

Investor Relations FAQs on COVID-19

Updated 3/25/20

1. **What is the potential impact of COVID-19 on Merck's supply chain?**

The situation remains fluid, but COVID-19 has not yet had significant near-term impacts on the production and supply of Merck's medicines and vaccines. While supply and demand vary by product, Merck continues to have normal supply levels for most of its medicines and vaccines, including KEYTRUDA and GARDASIL, unless the outbreak is sustained over an extended period of time. As communities around Merck's manufacturing facilities are impacted by various social distancing measures implemented by authorities, Merck will assess the impact of reduced staffing levels on our supply chains. However, due to a surge in demand for PNEUMOVAX 23 over the last few weeks in certain markets, including the U.S., Merck will experience intermittent backorders in the U.S. and certain other markets as soon as next week. This surge has just occurred, so Merck is evaluating the pattern of demand to determine the duration of the stockout. Merck has adjusted production schedules to replenish as soon as possible.

How much inventory is available on hand?

In general, Merck carries several months of inventory close to the patient. Merck's total supply chains are 6 to 12 months in length, and there is confidence in the ability to process that. Disruptions referred to above would mean a total shutdown of supply chains for an extended period of time, which has not been seen to date.

What proactive measures have been taken to ensure supply?

To understand potential impacts, Merck's teams have been conducting thorough assessments of its supply chain. This includes contacting direct suppliers, suppliers that source from affected areas and tracking distribution and logistics to monitor import and export status. Merck is monitoring major ports, alternative ports, air cargo shipments, and third-party logistics partners. Merck will continue to track closely and provide any updates as needed.

What has been the supply chain impact in China, specifically?

The outbreak has had a limited effect on the Company's supply chain of drugs into and raw materials out of China. Merck manufactures very little human health API in China. Merck's API suppliers from different parts of the world do get raw material inputs from China. However, for key human health products that use raw material inputs from China, Merck has several months of availability of these materials and has worked with its partners to secure further production for these raw materials.

What has been the supply chain impact in Italy, specifically?

Merck has an Animal Health manufacturing facility in Aprilia, Italy that manufactures pharmaceuticals for animal health and the site is continuing production. Merck does not have a direct Human Health manufacturing presence in Italy, but does source raw materials, API and drug product from third-parties. To-date, third-party supply has been uninterrupted.

2. **Has COVID-19 impacted Merck's clinical trials? UPDATED**

Continuity of Merck's clinical trials was maintained throughout the crisis in China using an operational continuity plan. As the outbreak has spread globally, Merck is scaling the approach taken in China and will closely monitor and deploy regional operational continuity plans. Merck's highest priority is to maintain the continuity of patients currently enrolled in ongoing clinical studies. In many jurisdictions, we are temporarily suspending enrollment to ongoing studies and the start of new studies due to the pandemic. Merck intends to monitor conditions across the healthcare continuum and will provide further updates as appropriate.

3. What is the impact of COVID-19 on Merck's ongoing operations (i.e.: facilities, working from home, individual sites)?

The majority of Merck's offices, plants and clinical supply sites are fully operational, and our labs are focused on essential operations. Merck is implementing planned steps to ensure business continuity. This situation remains fluid. Merck fully supports measures to slow the spread of the virus as the situation evolves. Specifically, in China, most of Merck's offices, labs and plants are now open while many office- and lab-based colleagues continue to work from home. In most markets around the world, Merck colleagues are primarily working from home.

4. What is the impact of COVID-19 on Merck's sales force?

As appropriate, in many markets Merck has paused in-person interactions with health care providers and field-based employees are working from home, including in the U.S. Merck will continue to be available for customer support and will use digital tools to keep customers updated.

5. What is the impact of COVID-19 on Merck's first quarter results and 2020 guidance?

As noted on the 4Q earnings call, there will likely be a negative impact to Merck's 1Q20 results as a result of COVID-19, but Merck does not expect the impact to be material. Demand for Merck's products has remained strong, especially across oncology and vaccines, and its ability to supply has been largely unaffected. Beyond the first quarter, there is likely to be more of an impact given reduced patient access at providers and hospitals. Merck believes underlying patient demand for its products remains strong. Merck will provide more color in its 1Q20 earnings release.

6. Where specifically might there be impact to Merck's business? UPDATED

Merck is confident in the underlying demand for its products, but is aware of the following changes in the business environment:

- The prioritization of patients at hospitals could result in delayed patient infusions or delayed starts of new patients on its oncology products.
- The postponement or canceling of elective surgeries at hospitals will likely impact demand for BRIDION.
- Major cancer centers are treating fewer overseas patients given travel restrictions.
- Demand for vaccines could increase near-term due to customer efforts to ensure continuous supply. For example, Merck is working to assess a global increase in demand for PNEUMOVAX 23.
- Overall demand for Merck's Animal Health products has remained strong and to date our ability to supply has been largely unaffected.
- Beyond 1Q, there is likely to be more of an impact given government calls to exercise social distancing, which may impact both our companion animal and livestock businesses. For example:
 - Reducing access and wellness trips to the veterinarian
 - Reducing downstream demand for meat and dairy at restaurants and milk for school lunches

Forward-Looking Statement of Merck & Co., Inc., Kenilworth, N.J., USA

This FAQ of Merck & Co., Inc., Kenilworth, N.J., USA (the “company”) includes “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based upon the current beliefs and expectations of the company’s management and are subject to significant risks and uncertainties. There can be no guarantees with respect to pipeline products that the products will receive the necessary regulatory approvals or that they will prove to be commercially successful. If underlying assumptions prove inaccurate or risks or uncertainties materialize, actual results may differ materially from those set forth in the forward-looking statements.

Risks and uncertainties include but are not limited to, general industry conditions and competition; general economic factors, including interest rate and currency exchange rate fluctuations; the impact of the recent global outbreak of novel coronavirus disease (COVID-19); the impact of pharmaceutical industry regulation and health care legislation in the United States and internationally; global trends toward health care cost containment; technological advances, new products and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approval; the company’s ability to accurately predict future market conditions; manufacturing difficulties or delays; financial instability of international economies and sovereign risk; dependence on the effectiveness of the company’s patents and other protections for innovative products; and the exposure to litigation, including patent litigation, and/or regulatory actions.

The company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Additional factors that could cause results to differ materially from those described in the forward-looking statements can be found in the company’s 2019 Annual Report on Form 10-K and the company’s other filings with the Securities and Exchange Commission (SEC) available at the SEC’s Internet site (www.sec.gov).