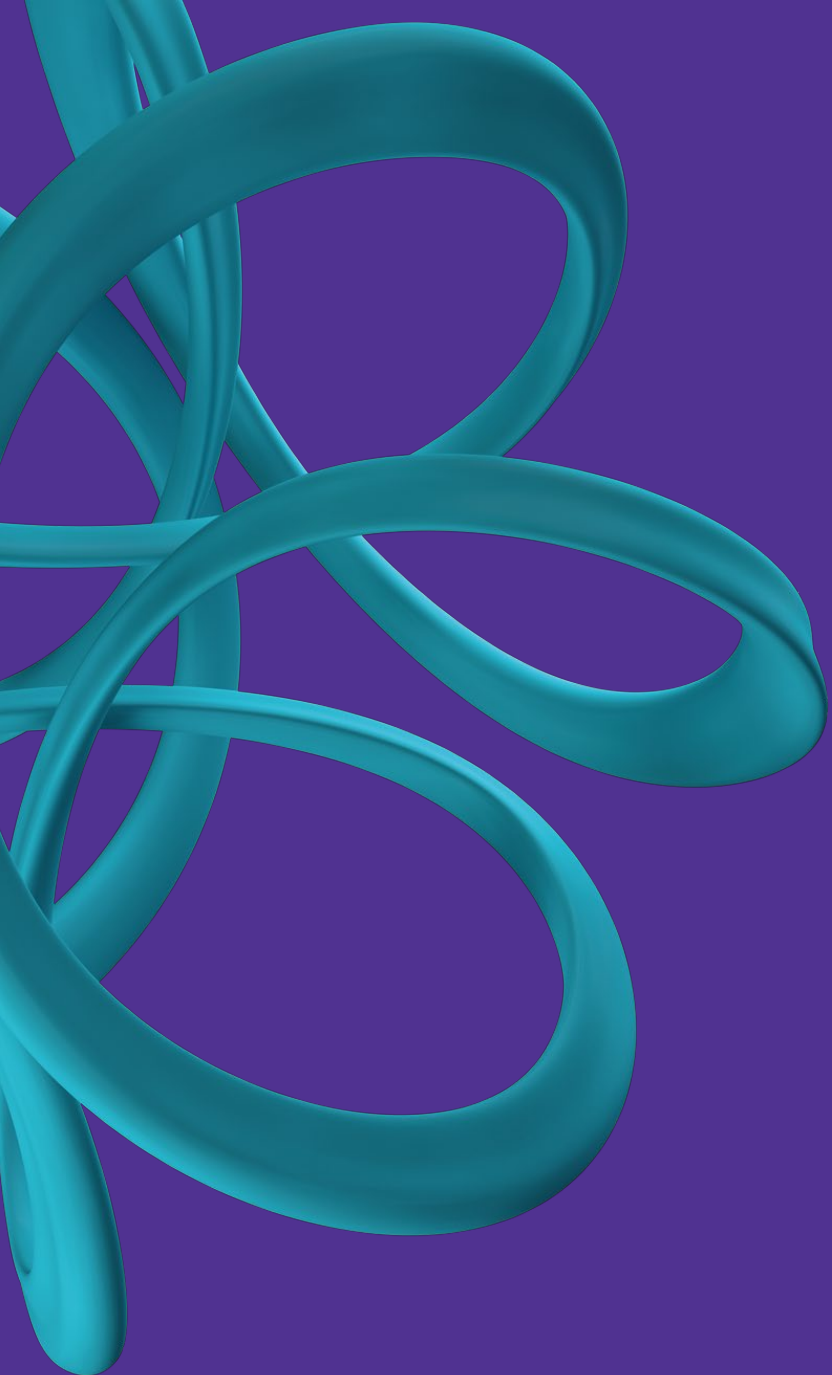


Fiscal 2023:

**PROVEN
resilience**

during transitional year



- 1.** In fiscal 2023, the Group once again demonstrated the robustness of its diversified business model.
- 2.** During fiscal 2024, we expect to gradually return to organic growth.
- 3.** We will continue to benefit from the attractive growth opportunities in our markets also in the medium term.

Disclaimer



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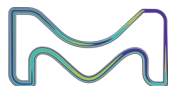
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Guidance delivered

	2023 Guidance	2023 Results	
Net sales	€20.5 – 21.9 bn	€21.0 bn	✓
EBITDA pre	€5.8 – 6.4 bn	€5.9 bn	✓
EPS pre	€8.25 – 9.35	€8.49	✓



- Guidance: Met
- Robust performance during transitional year
- Resilience of multi-industry business model demonstrated



Highlights 2023:



Operations

Life Science:

- Core business¹ sales -2% org., despite continued customer destocking, China macro weakness and SAP roll-out
- Sales down -8% org. as Covid-19 fades, reducing from ~€800 m to ~€250 m

Healthcare:

- +9% org. sales growth contributing +€668 m to Group, well above mid-term guidance
- Wave 1 launches +21% org., growth in Established portfolio +6% org. boosted by competitor stock-outs in Fertility and Endocrinology

Electronics:

- Electronics sales decline by -5% org. amid market downcycle
- Semiconductor portfolio outperforms the market, delivering sequential QoQ growth in H2

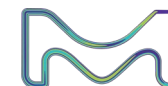


Group Financials

FY organic sales: -2%

FY organic EBITDA pre: -9%

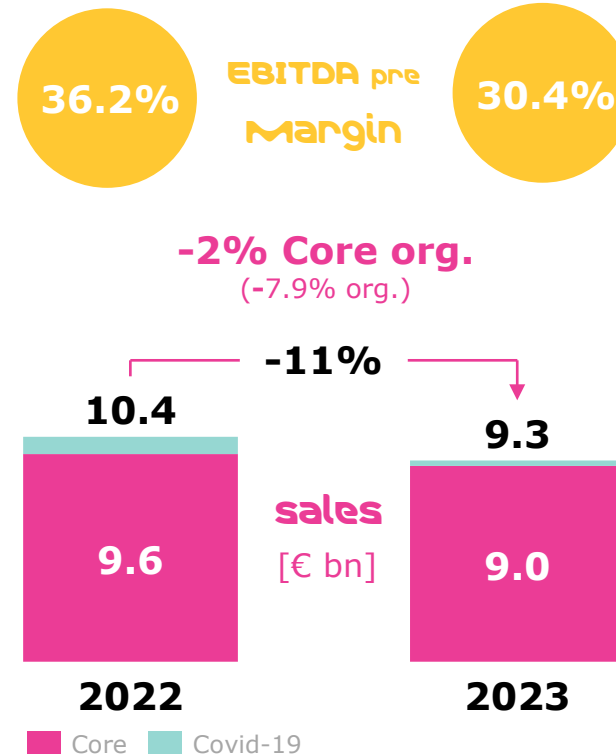
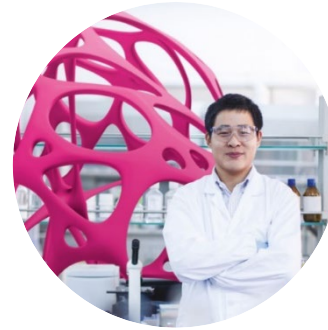
Net financial debt to EBITDA pre:
1.3x on Dec. 31, 2023



Life Science: Transitional 2023 with -2% core org. (-7.9% org. incl. Covid-19 decline) sales despite major customer destocking

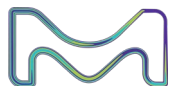
Business performance

- Core org. sales -2% with Life Science Services +12%; Science & Lab Solutions flat; Process Solutions (-8%)
- LS org. sales down by -7.9% mainly driven by non-repeating Covid-19 sales (-6%)
- Covid-19 business declined to ~€250 m (2022: ~€800 m), as anticipated
- EBITDA pre margin down due to lower volumes, negative mix effects
- Unfavorable FX with negative impact on sales (-2.7%) and EBITDA pre



Sector focus

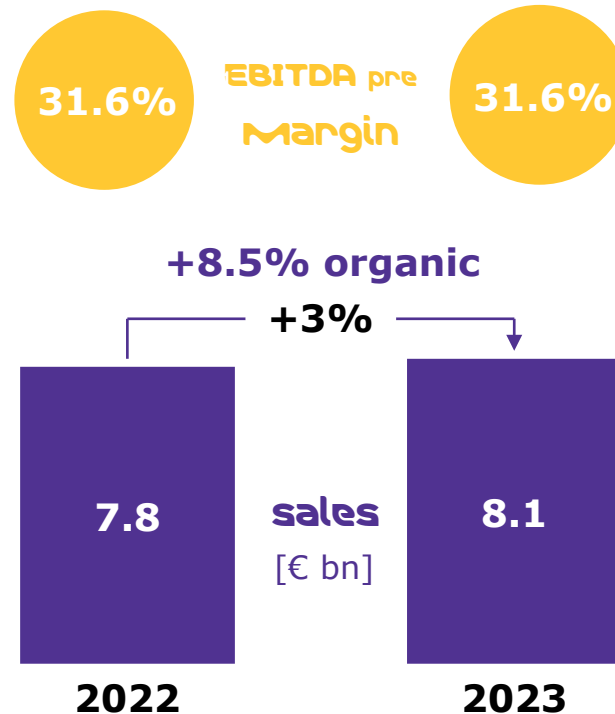
- **Confident to return to growth during 2024**
 - SLS with high consumables' share (>90% of sales), expected to dynamically return to growth, as the market accelerates
 - Majority of customers expected to reach target inventory levels at the end of H1; Drives PS sales inflection in H2
- **Innovative portfolio supports mid-term growth aspirations**
 - Process Solutions a key enabler of next gen mAbs manufacturing, novels' production
 - Building integrated focused multimodality CTDMO with technology leadership
 - Sculpting the era of digitalization of labs and research through solutions such as AIDDISON¹



Healthcare: Wave 1 launches driving strong growth; Healthcare above mid-term target, competitor stock-outs supported established portfolio growth

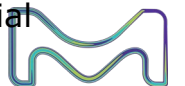
Business performance

- Oncology growth of +17% org. driven by continued Bavencio® ramp-up and Erbitux volume growth across markets
- N&I stable; Mavenclad® growing +16% org. now reaching blockbuster status, balancing Rebif® decline
- Fertility +15% org., strong underlying growth amplified by competitor stock-outs. CM&E on track with +4% growth
- Recent launches and stringent cost management drive underlying margin improvement; negatively impacted by transitory termination provision
- Unfavorable FX¹ with negative impact on sales (-5.8%) and EBITDA pre



Sector focus

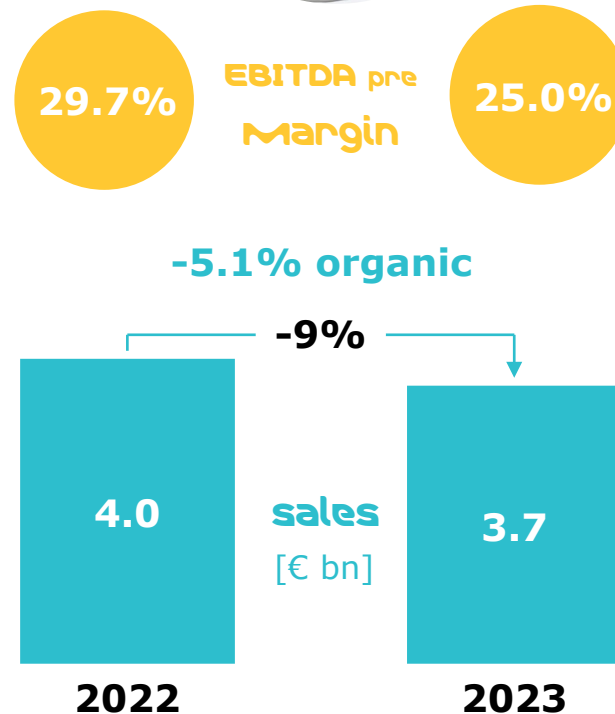
- **Strong confidence in renewed R&D engine**
 - Execution from high-potential external assets driven by focused leadership and strategy of >50% of R&D output from external innovation
 - In oncology, IA for Xevinapant coming up with first-in-class opportunity, as well as progressing DDR and ADC portfolio
 - Shifting focus of N&I to maximize the potential of TLR7/8 inhibitor Enpatoran in SLE/CLE, as well as cladribine in gMG
- **Commercial portfolio**
 - Wave 1 launches Bavencio® and Mavenclad® are key growth contributors
 - Sustained growth of a resilient established portfolio. Broad footprint in Fertility. CM&E capturing developing market potential



Electronics: Leveraging down cycle to increase efficiencies and prepare for the market uptick; Semis already demonstrating sequential quarterly growth

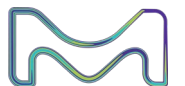
Business performance

- Semiconductor Solutions outperformed market with sales only down -4% org; already 68% of segment sales
- Semiconductor Materials delivered two quarters of sequential growth in H2'23
- Display Solutions sales down -9% org. with lower pricing and adverse mix effects
- Surface Solutions down low-single digit, as cosmetics partially compensates automotive and industrial market weakness
- EBITDA pre margin reflects idle costs, new site costs and inflation, with unfavorable FX



Sector focus

- **Short-term industry outlook**
 - Positive signals: chip inventories reduce, chip pricing recovery and technology transitions
 - Early cycle recovery in leading-edge memory / logic; specialist and analog suppressed
 - Stringent cost focus mitigating low volume, inflation and down-cycle pressures
- **Continued long-term growth expectations**
 - Clear tech leadership in key high value materials¹; Well-placed for AI² with >50% portfolio in leading-edge³ logic and memory
 - Structural growth drivers intact: AI / HPC², sustainability / energy saving⁴ and IoT⁴
- **Efficiency initiatives**
 - Efficiency measures enable reallocation of investments into key growth areas



Financial Overview

FY 2023: Overview

Key figures

[€m]	FY 2022	FY 2023	Δ
Net sales	22,232	20,993	-5.6%
EBITDA pre	6,849	5,879	-14.2%
<i>Margin (in % of net sales)</i>	30.8%	28.0%	-2.8pp
EPS pre	10.05	8.49	-15.5%
Operating cash flow	4,259	3,784	-11.2%

[€m]	Dec. 31, 2022	Dec. 31, 2023	Δ
Net financial debt	-8,328	-7,500	-9.9%
Net working capital	5,237	5,093	-2.8%
Employees	64,232	62,908	-2.1%

Comments

- Sales down -6%, impacted by lower org. sales and FX headwinds
- HC largely compensates lower sales volumes in LS and EL
- EBITDA pre decline impacted by lower sales, idle costs and negative mix in both Life Science and Electronics
- EPS pre down, in line with EBITDA pre
- Decline in operating cash flow favorable vs. EBITDA pre due to cash positive effect from NWC and taxes
- Net financial debt reduced due to strong cash generation in Q4



FY Life Science: Core business -2% org. as LSS growth partially offsets headwinds in PS; declining Covid-19 demand as expected

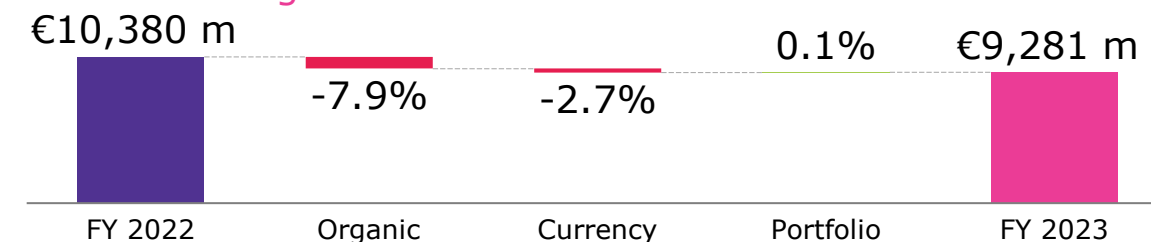
Life Science P&L

[€m]	IFRS		Pre	
	FY 2022	FY 2023	FY 2022	FY 2023
Net sales	10,380	9,281	10,380	9,281
M&S	-2,400	-2,245	-2,384	-2,232
Admin	-400	-425	-377	-372
R&D	-399	-396	-399	-393
EBIT	2,808	1,850	2,914	1,972
EBITDA	3,678	2,731	-	-
EBITDA pre	3,760	2,820	3,760	2,820
(in % of net sales)	36.2%	30.4%	36.2%	30.4%

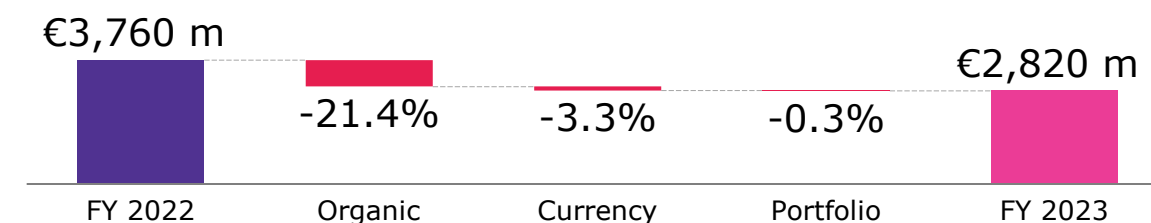
Comments

- Process Solutions: -8% org. decline in the core due to destocking and Chinese market conditions against tough comps; Covid-19 business declining as anticipated, resulting in -14% org. development
- Science & Lab Solutions: Stable org. sales development in the core, with slightly lower Covid-19 sales, leading to -1% org. performance
- Life Science Services: Core growth of +12% org. with high quarterly volatility; fading Covid-19 business led to -15% org. sales decline
- M&S declining in absolute terms with cost programs and lower logistics costs, but increasing in % of sales on higher org. sales decline
- Stable R&D in absolute terms with continued investments in high-growth & emerging segments, e.g. novel modalities
- EBITDA pre down -21% org. on declining volumes, negative mix effects and operating expenses declining less than sales

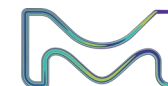
Net sales bridge



EBITDA pre bridge



Acronym(s): M&S = Marketing and selling expenses, R&D = Research & Development
Totals may not add up due to rounding



FY Healthcare: Organic growth of +9% driven by another strong year for Bavencio® (+23% org.) and Mavenclad® (+16% org.)

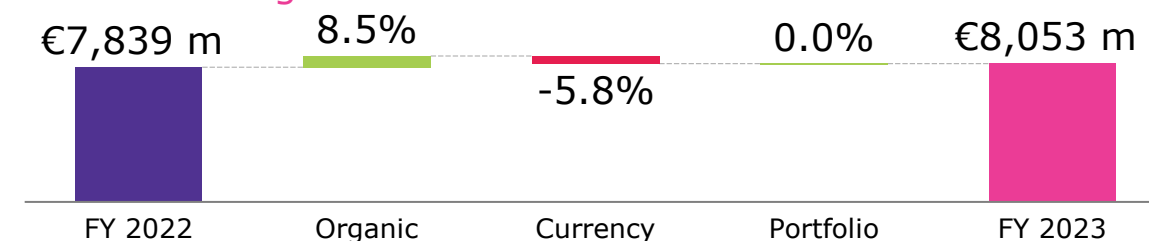
Healthcare P&L

[€m]	IFRS		Pre	
	FY 2022	FY 2023	FY 2022	FY 2023
Net sales	7,839	8,053	7,839	8,053
M&S	-1,644	-1,668	-1,631	-1,639
Admin	-313	-314	-296	-294
R&D	-1,694	-1,657	-1,622	-1,655
EBIT	1,895	2,225	2,173	2,233
EBITDA	2,385	2,545	-	-
EBITDA pre	2,477	2,543	2,477	2,543
(in % of net sales)	31.6%	31.6%	31.6%	31.6%

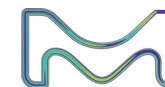
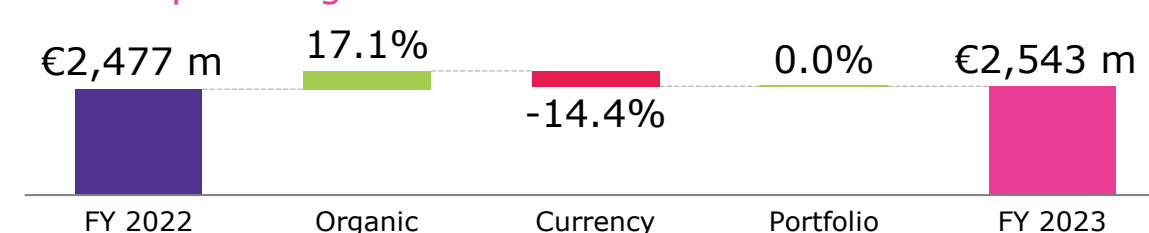
Comments

- Oncology up +17% org, driven by Bavencio® growth of +23% org., supported by strong Erbitux® (+11% org.) and Tepmetko
- N&I: Mavenclad® growing +16% org., largely compensating for the decline in Rebif® (-17% org.) in line with interferon market
- Solid growth in established portfolio, driven by Fertility (+15% org.) and boosted by competitors' stock-outs; CM&E at +4% org.
- M&S stable in absolute terms; declining in % of sales with constant productivity efforts compensating for Bavencio commercialization¹
- Stable R&D including the Evobrutinib termination provision²; % of sales in line with mid-term ambition of low twenties
- EBITDA pre margin stable. Sales momentum, income from portfolio management and two quarters of regained worldwide Bavencio® rights compensating for one-time effect from Evobrutinib of ~-€95 m

Net sales bridge



EBITDA pre bridge



FY Electronics: Semi Solutions successfully weathering down cycle; Display Solutions environment remains challenging

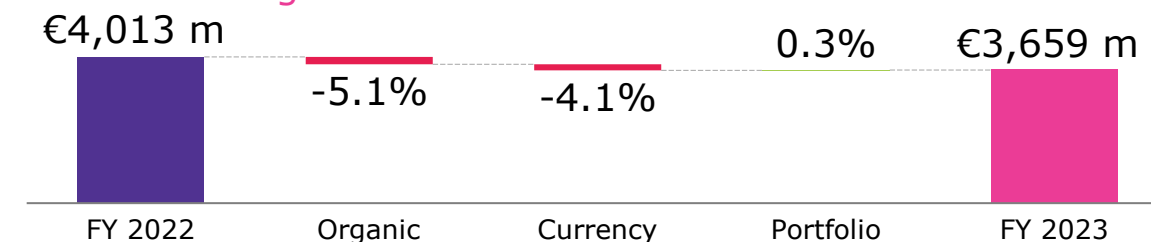
Electronics P&L

[€m]	IFRS		Pre	
	FY 2022	FY 2023	FY 2022	FY 2023
Net sales	4,013	3,659	4,013	3,659
M&S	-662	-591	-659	-588
Admin	-128	-147	-120	-118
R&D	-308	-297	-306	-297
EBIT	572	248	647	387
EBITDA	1,138	816	-	-
EBITDA pre	1,192	913	1,192	913
(in % of net sales)	29.7%	25.0%	29.7%	25.0%

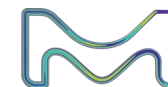
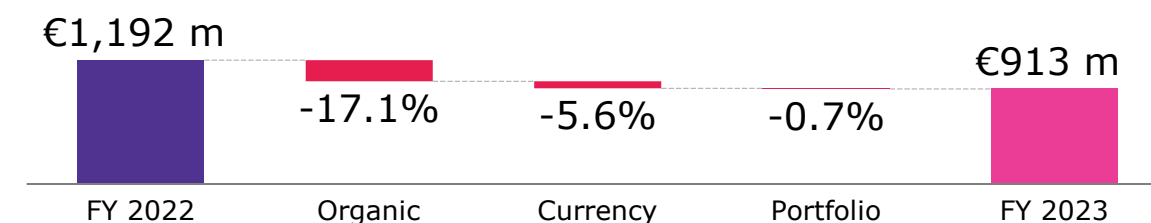
Comments

- Semiconductor Solutions: sales down -4% org. due to weaker market; broad portfolio enables outperformance of mid-teens digit MSI decline
- Display Solutions: down -9% org. as LC decline drove lower volume and unfavorable mix with continued pricing pressure
- Surface Solutions: down -4% 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
- Absolute R&D stable, reflecting investments for growth
- All P&L lines continue to reflect diligent cost management amid inflationary pressures
- EBITDA pre impacted by lower sales volumes, negative mix and sustained inflation, with mitigation from UDC patent agreement in Q2

Net sales bridge



EBITDA pre bridge





outlook & guidance

Group

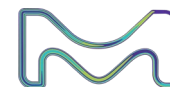
Full-year 2024 guidance

Net sales:

Slight to moderate organic growth
Adverse FX of 0% to -3% YoY

EBITDA pre:

Slight to moderate organic growth
Adverse FX of -1% to -4% YoY



2024 business sector guidance¹

Life Science



Net sales

- Slight organic decline up to slight organic growth
- Gradual recovery during 2024
- H2 stronger than H1; H1 declining against high base
- Covid-19 sales to fall to negligible levels (~€250 m in 2023)
- About stable to slight adverse FX

EBITDA pre

- Moderate organic decline up to slight organic growth
- About stable to slight adverse FX

Healthcare



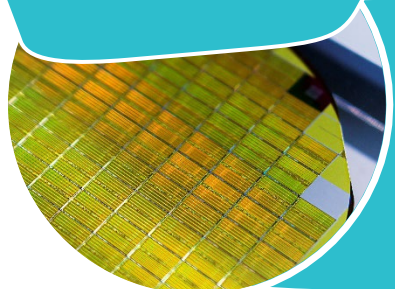
Net sales

- Moderate to solid organic growth
- Driven by Mavenclad®, supported by Oncology and CM&E
- About stable to moderate adverse FX

EBITDA pre

- Low teens organic growth
- Slight to significant adverse FX

Electronics

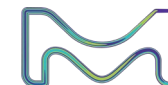


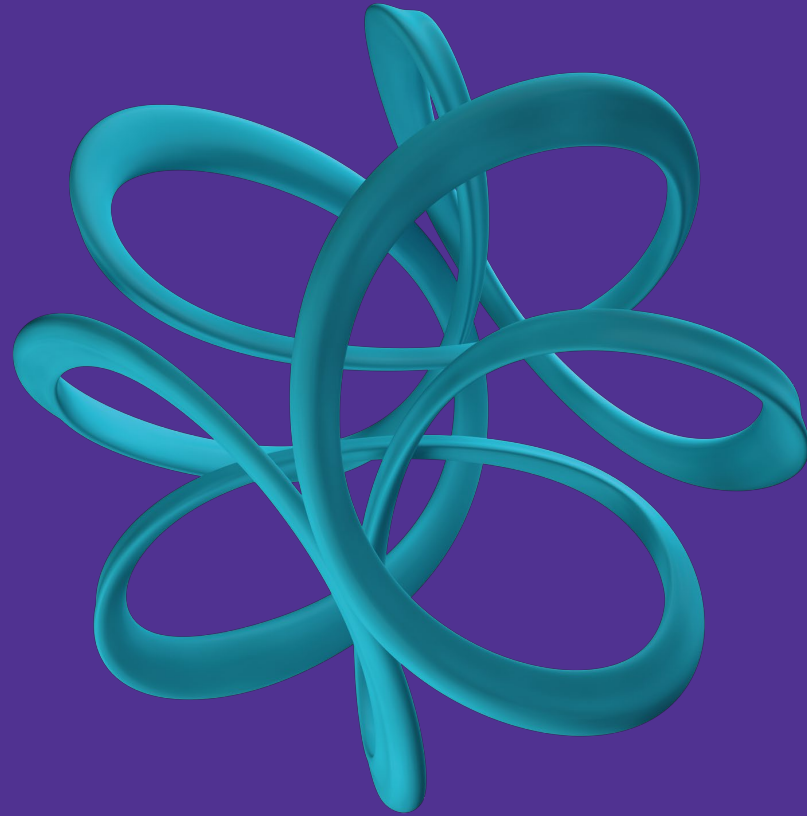
Net sales

- Organically about stable up to moderate organic growth
- Semi market inflection expected in early H2
- Materials drives sequential quarterly growth
- About stable to slight adverse FX

EBITDA pre

- Moderate organic decline up to moderate organic growth
- About stable to moderate adverse FX





Merck KGaA
Darmstadt, Germany