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September 20, 2021

Merck KGaA, Darmstadt, Germany, significantly invests in its Electronics business sector fueling the accelerated growth ambitions

- **Merck KGaA, Darmstadt, Germany, will invest significantly more than € 3 billion in innovation and capacities of its Electronics business over the next five years after the successful completion of its transformation**
- **Investments and related activities are part of the new growth program “Level Up” aimed at accelerating growth with a focus on the highly attractive electronics markets**
- **Electronics aims for an organic compounded annual growth rate (CAGR) of 3% to 6% between 2021 and 2025**

Darmstadt, Germany, September 20, 2021 – Merck KGaA, Darmstadt, Germany, a leading science and technology company, plans to invest significantly more than € 3 billion in innovation and capacities of its Electronics business sector up to the end of 2025. The company will continue to heavily invest in research and development (R&D) in leading-edge material solutions and plans to spend more than € 2 billion in long-term fixed assets (Capex).

The investment is an essential part of the business sector’s Level Up growth program, as announced at the company’s Capital Markets Day on September 9th. Through Level Up, Electronics seeks to capture the growth opportunities that come along with the significantly accelerating global demand for innovative semiconductor and display materials. This demand is driven by exponential data growth and highly impactful technology trends such as the Internet of Things and 5G. The Electronics



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business sector of Merck KGaA, Darmstadt, Germany, is aiming for an organic compound annual growth rate (CAGR) of 3% to 6% between 2021 and 2025 and is upgrading its top-line guidance for the second consecutive time as it is shifting from transformation into an execution and growth phase.

"With our growth program Level Up, we are considerably extending our global production footprint and boosting R&D and innovation. Our highly attractive growth markets such as semiconductors and OLED are expanding at an increasing rate. By tapping into this momentum, we are significantly enhancing our growth prospects", said Kai Beckmann, Member of the Executive Board of Merck KGaA, Darmstadt, Germany, and CEO Electronics. In 2018, the business sector announced its five-year "Bright Future" transformation program. Within the scope of this program, Electronics repositioned itself and developed into a leading player in the global electronic materials market. "We have proven our commitment towards relentless execution having successfully concluded our Bright Future transformation program two years ahead of schedule. It has laid the foundation for the ambitious growth trajectory that we now envision for the overall company and its Electronics business," said Beckmann.

The new Level Up growth program focuses on four, mutually reinforcing key priorities: Scale, Technology, Portfolio, as well as Capabilities. Further investing in these four areas builds the foundation of the Electronics business sector's more ambitious growth targets, in conjunction with the strong demand for electronics materials, particularly semiconductors. The priorities Scale and Technology support the massive capacity expansion that is happening globally in the semiconductor and electronics industries fueled by large-scale investments from its customers. Merck KGaA, Darmstadt, Germany, is investing in expanding its production and innovation footprint in close proximity to its customers – addressing the global chip shortage. Under the priority area Portfolio, the Electronics business sector seeks to exploit attractive, external growth opportunities via selected bolt-on acquisitions. Furthermore, Level Up will initiate or accelerate important internal initiatives under the Capabilities priority. Among other things, it will further leverage its data analytics capabilities and invest even further into the safety realm. Electronics will also strengthen its attractiveness as an employer.

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The Electronics business sector provides innovative materials and technologies for next-generation memory chips and processors. Moreover, it develops materials for advanced displays and new effect pigments for use in the automotive, cosmetics and printing industries. The business sector operates Electronics Technology Centers in United States, Korea, Germany, Taiwan, Japan and China. This strategic R&D network in key markets allows Merck KGaA, Darmstadt, Germany, to be innovation partner near its global customers. Products of Merck KGaA, Darmstadt, Germany, are present in nearly all electronic devices. In a data-driven world, modern society requires functional, high-performance technical infrastructure. This requirement is constantly increasing due to growing trends such as 5G and Big Data and rapid advancements in applications such as autonomous driving and the Internet of Things. The company supplies products for all essential production steps of wafer processing: patterning, deposition, planarization, etching, cleaning, doping and packaging. Its Silicon Valley innovation hub, Intermolecular, tests and develops advanced materials to revolutionize the next-generation electronics that makes lives easier, entertaining, and more productive.

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About Merck KGaA, Darmstadt, Germany

Merck KGaA, Darmstadt, Germany, a leading science and technology company, operates across healthcare, life science and electronics. Around 58,000 employees work to make a positive difference to millions of people's lives every day by creating more joyful and sustainable ways to live. From advancing gene editing technologies and discovering unique ways to treat the most challenging diseases to enabling the intelligence of devices – the company is everywhere. In 2020, Merck KGaA, Darmstadt, Germany, generated sales of € 17.5 billion in 66 countries.

The company holds the global rights to the name and trademark "Merck" internationally. The only exceptions are the United States and Canada, where the business sectors of Merck KGaA, Darmstadt, Germany operate as EMD Serono in healthcare, MilliporeSigma in life science, and EMD Electronics. Since its founding in 1668, scientific exploration and responsible entrepreneurship have been key to the company's technological and scientific advances. To this day, the founding family remains the majority owner of the publicly listed company.