Investment in innovations and capacities

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Science and technology company Merck plans to invest significantly more than 3 billion in innovations and capacities of its Electronics business sector by the end of 2025. The company continues to rely heavily on research and development (R&D) of advanced material solutions and plans to spend more than 2 billion on long-term capital assets.

The investments are a key component of Electronics' Level Up growth program, which was announced at the company's Capital Markets Day on September 9. With Level Up, Electronics plans to take advantage of the growth opportunities associated with the significant increase in global demand for innovative semiconductor and display materials. This demand is driven by exponential data growth and high-impact technology trends such as the Internet of Things and 5G. The Electronics business sector is targeting an average annual organic growth rate of 3% to 6% between 2021 and 2025. Electronics is thus raising its growth forecast for the second year in a row and is gearing up for implementation and growth after a phase of transformation.

> "With Level Up, we are expanding our global production capacities and strengthening R&D and innovation. Our highly attractive growth markets, such as semiconductors and OLED, are currently continuing to grow at an increasing rate. This momentum allows us to significantly increase our growth prospects."
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> - Kai Beckmann, Member of the Executive Board

In 2018, the division launched its "Bright Future" transformation program, which was originally scheduled to run for five years. Within this framework, Electronics repositioned itself to become a leading global player in the electronic materials market. "We have demonstrated our implementation strength in the past and completed our transformation program two years ahead of schedule. This has laid the foundation for an ambitious growth path, which we are now embarking on," said Beckmann.

The new Level Up growth program has four mutually supporting core priorities: capacity, technology, portfolio, and capabilities. The basis for the more ambitious growth targets is investment in these areas, combined with increasing demand for electronic materials, particularly semiconductors. The capacity and technology priorities are about significant capacity expansions in the global semiconductor and electronics industry, driven by large investments from customers.

As a result, the Group is investing in innovation and expanding its production capacity close to customers, helping to address the current global chip shortage. In the Portfolio priority, Electronics will evaluate attractive external growth options through potential targeted complementary acquisitions. Level Up will also launch or accelerate key internal initiatives under the Capabilities priority. Among other things, it will expand its data analytics capabilities, invest even more in safety and further strengthen its attractiveness as an employer.

The Electronics sector supplies innovative materials and technologies for the latest generations of memory

chips and processors. It also develops materials for modern displays and new effect pigments for use in the automotive, cosmetics and printing industries. Electronics operates R&D centers, known as Electronics Technology Centers, at key sites in the USA, Korea, Germany, Taiwan, Japan and China. With its global R&D network, Merck is an important innovation partner close to its customers.

Merck products are incorporated into almost every electronic device. In today's data-based world, modern society needs a functioning and powerful technical infrastructure. This brings with it ever-increasing technical requirements, which are being created by growth trends such as 5G and Big Data, as well as the rapid advances in new applications such as autonomous driving and the Internet of Things.

The company supplies products for all key wafer processing production steps: patterning, deposition, planarization, etching, cleaning, doping and back-end packaging. Intermolecular, Electronics' innovation hub in Silicon Valley, tests and develops advanced materials to revolutionize next-generation electronics that make life easier, more fun and more productive.