

off to a good start

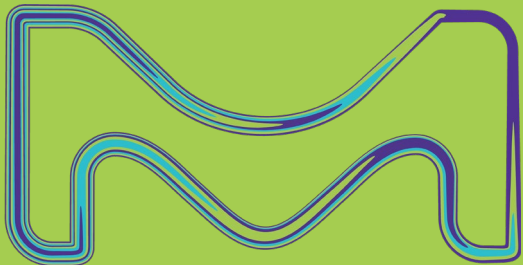
Merck KGaA, Darmstadt, Germany

Q1 2024 results

Presentation for Media Call

Helene von Roeder, CFO

May 15, 2024



Merck KGaA
Darmstadt, Germany

Disclaimer



Publication of Merck KGaA, Darmstadt, Germany. In the United States and Canada the group of companies affiliated with Merck KGaA, Darmstadt, Germany operates under individual business names (EMD Serono, Millipore Sigma, EMD Performance Materials). To reflect such fact and to avoid any misconceptions of the reader of the publication certain logos, terms and business descriptions of the publication have been substituted or additional descriptions have been added. This version of the publication, therefore, slightly deviates from the otherwise identical version of the publication provided outside the United States and Canada.

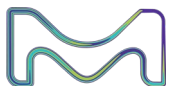
Cautionary Note Regarding Forward-Looking Statements and financial indicators

This communication may include “forward-looking statements.” Statements that include words such as “anticipate,” “expect,” “should,” “would,” “intend,” “plan,” “project,” “seek,” “believe,” “will,” and other words of similar meaning in connection with future events or future operating or financial performance are often used to identify forward-looking statements. All statements in this communication, other than those relating to historical information or current conditions, are forward-looking statements. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond control of Merck KGaA, Darmstadt, Germany, which could cause actual results to differ materially from such statements.

Risks and uncertainties include, but are not limited to: the risks of more restrictive regulatory requirements regarding drug pricing, reimbursement and approval; the risk of stricter regulations for the manufacture, testing and marketing of products; the risk of destabilization of political systems and the establishment of trade barriers; the risk of a changing marketing environment for multiple sclerosis products in the European Union; the risk of greater competitive pressure due to biosimilars; the risks of research and development; the risks of discontinuing development projects and regulatory approval of developed medicines; the risk of a temporary ban on products/production facilities or of non-registration of products due to non-compliance with quality standards; the risk of an import ban on products to the United States due to an FDA warning letter; the risks of dependency on suppliers; risks due to product-related crime and espionage; risks in relation to the use of financial instruments; liquidity risks; counterparty risks; market risks; risks of impairment on balance sheet items; risks from pension obligations; risks from product-related and patent law disputes; risks from antitrust law proceedings; risks in human resources; reputational issues related to ESG matters or our inability to reach our ESG aspirations; risks from e-crime and cyber attacks; risks due to failure of business-critical information technology applications or to failure of data center capacity; environmental and safety risks; unanticipated contract or regulatory issues; a potential downgrade in the rating of the indebtedness of Merck KGaA, Darmstadt, Germany; downward pressure on the common stock price of Merck KGaA, Darmstadt, Germany and its impact on goodwill impairment evaluations as well as the impact of future regulatory or legislative actions.

The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included elsewhere, including the Report on Risks and Opportunities Section of the most recent annual report and quarterly report of Merck KGaA, Darmstadt, Germany. Any forward-looking statements made in this communication are qualified in their entirety by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, us or our business or operations. Except to the extent required by applicable law, we undertake no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

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

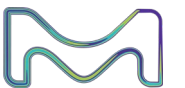


Agenda

01 Executive summary

02 Financial overview

03 Outlook & Guidance



EXECUTIVE SUMMARY

01

Highlights: Positive order development in PS, Strong HC and EL



Operations

Life Science:

- Sales down -13% org. compared to prior year, when destocking was not yet fully visible
- Solid start to year with order intake up QoQ and YoY in PS; confirming sales inflection in H2

Healthcare:

- Sales up +10% org. with strong China effect YoY, due to prior year COVID-19 effects; Wave 1 launches up +15% org.
- Largest growth contribution to Group

Electronics:

- +6% org. sales growth as market conditions gradually improve
- Semi materials driving growth, with 3rd quarter of sequential sales growth



Group Financials

Q1 organic sales: -1.2%

Q1 organic EBITDA pre: -5.2%

2023 Sustainability Report published

Guidance:

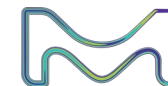
Net sales: €20.6 bn to €22.1 bn

EBITDA pre: €5.7 bn to €6.3 bn

EPS pre: €8.05 to €9.10

Net financial debt to EBITDA pre:

1.3x on March 31, 2024



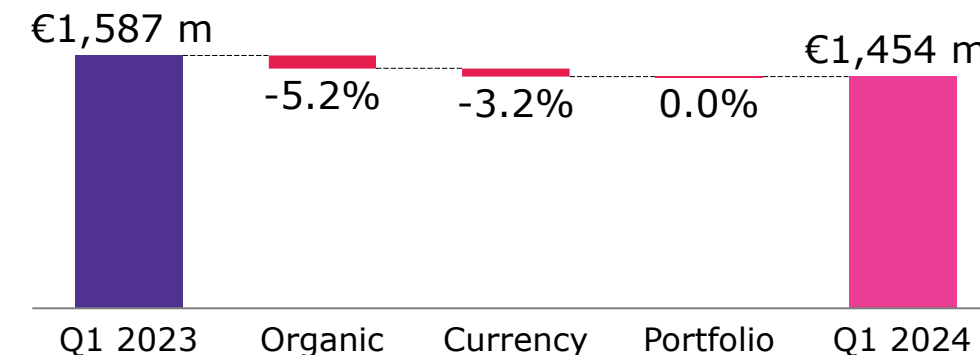
Strong HC and EL performance largely compensate for LS

Q1 YoY Net Sales

	Organic	Currency	Portfolio	Total
Life Science	-12.6%	-1.2%	0.0%	-13.8%
Healthcare	10.1%	-2.6%	0.0%	7.5%
Electronics	6.3%	-3.2%	-0.1%	3.1%
Group	-1.2%	-2.0%	0.0%	-3.3%

- Life Science: Down -13% org. against strong Q1'23 comparable, across PS (-19% org.), SLS (-7% org.) and LSS (-17% org.); hovering around the trough in PS, but sequential order uptake
- Healthcare: Sales growth of +10% with positive contribution from all franchises. Established portfolio growing +9% amid softer China comps, compensating fading competitor stock-outs
- Electronics: Semiconductor up +8% org., driving sector growth; Display up +4% org.; Surface up +2% org.

Q1 YoY EBITDA pre



- Life Science EBITDA pre down -30% org. mainly due to lower volumes, idle / start-up capacities and negative mix
- Healthcare EBITDA pre up +28% org. driven by higher sales and regaining full Bavencio rights
- Electronics EBITDA pre up +4% reflecting volume leverage, with support from positive mix
- Moderate foreign exchange burden on EBITDA pre



Financial Overview

02

Q1 2024: Overview

Key figures

[€m]	Q1 2023	Q1 2024	Δ
Net sales	5,293	5,120	-3.3%
EBITDA pre	1,587	1,454	-8.4%
Margin (in % of net sales)	30.0%	28.4%	-1.6pp
EPS pre	2.36	2.06	-12.7%
Operating cash flow	853	1,035	21.4%

[€m]	Dec. 31, 2023	March 31, 2024	Δ
Net financial debt	-7,500	-7,498	0.0%
Net working capital	5,093	5,711	12.1%
Employees	62,908	62,345	-0.9%

Comments

- Sales down -3% with slight FX headwinds and slight organic decline
- HC and EL sales growth largely compensate decline in LS
- HC EBITDA pre growth only partially compensates lower sales and EBITDA pre margins in LS
- EPS pre declines more than EBITDA pre and mainly due to higher regular D&A
- OCF up, with lower NWC outflow and bonus payments
- Net financial debt stable with continuing investment for future growth

Acronym(s): OCF = Operating Cash Flow; NWC = Net Working Capital; D&A = Depreciation & Amortization; FX = foreign exchange; LS = Life Science; HC = Healthcare; EL = Electronics

Totals may not add up due to rounding



Life Science Q1: Sales down v.s. strong comps and COVID-19 non-repeats

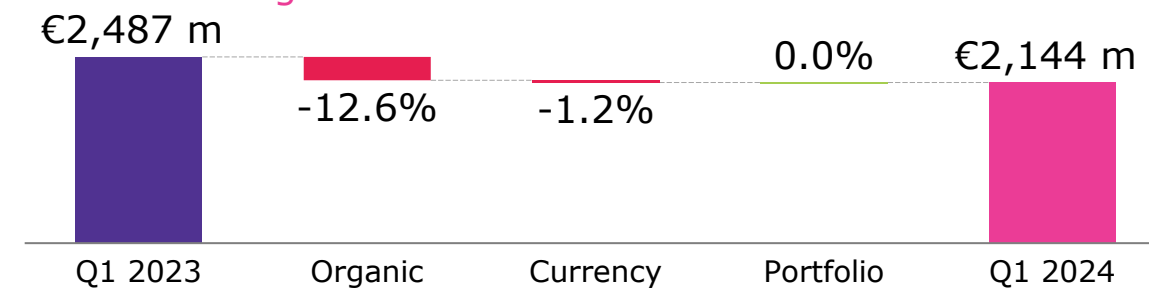
Life Science P&L

[€m]	IFRS		Pre	
	Q1 2023	Q1 2024	Q1 2023	Q1 2024
Net sales	2,487	2,144	2,487	2,144
M&S	-568	-551	-569	-545
Admin	-105	-112	-94	-95
R&D	-104	-95	-104	-95
EBIT	672	377	689	404
EBITDA	884	585	-	-
EBITDA pre	901	611	901	611
(in % of net sales)	36.2%	28.5%	36.2%	28.5%

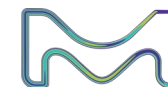
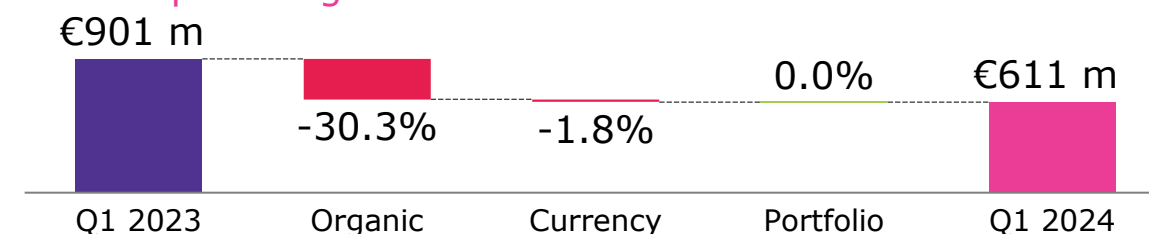
Comments

- Process Solutions: down -19% org. sales compared to strong Q1'23; YoY decline driven by destocking, COVID-19 non-repeats and China market slowdown
- Science & Lab Solutions: -7% org. sales YoY decline, driven by weaker pharma spending, alongside govt. funding delays in the US; Q1'23 not impacted by these effects; 2nd quarter of sequential growth
- Life Science Services: -17% org. sales decline with unfavorable CDMO project phasing and the streamlining of a CDMO customer's supply chain
- Lower M&S YoY reflecting cost programs and efficiencies
- Lower R&D expenses YoY mainly due to project phasing
- EBITDA pre down YoY mainly on lower volumes with negative mix effects amid underutilization impacting the gross margin
- LS EBITDA pre margins improving by 220 bps QoQ driven by positive mix effects and cost control

Net sales bridge



EBITDA pre bridge



Healthcare Q1: Strong start into the year supported across franchises

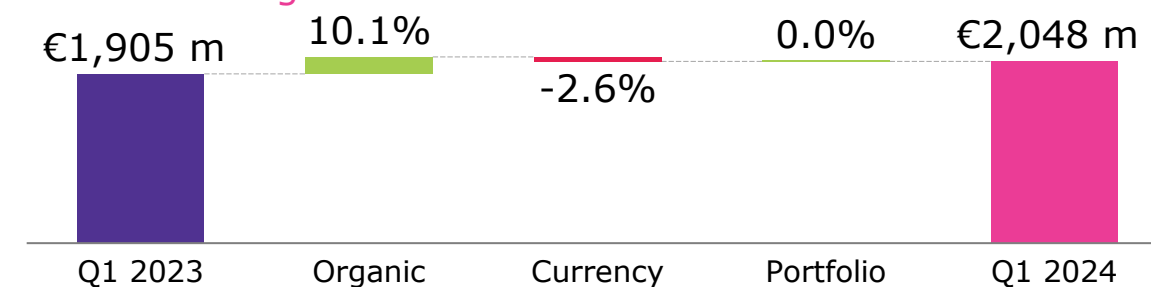
Healthcare P&L

[€m]	IFRS		Pre	
	Q1 2023	Q1 2024	Q1 2023	Q1 2024
Net sales	1,905	2,048	1,905	2,048
M&S	-381	-398	-380	-395
Admin	-76	-75	-72	-74
R&D	-395	-398	-403	-393
EBIT	520	618	516	620
EBITDA	593	706	-	-
EBITDA pre	590	708	590	708
(in % of net sales)	30.9%	34.6%	30.9%	34.6%

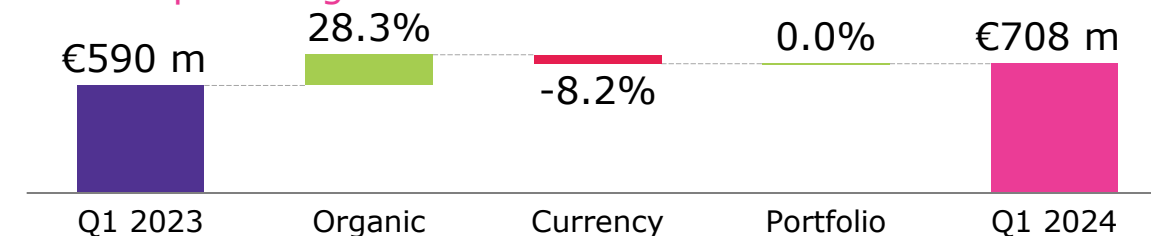
Comments

- Oncology up +19% org., driven by Erbitux® (+19% org.), Bavencio® (+14% org.), and Tepmetko®
- N&I up +9% org. driven by growth from Mavenclad® (+12% org.) Rebif® (+4% org.) up as softer comp in prior year
- Strong growth of established portfolio driven by Fertility +8% org. and CM&E +4% org. amid prior year quarter China sales impacted by high Covid infection rates

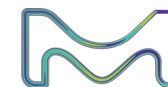
Net sales bridge



EBITDA pre bridge



- M&S growing in line with sales, including full Bavencio repatriation¹
- R&D mid-term ambition of low twenties % remains unchanged, lower Q1 R&D ratio in light of strong topline growth
- EBITDA pre margin of 34.6% supported by regaining Bavencio rights, strong sales momentum and ongoing cost discipline



Electronics Q1: Positive start, full market inflection still expected in H2

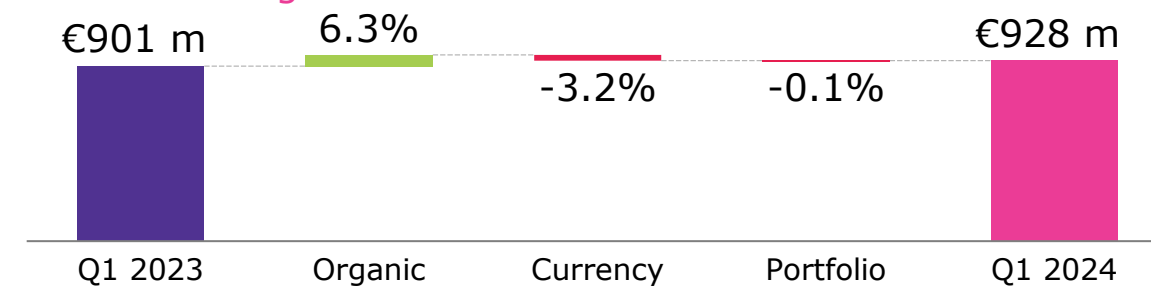
Electronics P&L

[€m]	IFRS		Pre	
	Q1 2023	Q1 2024	Q1 2023	Q1 2024
Net sales	901	928	901	928
M&S	-158	-138	-158	-138
Admin	-33	-37	-31	-32
R&D	-74	-73	-74	-73
EBIT	86	95	105	107
EBITDA	228	225	-	-
EBITDA pre	237	237	237	236
(in % of net sales)	26.4%	25.5%	26.4%	25.5%

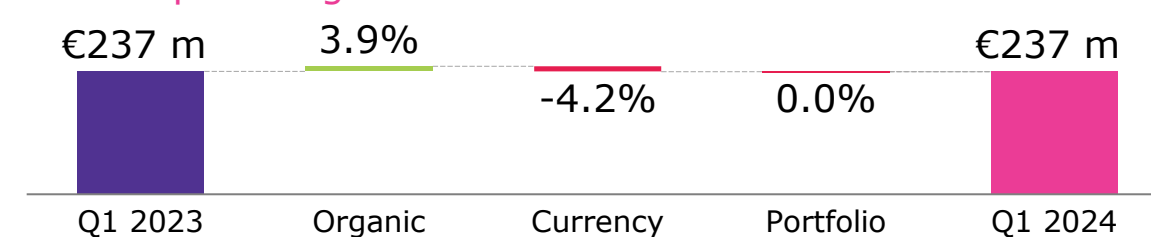
Comments

- Semiconductor Solutions: sales up +8% org., driven mainly by Semi Materials with some early buying behavior; positive phasing of large projects in DS&S during Q1
- Display Solutions: up +4% org., as volume growth overcompensates continuous price pressure
- Surface Solutions: up +2% org., driven by coatings and cosmetics; partially offset by weaker industrials demand

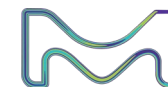
Net sales bridge



EBITDA pre bridge



- M&S costs declining with strict cost discipline and efficiency measures
- Sustained high level of R&D investment to drive mid-term growth
- EBITDA pre margin up ~370 bps sequentially mainly driven by volume leverage and positive mix in Semi Materials and Display; additional site ramp-up and qualification costs from production expansion to come



outlook & guidance

03

Group full-year 2024 guidance

Net sales:

Organic: +1% to +5% YoY
FX: -3% to 0% YoY
~€20.6 – €22.1 bn

EBITDA pre:

Organic: +1% to +7% YoY
FX: -4% to -1% YoY
~€5.7 – €6.3 bn

EPS pre:

~ €8.05 – €9.10



2024 business sector guidance¹

Life Science



Net sales

- Organic: -2% to +2% YoY
- FX: -2% to +1% YoY
- ~€8.90 bn to €9.60 bn
- Gradual sequential recovery during 2024
- Returning to organic growth in H2
- COVID-19 sales to fall to negligible levels (~€250 m in 2023)

EBITDA pre

- Organic: -6% to +1% YoY
- FX: -4% to +1% YoY
- ~€2.55 bn to €2.85 bn

Healthcare



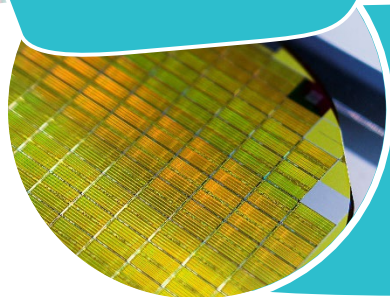
Net sales

- Organic: +4% to +7% YoY
- FX: -3% to 0% YoY
- ~€8.05 bn to €8.65 bn
- Driven by Mavenclad®, supported by Oncology and CM&E

EBITDA pre

- Organic: +13% to +18% YoY
- FX: -6% to -2% YoY
- ~€2.75 bn to €2.95 bn

Electronics

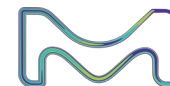


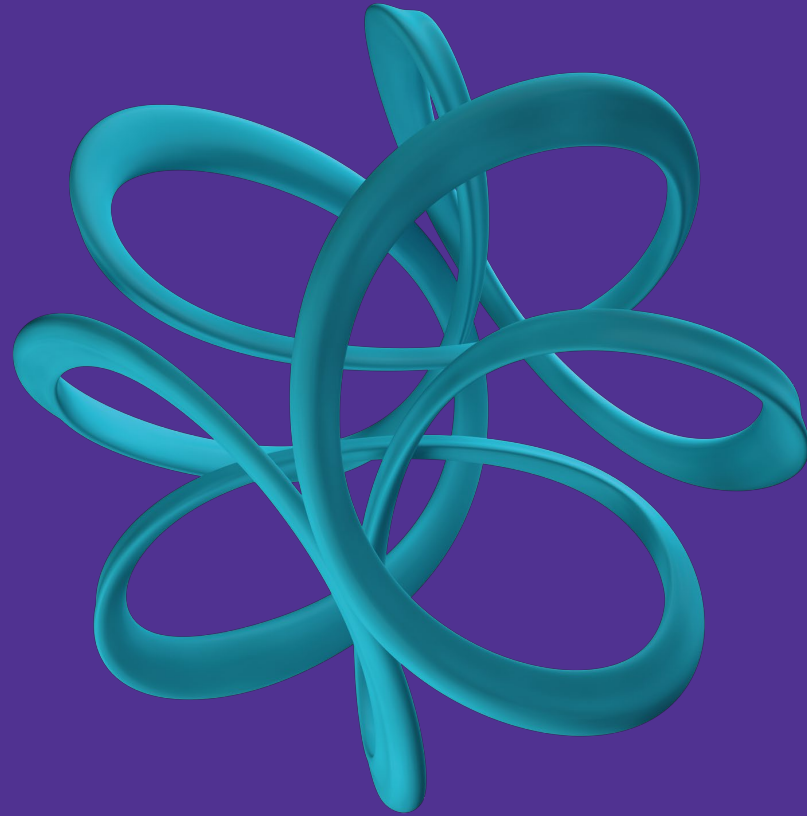
Net sales

- Organic: 0% to +4% YoY
- FX: -2% to +1% YoY
- ~€3.55 bn to €3.85 bn
- Semi market inflection expected in early H2

EBITDA pre

- Organic: -3% to +4% YoY
- FX: -2% to +1% YoY
- ~€870 m to €950 m





Merck KGaA
Darmstadt, Germany