Merck & Co., Inc. (MRK)

$109.19 (Stock Price as of 01/12/2026)

Price Target (6-12 Months): **$115.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 01/09/26) Prior Recommendation: Neutral	**Underperform**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**5-Strong Sell**
	Zacks Style Scores:	VGM: B
	Value: C | Growth: B | Momentum: C	

Summary

Merck's blockbuster drug, Keytruda, and new products have been driving sales. With label expansion into new indications, particularly earlier-stage launches, Keytruda is expected to see continued growth. Animal health is also contributing to growth. Merck has been making meaningful pipeline progress across areas like oncology, vaccines and infectious diseases. Moreover, it is actively pursuing M&A deals to enhance its pipeline and diversify away from Keytruda. However, rising competitive and generic pressure on some drugs and persistent challenges for Gardasil in China remain overhangs. There are concerns about Merck's ability to successfully navigate the Keytruda loss of exclusivity period and potential competition for the drug. Merck's shares have outperformed the industry in the past six months.

Price, Consensus & Surprise(1)

Data Overview

52 Week High-Low	**$112.90 - $73.31**
20 Day Average Volume (sh)	**12,916,609**
Market Cap	**$274.3 B**
YTD Price Change	**5.0%**
Beta	**0.29**
Dividend / Div Yld	**$3.40 / 3.1%**
Industry	**Large Cap Pharmaceuticals**
Zacks Industry Rank	**Bottom 24% (185 out of 244)**
Last EPS Surprise	**9.3%**
Last Sales Surprise	**1.2%**
EPS F1 Est- 4 week change	**-3.8%**
Expected Report Date	**02/03/2026**
Earnings ESP	**2.1%**
P/E TTM	**12.8**
P/E F1	**12.2**
PEG F1	**1.8**
P/S TTM	**4.3**

Sales and EPS Growth Rates (Y/Y %)(2)

Sales Estimates (millions of $)(2)

	Q1	Q2	Q3	Q4	Annual*
2026	16,133 E	16,259 E	17,365 E	16,921 E	66,677 E
2025	15,529 A	15,806 A	17,276 A	16,048 E	64,659 E
2024	15,775 A	16,112 A	16,657 A	15,624 A	64,168 A

EPS Estimates(2)

	Q1	Q2	Q3	Q4	Annual*
2026	2.08 E	2.06 E	2.30 E	2.29 E	8.74 E
2025	2.22 A	2.13 A	2.58 A	2.03 E	8.96 E
2024	2.07 A	2.28 A	1.57 A	1.72 A	7.65 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 01/12/2026.
(2) The report's text, the analyst-provided estimates, and the price target are as of 01/07/2026.

Overview

Based in Kenilworth, NJ, Merck & Co. boasts more than six blockbuster products in its portfolio with PD-L1 inhibitor, Keytruda, approved for several types of cancer and alone accounting for around 50% of its pharmaceutical sales. Keytruda has played an instrumental role in driving Merck's steady revenue growth in the past few years. Though Keytruda may be Merck's biggest strength and a solid reason to own the stock, it can also be argued that Merck is excessively dependent on the drug and should look for ways to diversify its product lineup.

Well-known products in Merck's portfolio include Keytruda (Oncology), Simponi (Immunology), Januvia and Janumet (Diabetes), Bridion and Prevymis (Hospital Acute Care), Isentress (Virology), ProQuad, Gardasil, Pneumovax 23, RotaTeq (Vaccines) and Belsomra (Neuroscience).

In 2009, Merck made its biggest acquisition of Schering-Plough for $41.1 billion. Merck sold off its Consumer Care business to Bayer for $14.2 billion in October 2014. Other key acquisitions include Idenix Pharmaceuticals in August 2014, Cubist Pharmaceuticals in January 2015, Rigontec in October 2017, ArQule in January 2020, Acceleron Pharma in November 2021, Prometheus Biosciences in 2023 and Verona Pharma in 2025.

In June 2021, Merck spun off products from its Women's Health unit, legacy drugs and biosimilar products into a new publicly traded company called Organon & Co.

As of 01/07/2026

Merck reported sales of $64.2 billion for 2024, up 7% year over year. While the Pharmaceuticals segment accounted for 89.5% of total sales, Animal Health products generated 9.2% of total revenues. Key drug, Keytruda, recorded sales of $29.5 billion in 2024, up 18% year over year.

As of 01/12/2026

Reasons To Buy:

> Blockbuster drug, Keytruda, and new products have been driving Merck's sales. Keytruda is expected to see continued growth.

- **Keytruda: A Key Top-Line Driver:** Keytruda is already approved for the treatment of many cancers globally. In the United States, Keytruda is approved for more than 40 distinct indications. Keytruda sales are gaining from continued strong momentum in metastatic indications and rapid uptake across earlier-stage launches. Keytruda is presently approved to treat 10 indications in earlier-stage cancers in the United States. Keytruda is continuously growing and expanding into new indications and markets globally. Numerous recent approvals and the expected launch of many additional indications, including in earlier lines of therapy can further boost sales.

  The Keytruda development program is progressing well. The drug is being studied for more than 30 types of cancer, including both monotherapy and combination studies. Keytruda is being studied in phase III studies for hepatocellular, ovarian and small-cell lung cancers, among others.

  Merck is working on different strategies to drive the long-term growth of Keytruda. These include innovative immuno-oncology combinations, including Keytruda with LAG3 and CTLA-4 inhibitors. In partnership with Moderna, Merck is developing a personalized mRNA therapeutic cancer vaccine called intismeran autogene (V940/mRNA-4157) in combination with Keytruda in pivotal phase III studies for earlier-stage and adjuvant NSCLC and adjuvant melanoma. Merck's subcutaneous formulation of Keytruda, known as Keytruda Qlex, was approved by the FDA in September 2025. Keytruda Qlex can offer substantially quicker administration time than intravenous infusion of Keytruda.

  Our estimates for Keytruda suggest a CAGR of 3.9% over the next three years.

  Merck's shares have risen 33.8% in the past six months against an increase of 18.1% recorded by the industry.

- **New Product Approvals to Drive Growth:** Key approvals in 2021 were Verquvo/vericiguat for worsening chronic heart failure with reduced ejection fraction (HFrEF), Vaxneuvance, its pneumococcal 15-valent conjugate vaccine and Welireg/belzutifan, its novel HIF-2? inhibitor to treat some von Hippel-Lindau (VHL) disease-associated tumors. Winrevair (sotatercept) was approved for pulmonary arterial hypertension in the United States and the EU in 2024. Capvaxive, Merck's 21-valent pneumococcal conjugate vaccine, was approved in the United States in June 2024 and in the EU in March 2025. Merck's RSV antibody, Enflonsia (clesrovimab), was approved in the United States in June 2025, while it is under review in the EU. A fixed-dose combination of doravirine and islatravir for the treatment of HIV is under review in the United States (PDUFA Date: April 28, 2026).

  Welireg was approved by the FDA for its second indication, renal cell carcinoma, in December 2023. Welireg was approved for the third indication, two rare adrenal tumors, advanced pheochromocytoma and paraganglioma, in May 2025.

  These new products and line extensions are bringing in additional sales in 2025. We believe Capvaxive and Winrevair have the potential to generate significant revenues for Merck over the long term, with both products off to strong launches.

  Merck's Animal Health business is also a key contributor to its top-line growth, as Merck is recording above-market growth, and the trend continues in 2025.

  Our estimates for Animal Health suggest a CAGR of 6.5% over the next three years.

- **Solid Pipeline:** Some of Merck's key pipeline candidates are tulisokibart/MK-7240 (a TL1A inhibitor for ulcerative colitis and Crohn's disease - phase III; hidradenitis suppurativa, radiographic axial spondyloarthritis and rheumatoid arthritis – phase IIb), bomedemstat/MK-3543 (essential thrombocythemia, myelofibrosis, and polycythemia vera– phase III), MK-1026/nemtabrutinib (BTK inhibitor for hematological malignancies – phase III), sacituzumab tirumotecan/MK-2870 (an anti-TROP2 antibody-drug conjugate for NSCLC, cervical cancer, ovarian cancer, gastric cancer, breast cancer and endometrial carcinoma – phase III), zilovertamab vedotin (hematological malignancies, including diffuse large B cell lymphoma – phase III), opevesostat/MK-5684 (a CYP11A1 inhibitor for metastatic castrate-resistant prostate cancer – phase III), and enlicitide decanoate/MK-0616, an oral PCSK9 inhibitor for hypercholesterolemia (phase III).

  Lynparza, which is approved in four tumor types, ovarian, breast, prostate and pancreatic, is also being evaluated in combination with Keytruda in late-stage studies for NSCLC and SCLC.

  Merck's phase III pipeline has almost tripled since 2021, positioning it to launch around 20 new vaccines and drugs over the next few years, with many, including Capvaxive and Winrevair, having blockbuster potential.

- **Pursuing Acquisitions/Deals to Boost Portfolio:** Merck, in order to build its long-term portfolio, is tapping external sources. The company entered into several licensing deals in the past few years and targets more such deals in the future. The company's acquisition of Idenix provided a significant boost to its HCV pipeline. In 2019, Merck acquired Antelliq, Peloton, Immune Design and Tilos, which has strengthened its pipeline. In 2020, Merck made important acquisitions, such as that of OncoImmune, VelosBio and ArQule. In 2021, Merck acquired Pandion Therapeutics and Acceleron Pharma.

  Merck invested in strategic M&A activity in 2022 to strengthen its pipeline. These included the acquisition of Imago and key agreements with Moderna, Orna, Orion and Kelun-Biotech. In 2023, it acquired Prometheus Biosciences, which added tulisokibart/MK-7240 to its pipeline. MK-7240, a novel TL1A inhibitor, is being developed for the treatment of immune-mediated diseases including ulcerative colitis, Crohn's disease and other autoimmune conditions. In 2024, it acquired cancer biotech, Harpoon Therapeutics. The acquisition of Verona in 2025 added Ohtuvayre, a novel, first-in-class maintenance treatment for chronic obstructive pulmonary disease, with multibillion-dollar commercial

potential. This strengthens Merck's cardio-pulmonary portfolio, as the drug's differentiated profile provides a significant edge over its competitors.

In October 2023, Merck announced a deal with Daiichi Sankyo to co-develop and co-commercialize the latter's three DXd ADCs — patritumab deruxtecan/MK-1022 (breast cancer – phase III, several types of cancers– phase II), ifinatamab deruxtecan/MK-2400 (colorectal, bladder, endometrial and head and neck and many other cancers – phase II and metastatic castration-resistant prostate cancer, SCLC and esophageal - phase III) and raludotatug deruxtecan/MK-5909 (bladder, cervical, endometrial, ovarian and other cancers - phase II) worldwide, except Japan. In August 2024, the company expanded the deal to evaluate the combination of ifinatamab deruxtecan with gocatamig/ MK-6070, an investigational T-cell engager targeting DLL3, which Merck obtained from the acquisition of Harpoon Therapeutics.

The July 2017 profit-sharing deal with AstraZeneca added two key assets (Lynparza/ Koselugo) to its oncology pipeline. Similarly, in March 2018, Merck formed a deal with Japan's Eisai to co-develop and commercialize the latter's tyrosine kinase inhibitor, Lenvima, both as a monotherapy as well as in combination with Keytruda, for several types of cancer.

Meanwhile, the spin-off of Organon now allows Merck to focus on innovation and its key growth drivers.

- **Cost Cuts Drive the Bottom Line:** In January 2024, Merck announced a new restructuring plan for optimizing its manufacturing and supply network to improve supply reliability and increase efficiency. The program is expected to result in annual net cost savings of approximately $750 million by 2031 end. In July 2025, Merck announced a new multi-year optimization initiative, which is expected to save $3 billion in annual costs by the end of 2027.

  Merck also divested segments like the Consumer Care business so that it can focus on its core areas of expertise. The company is also returning value to shareholders in the form of share buybacks and dividends. With the spinoff of Organon, Merck received cash distribution of approximately $9 billion, which it is utilizing for strategic business development opportunities to strengthen its pipeline and bring additional long-term growth drivers.

- **Favorable Debt Profile:** Merck had around $40.0 billion in long-term debt and $1.4 billion in short-term debt as of Sept. 30, 2025. Its cash of $18.2 billion is sufficient to meet short-term debt obligations. As of Sept. 30, 2025, the company's debt-to-total capital ratio was 43.5%, which was higher than 40.9% at the end of June 30, 2025. However, the ratio declined consistently before that. A lower ratio indicates lower financial risk.

Reasons To Sell:

> Merck faces persistent challenges for Gardasil in China, rising competitive pressure on the diabetes franchise and potential competition for Keytruda which is nearing patent expiration in 2028.

- **Gardasil Sales Declining in China:** Sales of Merck's second-largest product, its HPV vaccine, Gardasil declined 3% in 2024 and 40% in the first nine months of 2025 due to a weak sales performance in China. Sales of Gardasil are declining in China due to weak demand trends amid an economic slowdown. Beginning in 2024, lower demand in China resulted in above-normal channel inventory levels at Merck's commercialization partner in China, Zhifei. Accordingly, Merck decided to temporarily halt shipments of Gardasil in China to allow Zhifei to burn down existing inventory. Merck does not expect to resume shipments in China through at least the end of 2025, as a result of which Gardasil sales are expected to decline significantly in 2025 from 2024 levels. The company is also seeing lower demand for the vaccine in Japan. Overall, Merck expects only modest growth of Gardasil in the near term.

  Given the economic conditions in China, Merck withdrew its previously issued long-term guidance of generating more than $11 billion in sales from Gardasil by 2030.

  Our estimates for Gardasil suggest a CAGR decline of 18.1% over the next three years.

- **Patent Expiry Hits Sales:** Merck is facing generic competition for several drugs including Singulair, Cozaar/Hyzaar, Nasonex, Cubicin and Zetia, Vytorin, Zocor, NuvaRing and Fosamax. All these drugs have recorded rapid and steep declines in revenues due to the presence of generics. Generic versions of Januvia are expected to be launched in the United States in May 2026, while those for Janumet are expected in July 2026 per Merck's patent litigation settlement agreements with multiple generic companies. Januvia and Janumet lost market exclusivity in China and the European Union in 2022 and generics have been launched. The patents that provided market exclusivity for Isentress/Isentress HD and Bridion in the European Union expired in July 2023. Sales of these drugs in the EU are declining, with the trend expected to continue.

  There are concerns about Merck's ability to grow its non-oncology business ahead of Keytruda's loss of exclusivity post 2028.

- **Macroeconomic Headwinds:** Uncertain macroeconomic conditions, including the risk of inflation, a slowing labor market and instability in the financial system, along with escalating geopolitical tensions in various parts of the world, have increased broader economic woes.

  Uncertainty around tariffs and trade protection measures in the United States remains. President Trump has threatened to impose a 100% tariff on pharmaceutical imports unless a company builds pharmaceutical plants in the United States. Trump's repeated threats to impose tariffs on pharmaceutical imports are aimed at pushing American pharma companies to shift pharmaceutical production back to the United States, primarily from European and Asian countries.

- **Competitive Pressure Hurting Sales of Key Drugs:** In addition to being impacted by the genericization of several products, Merck's top line is being hurt by competitive pressures on some key drugs.

  Isentress is facing competitive pressure and is being impacted by the slowing growth of the integrase class. Sales of Isentress have declined consistently since 2015.

  Merck is seeing declining volumes of diabetes medicines, Januvia/Janumet, due to competitive pressure in China and the United States and generic competition in most international markets, with the trend expected to continue. Rising competition in the immuno-oncology market is also a significant concern.

  Competitive pressure might increase for Keytruda in the near future from dual PD-1/VEGF inhibitors like Summit Therapeutics' ivonescimab that inhibit both the PD-1 pathway and the VEGF pathway at once. They are designed to overcome the limitations of single-target therapies like Keytruda. In a phase III study (conducted in China by Summit's partner Akeso) in patients with locally advanced or metastatic NSCLC, ivonescimab outperformed Keytruda. Summit believes ivonescimab has the potential to replace Keytruda as the next standard of care across multiple NSCLC settings. Pfizer also recently acquired exclusive global ex-China rights to develop, manufacture and commercialize SSGJ-707, a dual PD-1 and VEGF inhibitor, from China's 3SBio.

- **Global Pricing Pressure:** Global efforts toward health care cost containment are creating pricing pressure on drugs and market access. Changes to the U.S. health care system as part of health care reform and increased purchasing power of Medicare, Medicaid, and private sector beneficiaries have contributed to pricing pressure. While many of the company's drugs face pricing pressure in the United States, in many markets outside the United States, government-mandated pricing actions have led to the lowering of generic and patented drug prices. In 2022, in the United States, Congress passed the Inflation Reduction Act, which made significant changes to how drugs are covered and paid for under Medicare, including penalties for significant increases in the prices of drugs. The Congress continues to discuss legislation designed to control health care costs, including the cost of drugs. Among other measures, the IRA requires the U.S. Department of Health and Human Services (HHS) to effectively set prices for certain single-source drugs and biologics reimbursed under Medicare Part B and Part D. In August 2023, the HHS selected Januvia as one of the first 10 medicines subject to government-set prices effective in 2026. In January 2025, HHS selected Janumet and Janumet XR for government price setting, which will become effective in 2027. Sales of Januvia/Janumet are expected to decline steeply from 2026 onward due to the government price setting in 2026 and 2027, the anticipated patent expiry in 2026 and ongoing competitive pressure. Keytruda is expected to be selected in 2027 for government price setting, which will become effective from 2029. This can result in a decline in U.S. sales after that.

  Trump is trying to implement the Most Favored Nation (MFN) pricing policy. The goal of this proposed policy is to ensure that U.S. consumers pay the same price for some prescription drugs as the nation that pays the lowest price for that drug. Such a policy, if implemented, can hurt

prices and reimbursement of some of the company's drugs.

All these factors are creating pressure on sales and profits of pharma companies. These pricing pressures are expected to continue and hurt the top line in the future quarters.

- **Pipeline Setbacks:** Merck has had its share of pipeline and regulatory setbacks. Some recent pipeline setbacks were FDA's clinical hold on islatravir studies for HIV and two complete response letters for gefapixant for chronic cough. Merck has now resumed the clinical development program for islatravir while it has withdrawn its NDA for gefapixant from the FDA and does not plan to refile.

Last Earnings Report

Q3 Earnings & Sales Beat Estimates; Narrows Sales Guidance

FY Quarter Ending	12/31/2025
Earnings Reporting Date	Oct 30, 2025
Sales Surprise	1.24%
EPS Surprise	9.32%
Quarterly EPS	2.58
Annual EPS (TTM)	8.65

Merck reported third-quarter 2025 adjusted earnings per share (EPS) of $2.58, which beat the Zacks Consensus Estimate of $2.36. Earnings increased 64% year over year on a reported basis and 65% excluding foreign exchange (Fx).

Including acquisition and divestiture-related costs, restructuring costs, income and losses from investments in equity securities and certain other items, earnings were $2.32 per share in the third quarter, up 87% on a reported basis and 88% excluding FX.

Adjusted as well as reported earnings included a charge of 10 cents per share related to a milestone payment to LaNova for the completion of the technology transfer for MK-2010.

Revenues in the third quarter increased 4% year over year on a reported basis and 3% excluding FX to $17.28 billion. Sales beat the Zacks Consensus Estimate of $17.06 billion. Higher sales of Keytruda and other oncology drugs and contribution from new products like Winrevair, Capvaxive and Enflonsia and the Animal Health segment were offset by lower sales of Gardasil and some other vaccines.

Quarter in Detail

The Pharmaceutical segment generated revenues of $15.6 billion, up 4% year over year (3% excluding FX). Higher sales of oncology, cardiovascular and diabetes were partially offset by lower sales of Merck's vaccines and immunology medicines. Pharmaceutical segment revenues beat the Zacks Consensus Estimate of $15.41 billion.

All sales growth numbers discussed below exclude FX impact.

Oncology Drugs

Keytruda, the biggest product in Merck's portfolio, generated sales of $8.14 billion in the quarter, up 8%. Keytruda sales benefited from rapid uptake across earlier-stage indications like triple-negative breast cancer, renal cell carcinoma, cervical cancer and early-stage non-small cell lung cancer. Continued strong momentum in metastatic indications also boosted sales growth. However, some unfavorable channel movements in the United States hurt sales in the quarter.

In the quarter, Merck saw an increase in usage of Keytruda in tumors that primarily affect women, including cervical, breast and endometrial cancers, as well as Keytruda in combination with Padcev in first-line, locally advanced or metastatic urothelial cancer.

Keytruda sales, however, missed the Zacks Consensus Estimate of $8.40 billion and our model estimate of $8.51 billion.

In the fourth quarter, Keytruda's year-over-year growth is expected to be negatively impacted by approximately $200 million due to the unfavorable timing of wholesaler purchases

Alliance revenues from Lynparza and Lenvima also aided oncology sales in the third quarter.

Alliance revenues from Lynparza increased 12% to $379 million in the quarter, driven by higher demand globally. Lenvima alliance revenues totaled $258 million, up 2%.

Welireg recorded sales of $196 million, up 41% driven by increased use in certain patients with previously treated advanced renal cell carcinoma in the United States, as well as early launch uptake in certain European markets, partially offset by lower pricing.

Vaccines

In vaccines, sales of HPV vaccines — Gardasil and Gardasil 9 — plunged 25% to $1.75 billion due to lower demand in China as well as in Japan. Gardasil/Gardasil 9 sales were almost in line with the Zacks Consensus Estimate and beat our estimate of $1.70 billion.

Excluding China, Gardasil sales declined 3% due to lower sales in Japan. Sales declined in Japan due to the expiration of reimbursement for the catch-up cohort.

In the United States, sales rose 13% due to higher prices and favorable public sector buying patterns.

Proquad, M-M-R II and Varivax vaccines recorded combined sales of $684 million, down 3%. Sales of the rotavirus vaccine, Rotateq, increased 5% to $204 million, while Pneumovax 23 (pneumococcal vaccine polyvalent) vaccine sales declined 35% to $45 million.

Sales of the pneumococcal 15-valent conjugate vaccine Vaxneuvance declined 7% to $226 million due to lower demand in certain international markets, especially in Japan, due to competitive pressures. In the United States, sales were roughly flat as competitive pressures were largely offset by favorable CDC stockpile activity.

Capvaxive generated sales worth $244 million compared with $129 million reported in the previous quarter, driven by demand from both retail pharmacies and non-retail customers, as well as the expected seasonal inventory build.

Sales of the new RSV vaccine, Enflonsia, in the United States were $79 million in the third quarter of 2025, consisting of inventory stocking.

Other Drugs

In the hospital specialty portfolio, neuromuscular blockade medicine, Bridion injection, generated sales of $439 million in the quarter, up 4%. While the drug's sales benefited from higher demand in the United States, the gains were offset by generic competition in certain ex-U.S. markets.

Prevymis recorded sales of $266 million, up 25% year over year.

Januvia/Janumet franchise sales increased 29% year over year to $624 million. Sales of the drug were driven by higher net pricing in the United States, offset by lower demand in China and generic competition in most international markets.

New PAH drug Winrevair generated sales of $360 million, increasing 141% on a year-over-year basis and 7.1% on a sequential basis, reflecting continued strong uptake partially offset by unfavorable timing of distributor purchases and lower pricing due to Medicare Part D redesign. On the conference call, the company said that Winrevair's launch in the United States continues to outperform due to a steady increase in new prescription trends. In outside U.S. markets, the company is progressing with launches and reimbursement. The recent launch in Japan is off to a strong start.

Sales of Lagevrio (molnupiravir) declined 65% to $138 million in the third quarter.

Merck's Animal Health segment generated revenues of $1.62 billion, up 9% year over year on a reported basis and 7% excluding FX. This growth was driven by higher demand for livestock products. Sales from this segment beat the Zacks Consensus Estimate as well as our model estimate of $1.56 billion.

Sales of livestock products rose 14% to $1.02 billion, driven by higher demand across all species and favorable timing of sales. Sales of companion animal products declined 3% to $592.0 million.

Margin Discussion

Adjusted gross margin was 81.9% up 140 basis points year over year, driven by a favorable product mix, partially offset by higher inventory write-offs and currency headwinds.

Adjusted selling, general and administrative expenses were $2.6 billion in the third quarter, down 2% year over year, owing to lower administrative and selling costs.

Adjusted research and development spending was $4.0 billion, down 32% from the year-ago quarter levels. The decrease was due to lower charges for business development activity than the year-ago quarter. In the year-ago quarter, Merck recorded a charge of $2.2 billion related to the acquisitions of EyeBio and MK-1045 compared with $300 million recorded in the third quarter of 2025 related to a milestone payment to LaNova.

Excluding these business development charges, operating expenses were flat in the quarter.

2025 Guidance

Merck narrowed its sales guidance for the year while raising its EPS outlook. The company now expects revenues to be in the range of $64.5-$65.0 billion compared with the previous expectation of $64.3-$65.3 billion. The updated guidance includes a negative impact on sales from FX of around 0.5%, the same as previous expectations.

The revenue guidance represents growth of 1% to 2%, excluding FX.

The adjusted gross margin guidance was maintained at 82%. Merck expects $100 million in costs from tariffs, down from the prior expectation of $200 million.

Merck increased its adjusted EPS guidance for 2025. The company now expects adjusted EPS to be between $8.93 and $8.98 versus the prior estimated range of $8.87 and $8.97. This guidance includes a negative impact of FX of around 15 cents per share, the same as previous expectations.

The updated EPS outlook includes new factors such as benefits from a revised AstraZeneca deal for Koselugo, a lower tax rate and reduced tariff costs. These gains are partly offset by costs related to the Verona Pharma acquisition and negative effects from foreign exchange.

The revised guidance now also accounts for a one-time charge related to a license agreement with Hengrui Pharma and the completion of the technology transfer with LaNova for MK-2010, which is expected to hurt EPS by 16 cents.

Adjusted operating costs are now expected to be in the range of $25.9 to $26.4 billion (previously: $25.6 to $26.4 billion). Operating expenses are expected to be higher in 2026 as the company invests in both R&D
and SG&A to fuel its pipeline and new launches.

The adjusted tax rate is now expected to be around 14% to 15% versus the prior guidance of 15% to 16%.

Other expense is still expected to be between $400 million and $500 million, versus the prior expectation of $300 million-$400 million.

Recent News

Begins Phase III KANDLELIT-007 Study on Calderasib Combo in NSCLC – Jan. 7

Merck announced that it has initiated the phase III KANDLELIT-007 study evaluating its investigational oral selective KRAS G12C inhibitor, calderasib (MK-1084) in combination with Keytruda Qlex for the first-line treatment of patients with KRAS G12C-mutant, advanced or metastatic nonsquamous non-small cell lung cancer (NSCLC).

The primary endpoint of the study is to check the progression-free survival (PFS) in patients whose tumors express PD-L1. Secondary endpoints of the study include PFS in all study participants and overall survival, overall response rate, duration of response and safety in both the PD-L1 expressor patient population and all comers.

With the KANDLELIT-007 study, the company is looking to evaluate whether this chemotherapy-free combination that requires no intravenous access may help improve outcomes for patients with KRAS G12C-mutant NSCLC.

Inks Drug Pricing Deal With The Trump Administration – Dec. 19

Merck announced that it has signed a drug-pricing agreement with the Trump administration to lower drug prices in the country.

Under the agreement, Merck has agreed to reduce the prices of the prescription drugs to match those in comparable developed countries, supporting President Trump's Most Favored Nation (MFN) pricing proposal. The company's products will be available at significant discounts through direct-to-consumer channels and on TrumpRx.gov, a federal purchasing platform scheduled to go live shortly.

In return, Merck will receive a three-year exemption from import tariffs on pharmaceutical ingredients, contingent upon expanding their domestic manufacturing operations.

Keytruda+Padcev Study for Expanded Use in Bladder Cancer Meets Goal – Dec 17

Merck announced positive top-line data from the phase III KEYNOTE-B15 study (also known as EV-304 study) evaluating Keytruda + Padcev, given as neoadjuvant and adjuvant treatment (before and after surgery), in patients with muscle-invasive bladder cancer (MIBC) who are eligible for cisplatin-based chemotherapy. The data showed that Keytruda + Padcev led to a statistically significant and clinically meaningful improvement in event-free survival (EFS), overall survival (OS) and pathologic complete response (pCR) rates versus neoadjuvant chemotherapy and surgery.

The data will be discussed with global health authorities for potential regulatory filings.

Padcev+Keytruda is already approved for treating cisplatin-ineligible patients with MIBC in the United States, EU and some other countries. If approved for the data based on the KEYNOTE-B15 study, Keytruda + Padcev can be prescribed to a broader population of MIBC patients.

Padcev+Keytruda is also approved for treating locally advanced or metastatic urothelial cancer (la/mUC).

CHMP Nod for Expanded Use of Winrevair in PAH – Dec 12

Merck announced that the European Medicines Agency's Committee for Medicinal Products for Human Use ("CHMP") has rendered a positive opinion recommending approval of an expanded indication for Winrevair (sotatercept).

The CHMP has now recommended the approval of an expanded indication for Winrevair in combination with other PAH therapies for the treatment of PAH in adult patients with WHO Functional Class ("FC") II, III and IV, based on data from the phase III ZENITH study.

The CHMP's opinion will now be reviewed by the European Commission and a final decision is expected in the first quarter of 2026.

Winrevair is currently approved in the European Union for treating adults with PAH with WHO FC II to III, to improve exercise capacity.

FDA Approves Keytruda and Keytruda Qlex plus Padcev in Bladder Cancer – Nov 21

Merck announced that the FDA has granted approval to Keytruda and Keytruda Qlex, each in combination with Pfizer's antibody-drug conjugate ("ADC"), Padcev, as neoadjuvant treatment and then continued after cystectomy as adjuvant treatment in adult patients with muscle-invasive bladder cancer ("MIBC") who are ineligible for cisplatin-based chemotherapy.

The latest FDA approvals mark the first PD-1 inhibitor plus ADC regimen to be approved for the given patient population.

The approvals for Keytruda and Keytruda Qlex, each in combination with Padcev, were based on data from the phase III KEYNOTE-905 trial, which was conducted in collaboration with Pfizer and Astellas.

In October, the FDA granted priority review to MRK's two supplemental biologics license applications (sBLA) seeking approval for Keytruda and Keytruda Qlex, each in combination with PFE's Padcev for the treatment of patients with MIBC who are ineligible for cisplatin-based chemotherapy. The FDA's decision is expected on April 7, 2026.

Doravirine+Islatravir HIV Regimen Meets Goal in Treatment-Naïve HIV Study – Nov 19

Merck announced positive top-line results from the pivotal phase III MK-8591A-053 study evaluating investigational, once-daily, oral, two-drug, single-tablet regimen of doravirine/islatravir (DOR/ISL) in treatment-naïve adults with HIV-1 infection.

In the study, DOR/ISL met both primary efficacy and safety goals. In the double-blind study of 537 treatment-naïve participants, DOR/ISL demonstrated non-inferiority to Gilead's widely used once-daily three-drug regimen BIC/FTC/TAF at Week 48, based on the proportion of patients achieving viral suppression below 50 copies/mL. Safety outcomes were also comparable between the two arms, Merck said. If approved, DOR/ISL would become the first non-integrase inhibitor (non-INSTI) two-drug regimen to show non-inferior results against an INSTI-based triple therapy in a phase III study for treatment-naïve adults.

Merck plans to present full data at an upcoming medical meeting and will submit the findings to global health authorities. The FDA has already accepted a new drug application for DOR/ISL as a switch option for virologically suppressed adults, with a decision expected by April 28, 2026.

The phase III MK-8591A-053 study will continue to 144 weeks, with an additional open-label extension planned. Merck is also studying DOR/ISL in multiple switch trials and evaluating islatravir in additional investigational combinations, including once-weekly oral regimens and potential prevention options.

Doravirine is currently marketed as Pifeltro and as part of the single-tablet regimen DELSTRIGO in the U.S.

Keytruda SC Gets Approval in EU – Nov 19

Merck announced that the European Commission has granted approval to a new subcutaneous (SC) formulation, Keytruda SC, for all adult indications already approved in the EU, offering faster administration and greater flexibility in treatment settings. The SC version, known by the name of Keytruda QLEX in the United States, will be marketed in the European Union as Keytruda SC.

Q126 Dividend – Nov 18

Merck declared a quarterly dividend of 81 cents per share for the first quarter of 2026. The dividend will be paid out on Jan. 8, 2026, to shareholders of record as of the close of business on Dec. 15, 2025.

Winrevair Meets Goal in Phase II CADENCE study – Nov 18

Merck announced that the phase II CADENCE study, which evaluated Winrevair, for treating adults with combined post and precapillary pulmonary hypertension (CpcPH) due to heart failure with preserved ejection fraction (HFpEF), met its primary endpoint.

Data from the CADENCE study showed that treatment with Winrevair led to a statistically significant and clinically meaningful reduction in pulmonary vascular resistance (PVR) from baseline at 24 weeks versus placebo.

Merck is planning to present these findings from the CADENCE study at a future scientific conference and begin phase III studies on Winrevair in the given patient population.

Preliminary analysis indicates that the safety outcomes seen in the CADENCE study were generally similar to the known safety profile of Winrevair.

The positive data from the CADENCE study are likely to provide a label expansion opportunity for Winrevair in a new patient population.

To Buy Cidara Therapeutics for $9.2B – Nov 14

Merck announced a definitive agreement to acquire San Diego-based biotech Cidara Therapeutics for $221.50 per share in cash, a total deal value of almost $9.2 billion. The deal will expand Merck's respiratory portfolio by adding Cidara's lead pipeline candidate, CD388, which is being developed for the prevention of influenza A and B.

The transaction is expected to close in the first quarter of 2026, subject to customary closing conditions.

CD388, developed using CDTX's proprietary Cloudbreak platform, is an investigational drug-Fc conjugate designed as a long-acting small molecule inhibitor targeting influenza. The candidate is currently being evaluated in the phase III ANCHOR study for treating patients who stand at a high risk for complications of influenza.

Unlike vaccines or monoclonal antibodies, CD388 works through a novel mechanism that offers broad protection against both seasonal and pandemic flu strains. CD388 has the potential to protect for an entire flu season with a single injection, and its efficacy does not rely on the body's immune response. This makes it a promising option for individuals with any immune status.

The FDA has granted a Fast Track designation and a Breakthrough Therapy designation to CD388 for the prevention of seasonal influenza.

The proposed acquisition of Cidara comes on the heels of Merck's recent acquisition of Verona Pharma for approximately $10 billion, which closed last month. The acquisition added Verona's Ohtuvayre, which is approved for the maintenance treatment of COPD. The deal strengthens Merck's cardio-pulmonary portfolio, as the drug's differentiated profile provides a significant edge over its competitors.

Enlicitide Cuts LDL-C by Nearly 60% in Phase III HeFH Study – Nov 9

Merck announced detailed data from the pivotal Phase III CORALreef HeFH study evaluating enlicitide decanoate, its investigational once-daily oral PCSK9 inhibitor in adults with heterozygous familial hypercholesterolemia (HeFH). The data showed that enlicitide decanoate led to a 59.4% reduction in LDL cholesterol at week 24 compared with placebo in adults with heterozygous familial hypercholesterolemia (HeFH). Findings from the CORALreef HeFH study were presented at the AHA Scientific Sessions 2025 and published simultaneously in JAMA.

The study also showed significant improvements in key secondary measures, including LDL-C at one year, as well as reductions in non-HDL-C, ApoB, and Lp(a) at week 24. LDL-C lowering was observed as early as week 4 and sustained through 52 weeks, with a 61.5% reduction at one year. Overall safety was comparable to placebo, and discontinuations due to adverse events were low.

Valuation

Merck's shares have risen 33.8% in the past six months and 9.1% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 18.1% while those in the sector are up 10% in the past six months. Over the past year, stocks in the Zacks sub-industry are up 16.4% while those in the sector are up 3.4%

The S&P 500 Index is up 13.8% in the past six months and 18.9% in the past year.

The stock is currently trading at 12.95X forward 12-month earnings per share, which compares to 17.25X for the Zacks sub-industry, 20.96X for the Zacks sector and 23.25X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 81.95X and as low as 7.95X, with a 5-year median of 12.48X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $115.00 price target reflects 13.66X forward 12-month earnings per share.

The table below shows summary valuation data for MRK

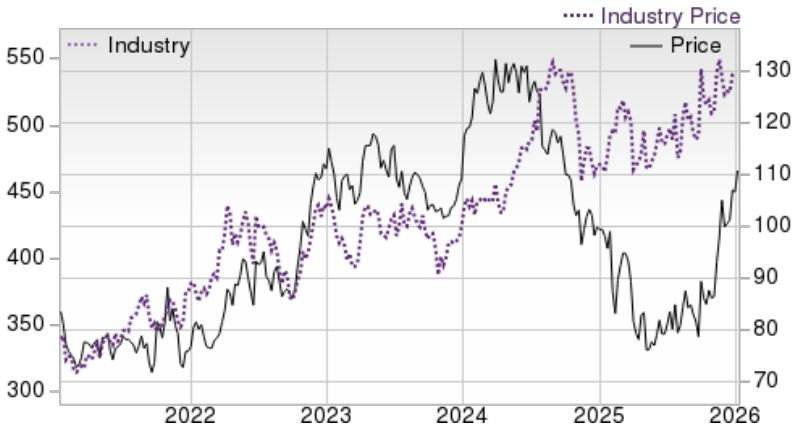
Valuation Multiples - MRK

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	12.95	17.25	20.96	23.25
	5-Year High	81.95	20.80	23.59	23.80
	5-Year Low	7.95	13.09	17.84	15.74
	5-Year Median	12.48	16.15	20.63	21.21
P/S F12M	Current	4.01	7.32	2.16	5.63
	5-Year High	5.14	8.10	3.41	5.63
	5-Year Low	2.79	4.64	2.03	3.82
	5-Year Median	3.96	6.14	2.65	5.04
P/B TTM	Current	5.21	7.99	3.98	8.57
	5-Year High	8.88	10.98	6.11	9.13
	5-Year Low	3.83	5.56	3.59	6.57
	5-Year Median	5.86	7.44	4.54	8.04

As of 01/06/2026 *Source: Zacks Investment Research*

Industry Analysis(1)

Zacks Industry Rank: Bottom 24% (185 out of 244)



Top Peers (1)

Company (Ticker)	Rec	Rank
Eli Lilly and Compan…**(LLY)**	Outperform	3
AbbVie Inc. **(ABBV)**	Neutral	3
Bayer Aktiengesellsc…**(BAYRY)**	Neutral	3
Novo Nordisk A/S **(NVO)**	Neutral	3
Novartis AG **(NVS)**	Neutral	3
Pfizer Inc. **(PFE)**	Neutral	3
Roche Holding AG **(RHHBY)**	Neutral	3
Sanofi **(SNY)**	Neutral	3

Industry Comparison(1)

Industry: Large Cap Pharmaceuticals

	MRK	X Industry	S&P 500	Industry Peers: ABBV	PFE	RHHBY
Zacks Recommendation (Long Term)	Underperform	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	5	-	-	3	3	3
VGM Score	B	-	-	B	C	B
Market Cap	274.34 B	274.34 B	40.82 B	388.97 B	144.87 B	340.19 B
# of Analysts	9	5	22	11	8	5
Dividend Yield	3.08%	1.83%	1.37%	2.98%	6.75%	1.63%
Value Score	C	-	-	B	A	C
Cash/Price	0.07	0.04	0.04	0.01	0.10	0.04
EV/EBITDA	12.12	12.29	15.05	31.29	12.46	NA
PEG Ratio	1.77	1.59	2.07	0.92	NA	3.29
Price/Book (P/B)	5.32	5.77	3.46	NA	1.56	8.49
Price/Cash Flow (P/CF)	11.68	13.23	15.57	14.74	5.84	16.16
P/E (F1)	12.21	15.26	18.90	15.26	8.45	17.32
Price/Sales (P/S)	4.27	5.34	3.12	6.52	2.31	NA
Earnings Yield	7.58%	6.55%	5.28%	6.55%	11.85%	5.77%
Debt/Equity	0.77	0.52	0.57	-24.23	0.62	0.80
Cash Flow ($/share)	9.47	5.33	8.98	14.93	4.36	3.30
Growth Score	B	-	-	C	C	A
Hist. EPS Growth (3-5 yrs)	-0.52%	1.54%	8.24%	-4.06%	-9.52%	NA
Proj. EPS Growth (F1/F0)	17.12%	4.83%	9.16%	5.14%	0.64%	4.76%
Curr. Cash Flow Growth	210.59%	-3.04%	7.00%	-7.31%	47.15%	2.66%
Hist. Cash Flow Growth (3-5 yrs)	7.48%	4.00%	7.49%	11.54%	1.92%	-0.80%
Current Ratio	1.66	1.14	1.19	0.72	1.28	1.29
Debt/Capital	43.50%	36.28%	38.14%	NA	38.14%	44.47%
Net Margin	29.63%	26.88%	12.77%	4.00%	15.65%	NA
Return on Equity	44.54%	36.97%	17.03%	3,216.47%	20.17%	NA
Sales/Assets	0.54	0.46	0.53	0.44	0.30	NA
Proj. Sales Growth (F1/F0)	0.80%	4.86%	5.34%	8.20%	-2.60%	4.90%
Momentum Score	C	-	-	A	F	D
Daily Price Chg	-0.41%	-0.36%	0.65%	-1.81%	0.75%	1.19%
1 Week Price Chg	3.83%	1.66%	1.57%	-4.03%	1.19%	3.79%
4 Week Price Chg	10.20%	3.51%	2.03%	-1.45%	-1.43%	6.71%
12 Week Price Chg	30.36%	8.17%	4.54%	-4.13%	3.96%	18.90%
52 Week Price Chg	11.36%	25.64%	19.55%	25.64%	-4.64%	46.46%
20 Day Average Volume	12,916,609	2,646,270	2,391,362	5,533,694	42,539,908	2,585,274
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.02%	0.00%	0.00%
(F1) EPS Est 4 week change	-3.76%	0.00%	0.00%	0.30%	-4.67%	0.00%
(F1) EPS Est 12 week change	-11.45%	-1.56%	0.48%	-0.01%	-5.79%	-5.57%
(Q1) EPS Est Mthly Chg	1.28%	0.00%	0.00%	76.07%	-3.20%	NA

Analyst Earnings Model[2]

Merck & Co., Inc. (MRK)

In $MM, except per share data

FY Ends December 31st	2022A FY Dec-22	2023A FY Dec-23	2024A FY Dec-24	2025E 1QA 31-Mar-25	2QA 30-Jun-25	3QA 30-Sep-25	4QE 31-Dec-25	FY Dec-25	2026E 1QE 31-Mar-26	2QE 30-Jun-26	3QE 30-Sep-26	4QE 31-Dec-26	FY Dec-26	2027E FY Dec-27
Income Statement														
Total Revenue	**$59,283.0**	**$60,115.0**	**$64,168.0**	**$15,529.0**	**$15,806.0**	**$17,276.0**	**$16,047.8**	**$64,658.8**	**$16,132.8**	**$16,259.0**	**$17,364.8**	**$16,920.5**	**$66,677.1**	**$69,884.5**
Cost of Goods Sold, Non GAAP	$15,147.0	$13,897.0	$12,289.0	$2,763.0	$2,816.0	$3,124.0	$3,086.4	$11,789.4	$3,118.6	$3,108.0	$3,254.3	$3,114.2	$12,595.1	$12,953.4
Cost of Goods Sold, GAAP	$17,411.0	$16,126.0	$15,193.0	$3,419.0	$3,557.0	$3,855.0	$3,824.8	$14,655.8	$3,834.3	$3,740.4	$3,964.4	$3,867.9	$15,407.0	$15,741.1
Gross Profit, Non GAAP	**$44,136.0**	**$46,218.0**	**$51,879.0**	**$12,766.0**	**$12,990.0**	**$14,152.0**	**$12,961.4**	**$52,869.4**	**$13,014.2**	**$13,150.9**	**$14,110.6**	**$13,806.3**	**$54,081.9**	**$56,931.1**
Gross Profit, GAAP	**$41,872.0**	**$43,989.0**	**$48,975.0**	**$12,110.0**	**$12,249.0**	**$13,421.0**	**$12,223.0**	**$50,003.0**	**$12,298.5**	**$12,518.6**	**$13,400.4**	**$13,052.6**	**$51,270.1**	**$54,143.4**
Selling, General & Administrative, Non GAAP	$9,772.0	$10,296.0	$10,616.0	$2,529.0	$2,633.0	$2,599.0	$2,827.0	$10,588.0	$2,771.0	$2,816.9	$2,756.3	$2,919.5	$11,263.7	$11,146.6
Selling, General & Administrative, GAAP	$10,042.0	$10,504.0	$10,816.0	$2,552.0	$2,649.0	$2,633.0	$2,852.5	$10,686.5	$2,795.6	$2,852.4	$2,796.8	$2,965.1	$11,409.9	$11,339.8
Research & Development, Non GAAP	$11,842.0	$29,711.0	$17,865.0	$3,614.0	$3,992.0	$3,997.0	$4,045.7	$15,648.7	$4,125.2	$4,264.6	$4,563.5	$4,111.4	$17,064.8	$16,457.5
Research & Development, GAAP	$13,548.0	$30,531.0	$17,938.0	$3,621.0	$4,048.0	$4,234.0	$4,111.0	$16,014.0	$4,153.6	$4,294.2	$4,654.8	$4,172.2	$17,274.9	$16,885.9
Restructuring Costs	$337.0	$599.0	$309.0	$69.0	$560.0	$47.0	$184.0	$860.0	$226.1	$258.6	$191.5	$221.7	$897.9	$922.5
Amortization	$2,085.0	$2,044.0	$2,395.0	$597.0	$601.0	$622.0	$672.7	$2,492.7	$622.7	$628.2	$673.6	$668.1	$2,592.5	$2,724.4
Depreciation	$1,824.0	$1,828.0	$2,104.0	$502.0	$518.0	$532.0	$550.9	$2,102.9	$525.2	$530.2	$565.6	$558.6	$2,179.7	$2,288.0
Depreciation & Amortization	$3,909.0	$3,872.0	$4,499.0	$1,099.0	$1,119.0	$1,154.0	$1,223.6	$4,595.6	$1,147.9	$1,158.4	$1,239.2	$1,226.8	$4,772.2	$5,012.4
Total Operating Expenses, Non GAAP	**$21,614.0**	**$40,008.0**	**$28,483.0**	**$6,143.0**	**$6,625.0**	**$6,596.0**	**$6,872.7**	**$26,236.7**	**$6,896.2**	**$7,081.6**	**$7,319.8**	**$7,030.9**	**$28,328.5**	**$27,604.1**
Total Operating Expenses, GAAP	**$23,928.0**	**$41,635.0**	**$29,066.0**	**$6,242.0**	**$7,257.0**	**$6,914.0**	**$7,147.5**	**$27,560.5**	**$7,175.3**	**$7,405.2**	**$7,643.1**	**$7,359.1**	**$29,582.7**	**$29,148.3**
Operating Income, Non GAAP	**$22,522.0**	**$6,210.0**	**$23,396.0**	**$6,623.0**	**$6,365.0**	**$7,556.0**	**$6,088.7**	**$26,632.7**	**$6,118.0**	**$6,069.4**	**$6,790.7**	**$6,775.3**	**$25,753.4**	**$29,327.0**
Operating Income, GAAP	**$17,944.0**	**$2,354.0**	**$19,909.0**	**$5,868.0**	**$4,992.0**	**$6,507.0**	**$5,075.5**	**$22,442.5**	**$5,123.2**	**$5,113.4**	**$5,757.4**	**$5,693.6**	**$21,687.5**	**$24,995.1**
Interest Income	$157.0	$365.0	$415.0	$109.0	$69.0	$96.0	$105.5	$379.5	$94.8	$90.9	$102.5	$101.3	$389.5	$409.6
Interest Expense	$962.0	$1,146.0	$1,271.0	$313.0	$305.0	$327.0	$318.4	$1,263.4	$315.5	$315.5	$337.5	$331.0	$1,299.4	$1,361.9
Exchange Losses	$237.0	$370.0	$227.0	$90.0	$78.0	$56.0	$68.6	$292.6	$73.6	$69.2	$70.9	$72.7	$286.3	$297.3
Loss (Income) from Investments in Equity Securities, Net	$1,419.0	($340.0)	($14.0)	($90.0)	($100.0)	($373.0)	($95.2)	($658.2)	($159.9)	($177.9)	($210.0)	($164.5)	($712.2)	($749.1)
Net Periodic Defined Benefit Plan (Credit) Cost Other than Service Cost	($279.0)	($498.0)	($633.0)	($148.0)	($152.0)	($152.0)	($152.4)	($604.4)	($151.0)	($151.5)	($160.5)	($158.3)	($621.4)	($651.0)
Other, Net	($681.0)	$153.0	($460.0)	($91.0)	($69.0)	$0.0	($67.7)	($227.7)	($58.3)	($49.6)	($47.2)	($57.5)	($212.6)	($219.8)
Total Other (Income) Expense, Net, Non GAAP	$360.0	$219.0	$10.0	$75.0	$54.0	$106.0	$219.5	$454.5	$113.2	$122.9	$149.3	$155.9	$541.2	$587.2
Total Other (Income) Expense, Net, GAAP	$1,501.0	$466.0	($24.0)	($35.0)	($7.0)	($238.0)	($33.7)	($313.7)	($74.9)	($85.2)	($111.8)	($78.0)	($349.9)	($370.3)
Pre-Tax Income, Non GAAP	**$22,162.0**	**$5,992.0**	**$23,388.0**	**$6,548.0**	**$6,311.0**	**$7,450.0**	**$5,869.2**	**$26,178.2**	**$6,004.8**	**$5,946.5**	**$6,641.5**	**$6,619.4**	**$25,212.2**	**$28,739.8**
Pre-Tax Income, GAAP	**$16,444.0**	**$1,889.0**	**$19,936.0**	**$5,903.0**	**$4,999.0**	**$6,745.0**	**$5,109.2**	**$22,756.2**	**$5,198.1**	**$5,198.6**	**$5,869.2**	**$5,771.5**	**$22,037.4**	**$25,365.4**
Income Tax, Non GAAP	$3,150.0	$2,143.0	$3,928.0	$931.0	$944.0	$1,000.0	$786.5	$3,661.5	$804.6	$796.8	$890.0	$887.0	$3,378.4	$3,851.1
Income Tax, GAAP	$1,918.0	$1,512.0	$2,803.0	$818.0	$571.0	$958.0	$725.5	$3,072.5	$738.1	$738.2	$833.4	$819.6	$3,129.3	$3,601.9
Tax Rate, Non GAAP	14.2%	35.8%	16.8%	14.2%	15.0%	13.4%	13.4%	14.0%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%
Tax Rate, GAAP	11.7%	80.0%	14.1%	13.9%	11.4%	14.2%	14.2%	13.5%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%
Net Income (Loss) From Continuing Operations, Non GAAP	**$19,012.0**	**$3,849.0**	**$19,460.0**	**$5,617.0**	**$5,367.0**	**$6,450.0**	**$5,082.7**	**$22,516.7**	**$5,200.2**	**$5,149.6**	**$5,751.5**	**$5,732.4**	**$21,833.8**	**$24,888.6**
Net Income (Loss) From Continuing Operations, GAAP	**$14,526.0**	**$377.0**	**$17,133.0**	**$5,085.0**	**$4,428.0**	**$5,787.0**	**$4,383.7**	**$19,683.7**	**$4,460.0**	**$4,460.4**	**$5,035.8**	**$4,952.0**	**$18,908.1**	**$21,763.5**
Non-Controlling Interest	$7.0	$12.0	$16.0	$6.0	$1.0	$2.0	$2.8	$11.8	$3.0	$2.2	$2.6	$2.7	$10.5	$10.9
Net Income (Loss) from Continuing Operations Attributable to Merck & Co., Inc, Non GAAP	**$19,005.0**	**$3,837.0**	**$19,444.0**	**$5,611.0**	**$5,366.0**	**$6,448.0**	**$5,080.0**	**$22,505.0**	**$5,197.2**	**$5,147.5**	**$5,748.9**	**$5,729.7**	**$21,823.2**	**$24,877.8**
Net Income (Loss) From Continuing Operations Attributable to Merck & Co., Inc, GAAP	**$14,519.0**	**$365.0**	**$17,117.0**	**$5,079.0**	**$4,427.0**	**$5,785.0**	**$4,380.9**	**$19,671.9**	**$4,457.0**	**$4,458.2**	**$5,033.1**	**$4,949.2**	**$18,897.6**	**$21,752.7**
Income From Discontinued Operations, Net Of Taxes & Amounts Attributable To Noncontrolling Interest	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Net Income (Loss) Attributable to Merck & Co., Inc.	**$14,519.0**	**$365.0**	**$17,117.0**	**$5,079.0**	**$4,427.0**	**$5,785.0**	**$4,380.9**	**$19,671.9**	**$4,457.0**	**$4,458.2**	**$5,033.1**	**$4,949.2**	**$18,897.6**	**$21,752.7**
Basic Shares Outstanding	2,532.0	2,537.0	2,532.0	2,523.0	2,510.0	2,495.0	2,495.0	2,505.8	2,495.0	2,495.0	2,495.0	2,495.0	2,495.0	2,495.0
Diluted Shares Outstanding	2,542.0	2,547.0	2,541.0	2,531.0	2,513.0	2,498.0	2,498.0	2,510.0	2,498.0	2,498.0	2,498.0	2,498.0	2,498.0	2,498.0
Diluted EPS From Continuing Operations, Non GAAP	**$7.48**	**$1.51**	**$7.65**	**$2.22**	**$2.13**	**$2.58**	**$2.03**	**$8.96**	**$2.08**	**$2.06**	**$2.30**	**$2.29**	**$8.74**	**$9.96**
Diluted EPS From Continuing Operations, GAAP	**$5.71**	**$0.14**	**$6.74**	**$2.01**	**$1.76**	**$2.32**	**$1.75**	**$7.84**	**$1.78**	**$1.78**	**$2.01**	**$1.98**	**$7.57**	**$8.71**
Diluted EPS	**$5.71**	**$0.14**	**$6.74**	**$2.01**	**$1.76**	**$2.32**	**$1.75**	**$7.84**	**$1.78**	**$1.78**	**$2.01**	**$1.98**	**$7.57**	**$8.71**
Dividend Per Share	$2.76	$2.92	$3.08	$0.81	$0.81	$0.81	$0.81	$3.24	$0.85	$0.85	$0.85	$0.85	$3.40	$3.56

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	B
Momentum Score	C
VGM Score	B

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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