

MERCK

Quarterly Statement

1st Quarter

2024

MERCK – IN BRIEF*

Merck Group

Key figures

€ million	Q1 2024	Q1 2023	Change
Net sales	5,120	5,293	-3.3%
Operating result (EBIT) ¹	931	1,035	-10.0%
Margin (% of net sales) ¹	18.2%	19.6%	
EBITDA ²	1,385	1,491	-7.1%
Margin (% of net sales) ¹	27.0%	28.2%	
EBITDA pre ¹	1,454	1,587	-8.4%
Margin (% of net sales) ¹	28.4%	30.0%	
Profit after income tax	699	800	-12.5%
Earnings per share (€)	1.60	1.83	-12.6%
Earnings per share pre (€) ¹	2.06	2.36	-12.7%
Operating cash flow	1,035	853	21.4%
Net financial debt ^{1, 3}	7,498	7,500	-
Number of employees ⁴	62,345	64,011	-2.6%

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.

³ Figures for the reporting period ending on March 31, 2024, prior-year figures as of December 31, 2023.

⁴ Figures for the reporting period ending on March 31, 2024, prior-year figures as of March 31, 2023. This figure refers to all employees at sites of fully consolidated entities.

Merck Group

Net sales by quarter

€ million	Q1	Q2	Q3	Q4	Total
2024	5,120				
2023	5,293	5,302	5,173	5,225	20,993

Merck Group

EBITDA pre by quarter

€ million	Q1	Q2	Q3	Q4	Total
2024	1,454				
2023	1,587	1,553	1,446	1,293	5,879

* This document is a quarterly statement pursuant to section 53 of the Exchange Rules for the Frankfurt Stock Exchange. This quarterly statement contains certain financial indicators such as operating result (EBIT), EBITDA, EBITDA pre, net financial debt and earnings per share pre, which are not defined by International Financial Reporting Standards (IFRS). These financial indicators should not be taken into account in order to assess the performance of Merck in isolation or used as an alternative to the financial indicators presented in the consolidated financial statements and determined in accordance with IFRS. The figures presented in this quarterly statement have been rounded. This may lead to individual values not adding up to the totals presented. It is our aim to ensure that our communication is inclusive and so we strive to use language that is both non-discriminatory and easy to read. This report attempts to use gender-neutral language, which may not yet be consistent in all instances. Even if masculine forms are used, all genders are explicitly meant. The Annual Report for 2023 has been optimized for mobile devices and is available at <https://www.merckgroup.com/en/annualreport/2023/>.

COURSE OF BUSINESS AND ECONOMIC POSITION

Merck

Development of net sales

The development of Group net sales across the individual business sectors in the first quarter of 2024 was as follows:

Merck Group

Net sales by business sector

€ million	Q1 2024	Share	Organic growth ¹	Exchange rate effects	Acquisitions / divestments	Total change	Q1 2023	Share
Life Science	2,144	42%	-12.6%	-1.2%	-	-13.8%	2,487	47%
Healthcare	2,048	40%	10.1%	-2.6%	-	7.5%	1,905	36%
Electronics	928	18%	6.3%	-3.2%	-0.1%	3.1%	901	17%
Merck Group	5,120	100%	-1.2%	-2.0%	-	-3.3%	5,293	100%

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

In the first quarter of 2024, the regional breakdown of Group net sales was as follows:

Merck Group

Net sales by region

€ million	Q1 2024	Share	Organic growth ¹	Exchange rate effects	Acquisitions / divestments	Total change	Q1 2023	Share
Europe	1,515	30%	-3.6%	-0.5%	-	-4.1%	1,580	30%
North America	1,379	27%	-7.4%	-1.1%	-	-8.5%	1,507	28%
Asia-Pacific (APAC)	1,701	33%	3.9%	-5.4%	-	-1.5%	1,728	33%
Latin America	346	7%	3.4%	3.6%	-	7.1%	323	6%
Middle East and Africa (MEA)	178	3%	16.8%	-1.8%	-	15.1%	155	3%
Merck Group	5,120	100%	-1.2%	-2.0%	-	-3.3%	5,293	100%

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

Results of operations

The following table presents the composition of EBITDA pre for the first quarter of 2024 in comparison with the year-earlier quarter. The IFRS figures have been modified to reflect the elimination of adjustments included in the respective functional costs.

Merck Group

Reconciliation EBITDA pre¹

€ million	Q1 2024			Q1 2023			Change
	IFRS	Elimination of adjustments	Pre ¹	IFRS	Elimination of adjustments	Pre ¹	Pre ¹
Net sales	5,120	-	5,120	5,293	-	5,293	-3.3%
Cost of sales	-2,111	4	-2,107	-1,973	3	-1,970	6.9%
Gross profit	3,009	4	3,013	3,320	3	3,323	-9.3%
Marketing and selling expenses	-1,087	9	-1,078	-1,109	-1	-1,110	-2.9%
Administration expenses	-332	43	-289	-358	72	-286	0.9%
Research and development costs	-581	5	-575	-597	-8	-605	-5.0%
Impairment losses and reversals of impairment losses on financial assets (net)	1	-	1	-2	-	-2	>100.0%
Other operating income and expenses	-79	8	-71	-219	41	-178	-59.9%
Operating result (EBIT)¹	931			1,035			
Margin (in % of net sales) ¹	18.2%			19.6%			
Depreciation/amortization/impairment losses/reversals of impairment losses	454	-	453	456	-10	446	1.6%
EBITDA²	1,385			1,491			
Margin (in % of net sales) ¹	27.0%			28.2%			
Restructuring expenses	45	-45	-	44	-44	-	
Integration expenses/IT expenses	17	-17	-	23	-23	-	
Gains (-)/losses (+) on the divestment of businesses	-5	5	-	-	-	-	
Acquisition-related adjustments	3	-3	-	9	-9	-	
Other adjustments	9	-9	-	19	-19	-	
EBITDA pre¹	1,454	-	1,454	1,587	-	1,587	-8.4%
Margin (in % of net sales) ¹	28.4%			30.0%			
thereof: organic growth ¹							-5.2%
thereof: exchange rate effects							-3.2%
thereof: acquisitions/divestments							-

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.

- In the first quarter of 2024, the operating result (EBIT) decreased in comparison with the year-earlier quarter. This was primarily due to the decline in gross profit and was partly offset by the reduction in operating expenses. Consequently, the EBIT margin decreased by around one percentage point from 19.6% in the year-earlier period to 18.2%.
- EBITDA pre, the key financial indicator used to steer operating business, was lower in the first quarter of 2024 than in the year-earlier period. This resulted mainly from an organic earnings decline as well as negative foreign exchange effects. The Group EBITDA pre margin also decreased and amounted to 28.4% in the first quarter of 2024 (Q1 2023: 30.0%).
- Earnings per share pre (earnings per share after net of tax effect of adjustments and amortization of purchased intangible assets presented in the foregoing table) declined in the first quarter of 2024 to € 2.06 (Q1 2023: € 2.36).

The following table presents the reconciliation of EBITDA pre of all operating businesses to the profit after tax of the Merck Group:

Merck Group

Reconciliation Profit after income tax

€ million	Q1 2024	Q1 2023
EBITDA pre of the operating businesses¹	1,556	1,728
Corporate and Other	-102	-141
EBITDA pre of the Merck Group¹	1,454	1,587
Depreciation/amortization/impairment losses/reversals of impairment losses	-454	-456
Adjustments ¹	-69	-96
Operating result (EBIT)¹	931	1,035
Financial result	-32	-23
Profit before income tax	899	1,012
Income tax	-200	-213
Profit after income tax	699	800
Earnings per share (€)	1.60	1.83

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

Financial position

The composition and development of net financial debt were as follows:

Merck Group

Net financial debt¹

€ million	March 31, 2024	Dec. 31, 2023	Change	
			€ million	in %
Bonds	7,839	7,802	37	0.5%
Bank loans	298	283	15	5.3%
Liabilities to related parties	1,168	1,196	-27	-2.3%
Loans from third parties and other financial liabilities	81	68	13	19.3%
Liabilities from derivatives (financial transactions)	41	77	-35	-46.1%
Lease liabilities	525	515	10	1.9%
Financial debt	9,953	9,941	12	0.1%
less:				
Cash and cash equivalents	2,220	1,982	238	12.0%
Current financial assets ²	236	459	-223	-48.7%
Net financial debt¹	7,498	7,500	-2	-

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

² Excluding current derivatives (operational) and contingent considerations, which are recognized in the context of business combinations according to IFRS 3.

As one of the three key performance indicators alongside net sales and EBITDA pre, operating cash flow developed as follows:

Merck Group

Operating cash flow

€ million	Q1 2024	Q1 2023	Change
EBITDA pre¹	1,454	1,587	-8.4%
Adjustments ¹	-69	-96	-28.4%
Financial result ²	-32	-23	42.1%
Income tax ²	-200	-213	-6.1%
Changes in working capital ¹	-177	-224	-20.8%
thereof: changes in inventories ³	-41	-323	-87.3%
thereof: changes in trade accounts receivable ³	-64	-116	-45.0%
thereof: changes in trade accounts payable/refund liabilities ³	-72	215	>100.0%
Changes in provisions ³	40	-8	>100.0%
Changes in other assets and liabilities ³	33	-187	>100.0%
Neutralization of gains/losses on disposals of fixed assets and other disposals ³	-8	-	>100.0%
Other non-cash income and expenses ³	-5	17	>100.0%
Operating cash flow	1,035	853	21.4%

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

² In accordance with the Consolidated Income Statement.

³ In accordance with the Consolidated Cash Flow Statement.

Life Science

Development of net sales and results of operations

In the first quarter of 2024, the net sales of the Life Science business sector developed as follows:

Life Science

Net sales by business unit

€ million	Q1 2024	Share	Organic growth ¹	Exchange rate effects	Acquisitions/divestments	Total change	Q1 2023	Share
Science & Lab Solutions	1,169	55%	-6.9%	-1.5%	-	-8.4%	1,276	51%
Process Solutions	817	38%	-19.0%	-1.1%	-	-20.0%	1,022	41%
Life Science Services	157	7%	-16.6%	-	-	-16.7%	188	8%
Life Science	2,144	100%	-12.6%	-1.2%	-	-13.8%	2,487	100%

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

- The Science & Lab Solutions business unit, which provides products and services to support life science research for pharmaceutical, biotechnology, academic research laboratories and researchers as well as scientific and industrial laboratories, saw an organic decline amid a decreasing demand from pharma companies mainly in North America and China, an overall decreasing demand in China due to the current economic environment, as well as further decreasing pandemic related demand. In general, the performance in the first quarter of 2023 was still driven by higher Covid-19-related sales and a more beneficial economic environment. Therefore, the year-on-year comparison is impacted by a base effect. Including an unfavorable foreign exchange effect of -1.5%, the decline in sales was mainly driven by Asia-Pacific (APAC), followed by North America and Europe.
- The Process Solutions business unit, which markets products and services for the entire pharmaceutical production value chain, saw an organic decrease in sales caused by the continued decline in pandemic-related sales as well as the effects of destocking by key customers. Including an unfavorable foreign exchange effect of -1.1%, net sales decreased across all core regions (North America, Europe, Asia-Pacific (APAC)).
- The Life Science Services business unit, which offers fully integrated Contract Development and Manufacturing Organization (CDMO) and Contract Testing services, recorded an organic sales decline. This was driven by the streamlining of the supply chain of one of our CDMO customers and an organic sales decline in our CDMO activities mainly due to project phasing. Geographically, the decline in sales was mainly attributable to North America and Europe, while Asia-Pacific (APAC) contributed favorably.

The following table presents the composition of EBITDA pre for the first quarter of 2024 in comparison with the year-earlier quarter. The IFRS figures have been modified to reflect the elimination of adjustments included in the respective functional costs.

Life Science

Reconciliation EBITDA pre¹

€ million	Q1 2024			Q1 2023			Change
	IFRS	Elimination of adjustments	Pre ¹	IFRS	Elimination of adjustments	Pre ¹	Pre ¹
Net sales	2,144	-	2,144	2,487	-	2,487	-13.8%
Cost of sales	-988	1	-987	-999	-	-999	-1.2%
Gross profit	1,156	1	1,157	1,488	-	1,488	-22.2%
Marketing and selling expenses	-551	5	-545	-568	-1	-569	-4.1%
Administration expenses	-112	17	-95	-105	11	-94	0.9%
Research and development costs	-95	1	-95	-104	-	-104	-8.6%
Impairment losses and reversals of impairment losses on financial assets (net)	-1	-	-1	-1	-	-1	>100.0%
Other operating income and expenses	-20	3	-17	-38	6	-31	-45.2%
Operating result (EBIT)¹	377	-	-	672	-	-	
Margin (in % of net sales) ¹	17.6%	-	-	27.0%	-	-	
Depreciation/amortization/impairment losses/reversals of impairment losses	207	-	207	212	-	212	-2.0%
EBITDA²	585	-	-	884	-	-	
Margin (in % of net sales) ¹	27.3%	-	-	35.5%	-	-	
Restructuring expenses	18	-18	-	-	-	-	
Integration expenses/IT expenses	7	-7	-	11	-11	-	
Gains (-)/losses (+) on the divestment of businesses	-	-	-	-	-	-	
Acquisition-related adjustments	1	-1	-	5	-5	-	
Other adjustments	-	-	-	-	-	-	
EBITDA pre¹	611	-	611	901	-	901	-32.1%
Margin (in % of net sales) ¹	28.5%	-	-	36.2%	-	-	
thereof: organic growth ¹	-	-	-	-	-	-	-30.3%
thereof: exchange rate effects	-	-	-	-	-	-	-1.8%
thereof: acquisitions/divestments	-	-	-	-	-	-	-

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.

- Adjusted gross profit for the Life Science business sector was lower in the first quarter of 2024 compared to the year-earlier period. This was mainly attributable to the sales decline due to the effects of destocking by key customers in Process Solutions as well as plant fix costs amid the continued decrease in pandemic related sales. At 54.0%, the adjusted gross margin was below the year-earlier period (Q1 2023: 59.8%).
- The reduction in gross profit was partially compensated by lower operational expenses. In the first quarter of 2024, the decrease in marketing and selling expenses was mainly driven by cost programs and efficiencies and lower logistics costs, while the decrease in research and development costs was largely driven by project phasing. Administration expenses remained organically largely stable in comparison with the year-earlier quarter. The net position of other operating income and expenses decreased due to an one-time disposal of an asset and cost savings.
- EBITDA pre saw an organic decline of -30.3%, resulting in an EBITDA pre margin of 28.5% in the first quarter of 2024 (Q1 2023: 36.2%).

Healthcare

Development of net sales and results of operations

Sales of the key product lines and products developed in the first quarter of 2024 as follows:

Healthcare

Net sales by major product lines/products

€ million	Q1 2024	Share	Organic growth ¹	Exchange rate effects	Total change	Q1 2023	Share
Oncology	500	24%	19.3%	-3.8%	15.5%	433	23%
thereof: Erbitux®	287	14%	19.3%	-4.3%	15.0%	250	13%
thereof: Bavencio®	186	9%	14.2%	-2.8%	11.4%	167	9%
Neurology & Immunology	419	20%	8.8%	-1.5%	7.3%	390	20%
thereof: Mavenclad®	261	13%	12.2%	-2.0%	10.2%	237	12%
thereof: Rebif®	158	8%	3.7%	-0.9%	2.8%	154	8%
Fertility	383	19%	7.7%	-3.3%	4.4%	366	19%
thereof: Gonal-f®	204	10%	6.8%	-3.5%	3.3%	197	10%
Cardiovascular, Metabolism and Endocrinology	689	34%	4.2%	-2.4%	1.7%	677	36%
thereof: Glucophage®	221	11%	5.1%	-3.7%	1.4%	218	11%
thereof: Concor®	140	7%	1.6%	-3.6%	-1.9%	142	7%
thereof: Euthyrox®	139	7%	8.9%	-1.7%	7.2%	130	7%
thereof: Saizen®	89	4%	17.0%	-0.2%	16.7%	76	4%
Other	57	3%				38	2%
Healthcare	2,048	100%	10.1%	-2.6%	7.5%	1,905	100%

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

- In the first quarter of 2024, the oncology drug Erbitux® (cetuximab) recorded strong organic sales growth in the high-teens percentage range to which every region contributed. The Asia-Pacific region (APAC), in particular China, exhibited strong organic growth as a result of lower pandemic-related sales in the year-earlier quarter.
- In Immuno-Oncology, sales of the oncology medicine Bavencio® (avelumab) grew organically in the mid-teens percentage range in the first quarter of 2024 with nearly all regions contributing. Europe and Asia-Pacific in particular generated favorable growth with organic increases in the double-digit percentage range. This development was mainly driven by further market share growth in first-line maintenance treatment for patients with locally advanced or metastatic urothelial carcinoma.
- Mavenclad®, for the oral short-course treatment of highly active relapsing multiple sclerosis (MS), delivered favorable organic sales growth in the first quarter of 2024. In particular, increased demand in North America contributed to this positive sales performance while all other regions also saw organic increases.
- The drug Rebif®, which is used to treat relapsing forms of multiple sclerosis, generated moderate organic sales growth in the reporting period, which was mainly attributable to positive effects from changes in inventories in North America. Irrespective of the moderate sales growth in the first quarter of 2024, the dynamics in the interferon market such as the persistently difficult competitive situation as well as competition from oral dosage forms and high-efficacy MS therapies remained unchanged. Consequently, sales of Rebif® are expected to decline in the further course of the year.
- In the first quarter of 2024, the Fertility franchise generated strong organic sales growth mainly driven by China as a result of lower pandemic related sales in the year-earlier quarter. Gonal-f®, the leading recombinant hormone for the treatment of infertility, delivered strong organic growth, which was driven by increased demand as well as continued stock-outs of a competing product. Overall, the remaining product portfolio of the Fertility franchise also saw organic sales increases, thus contributing to the strong growth.

- The Cardiovascular, Metabolism and Endocrinology franchise, which commercializes products to treat cardiovascular diseases, thyroid disorders, diabetes, and growth disorders, among other things, delivered solid organic sales growth in the first quarter of 2024 compared with the year-earlier quarter. The diabetes medicine Glucophage® generated solid organic sales growth with every region contributing. In the reporting period, the beta-blocker Concor® saw slight organic growth while the thyroid medicine Euthyrox® recorded strong organic growth compared with the year-earlier period. The favorable organic growth of Saizen® in the high-teens percentage range as a result of increasing demand and stock-outs of a competing product also had a positive impact on the franchise.

The following table presents the composition of EBITDA pre for the first quarter of 2024 in comparison with the year-earlier quarter. The IFRS figures have been modified to reflect the elimination of adjustments included in the respective functional costs.

Healthcare

Reconciliation EBITDA pre¹

€ million	Q1 2024			Q1 2023			Change
	IFRS	Elimination of adjustments	Pre ¹	IFRS	Elimination of adjustments	Pre ¹	Pre ¹
Net sales	2,048	-	2,048	1,905	-	1,905	7.5%
Cost of sales	-543	-	-543	-447	-	-446	21.7%
Gross profit	1,504	-	1,505	1,459	-	1,459	3.1%
Marketing and selling expenses	-398	4	-395	-381	-	-380	3.7%
Administration expenses	-75	1	-74	-76	4	-72	3.6%
Research and development costs	-397	5	-393	-395	-8	-403	-2.6%
Impairment losses and reversals of impairment losses on financial assets (net)	2	-	2	-1	-	-1	>100.0%
Other operating income and expenses	-17	-8	-25	-87	-	-87	-70.8%
Operating result (EBIT)¹	618			520			
Margin (in % of net sales) ¹	30.2%			27.3%			
Depreciation/amortization/impairment losses/reversals of impairment losses	88	-	88	73	1	73	20.2%
EBITDA²	706			593			
Margin (in % of net sales) ¹	34.5%			31.1%			
Restructuring expenses	5	-5	-	-7	7	-	
Integration expenses/IT expenses	1	-1	-	4	-4	-	
Gains (-)/losses (+) on the divestment of businesses	-5	5	-	-	-	-	
Acquisition-related adjustments	-	-	-	-	-	-	
Other adjustments	-	-	-	-	-	-	
EBITDA pre¹	708	-	708	590	-	590	20.1%
Margin (in % of net sales) ¹	34.6%			30.9%			
thereof: organic growth ¹							28.3%
thereof: exchange rate effects							-8.2%
thereof: acquisitions/divestments							-

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.

- In the first quarter of 2024, adjusted gross profit increased moderately, whereas the gross margin declined to 73.5% (Q1 2023: 76.6%).
- Marketing and selling expenses as well as administration expenses were moderately higher in the reporting period than the year-earlier period. Adjusted research and development costs were roughly in line with the year-earlier period. The positive change in other operating expenses and income was mainly attributable to the inclusion of royalties to Pfizer Inc., USA, (Pfizer), in connection with sales of the oncology medicine Bavencio® in cost of sales since July 2023, reflecting the corresponding increase in this line item.
- In the first quarter of 2024, EBITDA pre saw a strong increase, leading to an EBITDA pre margin of 34.6% (Q1 2023: 30.9%).

Electronics

Development of net sales and results of operations

In the first quarter of 2024, net sales of the Electronics business sector developed as follows:

Electronics

Net sales by business unit

€ million	Q1 2024	Share	Organic growth ¹	Exchange rate effects	Acquisitions/divestments	Total change	Q1 2023	Share
Semiconductor Solutions	633	68%	7.8%	-3.0%	-0.1%	4.7%	604	67%
Display Solutions	187	20%	4.2%	-4.3%	-	-0.1%	187	21%
Surface Solutions	109	12%	1.8%	-2.2%	-	-0.4%	109	12%
Electronics	928	100%	6.3%	-3.2%	-0.1%	3.1%	901	100%

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

- The Semiconductor Solutions business unit, which comprises two businesses, namely Semiconductor Materials and Delivery Systems & Services (DS&S), generated strong organic sales growth. Semiconductor Materials delivered growth across most business fields and in DS&S, large projects were a major growth driver compared with the prior year.
- Net sales of the Display Solutions business unit, consisting mainly of the business with liquid crystals, photoresists for display applications as well as OLED materials, saw solid growth in the first quarter of 2024, driven by very strong OLED growth and a stable performance in Liquid Crystals.
- The Surface Solutions business unit grew slightly in the first quarter of 2024. This was driven by a strong demand in Cosmetics coupled with a slight recovery in the coatings business.

The following table presents the composition of EBITDA pre for the reporting period in comparison with the year-earlier quarter. The IFRS figures have been modified to reflect the elimination of adjustments included in the respective functional costs.

Electronics

Reconciliation EBITDA pre¹

€ million	Q1 2024			Q1 2023			Change
	IFRS	Elimination of adjustments	Pre ¹	IFRS	Elimination of adjustments	Pre ¹	Pre ¹
Net sales	928	-	928	901	-	901	3.1%
Cost of sales	-580	3	-577	-526	2	-524	10.2%
Gross profit	348	3	352	375	2	377	-6.8%
Marketing and selling expenses	-138	-	-138	-158	-	-158	-13.0%
Administration expenses	-37	5	-32	-33	2	-31	4.8%
Research and development costs	-73	-	-73	-74	-	-74	-1.8%
Impairment losses and reversals of impairment losses on financial assets (net)	-	-	-	-	-	-	-
Other operating income and expenses	-5	4	-1	-24	15	-8	-84.7%
Operating result (EBIT)¹	95			86			
Margin (in % of net sales) ¹	10.3%			9.5%			
Depreciation/amortization/impairment losses/reversals of impairment losses	130	-	129	143	-10	132	-2.3%
EBITDA²	225			228			
Margin (in % of net sales) ¹	24.2%			25.3%			
Restructuring expenses	4	-4	-	2	-2	-	
Integration expenses/IT expenses	6	-6	-	3	-3	-	
Gains (-)/losses (+) on the divestment of businesses	-	-	-	-	-	-	
Acquisition-related adjustments	1	-1	-	4	-4	-	
Other adjustments	-	-	-	-	-	-	
EBITDA pre¹	237	-	237	237	-	237	-0.3%
Margin (in % of net sales) ¹	25.5%			26.4%			
thereof: organic growth ¹							3.9%
thereof: exchange rate effects							-4.2%
thereof: acquisitions/divestments							-

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.

- Adjusted gross profit for the Electronics business sector declined in the first quarter of 2024 compared to the year earlier period due to price declines in Liquid Crystals, adverse business mix, unfavorable foreign exchange effects, and the delayed effects of raw material inflationary cost increases. As a result, gross profit margins also decreased to 37.9% (Q1 2023: 41.9%).
- Marketing and selling expenses declined as the business continues to realize benefits from initiatives to address cost and efficiency across marketing, selling and logistics.
- Administration costs and research and development costs were relatively stable compared with the prior year.
- Consequently, EBITDA pre was unchanged with the year-earlier quarter. The EBITDA pre margin decreased year-on-year by -0.9 percentage points to 25.5% (Q1 2023: 26.4%). The EBITDA pre margin declined mostly due to the gross profit effects mentioned above.

Corporate and Other

Corporate and Other comprises administration expenses for Group functions that cannot be directly allocated to the business sectors.

Corporate and Other

Key figures

€ million	Q1 2024	Q1 2023	Change
Operating result (EBIT) ¹	-159	-243	-34.4%
EBITDA ²	-131	-214	-38.8%
EBITDA pre ¹	-102	-141	-27.5%

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.

The improvement in the operating result, EBITDA and EBITDA pre in the first quarter of 2024 compared with the year-earlier quarter was due in particular to the positive currency result from cash flow hedging. In fiscal 2023, higher expenses were incurred due to a program to continuously improve processes and align the Group functions more closely with the businesses.

Report on Expected Developments

With the publication of the results of fiscal 2023, we provided a forecast of the development of net sales and EBITDA pre for the Merck Group and the individual business sectors Life Science, Healthcare and Electronics as well as an estimation of Group operating cash flow in 2024. With the completion of the first quarter of 2024, we further specify this forecast as follows:

Forecast for the Merck Group

Forecast for FY 2024

€ million	Net sales	EBITDA pre ¹	Operating cash flow
Merck Group	~20,600 to 22,100 Organic +1% to +5% Foreign exchange effect -3% to 0%	~5,700 to 6,300 Organic +1% to +7% Foreign exchange effect -4% to -1%	~3,900 to 4,500
Life Science	~8,900 to 9,600 Organic -2% to +2% Foreign exchange effect -2% to +1%	~2,550 to 2,850 Organic -6% to +1% Foreign exchange effect -4% to +1%	
Healthcare	~8,050 to 8,650 Organic +4% to +7% Foreign exchange effect -3% to 0%	~2,750 to 2,950 Organic +13% to +18% Foreign exchange effect -6% to -2%	
Electronics	~3,550 to 3,850 Organic 0% to +4% Foreign exchange effect -2% to +1%	~870 to 950 Organic -3% to +4% Foreign exchange effect -2% to +1%	
Corporate and Other	n/a	~-450 to -520	

¹ 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.

EPS pre € 8.05 to € 9.10, based on an effective tax rate of 22%.

Fundamental assumptions

Against the backdrop of the ongoing highly dynamic development of macroeconomic, geopolitical and industry-specific conditions, the forecast continues to be subject to greater uncertainty and volatility in fiscal 2024 than is normally the case. In terms of expected inflation, we assume a slow normalization.

We also expect a persistently volatile environment as regards the development of foreign exchange rates. For 2024, we continue to forecast an unfavorable foreign exchange development, albeit to a weaker extent than in fiscal 2023. Compared with the previous forecast, we assume a more favorable development of the euro-U.S. dollar exchange rate, which we expect to be offset by the development of individual Asian currencies. In comparison with the previous year, the negative development will mainly be driven by individual Asian and emerging market currencies. For the average euro-U.S. dollar exchange rate, our full-year forecast now ranges between 1.05 and 1.09 for 2024.

Net sales

We are specifying our expectations for the Merck Group and forecast for fiscal 2024 a return to organic sales growth of between 1% and 5% (previously slight to moderate organic growth). The Healthcare business sector is expected to be the strongest growth driver with Mavenclad[®] and products from the Oncology and Cardiovascular, Metabolism & Endocrinology franchises making the main contributions. For Life Science, we forecast progressive recovery in the fiscal year, which is expected to lead to organic growth again in the second half of 2024 in contrast to the previous year. We do not expect any further significant contributions from demand for products in connection with Covid-19 in 2024. In the Electronics business sector, we forecast a positive trend reversal at the start of the second half of the year in the market for semiconductor materials. This is expected to lead to further organic sales growth in the Semiconductor Materials business. The anticipated decline in the Display Solutions business will have a negative impact as will the project business within the Semiconductor Solutions business unit, which, as expected, is subject to stronger fluctuations owing to the dependency on major individual orders. We continue to assume foreign exchange effects between -3% and 0% and forecast net sales for the Merck Group of between € 20.6 billion and € 22.1 billion (2023: € 21.0 billion).

EBITDA pre¹

For our EBITDA pre, we are specifying our estimate and expect an organic increase of +1% to +7% (previously slight to moderate organic growth), which is expected to be driven primarily by the Healthcare business sector. In addition to the expected sales growth, the termination of the alliance with Pfizer Inc., USA, effective June 30, 2023, and the subsequent regaining of the exclusive global rights to develop, manufacture and commercialize Bavencio[®] will have a positive effect on EBITDA pre. Moreover, lower costs, especially in research and development, as a result of the failure of evobrutinib to meet its primary endpoint as demonstrated by the results of the clinical trials published on December 6, 2023, will positively influence EBITDA pre. EBITDA pre of the Life Science business sector is expected to be adversely impacted by negative mix effects, which we will mitigate as far as possible with corresponding cost savings. The development in the Electronics business sector follows a favorable mix effect on sales as well as expected positive effects from active cost management. The sale of a portfolio of licenses and patents in fiscal 2023 will have an opposing effect. The rise in costs in Corporate and Other will be mainly attributable to lower foreign currency hedging gains. The forecast foreign exchange development is still likely to lower Group EBITDA pre by between -4% and -1%. As such, we forecast EBITDA pre in a range of between € 5.7 billion and € 6.3 billion (2023: € 5.9 billion).

Operating cash flow

The forecast for operating cash flow is generally subject to a higher fluctuation corridor than the forecast for EBITDA pre. We provide an estimate of the development of operating cash flow only for the Group as a whole.

The development of operating cash flow will be in line with the positive operating performance. In addition, we expect positive effects from stringent management of working capital. Foreign exchange will have a negative effect. Overall, we expect operating cash flow to be in the range of € 3.9 billion to € 4.5 billion (previously moderate to strong increase). As regards the composition of operating cash flow, we refer to the "[Consolidated Cash Flow Statement](#)" in this report.

¹ 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.

supplemental financial information

Consolidated Income Statement

€ million	Q1 2024	Q1 2023
Net sales	5,120	5,293
Cost of sales	-2,111	-1,973
Gross profit	3,009	3,320
Marketing and selling expenses	-1,087	-1,109
Administration expenses	-332	-358
Research and development costs	-581	-597
Impairment losses and reversals of impairment losses on financial assets (net)	1	-2
Other operating income	54	32
Other operating expenses	-133	-251
Operating result (EBIT)¹	931	1,035
Finance income	42	42
Finance costs	-74	-65
Profit before income tax	899	1,012
Income tax	-200	-213
Profit after income tax	699	800
thereof: attributable to Merck KGaA shareholders (net income)	694	796
thereof: attributable to non-controlling interests	5	4
Earnings per share (€)		
Basic	1.60	1.83
Diluted	1.60	1.83

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

Consolidated Statement of Comprehensive Income

€ million	Q1 2024	Q1 2023
Profit after income tax	699	800
Items of other comprehensive income that will not be reclassified to profit or loss in subsequent periods		
Net defined benefit liability		
Changes in remeasurement	87	-13
Tax effect	-15	1
Changes recognized in equity	72	-12
Equity instruments		
Fair value adjustments	42	8
Tax effect	-5	-6
Changes recognized in equity	37	3
	109	-9
Items of other comprehensive income that may be reclassified to profit or loss in subsequent periods		
Cash flow hedge reserve		
Fair value adjustments	-5	40
Reclassification to profit or loss	-17	8
Reclassification to assets	-	-
Tax effect	2	-
Changes recognized in equity	-20	48
Cost of cash flow hedge reserve		
Fair value adjustments	-	-10
Reclassification to profit or loss	4	5
Tax effect	-1	-
Changes recognized in equity	4	-5
Currency translation difference		
Changes taken directly to equity	524	-608
Reclassification to profit or loss	4	-
Changes recognized in equity	528	-608
	512	-566
Other comprehensive income	621	-575
Comprehensive income	1,320	225
thereof: attributable to Merck KGaA shareholders	1,316	222
thereof: attributable to non-controlling interests	4	3

Consolidated Balance Sheet

€ million	March 31, 2024	Dec. 31, 2023
Non-current assets		
Goodwill	18,181	17,845
Other intangible assets	6,481	6,551
Property, plant and equipment	9,214	9,056
Investments accounted for using the equity method	3	3
Non-current receivables	27	28
Other non-current financial assets	1,068	981
Other non-current non-financial assets	138	115
Non-current income tax receivables	9	9
Deferred tax assets	1,560	1,514
	36,681	36,102
Current assets		
Inventories	4,716	4,637
Trade and other current receivables	4,147	4,004
Contract assets	99	104
Other current financial assets	264	499
Other current non-financial assets	942	633
Current income tax receivables	435	473
Cash and cash equivalents	2,220	1,982
Assets held for sale	-	62
	12,823	12,393
Total assets	49,504	48,495
Total equity		
Equity capital	565	565
Capital reserves	3,814	3,814
Retained earnings	21,031	20,228
Gains/losses recognized in equity	2,586	2,073
Equity attributable to Merck KGaA shareholders	27,996	26,680
Non-controlling interests	78	75
	28,074	26,754
Non-current liabilities		
Non-current provisions for employee benefits	2,133	2,192
Other non-current provisions	263	277
Non-current financial debt	7,823	9,239
Other non-current financial liabilities	151	147
Other non-current non-financial liabilities	16	17
Non-current income tax liabilities	39	39
Deferred tax liabilities	1,067	1,130
	11,491	13,042
Current liabilities		
Current provisions for employee benefits	81	83
Current provisions	594	575
Current financial debt	2,131	702
Other current financial liabilities	994	1,005
Trade and other current payables	2,086	2,545
Refund liabilities	881	877
Current income tax liabilities	1,565	1,433
Other current non-financial liabilities	1,607	1,479
	9,939	8,699
Total equity and liabilities	49,504	48,495

Consolidated Cash Flow Statement

€ million	Q1 2024	Q1 2023
Profit after income tax	699	800
Depreciation/amortization/impairment losses/reversals of impairment losses	454	456
Changes in inventories	-41	-323
Changes in trade accounts receivable	-64	-116
Changes in trade accounts payable/refund liabilities	-72	215
Changes in provisions	40	-8
Changes in other assets and liabilities	33	-187
Neutralization of gains/losses on disposals of assets	-8	-
Other non-cash income and expenses	-5	17
Operating cash flow	1,035	853
Payments for investments in intangible assets	-248	-79
Payments from the disposal of intangible assets	6	4
Payments for investments in property, plant and equipment	-523	-572
Payments from the disposal of property, plant and equipment	11	10
Payments for investments in financial assets	-87	-22
Payments for acquisitions less acquired cash and net cash equivalents	-	-
Proceeds from the disposal of other financial assets	347	225
Payments from disposal of non-financial assets	-200	-897
Proceeds from the disposal of non-financial assets	-	100
Payments from other divestments	6	-
Investing cash flow	-689	-1,231
Dividend payments to Merck KGaA shareholders	-	-
Dividend payments to non-controlling interests	-	-
Dividend payments to E. Merck KG	-52	-90
Payments from new borrowings from E. Merck KG and E. Merck Beteiligungen KG	-	-
Repayments of financial debt to E. Merck KG and E. Merck Beteiligungen KG	-27	-1
Changes in other current and non-current financial debt ¹	-28	216
Financing cash flow	-107	124
Cash changes in cash and cash equivalents	239	-254
Changes in cash and cash equivalents due to currency translation	-2	-16
Cash and cash equivalents at the beginning of the reporting period	1,982	1,854
Changes in cash and cash equivalents due to reclassification to assets held for sale	-	-
Cash and cash equivalents as of June 30 (consolidated balance sheet)	2,220	1,584

¹ The lines "Changes in other current and non-current financial debt" as well as "Payments from the issuance of bonds" and "Repayment of bonds", which were presented separately in the previous year, have been summarized to improve clarity.

Darmstadt, May 13, 2024



Belén Garijo



Kai Beckmann



Peter Guenter



Matthias Heinzl



Helene von Roeder



Financial calendar

August 1, 2024 Half-yearly Financial Report

November 14, 2024 Quarterly Statement Q3

March 6, 2025 Annual Report 2024

April 25, 2025 Annual General Meeting

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