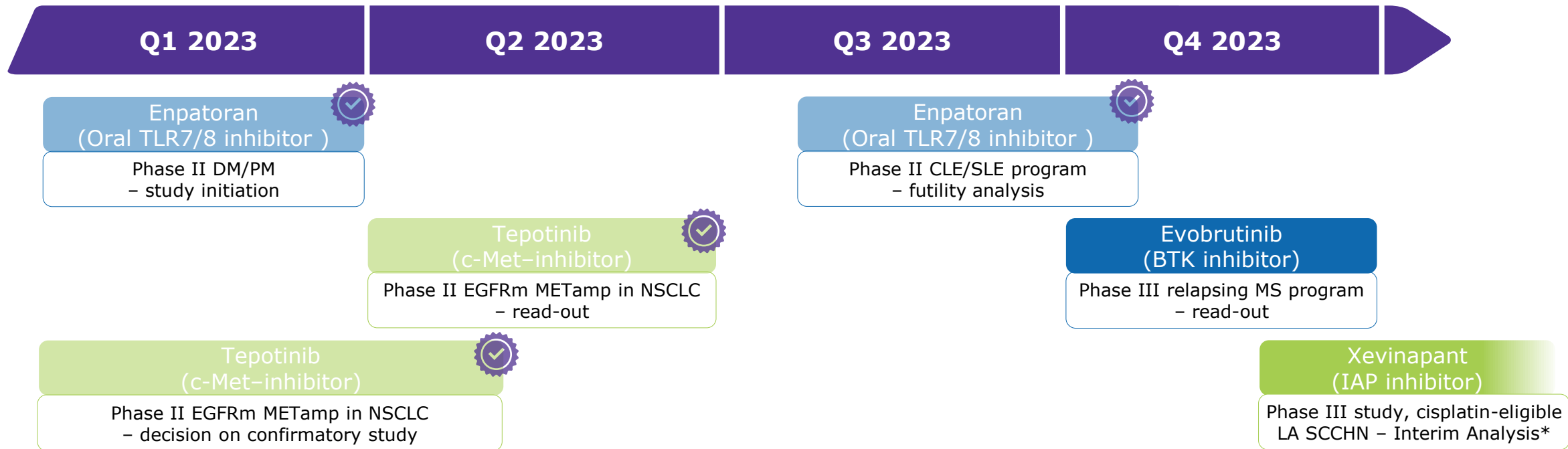
<sup>1</sup> Clinical trial passed futility analysis. <sup>2</sup> Dermatomyositis and Polymyositis. <sup>3</sup> In combination with cisplatin and radiotherapy in unresected LA SCCHN patients eligible for cisplatin. <sup>4</sup> In combination with radiotherapy in resected LA SCCHN patients ineligible for cisplatin. <sup>5</sup> Combinations include Sacituzumab Govitecan, NKTR-255 and M6223. <sup>6</sup> Studies as monotherapy and in combination with cemiplimab, 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>7</sup> Administered in combination with tuvusertib/M1774 (ATRI). <sup>8</sup> Administered in combination, including combinations other than avelumab. <sup>9</sup> Registered study with open enrollment; subjects may not yet be enrolled. <sup>9</sup>Marketed products for information only.

On October 30, Merck KGaA, Darmstadt, Germany announced a collaboration with Jiangsu Hengrui Pharmaceuticals Co. Ltd., China, including an exclusive license worldwide (ex-China) to develop, manufacture and commercialize the next-generation potent and selective PARP1 (poly (ADP-ribose) polymerase 1) trapping inhibitor HRS-1167.

Unless noted otherwise, clinical programs conducted in collaboration with external partners are not shown unless Merck KGaA, Darmstadt, Germany 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



# Electronics 9M: Semi Solutions resilient in semi down cycle; Display Solutions environment remains challenging

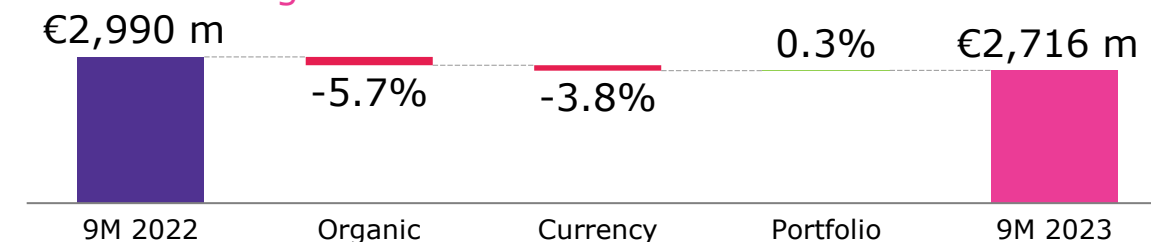
## Electronics P&L

[€m]	IFRS		Pre	
	9M 2022	9M 2023	9M 2022	9M 2023
Net sales	2,990	2,716	2,990	<b>2,716</b>
M&S*	-491	-450	-490	<b>-447</b>
Admin	-94	-108	-91	<b>-95</b>
R&D	-227	-223	-226	<b>-223</b>
EBIT	438	248	477	<b>315</b>
EBITDA	855	659	-	<b>-</b>
EBITDA pre	884	707	884	<b>707</b>
(in % of net sales)	29.6%	26.0%	29.6%	<b>26.0%</b>

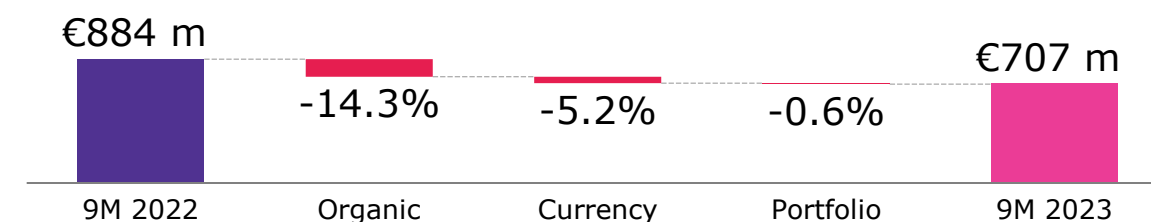
## Comments

- Semiconductor Solutions: sales down -4% org. due to weaker market; broad portfolio enables outperformance of high-single digit MSI decline
- Display Solutions: down -11% org. as LC decline drove lower volume and unfavorable mix
- Surface Solutions: down -3% org.; strong Cosmetics performance partially offsetting soft coatings and industrials end markets

## Net sales bridge



## EBITDA pre bridge

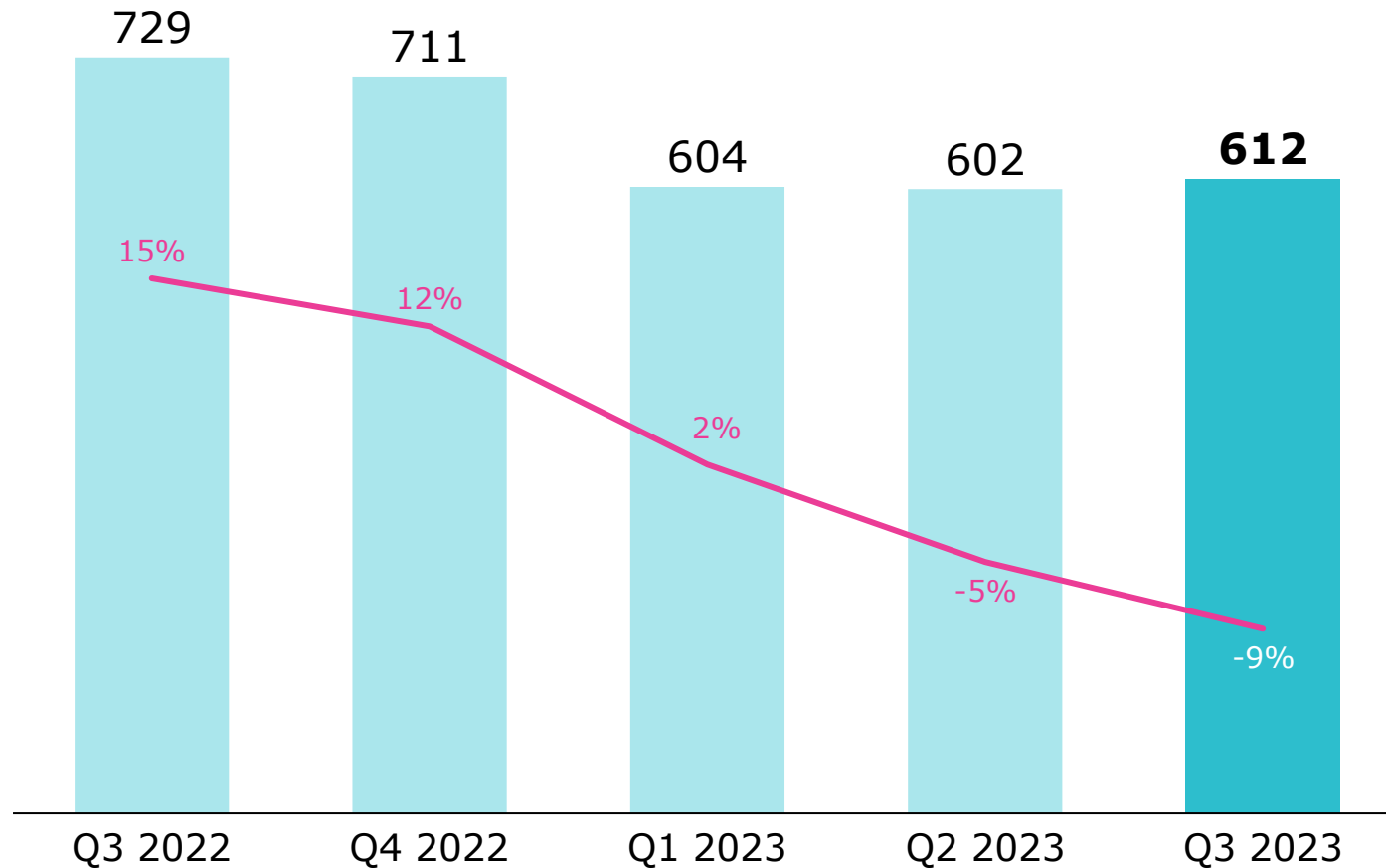


- M&S down with cost savings and logistics costs down in-line with volume
- R&D stable in % of sales, while admin costs high as percent of sales
- All P&L lines continue to reflect diligent cost management amid inflationary pressures
- EBITDA pre impacted by lower sales volumes, negative mix and sustained inflationary costs, with mitigation from UDC\*\* patent agreement in Q2'23



# Semiconductor Solutions demonstrates resilience in down cycle

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



- **Semiconductor Solutions** slows due to ongoing semi market softening with **high-teens decline in MSI** in Q3
- High growth in **DS&S business** driven by ongoing capex investment in new fabs
- Strong orderbook of projects and equipment for H2'23 and beyond
- **Semiconductor Materials** suppressed due to low end-user demand and lower short-term customer utilization
- Destocking to delay recovery, when customers increase wafer production
- Investing for growth as **mid-term view remains intact**





# Cash flow statement

## 9M 2023 – cash flow statement

[€m]	9M 2022	9M 2023	Δ
Profit after tax	2,680	<b>2,246</b>	-434
D&A	1,432	<b>1,373</b>	-59
Changes in provisions <sup>1</sup>	125	<b>76</b>	-49
Changes in other assets/liabilities <sup>1</sup>	-132	<b>-465</b>	-333
Other operating activities	-33	<b>-187</b>	-154
Changes in working capital	-828	<b>-312</b>	516
<b>Operating cash flow</b>	3,244	<b>2,731</b>	-514
Investing cash flow	-2,497	<b>-1,441</b>	1056
thereof Capex on PPE	-1,051	<b>-1,279</b>	-228
Financing cash flow	-1,057	<b>-758</b>	299

## Cash flow drivers

- Profit after tax driven by lower sales volumes and negative mix
- Lower effective tax rate and interest costs provide support
- 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 reflects outlicensing, Biosimilars divestment payment & patent agreement
- 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

<sup>1</sup>Prior year figures restated for reclassification of LTIP in liabilities  
Totals may not add up due to rounding



# Adjustments in Q3 2023

## Adjustments in EBIT

[€m]	Q3 2022		Q3 2023	
	Adjustments	thereof D&A	Adjustments	thereof D&A
Life Science	41	0	<b>14</b>	0
Healthcare	29	0	<b>-38</b>	0
Electronics	18	10	<b>26</b>	4
Corporate & Other	30	0	<b>29</b>	0
Total	118	11	<b>31</b>	4



# Adjustments in 9M 2023

## Adjustments in EBIT

[€m]	9M 2022		9M 2023	
	Adjustments	thereof D&A	Adjustments	thereof D&A
Life Science	78	1	<b>76</b>	32
Healthcare	124	91	<b>-30</b>	-1
Electronics	40	11	<b>67</b>	19
Corporate & Other	67	0	<b>162</b>	0
Total	309	103	<b>276</b>	50



# Financial Calendar



Date	Event
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
November 14, 2024	Q3 2024 Earnings release



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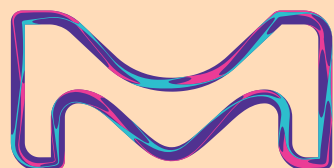


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