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PRESENTATION

Chris Shibutani - Goldman Sachs Group, Inc., Research Division - Research Analyst

Okay. Let's get underway. Welcome, everybody, to the afternoon session here at the Goldman Sachs 44th Annual Healthcare Conference. We are, as always, super psyched to have Merck join us. CFO, Caroline Litchfield; President of Merck Research Labs, R&D guru, fried chicken aficionado, Dean Li. So thank you both for joining us.

Lots to discuss. Last year, when you were here, we saw a stock in a great trajectory. And then I think we started this year and I had Rob on the dais and like, gosh, where do we go from here? But what an eventful year-to-date actually. And for so many of these topics that we're going to discuss, Merck has really been front and center, very much front, tip of the spear kind of stuff.

Really, we're going to discuss so many things in terms of -- it's always about capital allocation priorities, et cetera, and the strategic build, leadership. We're just coming on the heels of ASCO. Obviously, some very dynamic data. You guys are very deeply engaged with all sorts of partners and cool platforms and things. Then obviously, mainstream above the fold headlines was the decisive step from a legal standpoint that Merck led the way in terms of filing suit against the federal government for CMS. So we'll talk about all of those topics here.

QUESTIONS AND ANSWERS

Chris Shibutani - Goldman Sachs Group, Inc., Research Division - Research Analyst

But maybe we'll just do a gentle palate and spreading of the opening and ask you, Caroline, about the fact as the year has progressed, how are you feeling about where we're at.

Caroline Litchfield - Merck & Co., Inc. - Executive VP & CFO

Very good. So first, thank you for having us and thank you for joining. We have real momentum in our business, and Chris has touched on some of those elements. And that momentum is as a result of the dedicated colleagues we have all across the globe. We have really made significant progress in our company over the last few years.

We are executing on our in-line portfolio. We're progressing our pipeline. We're augmenting that pipeline with scientifically focused and financially disciplined business development. So there's great momentum, and we started the year strong. We had a first quarter with underlying revenue growth of 15%, excluding LAGEVRIO and foreign exchange. And we increased our guidance expectations for the full year, now expecting growth of between 8% and 10%. And that's as a result of the strong global demand we have for our medicines and vaccines across oncology, our vaccines portfolio and, of course, animal health. So we're executing.

We're progressing the pipeline, and Dean will touch on that in a moment. So that gives us a lot of confidence for driving growth, both in the near term and the longer term. As Rob said, actually, in the first quarter earnings call, our strategy is working. We continue to build our innovation engine.

And it's that innovation that will drive impact for patients in years to come. It will drive value for our shareholders, and it will drive growth into the next decade.

So with that, Dean?

Dean Y. Li - Merck & Co., Inc. - Executive VP & President of Merck Research Laboratories

Yes, I would just emphasize, it's -- if we look back, let's say, 2021 when there was leadership transition, I think we were very clear to the broader audience that we were going to really focus on no longer just speaking about KEYTRUDA and cancer. But in cancer, we would use our concentrated leverage, to move into things like other IOs, which we've done, that we would move into other sort of places such as tissue targeting, which now we just came out of meetings, I'm getting asked to ask about.

And also this concept of moving from late stage to earlier stage, we think, is going to be really important. So that's diversification throughout oncology just as a quick, but it's also through the broader pipeline. I would say that in the last 2 years, I get a lot of questions, not just about oncology or infectious disease and vaccines, but I get a lot of questions about cardiovascular and immunology, which was not something that was high on the list of questions I would get just 2 years ago.

Chris Shibutani - Goldman Sachs Group, Inc., Research Division - Research Analyst

Right. I think that's a perfect framing of so many things and topics that we want to cover. Let's go directly to the legal action against the federal government over the IRA. I remember being on -- paying attention to the ASCO broadcast. And this is a question that I know you're both very comfortable with addressing.

But really what really jumped out at me, Dean, was sort of like the verve, the emphatic nature of the tone that you expressed with some of the things. So help us understand sort of what is underpinning some of the emphasis behind the decision and the direction that you are taking here, particularly from your point of view.

Dean Y. Li - Merck & Co., Inc. - Executive VP & President of Merck Research Laboratories

So what I will do is I will let my compatriot give you the kind of gentler, more...

Chris Shibutani - Goldman Sachs Group, Inc., Research Division - Research Analyst

Yes. The British accent just likes makes it convincing right away, right, and the words...

Dean Y. Li - Merck & Co., Inc. - Executive VP & President of Merck Research Laboratories

And then I would go on how I view it. And I just want to make sure that my view is not just from an MRK standpoint. It's from an M-E-R-C-K point of view, and it's from a trajectory of medicine point of view. But I'll reserve that for after Caroline.

Caroline Litchfield - Merck & Co., Inc. - Executive VP & CFO

So I think all of you appreciate, Merck is a company that really focuses on translating breakthrough science to invent medicines and vaccines that will help save and prolong life. That's guided us for the last 130 plus years. And as a result, we and others have had a significant impact on human health.

The element of the Inflation Reduction Act that looks at price setting and as Dean would note, time setting, is what we have taken objection to. This has the risk of significantly impacting innovation for the pharmaceutical industry. So we felt it was important to stand up, and stand up because of the concerns for the trajectory of innovation. Stand up because of the concern for the impact for patients over the longer term. And stand up because the Act as written is unconstitutional. It is actually violating both the fifth and the first amendment.

So we've moved forward with our lawsuit. We've done that not because Merck is impacted to a greater extent than anyone else. Indeed, we've stated publicly that we believe we have a strong innovation engine and that we will be able to sustain growth into the future, incorporating the impacts of the IRA as it's currently written. But we've stood up because it's important that we all look to protect innovation.

So what we're hoping to do is to ensure that we work with the government, work with the government to enable patient-focused innovation, that we enable value and we enable access. And that's why we have acted. Then, Dean?

Dean Y. Li - Merck & Co., Inc. - Executive VP & President of Merck Research Laboratories

Yes. So if you look at ASCO, and I just point out that the decision that we made in terms of the legal action occurred on June 6, which is an important date. And that important date is it followed ASCO. And if you were at ASCO, the headlines that all of you were reading is really late stage going to earlier stage. And early detection is important. You had the potential future NIH directors speaking about the possibility.

The word cure got used a lot in multiple situations. It was related to CDKs in breast cancer. It was related to EGFR TK inhibitors in lung cancer. It was related to our work and other people's work with PD-1. And I would just step back and ask everyone, those earlier-stage cancer trials that occur after you prove that it works in metastatic, how long do they take? So the CDK trial takes 5 years. The EGFR TK inhibitors, that's not our company, it takes 8 years.

You just look at the trajectory, especially a small molecules, touching important nodal pathways. In the future, do you think that those pathways, they're going to be done in metastatic. Have you put in -- and this is what I said, you have a cancer moonshot shuttle that is tasting early detection and cure. Have you inadvertently put an O-ring in there that's going to make that shuttle's path difficult, especially when there's so much advancements, especially in small molecules in cancer.

The reason I also think it's important is, I would remind all of us, not just the pharmaceutical industry, the investors, but my academic colleagues and the broader ecosystem. If you think 9 years in small molecules and 12 years in biologics is the goal. You have to remember that 4 weeks ago or 5 weeks ago, a SMART Act or legislation was proposed to drop it to 5 and 5. So when I was talking to people, I'm like, do you know what that means? And people immediately said, no one's ever going to do those trials.

And that, to me, is a clarion call not for Merck or pharma or investors or -- it's the trajectory of medicine that you're going to affect. We support the cancer moonshot ambitions of this administration, but we're calling out that inadvertent O-ring, especially when people do the SMART Act, that's more like a smart bomb driven directly at that cancer moonshot shuttle. So those are important points for -- that was why we were so animated because it's not a Merck issue. It's a broader issue.

Chris Shibutani - Goldman Sachs Group, Inc., Research Division - Research Analyst

Animated, very good word choice. You talked about working with the government and really kind of there were emotional elements to what you just commented upon, Dean, and the ideals that were there. And at the same time, the language was just lexicon busting, just really colorful stuff. Flame a little bit around some of the language. There are things like tantamount to extortion and just the exhortations were very dramatic, emphatic, memorable. Obviously, legal counsel was involved with the actual writing of this, et cetera. Help us understand sort of the tone of the actual suit.

Dean Y. Li - Merck & Co., Inc. - Executive VP & President of Merck Research Laboratories

I'm going to let Caroline handle it because I've already shown you the emotion that I have, not related to the suit per se, but I just think it's really important that the whole ecosystem -- this is not about rare disease. This is about one of the most important diseases that we could address. But in terms of that emotion that was placed within my discussion here and at ASCO, it was, do all of you understand what is at stake here? Caroline.

Caroline Litchfield - Merck & Co., Inc. - Executive VP & CFO

And so the language that we've used in the lawsuit is really showing the issue of the price-setting component of the IRA to, number one, what negotiation does or doesn't mean. And while the IRA suggests that there will be negotiation on the price, the reality of the process means it doesn't really work as a negotiation.

We wanted to ensure we had appropriate language to ensure people understand what negotiation is and what it is not. Similarly, the fact that at the end of the day, a pharmaceutical company would need to agree to that price, really, you're not giving a choice but to agree. And again, we wanted to ensure the appropriate language around what the Inflation Reduction Act for this price setting component is actually requiring us to do.

We feel strongly as a company, you've seen us act this way for 130-plus years, but it's important to do things to advance science and do it in the right way, and that's what you're hearing from our company in the scientific discussion, but also in the discussion of doing things in the right way in the lawsuit.

Dean Y. Li - Merck & Co., Inc. - Executive VP & President of Merck Research Laboratories

But from a scientific standpoint, as I've expressed, a concern that I have for the field, not for Merck itself, especially in relationship to small molecules can hit critical oncogenes that have never been able to hit before. Inadvertently, the Inflation Reduction Act could be conceived as an Innovation Reduction Act.

Chris Shibutani - Goldman Sachs Group, Inc., Research Division - Research Analyst

There was a constitutional approach to this, that amendment, first amendment. You've basically outlined what some of those were with the Fifth Amendment. I've been doing a lot of learning as many of us have. Last year or 2 years ago, we all became armchair virologists. Now we're becoming constitutional lawyers, et cetera, understanding about things like the takings clause, et cetera. So it's interesting.

But then maybe some real concrete things. You guys were the first. Seems as if Chamber of Commerce as follows: there echoes in the vocabulary of conversations I'm having with other C-suites from other companies as if that there is an alignment. So perhaps others will follow. What is your sense of optimism about that?

Caroline Litchfield - Merck & Co., Inc. - Executive VP & CFO

I think the industry had a unified voice last year on the devastating impact that this could have on innovation. And many companies voiced that concern and pharma voiced that concern. So while we can't speak on exactly what other companies would do, we do expect other companies are likely to show their voices in a way similar to what our company has done.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Timing, June 6, you mentioned immediately followed ASCO with a clear demonstration and sort of linkage of the consequences for people to see, et cetera. But from a legal standpoint, there's this question of does an entity have standing, which is very specific vocabulary from legal language standpoint.

Have you been the recipient or on the receiving end of harms or injury, one could argue which is all about what lawyers do, et cetera, that, that has not necessarily come to pass as of yet. But there are procedural aspects of this that are very relevant in terms of thinking about what kind of goal can we get to, over what kind of time frame? And we all know that a lot of legal processes take a lot of time.

So talk to me about the timing of this decision, in particular. I'm bringing up the issue of standing, but what other factors went to the timing of why now? We're also kind of like ahead of September 1, et cetera.

Dean Y. Li - *Merck & Co., Inc. - Executive VP & President of Merck Research Laboratories*

Well, I'll just take the concept of standing just clear. So we've shown you why we're very concerned about the Inflation Reduction Act. It changes the trajectory of the path, let's say, in cancer that has been tried and true for 50 years. And so we have a concern about it, but we believe that we have standing. So the appropriate position, when you think there is legislative overreach, is to file suit.

So we believe that we have standing, and each company will have to define how they express their thoughts, not just with thoughts, but clearly, they have to decide whether they have standing on how to proceed. I just want to emphasize that there have been times where we, for example, think that there's judicial overreach recently in Texas and decisions with that.

One could argue that we don't precisely have standing, but we show support by being part of the amicus brief in relationship to what we view as judicial overreach that threatens the ecosystem of medical innovation because it threatens the FDA. And so each company is going to have to decide the path that's important for them, what's important for them, but they also have to decide whether they have standing. And it is our legal colleagues' point of view that standing is clearly with us given what we think is the timing.

And so we didn't think should we be first or not. This is -- we have standing, we should do this. We're not going to pull everyone, should we go first or this. This is a company that has a tradition in this leadership team and the previous leadership team that when you're clear about your principles, you act.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Yes. No, and that's threaded through decades of the history of the company's culture. Clear river blindness can be a position around Penn State, just so many ways that you guys have really stood front and center. So that makes sense.

Process 2. So we're going about constitutional challenge here. Ultimately, the defining arena could be the Supreme Court, but you chose a district court sort of like game plan. And there, again, there's some very basic decisions. You guys are headquartered in New Jersey. Washington, D.C. is where the filing took place.

Pros and cons of sort of that and the implications because ultimately, there's usually this question of we all on the street decode is just like, oh, it's Judge X, who was involved with the 2014 ACA case and the political leanings and the capabilities of different courts. How should we understand what the pros and cons were of the sort of procedural decision to file suit in the district that you did and the prospects of ultimately getting to Supreme Court?

Caroline Litchfield - Merck & Co., Inc. - Executive VP & CFO

So we decided to move forward in the area that we would be able to best move forward this case in an expeditious way. So that's why we made the decision.

Chris Shibutani - Goldman Sachs Group, Inc., Research Division - Research Analyst

And to be expeditious and to meet that goal, what is the time park that we're talking? Are we talking 2026?

Caroline Litchfield - Merck & Co., Inc. - Executive VP & CFO

So it's hard for us to get ahead of what the court system will be and the time line around it, but we would expect this to move.

Chris Shibutani - Goldman Sachs Group, Inc., Research Division - Research Analyst

Okay. Let's consider this the first round of volleys on some very fascinating questions. I'm sure you've had many fascinating discussions, and we will continue to do so. But with the 15 minutes that I have left, let's move on to some other cool stuff that you guys are up to. Capital allocation, business development, et cetera.

I would argue that you guys have done some of the coolest deals. I think that actually Acceleron and sotatercept and how that asset has really manifested is arguably one of the best-in-class type deals. And then the Prometheus asset. I covered Prometheus there, a novel mechanism of action there.

So ACC. I was a little bit worried going into that analyst meeting. It was quite the victory lap here in terms of the quality and the caliber of the data and the enthusiasm. What should we know about sotatercept in particular in terms of what's next? Dean, I know you've been going back and forth between also...

Dean Y. Li - Merck & Co., Inc. - Executive VP & President of Merck Research Laboratories

In terms of sotatercept itself, I think it's very important that we understand that our interest in sotatercept and also our MK-5475 is about PAH. This is about PAH and really using that as a laboratory to understand right heart failure. So when you think about where we plan to investigate sotatercept, it is in PAH, but it's also in diastolic heart failure as well.

When you look at our inhaled sGC, MK-5475, it is about PAH, but it is also about pulmonary hypertension driven by COPD. So we are very excited about whether we can make an impact on right heart failure, which using PAH as a platform.

In terms of others, interest that we have, I think you've called out Prometheus. And I would just -- I was asked this question, what do I like. And I can tell you what I like. I like companies that have bet on platforms and products that if you ask me back in my biotech years whether I would start a company on this, 5, 8, 10, 15 years ago, and I would sit there and go, I wouldn't. And then I see data that clearly shows that was a mistake, Dean.

So I look at the Acceleron. I know that field. I was in that field. If you asked me this 20 years ago, and people did ask me 20 years ago, I'm like, I'm not so sure. When you see that card flip over, that gets me excited. If you ask me, could you get another TNF looking drug to have that sort of data in all comers, but not just in all comers, you have a path with biomarkers to make it even more profound, I would have said 10 years ago, I don't think so. So those are the business development deals that I especially like.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

With sotatercept, there is that opportunity to focus on the PAH side of it. It seems as if the physicians had quite a bit of enthusiasm around the initial data here. Maybe some of the dust has settled and people are thinking a little bit more soberly but nonetheless, where do you see sotatercept fitting into the existing group 1 PAH paradigm?

Dean Y. Li - *Merck & Co., Inc. - Executive VP & President of Merck Research Laboratories*

I think that we'll see as the data continues to roll out both from STELLAR, long term and as others that I think that people will look at it and sit there and go, the 6-minute walk and also the hospitalization and the 8 out of 9, I don't know that people have seen that in any mechanism period but especially a mechanism that is so distinguished from all the vasodilatory mechanisms.

And as that data continues to come out, I think people will ask themselves, and patients will ask themselves, why not me. I think there will be an increased enthusiasm as the data sort of matures of asking the question, how earlier in the line of therapy should I put this in? And I would imagine that there are some institutions and some investigators who are looking at the STELLAR trial and asking, when this launches, how do I get into that inclusion criteria and I better start doing whatever is required to do that now. So that's how I think it could play out.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Got it. And then switching over to the Prometheus asset with TL1A. This essentially sort of refurbishes and reraises the profile of immunology franchise. There was talk about a fourth pillar. And it was quite clever in the standpoint of you didn't have an obvious commercial presence at this current iteration where Merck is, people concerned about the FTC and with dealmaking. So once again, that transaction in my mind, had a level of smarts because of the ability to sort of evade that potential obstacle, no guarantee, but certainly confident in the timing of potential close in the third quarter continues to be clinical data and profiles.

And here's where Eliav always gets a little bit uppity at me because I'm just like, well, I saw the R&D deck from the analyst meeting of the independent company, and here's when the Phase III was going to read out. And he leaned forward and gets all huffy. He's like, we are adamant about being able to keep programs on track as we integrate and attract them.

So we have the TL1A. We're eager to know about some maintenance data. All these immunology drugs are about induction, but we know that the money is made in essence, on chronic maintenance therapy, et cetera. Where we around the maintenance data for that asset? And might we see that this year? And I recognize there's some constraints because the deal has not closed yet, but your level of confidence and things on track relative to what's been articulated by the originator company.

Dean Y. Li - *Merck & Co., Inc. - Executive VP & President of Merck Research Laboratories*

So I'm very confident in the data that we've seen in the maintenance. And also other data makes me as confident, if not more confident, in the induction because the question that you're asking is the impact that you saw in the clinical trial, is that enduring. That's essentially the question that's coming through.

We believe it's enduring, and we think it could change similarly, as I talked about sotatercept, how people think about what drug should be used, when, in what cycle, in inflammatory bowel disease. We're also very interested not just in ulcerative colitis, but also in Crohn's disease. There is a theoretical point of view that's been done in preclinical, which is the potential importance of TL1A in fibrosis, which is especially important for Crohn's disease.

And we're anxious to see that data as it rolls out because that will be important as well. And then clearly, this issue of how you rethink about the field in terms of biomarkers. And then the final issue that I would just emphasize is that, in many ways, Prometheus is a platform company based

on important work done at Cedars-Sinai by Stephan Targan. And we think that there is more there than just the first 2 assets that have been highlighted, the TL1A as well as the other assets that are in there as well.

So we're most focused on making sure this integration of product and platform is followed by a true integration of people because that's what we need in the integration. They understand something that we at Merck can help them accelerate. But we also have to understand that these people have done something that other people we do not believe have done at Merck and at other places. So we're focused on the people part of that integration, which is going extremely well.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

And I think one of the storylines, that the narrative of Prometheus as a company initially was this notion of bringing precision medicine to immunology. It certainly seems just like a -- on a whiteboard exercise, a very noble and important, the right drug with the right patient at the right time, et cetera.

And yet, immunology is inherently like a really attractive market from a commercial and an industry standpoint because of the complexities. There's still so much we have to understand about patients and biomarkers, et cetera. So Dean, do you think -- how realistic is it? I mean investors love the Precision Oncology story, right? Being able to have genetic markers quite defined, panels that would identify things, being able to measure over pretty short periods of time. How close or far are we from precision medicine in immunology?

Dean Y. Li - *Merck & Co., Inc. - Executive VP & President of Merck Research Laboratories*

So I think Prometheus is that first shot at doing it. And we're very interested in relationship to TL1A. But when I spoke about the broader concept, when I look at their data sets, you could use their data sets not just to define new pathways and figure out where to base them. I think you could use their data set to begin to fractionate the population in terms of response to known drugs.

So this concept of you were going to use TL1A to explore how to position TL1A. But in doing so, not only will we have other molecules coming through but it may also influence how we think about molecules that are already there. Who is the best person who should get a TNF? Who's the best person who could get an IL-23? I wonder whether their data sets might help us elucidate a broader aspect of the field, not just the importance of biomarkers for TL1A.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Got it. I have about 5 minutes left, and we grounded ourselves quite a bit in the conversation on the legal front, which I thought was important and timely. So I won't be able to get all of the questions here, but I think we'll tick off a couple of things here. Capital allocation strategy on the forward now, assuming that we closed Prometheus. Just the generic questions in terms of how you're feeling about capacity, prioritization, what you're going after now?

Caroline Litchfield - *Merck & Co., Inc. - Executive VP & CFO*

So our capital allocation priorities as a company are unchanged. They're the same today as they were pre-Prometheus acquisition announcement. As a company, we're focused first and foremost in investing in our business and the rich opportunities we have to invest in our pipeline and in our portfolio. We're committed to our dividend and increasing that dividend over time.

As Dean said, we are committed to business development and continuing to augment our pipeline with deals of all sizes in all different therapeutic areas, but really where we see excellent science in areas of unmet medical need and where we can get the science and value to align, then we'll act, as you've seen us do.

We've got a very strong balance sheet. We've got ample capacity to do deals of all kinds of sizes, and we've got strong cash flow generation in the years ahead of us. And then finally, from a capital allocation priority, we will return excess cash to our shareholders via share buybacks. We've indicated we expect a modest level of share buyback, and that's because of the rich opportunities we have to invest in our company to drive the next wave of innovation and growth into the future.

Chris Shibusani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

An important recent news related question on this topic is the FTC and the actions that they're doing in relation to Amgen-Horizon. How does this factor into your calculus and thinking?

Caroline Litchfield - *Merck & Co., Inc. - Executive VP & CFO*

So it's clear that the FTC is taking a rigorous approach in assessing transactions in the pharmaceutical industry and outside of our industry. And we do look at the potential assessment from the FTC. All the transactions we look at are scientifically focused. We're looking at bringing the best innovation and driving that innovation, driving it with speed and driving it to hopefully impact more patients. So we believe the kind of transactions we look at are pro-innovation and they're pro patient access and therefore, should be enabled through an FTC rating.

Chris Shibusani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Business development more broadly speaking, does include some partnerships. So I want to conclude by asking Dean a little bit about 2 of the data points coming out of ASCO, which we just recently exited as well. The data that was presented on 2870 with antibody drug conjugate. And then I also want to touch upon something related to Moderna, the mRNA-4157.

Maybe key takes on the ADC. And in particular, these are at junctures where everyone's speculating about what the Phase III programs could look like. Help make us a little bit smarter by sitting in this room together with you today, it sort of feels like post ASCO, we're about to Phase III. What's the proprietary color that you can whisper in my ear?

Dean Y. Li - *Merck & Co., Inc. - Executive VP & President of Merck Research Laboratories*

Fundamentally, with the antibody drug conjugates, we show the initial profile. We recognize that it's an early profile, but it gives us great confidence to move that ADC fast. Most people are focused, for example, in lung, and I would just emphasize the importance in lung is that pembrolizumab and chemo, KEYNOTE-189 is out there, then the finish line or you might even say the starting line isn't monotherapy. The starting line is the minute you start doing pembrolizumab plus ADC. And so the profile of our ADC gives us confidence to move quickly. And we think that's an important place related to lung.

There's also other places that clearly, we have evidence for and that we will advance. But the other point is we'll do that looking at the totality of our data, the totality of the field's data and the totality of ADCs that are moving very fast in our pipeline internally and with Kelun's partnership in relationship where to put the right ADC with the right indication.

Chris Shibusani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

And then on the new acronym for the Moderna asset, I'm not supposed to say.

Dean Y. Li - *Merck & Co., Inc. - Executive VP & President of Merck Research Laboratories*

Yes.

Chris Shibutani - Goldman Sachs Group, Inc., Research Division - Research Analyst

Remind us what the correct new acronym is.

Dean Y. Li - Merck & Co., Inc. - Executive VP & President of Merck Research Laboratories

I would not answer a question related to a personalized cancer. And it would be individualized neoantigen. But I just would emphasize, it's essentially a path to tickle the immune system, add it with a drug such as KEYTRUDA that unleashes the immune system. And it's essentially IO plus IO. And what you saw was an impact in melanoma in a Phase II in a randomized trial, where KEYTRUDA in adjuvant has an important effect and you have a contribution of components where you can say the INT, individualized neoantigen therapy, is clearly doing something based on real clinical responses.

And also we provided additional data at ASCO as well. So we look at it and we're like, that's a place that we need to think carefully about. And we have to think ourselves where can we play with our strength. And so clearly, tissues that we know are immune-sensitive tumors because we have the physiologic probe to define that, which is pembro. That's a place that we will go.

Other companies with their therapies have gone a different way. And we will monitor that and transition should they be successful, but we're going to play strong where we have our data in a Phase II randomized trial and where we understand the possibility of IO plus IO can work best.

Chris Shibutani - Goldman Sachs Group, Inc., Research Division - Research Analyst

And then the final question, another asset that tickles immune system. TIGIT. So how should we think about -- you're going after an adjuvant melanoma setting. Is there a complementarity of the positioning? Multiple shots on goal? Frame how to think about these 2 programs as they progress.

Dean Y. Li - Merck & Co., Inc. - Executive VP & President of Merck Research Laboratories

Yes. So one of the things that I've just emphasized in previous is the field has naturally gone to IO plus IO in metastatic because that's where the initial IO was. It is my view that in the earlier stage cancer, IO plus IO could be more impactful than IO plus IO and the metastatic. So that's why we drove a lot of trials in the metastatic with IO plus IO.

But as we've done it, we've opened a new trial, a new keynote in adjuvant melanoma. And we'll have to see whether that sort of view is correct. And we've actually asked ourselves other IO agents that have been placed in metastatic, should we reconsider them in the earlier stage as well, not just TIGIT?

Chris Shibutani - Goldman Sachs Group, Inc., Research Division - Research Analyst

Got it. Okay. Well, we're out of time. Caroline Litchfield. Dean Li, thank you both for joining. Thank you for Merck's leadership. And with you guys in the scrum, looking forward to the second half of the year.

Dean Y. Li - Merck & Co., Inc. - Executive VP & President of Merck Research Laboratories

All right. Thank you.

Caroline Litchfield - Merck & Co., Inc. - Executive VP & CFO

Thank you.

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