

Returning to Growth with Improved Guidance

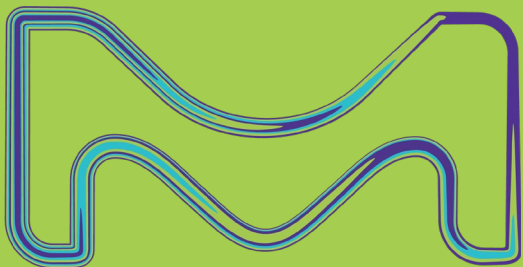
Merck KGaA, Darmstadt, Germany

Q2 2024 results

Presentation Media Call

Belén Garijo, CEO
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Merck KGaA
Darmstadt, Germany

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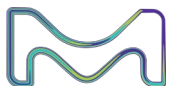
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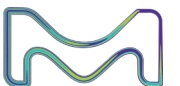


Agenda

01 Executive summary

02 Financial overview

03 Outlook & Guidance



EXECUTIVE SUMMARY

01

Highlights: Group returns to sales growth



Operations

Life Science:

- Sales down -4% org. compared to prior year, when destocking was not yet fully reflected, with residual COVID-19 headwinds
- Second quarter of positive QoQ order intake in PS, further confirmation H2>H1 sales dynamic

Healthcare:

- Sales up +5% org. driven by Oncology (+9% org.) and CM&E (+13% org.)
- Healthcare with largest growth contribution to Group

Electronics:

- +8% org. sales growth driven by demand for AI and advanced nodes in Semi Materials
- Semiconductor Solutions with +11% org. growth



Group Financials

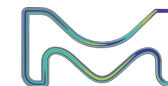
Q2 organic sales: +1.7%

Q2 organic EBITDA pre: -0.8%

Guidance:

Net sales: €20.7bn to €22.1 bn
EBITDA pre: €5.8 bn to €6.4 bn
EPS pre: €8.20 to €9.30

Net financial debt to EBITDA pre:
1.4x on June 30, 2024



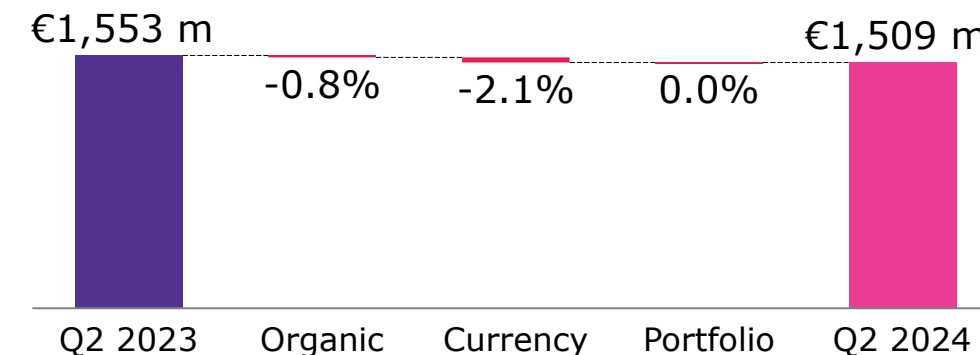
Strong operative performance in Healthcare and Electronics

Q2 YoY Net Sales

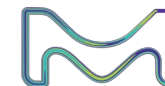
	Organic	Currency	Portfolio	Total
Life Science	-3.7%	-0.4%	0.0%	-4.1%
Healthcare	5.3%	-1.1%	0.0%	4.3%
Electronics	7.6%	-0.9%	-0.2%	6.5%
Group	1.7%	-0.7%	0.0%	0.9%

- Life Science: Down -4% org. against strong Q2'23 comparable, with SLS (+1% org.) and LSS (+8% org.) partially compensating PS (-12% org.); PS sales up +7% QoQ
- Healthcare: Sales growth of +5% org. with positive contribution from CM&E and Oncology across nearly all regions. N&I with tough comps in Q2
- Electronics: Semiconductor up +11% org., driving sector growth; Display down -2% org.; Surface up +4% org.

Q2 YoY EBITDA pre



- Life Science: Down -6% org. mainly due to lower volumes and idle & start-up capacities
- Healthcare: Up +5% org. fueled by topline growth. Full Bavencio rights and lower R&D overcompensate mid-DD Xevinapant termination provision
- Electronics: Down -3% as op. leverage largely compensates prior year UDC patent effect
- Solid increase of EBITDA pre in operative business¹



Financial Overview

02

Q2 2024: Overview

Key figures

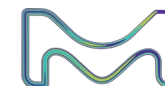
[€m]	Q2 2023	Q2 2024	Δ
Net sales	5,302	5,352	0.9%
EBITDA pre	1,553	1,509	-2.9%
Margin (in % of net sales)	29.3%	28.2%	-1.1pp
EPS pre	2.20	2.20	0.0%
Operating cash flow	622	861	38.4%

[€m]	Dec. 31, 2023	Jun 30, 2024	Δ
Net financial debt	-7,500	-7,950	6.0%
Net working capital	5,093	5,762	13.1%
Employees	62,908	62,176	-1.2%

Comments

- Sales up +1% with organic growth overcompensating slight FX headwinds
- Sales growth driven by HC and EL, with decline in LS
- HC EBITDA pre growth only partially compensates lower EBITDA pre in LS, with EL only slightly down
- EPS pre already stable with return to growth in LS yet to come
- Operating cash flow up, mainly due to lower bonus payments
- Net financial debt up mainly due to dividend payment, mitigated by strong OCF in H1; NWC stable from Q1'24

Acronym(s): OCF = Operating Cash Flow; NWC = Net Working Capital; FX = foreign exchange; LS = Life Science; HC = Healthcare; EL = Electronics; Totals may not add up due to rounding



Life Science Q2: Sequential sales and EBITDA growth in all businesses

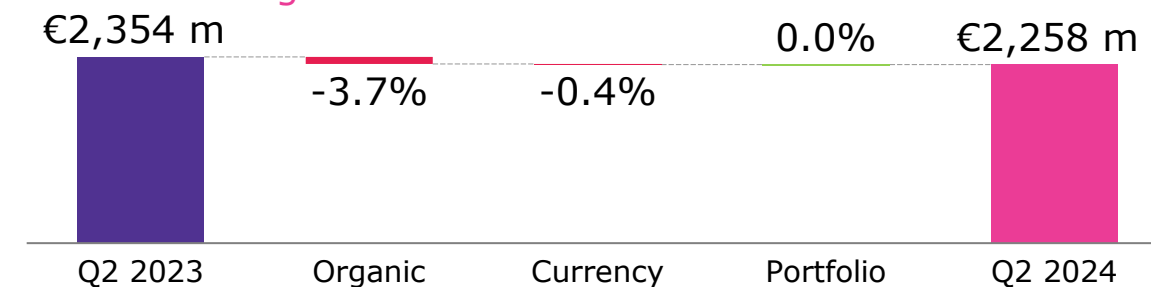
Life Science P&L

[€m]	IFRS		Pre	
	Q2 2023	Q2 2024	Q2 2023	Q2 2024
Net sales	2,354	2,258	2,354	2,258
M&S	-566	-567	-566	-563
Admin	-103	-104	-91	-96
R&D	-99	-96	-98	-96
EBIT	455	370	501	442
EBITDA	698	639	-	-
EBITDA pre	712	655	712	655
(in % of net sales)	30.2%	29.0%	30.2%	29.0%

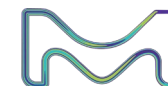
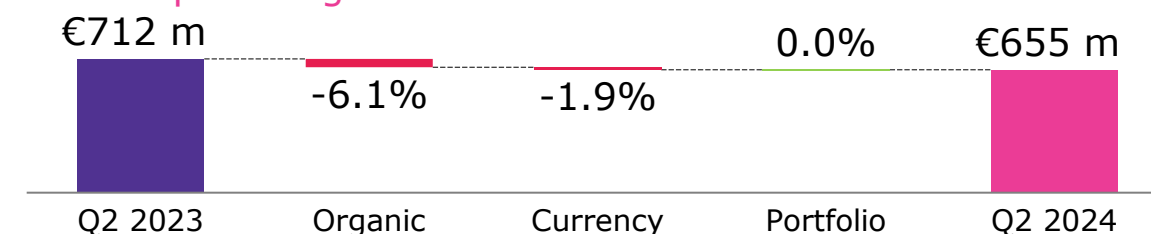
Comments

- Process Solutions: sales down -12% org. compared to tough comps; YoY decline mainly driven by destocking and COVID-19 non-repeats; 2nd quarter of QoQ order intake growth; sales also increased QoQ (+7%)
- Science & Lab Solutions: +1% org. sales YoY growth driven by Industrial & Testing and Diagnostics; 3rd quarter of sequential growth; 1st quarter of positive YoY growth since Q1-23
- Life Science Services: +8% org. sales growth driven by contract testing services, benefitting from novel modalities, expansion of product offering
- M&S spend stable; Slightly lower R&D expenses mainly due to project phasing
- EBITDA pre down mainly on lower volumes with idle costs from underutilization
- Life Science EBITDA pre margins improving by 50 bps QoQ driven by stringent cost control and some operational leverage

Net sales bridge



EBITDA pre bridge



Healthcare Q2: Record sales fueled by Oncology and CM&E

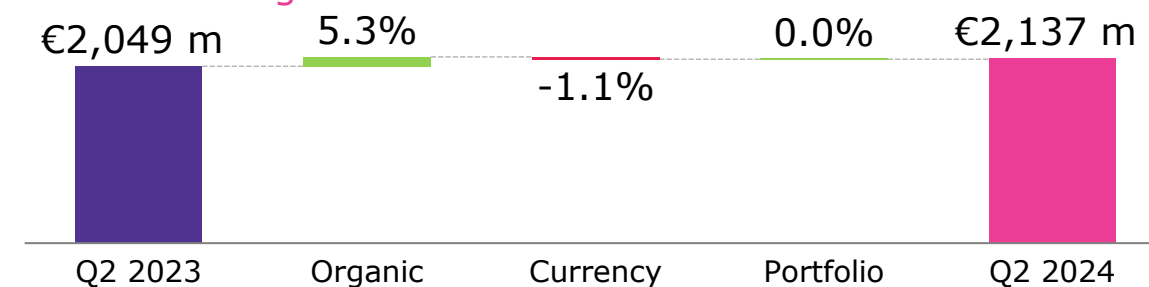
Healthcare P&L

[€m]	IFRS		Pre	
	Q2 2023	Q2 2024	Q2 2023	Q2 2024
Net sales	2,049	2,137	2,049	2,137
M&S	-422	-437	-418	-439
Admin	-79	-78	-76	-76
R&D	-401	-445	-396	-441
EBIT	616	501	627	627
EBITDA	692	749	-	-
EBITDA pre	704	720	704	720
(in % of net sales)	34.3%	33.7%	34.3%	33.7%

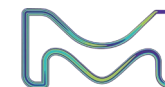
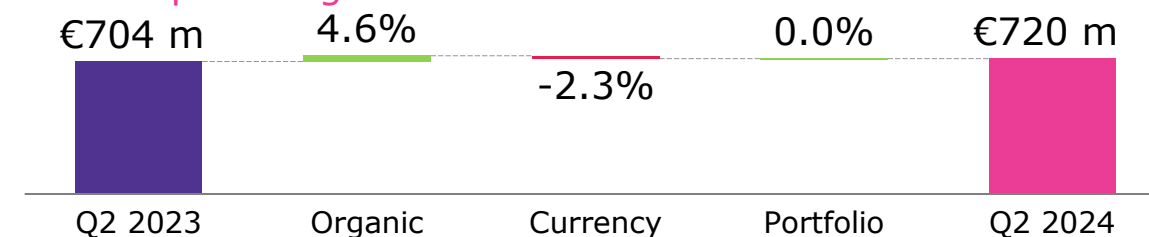
Comments

- Oncology +9% org., driven by Erbitux® growth in all major regions (+8% org.), Bavencio® (+6% org.) and Tepmetko®
- Mavenclad® growing +1% org. amid tough comps. Rebif® down -19% org., growth rate negatively impacted by prior year channel dynamics
- CM&E growth +14% org., amplified by tender business and prior year slow-down in the diabetes market in China. Fertility (-1% org.) as competitor stock-outs easing and prior year China COVID-19 catch-up
- M&S growing in line with sales, including full Bavencio repatriation¹
- Total R&D costs up driven by mid-DD termination provision for Xevinapant. For the remainder of the year lower R&D spend as percentage of sales expected
- EBITDA pre margin of 33.7% fueled by strong sales growth. Full Bavencio rights, lower underlying R&D and strong gross margin performance overcompensate Xevinapant termination provision

Net sales bridge



EBITDA pre bridge



Electronics Q2: AI & adv. node semi market inflects, driving strong growth

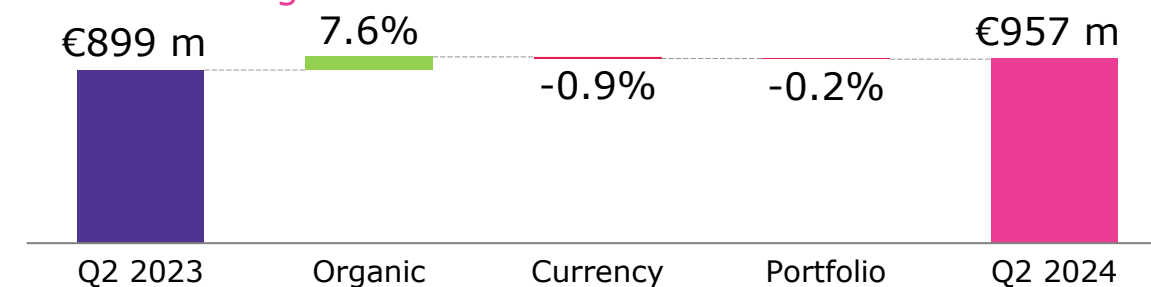
Electronics P&L

[€m]	IFRS		Pre	
	Q2 2023	Q2 2024	Q2 2023	Q2 2024
Net sales	899	957	899	957
M&S	-148	-142	-147	-142
Admin	-35	-36	-31	-34
R&D	-75	-75	-74	-75
EBIT	110	107	132	131
EBITDA	245	242	-	-
EBITDA pre	262	255	262	255
(in % of net sales)	29.1%	26.7%	29.1%	26.7%

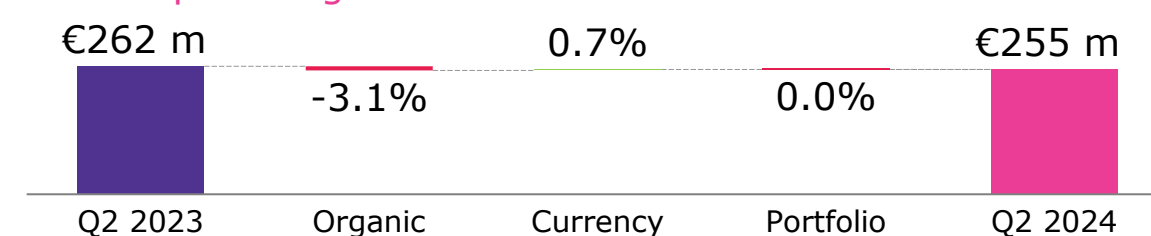
Comments

- Semiconductor Solutions: sales up +11% org., with considerable growth in Thin-Film materials driven by AI and adv. nodes; wider market inflection (incl. 3D NAND memory) not yet visible
- Display Solutions: down -2% org., continuous price pressure overcompensated volume growth; strong growth in OLED sales
- Surface Solutions: up +4% org.
- 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 from prior year includes UDC patent effect (~€60 m); underlying margin expansion of ~4 % points due to operational leverage and cost discipline

Net sales bridge



EBITDA pre bridge



outlook & guidance

03

Group full-year 2024 guidance

Net sales:

Organic: +2% to +5% YoY

FX: -3% to 0% YoY

~€20.7 – €22.1 bn

EBITDA pre:

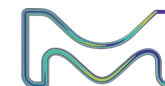
Organic: +4% to +10% YoY

FX: -5% to -1% YoY

~€5.8 – €6.4 bn

EPS pre:

~€8.20 – €9.30



2024 business sector guidance¹

Life Science



Net sales

- Organic: -2% to +2% YoY
- FX: -3% to +1% YoY
- ~€8.80 bn to €9.50 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 0% YoY
- ~€2.55 bn to €2.80 bn

Healthcare



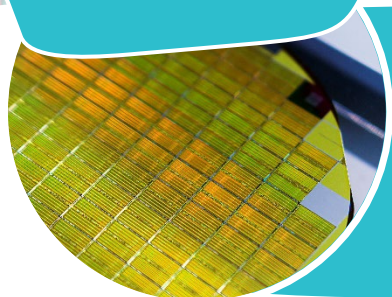
Net sales

- Organic: +6% to +9% YoY
- FX: -4% to 0% YoY
- ~€8.20 bn to €8.75 bn
- Driven by CM&E, Oncology and Mavenclad

EBITDA pre

- Organic: +18% to +23% YoY
- FX: -6% to -2% YoY
- ~€2.85 bn to €3.05 bn

Electronics



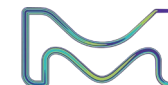
Net sales

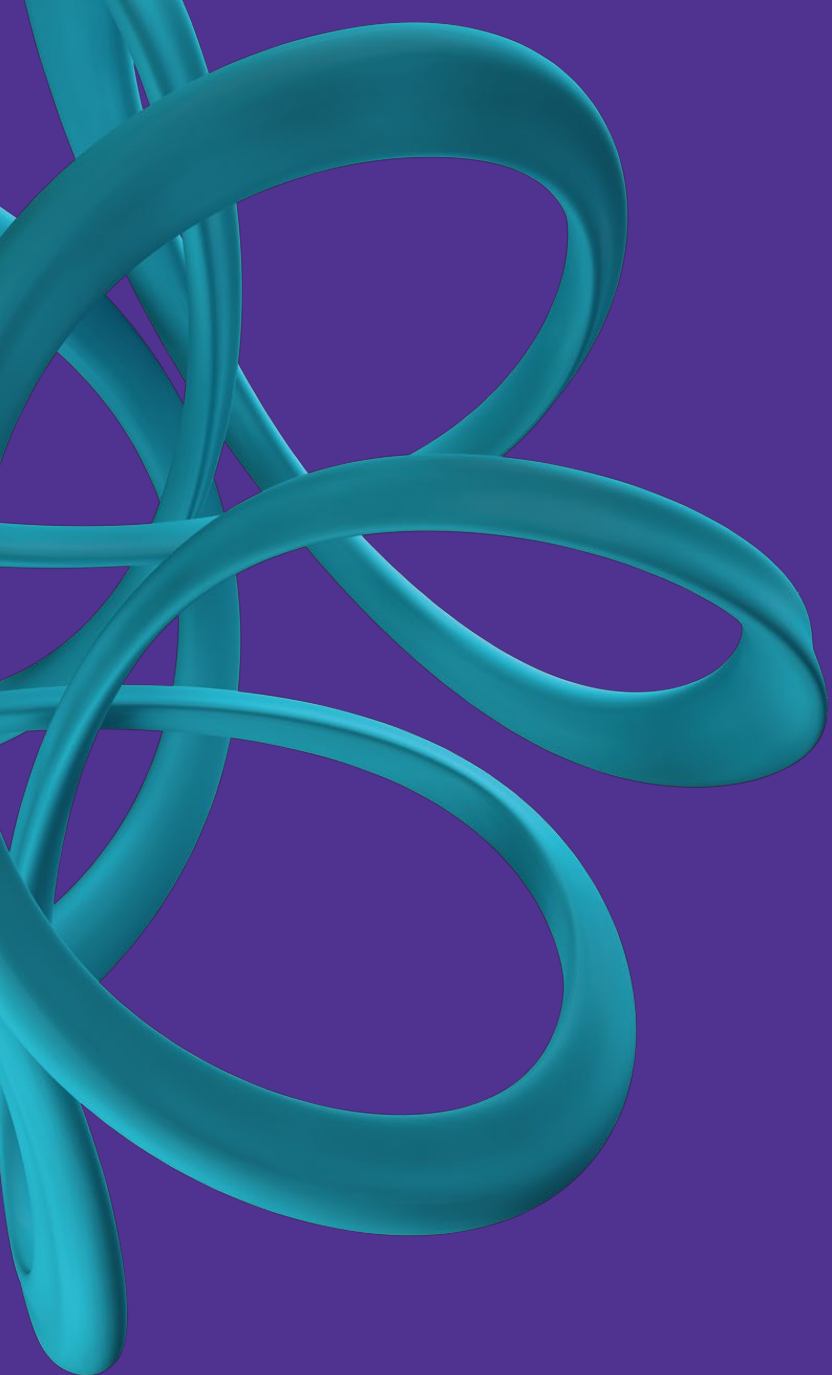
- Organic: +4% to +8% YoY
- FX: -3% to 0% YoY
- ~€3.65 bn to €3.95 bn
- AI/adv. nodes inflected already in Q2; steady sequential development in Semi Materials in H2

EBITDA pre

- Organic: +5% to +11% YoY
- FX: -2% to +1% YoY
- ~€950 m to €1,020 m

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





- 1.** Merck KGaA, Darmstadt, Germany, returns to organic sales growth in the second quarter of 2024, driven by the strong business performance of Healthcare and Electronics.
- 2.** Excluding one-time effects in the year-earlier quarter, EBITDA pre would also have grown organically.
- 3.** For fiscal 2024, the company is raising its guidance for the Group and for the Healthcare and Electronics business sectors.