

Q1 2025 Financial Summary for Investors and Analysts

Solid Start to the Year, Amid Macro Uncertainty

- **Life Science:** Sales growing +3% driven by strong PS growth of +11%; Very strong YoY improvement in PS orders; SLS down -2% with headwinds from US policy changes
- **Healthcare:** Sales increase +3% driven by strong growth in CM&E (+11%), Erbitux (+6%), and Mavenclad (+9%)
- **Electronics:** Sales up +1% driven by +2% growth in Semiconductor Solutions; Strong Semiconductor Materials growth benefitting from continued robust demand for AI and adv. nodes
- **Q1 organic sales:** +2.5%
- **Q1 organic EBITDA pre:** +5.8%
- **Guidance:**
Net sales: ~€20.9 – €22.4 bn
EBITDA pre: ~€5.8 – €6.4 bn
EPS pre: ~€7.90 – €9.00
- **Net financial debt to EBITDA pre:** 1.2x on Mar. 31, 2025

Acronym(s): PS = Process Solutions; SLS = Science & Lab Solutions; CM&E = Cardiology Metabolism & Endocrinology; AI = Artificial Intelligence; 1QoQ growth on reported basis

Overview Financials

Q1 2025 Overview

- Sales up +3%, driven by org. growth with modest support from FX / portfolio effects
- All sectors contributing org. sales growth
- EBITDA pre growth in all sectors with margin expansion in HC and EL
- EPS pre growth slightly lower than EBITDA pre, reflecting higher regular D&A, fin. result and HC R&D impairments
- OCF down significantly due to NWC outflow and higher non-income related tax phasing
- Working capital mainly reflects normalization in receivables phasing
- Net financial debt around stable

Acronym(s): OCF = Operating Cash Flow; NWC = Net Working Capital; D&A = Depreciation & Amortization; FX = Foreign exchange; LS = Life Science; HC = Healthcare; EL = Electronics; EPS = Earnings Per Share; R&D = Research & Development; OCF = Operating Cash Flow; Totals may not add up due to rounding

Q1 2025 Cash Flow Statement

- Profit after tax moderately up on solid operational performance
- D&A up on higher PPE and one-time impairments in relation to HC R&D
- Provision reserves used for efficiency programs and HC R&D
- Adverse other assets & liabilities delta mainly reflects higher non-income related tax phasing
- Working capital mainly reflects normalization in receivables DSO after positive phasing in Q4'24

- Investing cash flow reflects higher HC business development in prior year
- Repayment of EUR 1.5bn of USD denominated bonds in financing cash flow

Acronym(s): PPE = Property, Tax & Equipment; R&D = Research & Development; D&A = Depreciation & Amortization; M&A = Mergers & Acquisitions; HC = Healthcare; DSO = Days Sales Outstanding; Totals may not add up due to rounding

Q1 2025 Balance Sheet

- Intangible assets down mainly due to FX effects and D&A
- Higher receivables mainly due to phasing and normalization of receivables DSO
- Cash & cash equivalents lower with the repayment of EUR 1.5bn worth of USD bonds
- Financial debt lower with the repayment of EUR 1.5bn worth of USD bonds
- Provisions for employee benefits lower due to actuarial gains
- Equity ratio improved to 61% (Dec. 2024, 58%)

Acronym(s): FX = Foreign exchange; D&A = Depreciation & Amortization; DSO = Days Sales Outstanding; Totals may not add up due to rounding

Q1 2025 Business Overview

Life Science

- **Low-teens PS Growth, Validating Ongoing Recovery**
- Net sales deviation YoY: organic +2.5%, FX +0.6%, portfolio +0.3%
- EBITDA pre deviation YoY: organic +3.1%, FX -0.6%, portfolio -0.7%
- Process Solutions: sales up +11% org. against softer comps, accelerating towards mid-term growth ambition of ~10%
- Order intake up very strong % YoY in Process Solutions continuing the momentum seen at the prior quarter
- Science & Lab Solutions: sales down -2% org. due to US policy changes impacting US academic and government labs spending amid continuously cautious pharma research spending
- M&S and adjusted admin spend slightly up, in line with net sales growth demonstrating good cost discipline
- Slightly higher R&D expenses; continued investment in innovation as a key driver of future growth and differentiation
- EBITDA pre up +3% org., margin slightly up excluding FX and portfolio effects

Acronym(s): PS = Process Solutions; M&S = Marketing and selling expenses; R&D = Research & Development; FX = Foreign exchange; Totals may not add up due to rounding

Healthcare

- **Continued Profitable Growth Driven by CM&E, Erbitux and Mavenclad**
- Net sales deviation YoY: organic +3.4%, FX -0.2%, portfolio 0.0%
- EBITDA pre deviation YoY: organic +11.7%, FX +0.7%, portfolio 0.0%
- CM&E sales up +11% org., broad-based across therapeutic areas with some favorable phasing; Fertility sales around stable against still elevated comps reflecting competitor stock-outs
- Oncology down -2% org., as growth of Erbitux® (+6% org.) and Tepmetko® (+5% org.), are offset by lower Bavencio® sales (-15% org.) due to rising competition

- N&I sales down -4% org., with strong growth of Mavenclad® (+9% org.) and Rebif® down (-25% org.) in declining interferon market
- M&S growing in line with sales
- R&D spending envelope gradually increasing from mid-teens percentage of sales level in H2'24 as projected
- EBITDA pre margin of 38% fueled by sales growth, temporarily lower R&D cost, and strict cost control

Acronym(s): M&S = Marketing and selling expenses; R&D = Research & Development; N&I = Neurology & Immunology; CM&E = Cardiology Metabolism & Endocrinology; Totals may not add up due to rounding

Electronics

- **Semiconductor Materials is the Key Growth Driver**
- Net sales deviation YoY: organic +0.6%, FX +0.9%, portfolio +0.6%
- EBITDA pre deviation YoY: organic +2.0%, FX +2.2%, portfolio -0.9%
- Semiconductor Solutions: sales up +2% org., on HSD growth in Semi Materials with the highest quarterly sales since 2022; DS&S org. sales down low-double-digit % as customer project phasing further delayed
- Strong Materials demand continues, particularly for AI and adv. nodes; geopolitics adds uncertainty on wider market recovery timing
- Optronics: Sales around stable org.; UnitySC adds +4% portfolio effect
- Surface: sales down -7% org. on weaker cosmetics demand
- M&S costs around stable, amid strict cost discipline and efficiency measures with slightly higher adjusted admin costs
- Slight EBITDA pre margin expansion reflecting overall cost efficiency and positive mix effects from high value materials overcompensating start-up costs on new capacities
- Higher exceptional costs reflect carve out activities in the divestment of Surface Solutions¹; expected completion on-track for H2'25

Acronym(s): M&S = Marketing and selling expenses; R&D = Research & Development; HSD = High-Single-Digits; AI = Artificial Intelligence; DS&S = Delivery Systems & Service; Totals may not add up due to rounding; 1) Agreement to sell Surface Solutions announced on 25 July 2024, pending regulatory approvals and customary closing conditions

2025 guidance

Group:

- Net sales:
Organic: +2% to +6% YoY
FX: -3% to +0% YoY
~€20.9 – €22.4 bn
- EBITDA pre:
Organic: +2% to +7% YoY
FX: -5% to -2% YoY
~€5.8 – €6.4 bn
- EPS pre:
~€7.90 – €9.00

2025 Business Sector Guidance¹

Life Science

- Net sales:
 - Organic: +2% to +6% YoY
 - FX: -3% to +0% YoY
 - ~€8.80 bn to €9.40 bn
 - Driven by Process Solutions
- EBITDA pre:
 - Organic: +1% to +7% YoY
 - FX: -4% to -1% YoY
 - ~€2.50 bn to €2.70 bn

Healthcare

- Net sales:
 - Organic: +2% to +6% YoY
 - FX: -4% to -1% YoY
 - ~€8.30 bn to €8.90 bn
 - Mainly driven by CM&E
- EBITDA pre:
 - Organic: +4% to +10% YoY
 - FX: -6% to -3% YoY
 - ~€2.90 bn to €3.20 bn

Electronics

- Net sales:
 - Organic: +1% to +6% YoY
 - FX: -3% to +0% YoY
 - ~€3.70 bn to €4.10 bn
 - Driven by Semiconductor Materials
- EBITDA pre:
 - Organic: -3% to +8% YoY
 - FX: -3% to +0% YoY
 - ~€0.90 bn to €1.10 bn
 - ¹Divisional guidances are only support to the group guidance and do not have to add up

Additional Financial Guidance 2025

- Corporate & Other EBITDA pre **-€500 m to -€550 m**
- Interest result² **~ -€125 m to -€175 m**
- Effective tax rate **~ 21% to 23%**
- Capex on PPE¹ **~ €1.6 to 1.8 bn**
- Hedging / USD assumption **FY 2025 overall hedge ratio ~70%**
EUR/USD hedging @ ~ 1.11
- 2025 Ø EUR/USD assumption **~ 1.07 to 1.11**

¹Based on gross additions to Property, Plant and Equipment (PPE) on balance sheet (excl. leasing) in fiscal year to reflect planned Capex expansion more accurately ²Excludes the impact from deals that are signed and not yet completed

Merck KGaA

Darmstadt, Germany

Group Q1 2025

€ m	Group			Life Science			Healthcare			Electronics			Corporate/Others		
	Q1 2024	Q1 2025	% YoY	Q1 2024	Q1 2025	%YoY	Q1 2024	Q1 2025	%YoY	Q1 2024	Q1 2025	% YoY	Q1 2024	Q1 2025	%YoY
Net sales	5,119.8	5,280.1	3.1%	2,143.7	2,217.8	3.5%	2,047.7	2,114.1	3.2%	928.4	948.2	2.1%			
% organic			2.5%			2.5%			3.4%			0.6%			
% FX			0.4%			0.6%			-0.2%			0.9%			
% portfolio			0.2%			0.3%			0.0%			0.6%			
EBIT	931.3	1,005.6	8.0%	377.4	369.2	-2.2%	618.0	702.6	13.7%	95.2	96.6	1.5%	-159.3	-162.7	2.1%
Depreciation and amortization	453.5	473.5	4.4%	207.4	220.8	6.5%	88.3	98.0	11.0%	129.8	123.7	-4.7%	28.1	31.0	10.5%
EBITDA	1,384.8	1,479.1	6.8%	584.8	590.0	0.9%	706.3	800.6	13.3%	224.9	220.2	-2.1%	-131.3	-131.7	0.3%
Adjustments in EBITDA	69.1	56.0	-18.9%	26.4	32.3	22.7%	1.7	-4.8	n.m.	11.7	24.1	105.7%	29.4	4.4	-84.9%
EBITDA pre	1,453.9	1,535.1	5.6%	611.2	622.3	1.8%	708.0	795.8	12.4%	236.6	244.3	3.2%	-101.9	-127.3	24.9%
% organic			5.8%			3.1%			11.7%			2.0%			
% FX			0.2%			-0.6%			0.7%			2.2%			
% portfolio			-0.5%			-0.7%			0.0%			-0.9%			
	31st Dec, 2024	31st Mar, 2025													
Net financial debt	7,155.1	7,121.1	-0.5%												
ND/EBITDA pre	1.2	1.2													

Group Net Sales details Q1 2025

€ m	Q1 2024	Q1 2025	% YoY	% YoY org.	% YoY FX	% YoY PF
Group	5,119.8	5,280.1	3.1%	2.5%	0.4%	0.2%
Life Science	2,143.7	2,217.8	3.5%	2.5%	0.6%	0.3%
Process Solutions	817.1	918.6	12.4%	11.4%	0.5%	0.5%
Life Science Services	156.9	150.6	-4.0%	-6.2%	2.2%	0.0%
Science & Lab Solutions	1169.8	1148.6	-1.8%	-2.5%	0.5%	0.2%
Healthcare	2,047.7	2,114.1	3.2%	3.4%	-0.2%	0.0%
Rebif	157.8	119.9	-24.0%	-25.1%	1.1%	0.0%
Mavenclad	261.1	287.3	10.1%	9.2%	0.8%	0.0%
Erbix	287.2	305.1	6.2%	6.2%	0.0%	0.0%
Bavencio	185.9	157.0	-15.6%	-15.4%	-0.1%	0.0%
Gonal-F	203.6	205.7	1.0%	0.3%	0.7%	0.0%
Glucophage	221.1	242.1	9.5%	10.4%	-0.9%	0.0%
All other products	730.9	797.0	9.0%	9.9%	-0.9%	0.0%
Electronics	928.4	948.2	2.1%	0.6%	0.9%	0.6%
Semiconductor Solutions	632.8	649.4	2.6%	2.0%	0.9%	-0.3%
Optronics	186.8	197.7	5.8%	-0.1%	1.6%	4.3%
Surface Solutions	108.8	101.2	-7.0%	-6.9%	-0.1%	0.0%

*acronyms: org. = organic; PF = portfolio

Group

P&L Group	Q1 2024	Q1 2025	% YoY
Net sales	5,119.8	5,280.1	3.1%
Cost of sales	-2,110.6	-2,135.5	1.2%
thereof: intangibles amortization	-38.2	-27.8	-27.3%
Gross profit	3,009.2	3,144.6	4.5%
Marketing and selling expenses	-1,087.1	-1,112.2	2.3%
thereof: intangibles amortization	-144.7	-141.3	-2.3%
Administration	-331.7	-355.0	7.0%
Impairment losses / reversals (IFRS9)	1.0	-1.5	n.m.
Other operating income/expenses	-79.5	-119.0	49.7%
Research and development	-580.6	-551.4	-5.0%
EBIT	931.3	1,005.6	8.0%
Depreciation and amortization	453.5	473.5	4.4%
EBITDA	1,384.8	1,479.1	6.8%
Adjustments in EBITDA	69.1	56.0	-18.9%
EBITDA pre	1,453.9	1,535.1	5.6%
Financial result	-32.2	-49.8	54.4%
Profit before tax	899.1	955.8	6.3%
Income tax	-199.6	-217.9	9.2%
Income tax rate	22.2%	22.8%	
Profit after tax	699.5	737.9	5.5%
Non-controlling interests	5.2	2.6	-50.7%
Net income	694.2	735.3	5.9%
Number of theoretical shares in million	434.8	434.8	
EPS in €	1.60	1.69	5.6%
EPS pre in €	2.06	2.12	2.9%

Totals may not add up due to rounding

Life Science

P&L Life Science	Q1 2024	Q1 2025	% YoY
Net sales	2,143.7	2,217.8	3.5%
Cost of sales	-987.6	-1,039.9	5.3%
thereof: intangibles amortization	-7.1	-8.0	12.8%
Gross profit	1,156.2	1,177.9	1.9%
Marketing and selling expenses	-550.6	-554.7	0.7%
thereof: intangibles amortization	-98.7	-95.3	-3.4%
Administration	-111.9	-106.7	-4.7%
Impairment losses / reversals (IFRS9)	-1.0	-2.0	96.0%
Other operating income/expenses	-19.7	-46.1	133.6%
Research and development	-95.4	-99.3	4.0%
EBIT	377.4	369.2	-2.2%
Depreciation and amortization	207.4	220.8	6.5%
EBITDA	584.8	590.0	0.9%
Adjustments in EBITDA	26.4	32.3	22.7%
EBITDA pre	611.2	622.3	1.8%

Totals may not add up due to rounding

Healthcare

P&L Healthcare	Q1 2024	Q1 2025	% YoY
Net sales	2,047.7	2,114.1	3.2%
Cost of sales	-543.3	-527.0	-3.0%
thereof: intangibles amortization	-1.1	-1.1	0.3%
Gross profit	1,504.4	1,587.1	5.5%
Marketing and selling expenses	-398.2	-411.1	3.2%
thereof: intangibles amortization	-0.4	-0.4	-0.1%
Administration	-75.2	-72.7	-3.3%
Impairment losses / reversals (IFRS9)	1.9	1.1	-42.1%
Other operating income/expenses	-17.4	-44.7	156.6%
Research and development	-397.5	-357.2	-10.1%
EBIT	618.0	702.6	13.7%
Depreciation and amortization	88.3	98.0	11.0%
EBITDA	706.3	800.6	13.3%
Adjustments in EBITDA	1.7	-4.8	n.m.
EBITDA pre	708.0	795.8	12.4%

Totals may not add up due to rounding

Electronics

P&L Electronics	Q1 2024	Q1 2025	% YoY
Net sales	928.4	948.2	2.1%
Cost of sales	-580.1	-571.6	-1.5%
thereof: intangibles amortization	-30.0	-18.7	-37.8%
Gross profit	348.3	376.7	8.2%
Marketing and selling expenses	-137.7	-142.5	3.5%
thereof: intangibles amortization	-45.6	-45.6	0.0%
Administration	-37.2	-48.0	29.0%
Impairment losses / reversals (IFRS9)	0.1	-0.5	n.m.
Other operating income/expenses	-5.2	-13.2	154.6%
Research and development	-73.1	-75.9	3.9%
EBIT	95.2	96.6	1.5%
Depreciation and amortization	129.8	123.7	-4.7%
EBITDA	224.9	220.2	-2.1%
Adjustments in EBITDA	11.7	24.1	105.7%
EBITDA pre	236.6	244.3	3.2%

Totals may not add up due to rounding

Consensus deviation Q1 2025

	Actual	Consensus (mean)	Difference to estimate	Consensus (median)	Difference to estimate
	[€m]	06.05.2025		06.05.2025	
	Q1 2025A	Q1 2025E	%	Q1 2025E	%
Group					
Sales	5,280.1	5,278.7	0.0%	5,265.1	0.3%
EBITDA pre	1,535.1	1,511.3	1.6%	1,518.2	1.1%
EBITDA pre-margin (%)	29.1	28.6	0.5pp	28.7	0.4pp
EPS pre (€)	2.12	2.17	-2.1%	2.16	-1.8%
Life Science					
Sales	2,217.8	2,235.5	-0.8%	2,238.0	-0.9%
Process Solutions	918.6	886.8	3.6%	884.5	3.9%
Life Science Services	150.6	164.3	-8.3%	166.3	-9.4%
Science & Lab Solutions	1,148.6	1,187.5	-3.3%	1,183.9	-3.0%
EBITDA pre	622.3	639.1	-2.6%	644.1	-3.4%
EBITDA pre-margin (%)	28.1	28.6	-0.5pp	28.7	-0.6pp
Healthcare					
Sales	2,114.1	2,081.8	1.5%	2,080.0	1.6%
Rebif	119.9	142.5	-15.9%	139.9	-14.3%
Mavenclad	287.3	280.0	2.6%	284.2	1.1%
Erbix	305.1	296.8	2.8%	296.2	3.0%
Bavencio	157.0	178.4	-12.0%	177.0	-11.3%
Gonal-F	205.7	206.2	-0.2%	207.1	-0.7%
Glucophage	242.1	228.1	6.1%	230.7	4.9%
All other products	797.0	749.9	6.3%	744.8	7.0%
EBITDA pre	795.8	760.4	4.7%	762.7	4.3%
EBITDA pre-margin (%)	37.6	36.5	1.1pp	36.5	1.1pp
Electronics					
Sales	948.2	956.0	-0.8%	959.0	-1.1%
Display Solutions	197.7	188.2	5.0%	186.8	5.8%
Surface Solutions	101.2	106.4	-4.9%	109.1	-7.3%
Semiconductor Solutions	649.4	659.0	-1.5%	656.8	-1.1%
EBITDA pre	244.3	243.6	0.3%	246.2	-0.8%
EBITDA pre-margin (%)	25.8	25.5	0.3pp	25.6	0.2pp
Corporate/Other					
EBITDA pre	-127.3	-133.4	-4.6%	-142.3	-10.6%