

## News Release

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## **Capital Markets Day 2024: Merck KGaA, Darmstadt, Germany, Reiterates Confidence in Returning to Sustainable Growth**

- **Tailwind thanks to robust global growth trends in all three business sectors**
- **Life Science to be back on course as company's growth engine**
- **Healthcare with ambition for mid-single-digit long-term growth**
- **Age of artificial intelligence (AI) drives medium-term growth upgrade for Electronics**
- **Acquisitions remain an integral component of company strategy**

Darmstadt, Germany, October 17, 2024 – Merck KGaA, Darmstadt, Germany, a leading science and technology company, is looking confidently toward the future. At today's Capital Markets Day, the company shared its expectation of profitable and financially strong growth in the coming years. After the transitional year of 2023, Merck KGaA, Darmstadt, Germany, considers the medium-term growth opportunities in its markets to be intact. With its three business sectors, the company is in a strong strategic position to partake in these opportunities. In Electronics, which develops solutions for the semiconductor and display industries, the Group even expects business performance to accelerate in the next few years. This is thanks in particular to the trend toward artificial intelligence.



## News Release

“We committed to return to growth in 2024 and this is materializing already,” said Belén Garijo, Chair of the Executive Board and CEO of Merck KGaA, Darmstadt, Germany. “Furthermore, we are well positioned to deliver sustainable growth through innovation and our high-performing global talent.”

### **Innovations as growth drivers**

Merck KGaA, Darmstadt, Germany, relies on its diversified business model to spark discovery and elevate humanity in accordance with its new company vision.

In its Life Science business sector, the company sees the globally growing later-stage pipeline of complex molecules and novel modalities, among other things, as key growth drivers. Novel modalities include new therapies such as viral vector-based cell and gene therapies, antibody-drug conjugates (ADCs), and mRNA applications. The company has in-depth knowledge and offers a broad portfolio of products and services in these areas. ADCs are experiencing remarkable growth, for example. The Group has significantly [increased its ADC](#) and [highly potent active pharmaceutical ingredient \(HPAPI\) capacities](#) in recent years.

In Healthcare, Merck KGaA, Darmstadt, Germany, takes up leading positions in therapeutic areas within its Fertility and Cardiovascular, Metabolic & Endocrinology franchises, leveraging the company’s broad geographical footprint. Innovations in Oncology and Neurology & Immunology will continue to drive long-term growth. In June 2024, the company started a Phase III trial with cladribine capsules to treat the neurological disease myasthenia gravis. With enpatoran, developed for lupus erythematosus, it expects the full Phase II readout in early 2025. For pimicotinib<sup>1</sup> for the treatment of benign tumors of the joints, the Phase III readout is expected later this year. In addition, the company is executing its early-stage oncology development strategy, which it outlined in its [R&D update call earlier this year](#).

In the Electronics business sector, Merck KGaA, Darmstadt, Germany, has deliberately focused on solutions for the semiconductor and display industries. The company supports its customers in developing ever smaller, more powerful, and

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<sup>1</sup> Sponsor: Abbisko Therapeutics Co. Ltd.; Merck KGaA, Darmstadt, Germany, holds an exclusive license to commercialize pimicotinib in China, Hong Kong, Macau, and Taiwan, with an option for the rest of the world.

## News Release

more efficient chips, among other things. In doing so, it helps to meet global demand for AI applications and modern semiconductors. For example, with the intended [acquisition of Unity-SC](#), the Group will expand its portfolio with high-precision metrology instruments to optimize the quality and production yield and thus also the manufacturing costs of chips for its customers.

Merck KGaA, Darmstadt, Germany, is also recording growing sales from sustainable solutions. For example, the company has increased its portfolio of more sustainable products in Life Science by an average of 30% annually since 2020. For example, Milli-Q® systems for the purification of lab water that contain the ERA™ technology can save up to 50% in water usage compared with other systems.

The company's innovative power drives organic growth. At the same time, the strong market position and stringent cost management of Merck KGaA, Darmstadt, Germany, ensure good profitability. It intends to normalize its current capital expenditure (capex) of approximately € 1.6 billion to € 1.8 billion per year at a slightly lower level once again from 2026 onwards. In previous years, the company had significantly increased its capex to prepare for medium- and long-term growth trends by expanding capacities in research and development as well as production, for example. Having reached these goals, Merck KGaA, Darmstadt, Germany, now expects less capital-intensive growth, which will facilitate stronger cash flow development.

### **Strategic acquisitions**

Acquisitions also remain an integral component of the strategy of Merck KGaA, Darmstadt, Germany. On July 31, 2024, it acquired [Mirus Bio](#). The U.S. life science company specializes in transfection reagents, which help introduce genetic material into cells and play a key role in the production of viral vectors for cell and gene therapies. Also in July 2024, Merck KGaA, Darmstadt, Germany, announced the acquisition of [Unity-SC](#).

For larger future transactions, the company is focusing on the Life Science business sector. The company will additionally intensify the in-licensing of drug candidates in Healthcare. Belén Garijo said: "M&A remains a key priority for us. And we remain disciplined and patient in our approach in order to maximize the strategic impact of

## News Release

any acquisitions. Our guiding principle is and always has been: The right target, at the right time, for the right price.”

### **Medium-term ambitions: Growth trends in the markets remain intact**

At Capital Markets Day 2024, Merck KGaA, Darmstadt, Germany, slightly adjusted the mid-term growth ambitions for its three business sectors. The company is confident that the growth opportunities in its markets remain intact after the transitional year of 2023. It expects the following average annual organic sales growth rates:

- Life Science: 7% to 9% (previously: 7% to 10%) and therefore still above the market average. The main reason for the refined ambition is the updated view on China’s mid-term growth prospects.
- Healthcare: slight growth (previously: growth in the mid-single-digit percentage range). This is due to the recently announced pipeline setbacks. In the long term, the company intends to return to growth in the mid-single-digit percentage range, also supported by external innovation.
- Electronics: 5% to 9%, a significant uplift from the previous 3% to 6%. This is largely driven by Electronics becoming a pure play in the areas of Semiconductor and Display Solutions and enabling the trend toward artificial intelligence. The company benefits here from its unique position as a supplier of semiconductor solutions that meet the high demands of chips for AI applications.

### **Company confirms guidance for fiscal 2024**

For fiscal 2024, Merck KGaA, Darmstadt, Germany, confirms [its guidance and the return to profitable growth](#):

- Sales: between € 20.7 billion and € 22.1 billion (organic growth: +2% to +5%).
- EBITDA pre: between € 5.8 billion and € 6.4 billion (organic growth: +4% to +10%).
- EPS pre: € 8.20 to € 9.30.

### **About Merck KGaA, Darmstadt, Germany**

Merck KGaA, Darmstadt, Germany, a leading science and technology company, operates across life science, healthcare and electronics. Around 63,000 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 providing

## News Release

products and services that accelerate drug development and manufacturing as well as discovering unique ways to treat the most challenging diseases to enabling the intelligence of devices – the company is everywhere. In 2023, Merck KGaA, Darmstadt, Germany, generated sales of € 21 billion in 65 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 MilliporeSigma in life science, EMD Serono in healthcare and EMD Electronics in 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.

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