

Healthcare

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Key figures

€ million	2024	2023	Change	
			€ million	%
Net sales	8,455	8,053	401	5.0%
Operating result (EBIT) ¹	2,481	2,225	256	11.5%
Margin (% of net sales) ¹	29.3%	27.6%		
EBITDA ²	3,021	2,545	476	18.7%
Margin (% of net sales) ¹	35.7%	31.6%		
EBITDA pre ¹	2,995	2,543	452	17.8%
Margin (% of net sales) ¹	35.4%	31.6%		

¹ Not defined by International Financial Reporting Standards (IFRS).

² Not defined by International Financial Reporting Standards (IFRS); EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

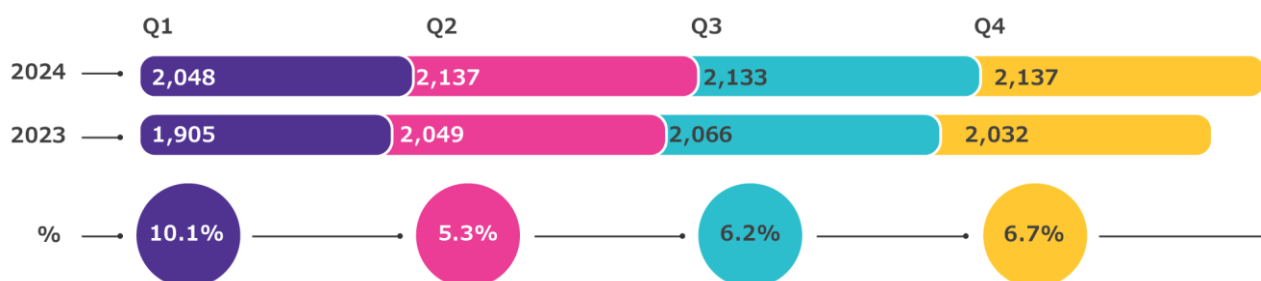
Development of sales and results of operations

The development of net sales in the individual quarters in comparison with 2023 as well as the respective organic growth rates are presented in the following graph:

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Net sales and organic growth¹ by quarter²

€ million/organic growth in %



¹ Not defined by International Financial Reporting Standards (IFRS).

² Quarterly breakdown unaudited.

Net sales of the key product lines and products developed as follows in 2024:

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Net sales by major product lines/products

€ million	2024	Share	Organic growth ¹	Exchange rate effects ¹	Total change ¹	2023	Share
Oncology	2,009	24%	12.7%	-2.2%	10.5%	1,819	22%
thereof: Erbitux®	1,162	14%	15.7%	-2.4%	13.3%	1,025	13%
thereof: Bavencio®	735	9%	5.0%	-1.9%	3.0%	713	9%
Neurology & Immunology	1,688	20%	2.3%	-0.9%	1.4%	1,665	21%
thereof: Mavenclad®	1,062	13%	12.3%	-1.2%	11.1%	956	12%
thereof: Rebif®	626	7%	-11.1%	-0.5%	-11.6%	709	9%
Fertility	1,528	18%	0.8%	-2.1%	-1.3%	1,547	19%
thereof: Gonal-f®	833	10%	0.9%	-2.6%	-1.7%	847	11%
Cardiovascular, Metabolism & Endocrinology	2,949	35%	8.5%	-2.7%	5.8%	2,786	35%
thereof: Glucophage®	954	11%	11.1%	-3.0%	8.1%	882	11%
thereof: Concor®	611	7%	9.4%	-2.4%	7.0%	571	7%
thereof: Euthyrox®	619	7%	11.8%	-2.3%	9.5%	565	7%
thereof: Saizen®	366	4%	12.5%	-2.4%	10.1%	332	4%
Other	280	3%				235	3%
Healthcare	8,455	100%	7.0%	-2.0%	5.0%	8,053	100%

¹ Not defined by International Financial Reporting Standards (IFRS).

- In fiscal 2024, the oncology drug Erbitux® (cetuximab) saw organic net sales growth in the mid-teen percentage range, driven by all regions. This was attributable to factors including weaker pandemic-related sales in China in 2023 as well as its inclusion in reimbursement programs for pharmaceuticals in several countries.
- In immuno-oncology, the oncology drug Bavencio® (avelumab) recorded solid year-on-year organic net sales growth in the reporting period. A sales decrease in the high-teen percentage range in the North America region was driven by lower demand due to alternative treatments for patients with locally advanced or metastatic urothelial carcinoma. This decline was more than offset by growth in the other regions.
- Mavenclad® for the oral short-course treatment of highly active relapsing multiple sclerosis (MS) recorded organic net sales growth in the region of 12% in fiscal 2024, thus achieving blockbuster status with total net sales of more than US\$ 1 billion for the second year in succession. This favorable sales growth was driven by all regions, but especially by higher demand in the North America, Europe and Latin America regions.
- Rebif®, which is used to treat relapsing forms of multiple sclerosis, saw an organic net sales decline in the region of 11% in fiscal 2024. This was attributable to the ongoing difficult competitive situation in the interferon market due to competition from oral dosage forms and high-efficacy MS therapies, which are expected to cause further declines in sales in the future.
- Net sales in the Fertility product line in the reporting period were broadly unchanged year on year. Gonal-f®, the leading recombinant hormone used in the treatment of infertility, also recorded largely stable organic net sales performance compared with the previous year. Similarly, other Fertility products remained essentially unchanged year-on-year overall.
- The Cardiovascular, Metabolism & Endocrinology franchise, which includes drugs for the treatment of cardiovascular, thyroid, diabetes and growth disorders as well as diabetes, generated strong organic net sales growth in fiscal 2024, thanks to higher demand. Net sales of the diabetes drug Glucophage® saw growth of around 11%, driven by all regions. The beta-blocker Concor® also recorded strong organic sales growth, while the thyroid product Euthyrox® achieved year-on-year organic sales growth of around 12%. Saizen®, a medication for treating various growth hormone deficiencies, saw organic sales growth in the low-teen

percentage range compared with the previous year as a result of higher demand as well as stock-outs of a competing product.

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Product sales and organic growth¹ of Erbitux®, Glucophage® and Mavenclad® by region – 2024

		Total	Europe	North America	Asia-Pacific (APAC)	Latin America	Middle East and Africa (MEA)
	€ million	1,162	461	–	502	134	66
Erbitux®	Organic growth ¹	15.7%	10.9%	–	10.9%	61.6%	19.7%
	Share	100%	40%	–	43%	11%	6%
	€ million	1,062	376	563	21	58	44
Mavenclad®	Organic growth ¹	12.3%	6.0%	15.0%	6.3%	39.3%	8.8%
	Share	100%	35%	53%	2%	6%	4%
	€ million	954	136	–	502	214	102
Glucophage®	Organic growth ¹	11.1%	7.7%	–	9.7%	12.5%	20.7%
	Share	100%	14%	–	53%	22%	11%

¹ Not defined by International Financial Reporting Standards (IFRS).

Net sales in the Healthcare business sector by region in 2024 developed as follows:

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Net sales by region

€ million	2024	Share	Organic growth ¹	Exchange rate effects ¹	Acquisitions/divestments ¹	Total change	2023	Share
Europe	2,720	32%	8.2%	-1.2%	–	7.0%	2,541	31%
North America	1,778	21%	-0.6%	-0.2%	–	-0.8%	1,793	22%
Asia-Pacific (APAC)	2,305	27%	6.1%	-2.8%	–	3.3%	2,232	28%
Latin America	1,056	13%	18.3%	-5.9%	–	12.3%	941	12%
Middle East and Africa (MEA)	595	7%	11.0%	-2.1%	–	8.9%	546	7%
Healthcare	8,455	100%	7.0%	-2.0%	–	5.0%	8,053	100%

¹ Not defined by International Financial Reporting Standards (IFRS).

The following table presents the composition of EBITDA pre in fiscal 2024 in comparison with 2023. The IFRS figures have been modified to reflect the elimination of adjustments included in the functional costs.

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Reconciliation EBITDA pre¹

€ million	2024			2023			Change
	IFRS	Elimination of adjustments	Pre ¹	IFRS	Elimination of adjustments	Pre ¹	Pre ¹
Net sales	8,455	–	8,455	8,053	–	8,053	5.0%
Cost of sales	-2,201	–	-2,201	-2,029	-1	-2,030	8.4%
Gross profit	6,254	–	6,254	6,024	-1	6,023	3.8%
Marketing and selling expenses	-1,713	3	-1,710	-1,668	29	-1,639	4.3%
Administration expenses	-313	12	-301	-314	20	-294	2.6%
Research and development costs	-1,503	9	-1,493	-1,657	2	-1,655	-9.8%
Impairment losses and reversals of impairment losses on financial assets (net)	2	–	2	-41	–	-41	>100.0%
Other operating income and expenses	-247	110	-137	-120	-41	-161	-15.4%
Operating result (EBIT)¹	2,481			2,225			
Depreciation/amortization/impairment losses/reversals of impairment losses	540	-160	380	320	-10	310	22.5%
EBITDA²	3,021			2,545			
Restructuring expenses	8	-8	–	32	-32	–	
Integration expenses/IT expenses	11	-11	–	20	-20	–	
Gains (-)/losses (+) on the divestment of businesses	-45	45	–	-53	53	–	
Acquisition-related adjustments	–	–	–	–	–	–	
Other adjustments	–	–	–	–	–	–	
EBITDA pre¹	2,995	–	2,995	2,543	–	2,543	17.8%
of which: organic growth ¹							22.7%
of which: exchange rate effects							-5.0%
of which: acquisitions/divestments							–

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² Not defined by International Financial Reporting Standards (IFRS); EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

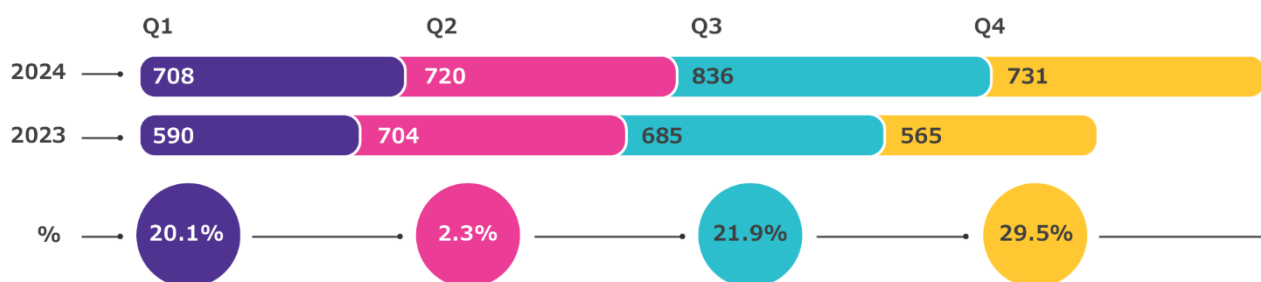
- In fiscal 2024, gross profit after the elimination of adjustments saw a moderate increase, whereas the gross margin, at 74.0% (2023: 74.8%), decreased slightly year on year.
- Marketing and selling expenses moderately increased in the reporting period. Among other things, this was due to the termination of the strategic alliance with Pfizer Inc., USA (Pfizer), to co-develop and co-commercialize the oncology medicine Bavencio® with effect from June 30, 2023, which has resulted in increased selling activities at Merck since the second half of 2023.
- Administrative expenses after eliminating adjustments saw a moderate year-on-year increase in fiscal 2024, whereas research and development costs after eliminating adjustments declined strongly in the reporting period. This was mainly due to reduced development activity following the termination of the xevinapant development program in the second quarter of 2024 and the evobrutinib development program in the fourth quarter of 2023.
- In fiscal 2024, the negative net balance of other operating expenses and income after eliminating adjustments declined compared with the previous year. This positive development was mainly due to effects from the termination of the strategic alliance with Pfizer to co-develop and co-commercialize the oncology medicine Bavencio®. The royalty payments to Pfizer that replaced the profit share payments for Bavencio® in other operating expenses have since been included in cost of sales, which led to a corresponding decrease in other operating expenses. This effect more than offset the absence of income from the disposal of a non-strategic brand in the previous year.
- EBITDA pre saw growth in the high-teen percentage range in fiscal 2024, resulting in an EBITDA pre margin of 35.4% (2023: 31.6%).

The development of EBITDA pre in the individual quarters in comparison with 2023 is presented in the following overview:

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EBITDA pre¹ and change by quarter²

€ million/change in %



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² Quarterly breakdown unaudited.