

News Release

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Performance Materials Gives Strategy Update

- **Performance Materials positions itself as a leading provider of solutions for the electronics industry**
- **After 2019, the business sector is expected to show an average annual sales growth rate of between 2% and 3%**
- **Lasting EBITDA pre margin of 30% aimed for**

Darmstadt, Germany, July 3, 2018 – Merck KGaA, Darmstadt, Germany, a leading science and technology company, today presented its strategy to secure the future prospects of Performance Materials. The business sector comprises the specialty chemicals business of Merck KGaA, Darmstadt, Germany and supplies solutions for displays, computer chips and surfaces of every kind. After 2019, Merck KGaA, Darmstadt, Germany expects Performance Materials to resume earnings growth.

“With ‘Bright Future’ we have implemented a transformation program designed to put Performance Materials back on a growth track. We want to further expand our position as a leading supplier of solutions for the electronics industry. To do so, we will align ourselves even more closely with the needs of this key market of the future and drive market-oriented innovations forward,” said Kai Beckmann, CEO of Performance Materials and Member of the Executive Board of Merck KGaA, Darmstadt, Germany.

In 2017, Performance Materials generated € 2.4 billion or 16% of Group sales. The business sector is currently facing massive market shifts in liquid crystals for display applications. In the coming years, Merck KGaA, Darmstadt, Germany expects to see a continuing market decline, which will also impact sales. However, this development should be more than offset by growth in OLED materials and photoresists as well as in the Semiconductor Solutions and Surface Solutions



business units. In particular, Semiconductor Solutions, is expected to be a main driver of this growth. Consequently, Merck KGaA, Darmstadt, Germany assumes that average annual sales growth will range between 2% and 3% in Performance Materials after 2019. The EBITDA pre margin is expected to amount to around 30% in the long run, representing above-average profitability within the specialty chemicals market.

Performance Materials serves attractive growth markets in the electronics, automotive and cosmetics industries. Particularly the electronics sector is benefiting from megatrends such as digitalization, mobility and urbanization, supplies a wide variety of end-user markets and is thus more stable and less susceptible to industry cycles. Merck KGaA, Darmstadt, Germany aims to further expand the leading role of Performance Materials as a supplier of solutions for the electronics industry. The company is also working to establish sustainable success out of the positive trend seen in the growth market of China in recent months. Merck KGaA, Darmstadt, Germany opened an OLED technology center in Shanghai in June.

Over the past year, Performance Materials has replaced almost its entire leadership team and organized itself into the three business units Display Solutions, Semiconductor Solutions and Surface Solutions. An integrated research and development team is steering the entire innovation process, thereby ensuring the efficient deployment of resources. To strengthen its technological leadership in the various markets and to secure long-term growth, Performance Materials will continue to invest heavily in innovations. New business fields and innovations such as liquid crystal windows offer additional growth potential.

Notes for editors:

- The **teleconference** for media representatives will also be webcasted live as of 11:00 a.m. (CET) (in [German](#) and [English](#))
- The respective **presentation** can be found [here](#)

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About Merck KGaA, Darmstadt, Germany

Merck KGaA, Darmstadt, Germany, is a leading science and technology company in healthcare, life science and performance materials. Almost 53,000 employees work to further develop technologies that improve and enhance life – from biopharmaceutical therapies to treat cancer or multiple sclerosis, cutting-edge systems for scientific research and production, to liquid crystals for smartphones and LCD televisions. In 2017, Merck KGaA, Darmstadt, Germany, generated sales of € 15.3 billion in 66 countries. Founded in 1668, Merck KGaA, Darmstadt, Germany, is the world's oldest pharmaceutical and chemical company. The founding family remains the majority owner of the publicly listed corporate group. Merck KGaA, Darmstadt, Germany, holds the global rights to the „Merck“ name and brand. The only exceptions are the United States and Canada, where the company operates as EMD Serono, MilliporeSigma and EMD Performance Materials.