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Your Contacts

Media Relations

esther.doeringer@merckgroup.com

Phone: +49 151 1454 7809

Investor Relations

investor.relations@merckgroup.com

Phone: +49 6151 72-3321

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Fiscal 2022: Merck Delivers Profitable Growth Despite Challenges

Fiscal 2022

- **Group net sales rise 12.9% to € 22.2 billion**
- **EBITDA pre up 12.2% to € 6.8 billion**
- **EBITDA pre margin at 30.8%**
- **"Big 3" businesses generate almost 90% of organic sales growth**
- **Dividend proposal: € 2.20 per share**

Forecast for 2023

- **Net sales: slight to solid organic growth**
- **EBITDA pre: organically moderate decline to about stable**
- **Negative foreign exchange effects expected**

Darmstadt, Germany, March 2, 2023 – Merck, a leading science and technology company, delivered profitable growth despite challenges in fiscal 2022. Group net sales increased by 12.9% (organically: 6.4%) to € 22,232 million compared with the previous year. Sales growth was driven by all regions and business sectors, particularly Life Science. The Big 3 businesses – Process Solutions and Life Science Services, new Healthcare products as well as Semiconductor Solutions – accounted for almost 90% of the organic growth in sales. EBITDA pre rose by 12.2% (organically: 6.1%) to € 6,849 million. The EBITDA pre margin was 30.8%.



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Earnings per share pre came in at € 10.05, an increase of 15.3% over the previous year. Based on this, the Executive Board and Supervisory Board will propose to the Annual General Meeting on April 28, 2023, a dividend of € 2.20 per share, equivalent to € 0.35 or 19% more than in the previous year.

"We delivered profitable growth in fiscal 2022 despite challenges," said Belén Garijo, Chair of the Executive Board and CEO of Merck. "The strong development of the Life Science core business more than offset the expected decline in Covid-19-related demand. Other strategic growth engines, namely new Healthcare products and our Semiconductor Solutions business unit, also performed well in fiscal 2022."

Robust growth of sales and earnings

Organically, Merck generated a 6.4% increase in Group sales in fiscal 2022. Positive foreign exchange effects of 6.1% resulted mainly from the development of the U.S. dollar and Chinese renminbi. The acquisition of the biopharmaceutical contract development and manufacturing organization Exelead, Inc., USA (Exelead), increased sales by 0.4%. EBITDA pre showed organic growth of 6.1% amid a positive foreign exchange effect of 6.4% and a slightly negative portfolio effect of -0.3%.

Further progress in strategic growth areas

In 2022, Merck continued with the global expansion of its capacities. The company is thus creating the basis for further organic growth, while at the same time diversifying and regionalizing its production and supply chains. The investments announced by Merck included the expansion of the Life Science sites in [Cork, Ireland](#), [Rockville, Maryland, USA](#), [Molsheim, France](#), as well as [Wuxi, China](#). Healthcare laid the cornerstones for the Translational Science Center and the Launch & Technology Center in Darmstadt, Germany. In February 2023, Electronics celebrated the groundbreaking of its [integrated production facility](#) for specialty gases and semiconductor materials in Kaohsiung, Taiwan.

Additionally, Merck invested in inorganic growth in 2022, successfully completing the acquisitions of the [biopharmaceutical contract development and manufacturing organization Exelead](#), Inc., USA, as well as [the chemical business of Mecaro Co. Ltd.](#), a Korea-based supplier to the semiconductor industry.

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In Healthcare, Merck presented strong data from its pipeline in 2022 with regard to Phase II studies for [xevinapant](#) (head and neck cancer) and [evobrutinib](#) (multiple sclerosis). In addition, the company announced in-licensing agreements for its Oncology franchise with [Nerviano Medical Sciences S.r.l.](#) as well as a collaboration agreement for antibody-drug conjugates with [Mersana Therapeutics, Inc.](#)

“Our innovative power and global diversification are key pillars of our resilience,” said Belén Garijo. “Thanks to our broad positioning, we are confident to achieve our mid-term financial target of € 25 billion in sales by 2025 based purely on organic growth – with the option of further accelerating our growth through potential acquisitions and in-licensing deals.”

Life Science: Double-digit growth in core business more than offsets expected decline in Covid-19-related demand

The Life Science business sector generated an organic sales increase of 8.2% in fiscal 2022. Including positive foreign exchange effects of 6.4% and the 0.8% increase in sales from the acquisition of Exelead, sales rose by 15.4% year-on-year to € 10,380 million. The core business of Life Science achieved growth in the mid-teens percentage range, which more than offset the significant decline in Covid-19-related demand. At 10.9%, the Process Solutions business unit delivered the highest organic growth rate within the business sector and accounted for around 44% of Life Science sales in fiscal 2022.

EBITDA pre of Life Science grew by 14.4% to € 3,760 million, reflecting an organic increase of 9.7%, foreign exchange effects of 5.0% and a slightly negative portfolio effect of -0.4%. The EBITDA pre margin was 36.2%.

Healthcare: New medicines drive sales growth

In fiscal 2022, medicines from Merck were used to treat 94 million patients worldwide. In addition, in partnership with the World Health Organization (WHO), Merck provided praziquantel tablets for the treatment of the neglected tropical disease schistosomiasis in 80 million patients, mainly school-aged children. Net sales of the Healthcare business sector rose by 10.6% to € 7,839 million over the previous year. Organic sales growth of 5.5% was complemented by positive foreign exchange effects of 5.1%. New medicines contributed significantly to the increase in sales. The immuno-oncology drug Bavencio generated an organic sales increase

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of 57.9%. Sales of Mavenclad for the treatment of relapsing multiple sclerosis grew organically by 16.9%. Sales of Erbitux exceeded the € 1 billion mark for the first time since its market launch in 2004.

EBITDA pre of the business sector climbed by 15.0% to € 2,477 million. Apart from organic earnings growth of 3.3%, foreign exchange effects of 11.7% had a significant impact. The EBITDA pre margin of Healthcare was 31.6%.

Electronics: Double-digit growth in Semiconductor Solutions more than offsets decline in Display Solutions

The Electronics business sector reported sales of € 4,013 million in fiscal 2022. The increase of 11.3% over the previous year reflected organic sales growth of 3.7% and positive foreign exchange effects of 7.6%. Sales of the Semiconductor Solutions business unit rose organically by 15.4%, in other words significantly above market and the company's mid-term guidance. This business unit now accounts for two-thirds of the sales of the Electronics business sector. By contrast, the Display Solutions business unit saw an organic sales decline of -20.1% due to weak demand and low customer utilization, especially in the liquid crystals field.

EBITDA pre of Electronics increased by 5.7% to € 1,192 million. Positive foreign exchange effects of 13.0% more than offset the organic decline of -7.3% in EBITDA pre. The EBITDA pre margin of Electronics was 29.7%.

Forecast for 2023: further growth in net sales expected despite increasing headwinds

Overall, Merck assumes that 2023 will be a challenging year. The slowing semiconductor market, decreasing Covid-19-related demand and persistently high inflation will contribute to this. Nevertheless, the company reaffirms its mid-term financial target of € 25 billion in net sales by 2025.

For fiscal 2023, Merck expects slight to solid organic growth in net sales. All business sectors will contribute to this, with the main growth drivers being Process Solutions and new Healthcare products. The core business – without Covid-19-related sales – is likely to deliver solid to strong organic net sales growth.

For EBITDA pre, which will be impacted by cost inflation, Merck assumes a moderate decline to an about stable development organically.

Based on current assumptions, Merck expects negative foreign exchange effects of about -1% to -4% to weigh on both net sales and EBITDA pre.

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Overview of the key figures for fiscal 2022

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Key figures

€ million	2022	2021	Change	
			€ million	%
Net sales	22,232	19,687	2,546	12.9 %
Operating result (EBIT) ¹	4,474	4,179	296	7.1 %
Margin (% of net sales) ¹	20.1 %	21.2 %		
EBITDA ²	6,504	5,946	558	9.4 %
Margin (% of net sales) ¹	29.3 %	30.2 %		
EBITDA pre ¹	6,849	6,103	746	12.2 %
Margin (% of net sales) ¹	30.8 %	31.0 %		
Profit after tax	3,339	3,065	274	8.9 %
Earnings per share (€)	7.65	7.03	0.62	8.8 %
Earnings per share pre (€) ¹	10.05	8.72	1.33	15.3 %
Operating cash flow	4,259	4,616	-357	-7.7 %

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.

Life Science

Net sales by business unit¹

€ million	2022	Share	Organic growth ²	Exchange rate effects	Acquisitions / divestments	Total change	2021	Share
Science & Lab Solutions	4,898	47%	6.2%	6.0%	–	12.2%	4,367	48%
Process Solutions	4,526	44%	10.9%	6.6%	–	17.5%	3,853	43%
Life Science Services	956	9%	6.1%	8.0%	9.8%	23.9%	772	9%
Life Science	10,380	100%	8.2%	6.4%	0.8%	15.4%	8,992	100%

¹ Prior-year figures have been adjusted owing to the reorganization of the Life Science business sector completed on April 1, 2022 as well as to product reallocations between the Life Science and Electronics business sectors.

² Not defined by International Financial Accounting Standards (IFRS).

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Healthcare

Net sales by major product lines/products

€ million	2022	Share	Organic growth ¹	Exchange rate effects	Total change	2021	Share
Oncology	1,683	22%	16.9%	2.3%	19.2%	1,411	20%
thereof: Erbitux®	1,023	13%	2.7%	1.0%	3.6%	987	14%
thereof: Bavencio®	611	8%	57.9%	5.8%	63.8%	373	5%
Neurology & Immunology	1,743	22%	-0.5%	6.5%	6.0%	1,645	23%
thereof: Rebif®	887	11%	-13.2%	6.4%	-6.8%	952	13%
thereof: Mavenclad®	856	11%	16.9%	6.6%	23.6%	693	10%
Fertility	1,446	18%	3.9%	4.3%	8.2%	1,337	19%
thereof: Gonal-f®	825	11%	3.1%	4.4%	7.5%	767	11%
Cardiovascular, Metabolism and Endocrinology	2,806	36%	4.5%	6.0%	10.5%	2,540	36%
thereof: Glucophage®	930	12%	0.4%	7.2%	7.6%	864	12%
thereof: Concor®	590	8%	6.2%	6.7%	12.9%	523	7%
thereof: Euthyrox®	553	7%	12.8%	4.8%	17.7%	470	7%
thereof: Saizen®	266	3%	7.2%	-0.1%	7.1%	248	3%
Other	161	2%				157	2%
Healthcare	7,839	100%	5.5%	5.1%	10.6%	7,089	100%

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

Electronics

Net sales by business unit¹

€ million	2022	Share	Organic growth ²	Exchange rate effects	Total change	2021	Share
Semiconductor Solutions	2,674	67%	15.4%	9.0%	24.4%	2,150	60%
Display Solutions	900	22%	-20.1%	6.1%	-14.0%	1,046	29%
Surface Solutions	439	11%	3.2%	3.9%	7.1%	410	11%
Electronics	4,013	100%	3.7%	7.6%	11.3%	3,606	100%

¹ Prior-year figures have been adjusted due to product reallocations between the Life Science and Electronics business sectors and adjustments within the Electronics business sector.

² Not defined by International Financial Accounting Standards (IFRS).

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Notes to editors:

- The **press conference for media representatives** will take place at 10:00 a.m. (CET).
- The respective **presentation** and further information for journalists, including a **digital press kit**, can be found [here](#)
- The quarterly statement can be found [here](#)
- Merck on [Twitter](#) and [LinkedIn](#)
- Merck **photos and images** can be found [here](#)
- **Merck stock symbols**

Reuters: MRCG, Bloomberg: MRK GY, Dow Jones: MRK.DE

Frankfurt Stock Exchange: ISIN: DE 000 659 9905 – WKN: 659 990

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About Merck

Merck, a leading science and technology company, operates across life science, healthcare and electronics. More than 64,000 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 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 2022, Merck generated sales of € 22.2 billion in 66 countries.

Scientific exploration and responsible entrepreneurship have been key to Merck's technological and scientific advances. This is how Merck has thrived since its founding in 1668. The founding family remains the majority owner of the publicly listed company. Merck holds the global rights to the Merck name and brand. The only exceptions are the United States and Canada, where the business sectors of Merck operate as MilliporeSigma in life science, EMD Serono in healthcare, and EMD Electronics in electronics.