RESEARCH / EARNINGS AND VALUATION

Merck Stock Q3 2026: Sales +5% on Keytruda Qlex and Winrevair

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> **As of:** Figures are as of Merck & Co., Inc.'s Q3 2026 results (quarter ended 30 September 2026, reported 29 October 2026). Balance-sheet figures are from the Form 10-Q for the quarter ended 30 June 2026, the latest filed. The share price is the NYSE close of MRK on 30 October 2026, $149.52. Published 2 November 2026.

The short answer. Merck stock in Q3 2026 is a bet on what replaces Keytruda. Sales rose 5% to $18.09bn, Keytruda and its new under-the-skin form Keytruda Qlex brought in $8.60bn between them, and Merck narrowed its 2026 sales guidance to $66.8-67.3bn. About $550m of the growth came from the timing of customer purchases. Our risk-adjusted NPV puts Merck at **$92.29 per share**, about 38% below the $149.52 close on 30 October 2026: the market is paying for a pipeline that will refill the Keytruda gap after 2028, and our model gives that pipeline credit only for the probability that each drug succeeds.

Merck stock Q3 2026 results showed a company in transition. Sales rose to $18,085m from $17,276m a year earlier, up 5% (4% excluding currency), with Keytruda Qlex at $830m, Winrevair up 93% to $694m and Gardasil up 14% to $1,995m, while intravenous Keytruda fell 5% to $7,771m and Bridion fell 67% after US generics arrived (Merck Q3 2026 earnings release). GAAP EPS fell 12% to $2.04 and non-GAAP EPS fell to $2.49 from $2.58, both after a $0.12 charge for a licence deal with SciBrunch. The shares rose 3.8% on results day, from $140.93 to $146.33, and closed the week at $149.52 (Yahoo Finance).

In this article we go through Merck's Q3 2026 numbers against a year earlier, the switch from intravenous Keytruda to Keytruda Qlex, the rest of the product line, the gap between GAAP and non-GAAP earnings, the 2026 guidance, the Keytruda patent cliff, the late-stage pipeline from sac-TMT to intismeran, and our valuation of MRK, with the assumptions laid out so you can argue with them.

Key takeaways

- **Valuation:** QSILabs values Merck & Co., Inc. (NYSE: MRK) at $92.29 per share as of Q3 2026, against a $149.52 close on 30 October 2026, about 38% below the market price. Our bear and bull cases are $76.59 and $109.08.
- **Q3 2026 results:** Merck's sales rose 5% to $18.09bn in the quarter ended 30 September 2026; net income was $5.07bn, GAAP EPS $2.04 and non-GAAP EPS $2.49, against $2.32 and $2.58 a year earlier.
- **Keytruda:** Keytruda and Keytruda Qlex sales rose 6% to $8.60bn, 48% of Merck's sales. Keytruda Qlex reached $830m, 10% of the franchise, up from $128m in Q1 2026.
- **Quality of growth:** about $550m of pharmaceutical growth came from the timing of purchases. Without it, total sales would have grown about 1.5%.
- **Guidance:** Merck now expects 2026 sales of $66.8-67.3bn (previously $66.3-67.3bn) and non-GAAP EPS of $2.77-2.82 (previously $2.66-2.76), after $6.05 a share of one-time charges for the Cidara, Terns and SciBrunch deals.
- **Pipeline:** the FDA accepted sac-TMT in endometrial cancer for priority review (PDUFA 15 June 2027), and intismeran plus Keytruda cut the risk of melanoma recurrence or death by 42% in the Phase 3 INTerpath-001 trial.

Key numbers from Merck's Q3 2026 earnings

$18.1bn

Q3 2026 sales, +5% YoY (+4% excluding currency)

8-K EX 99.1

$8.6bn

Keytruda plus Keytruda Qlex, +6%; Qlex alone $830m

8-K EX 99.1

$694m

Winrevair sales, +93%

8-K EX 99.1

$2.49

Non-GAAP diluted EPS, against $2.58; GAAP EPS $2.04

8-K EX 99.1

$66.8-67.3bn

2026 sales guidance, from $66.3-67.3bn

8-K EX 99.1

$92.29

QSILabs rNPV value per share

QSILABS RNPV

Q3 2026 VS Q3 2025, $M	Q3 2025	Q3 2026	CHANGE
Sales	17,276	18,085	+5%
Pharmaceutical	15,611	16,268	+4%
Keytruda (intravenous)	8,142	7,771	-5%
Keytruda Qlex	5	830	n/m
Gardasil/Gardasil 9	1,749	1,995	+14%
Winrevair	360	694	+93%
Animal Health	1,615	1,676	+4%
Research and development	4,234	4,537	+7%
Net income attributable to Merck	5,785	5,065	-12%
GAAP diluted EPS ($)	2.32	2.04	-12%
Non-GAAP diluted EPS ($)	2.58	2.49	-3%

Sources: Merck Q3 2026 earnings release and financial tables (accession 0001104659-26-119825).

Merck stock Q3 2026: what happened in the quarter?

Merck reported its third quarter on 29 October 2026. Total sales grew by $809m, and the growth came from a short list of products: Keytruda and Keytruda Qlex added $454m, Winrevair $334m, Gardasil $246m, Ohtuvayre (which Merck did not own a year ago) $184m, Welireg $111m and the RSV antibody Enflonsia $108m. Against that, Bridion lost $295m after US generic entry, Januvia and Janumet lost $244m, Merck's alliance revenue from Koselugo fell from $214m to $13m, and the COVID-19 antiviral Lagevrio fell $121m.

Merck said pharmaceutical growth "benefited from the timing of purchases by approximately $550 million". That matters for how you read the quarter. Pharmaceutical sales rose 4% to $16,268m; take out $550m and they were up less than 1%. Gardasil's 14% rise, for example, came "primarily" from higher US sales reflecting favourable public-sector purchasing patterns, and over nine months Gardasil sales were up only 1%, to $4,232m.

Geographically, US pharmaceutical sales rose 7% to $10,119m, 62% of the total. Europe rose 6% to $2,837m and China rose 14% to $429m, while Japan fell 18% to $569m, partly because Lagevrio demand there collapsed. Animal Health grew 4% to $1,676m, with livestock up 2% and companion animals up 6%.

Chairman and chief executive Robert M. Davis said: "Our science-led strategy is transforming our business." He pointed to the oncology data at the ESMO congress, which "further clinically de-risk the substantial long-term opportunity of our late-phase pipeline."

MERCK'S THIRD QUARTER AND OCTOBER 2026

Q3 2026	FDA approves Welireg plus Lenvima in previously treated advanced clear cell renal cell carcinoma (LITESPARK-011); Winrevair label updated with HYPERION data	8-K Ex 99.1
Q3 2026	Japan approves subcutaneous pembrolizumab as KEYJECT (Keytruda Qlex in the US) for all Keytruda indications approved in Japan	8-K Ex 99.1
13 OCT 2026	Form 8-K reports the election of Paul J. Diaz to Merck's board of directors	8-K, accession 0000310158-26-000237
OCT 2026	ESMO 2026: sac-TMT cuts the risk of death by 32% in TroFuse-005; intismeran plus Keytruda cuts the risk of recurrence or death by 42% in INTerpath-001; Keytruda cuts progression risk by 43% in KEYNOTE-C93	8-K Ex 99.1
OCT 2026	FDA accepts the sac-TMT BLA in endometrial cancer for priority review; European Commission approves Keytruda plus Padcev in perioperative muscle-invasive bladder cancer	8-K Ex 99.1
29 OCT 2026	Q3 2026 results; 2026 sales guidance narrowed to $66.8-67.3bn and non-GAAP EPS guidance raised to $2.77-2.82; MRK closes at $146.33, up 3.8%	8-K Ex 99.1; Yahoo Finance
30 OCT 2026	MRK closes at $149.52	Yahoo Finance
2027	FDA action dates: Enflonsia second-season sBLA 22 March, Idvynso sNDAs 22 April, sac-TMT BLA 15 June	8-K Ex 99.1

The shares had fallen to $140.61 on 26 October before the results, rallied 3.8% on the day and closed at $149.52 on 30 October. Over 12 months MRK has risen about 81%, from $82.49 on 3 November 2025, with a 52-week closing high of $156.45 on 25 August 2026.

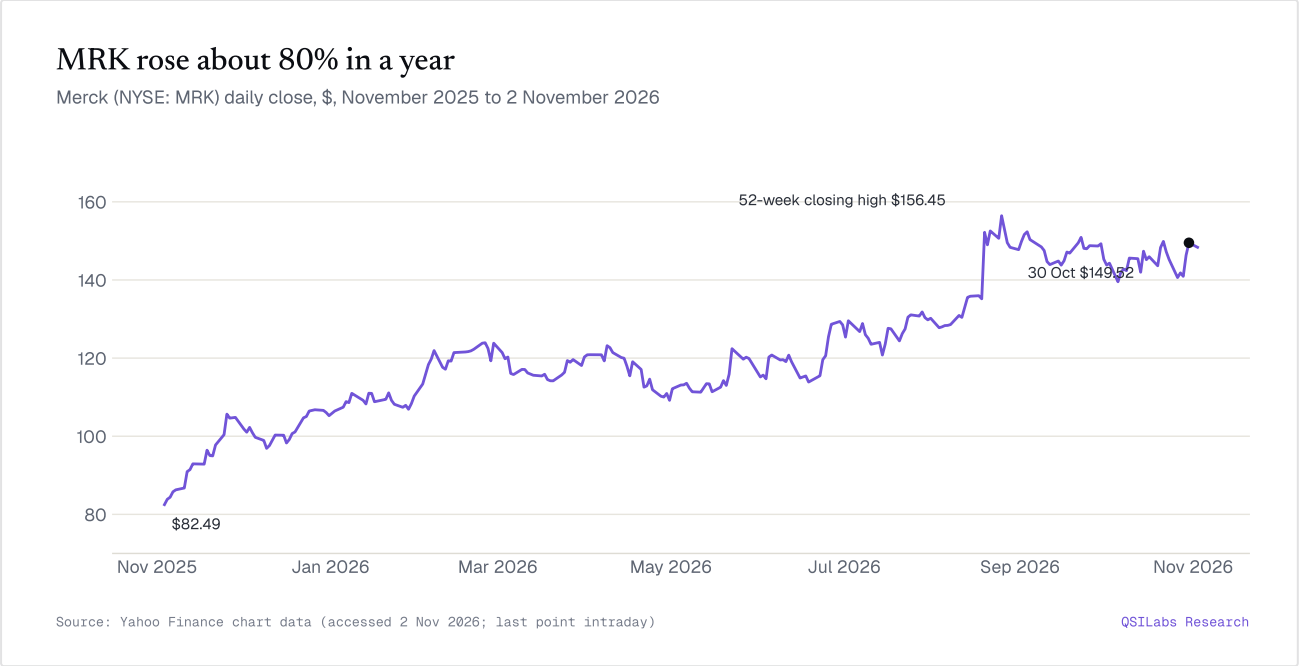


FIGURE 1 Merck's share price nearly doubled in a year. Source: Yahoo Finance.

How fast is Keytruda Qlex replacing intravenous Keytruda?

Keytruda Qlex is pembrolizumab, the same drug as Keytruda, combined with an enzyme (berahyaluronidase alfa) that lets it be injected under the skin in minutes instead of infused into a vein. It matters more than any other product at Merck because of patents. Intravenous Keytruda's US compound patent expires in 2028, and Merck lists two patent term adjustments to 2029 that it expects to be litigated (2025 Form 10-K). Keytruda Qlex is protected in the US by formulation patents to 2043. Every patient who moves to Qlex before biosimilars of intravenous Keytruda arrive is a patient Merck can keep.

The switch is happening quickly. Qlex sales went from $128m in Q1 2026 to $463m in Q2 and $830m in Q3, and nine-month sales reached $1,420m. In Q3 Qlex was 9.7% of combined Keytruda sales, and in the US, where it launched first, it was $693m against $4,520m for the intravenous form, about 13%. Japan approved subcutaneous pembrolizumab during the quarter under the name KEYJECT for every Keytruda indication approved there.

Combined Keytruda sales rose 6% to $8,601m, which Merck attributed to growth in earlier-stage uses (triple-negative breast, cervical, head and neck and bladder cancer) and higher demand in metastatic disease. Merck also said that the timing of US wholesaler purchases hurt Keytruda sales but was "largely offset by a benefit from increased inventory in the channel". Intravenous Keytruda fell 5% to $7,771m, partly because patients moved to Qlex.

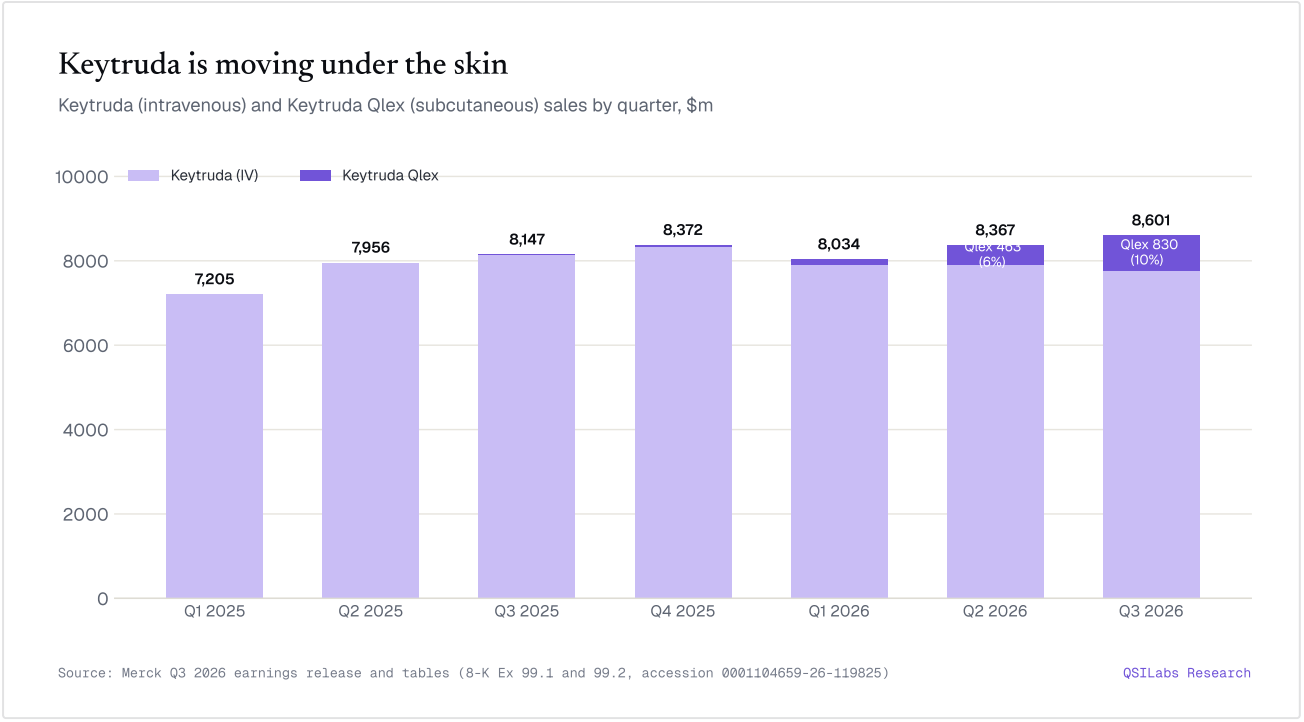


FIGURE 2 Keytruda Qlex reached about 10% of the franchise in Q3 2026. Source: Merck Q3 2026 earnings tables.

How did Gardasil, Winrevair and Merck's other products do in Q3 2026?

Vaccines. Gardasil and Gardasil 9 rose 14% to $1,995m, US sales 18% to $1,366m; over nine months the franchise rose only 1%, to $4,232m. ProQuad, M-M-R II and Varivax rose 7% to $730m on European demand. The pneumococcal vaccines diverged: Capvaxive rose 8% to $263m on international launches while its US sales fell 13% on lower adult vaccination rates and net prices, and Vaxneuvance fell 14% to $195m. RotaTeq slipped 4% to $196m.

Winrevair. Sales of Winrevair (sotatercept) for pulmonary arterial hypertension rose 93% to $694m, with $610m in the US. Merck credited higher demand and favourable US wholesaler and specialty pharmacy purchasing, plus launches in Europe and Japan. The FDA updated the US label with data from the Phase 3 HYPERION trial, in which adding Winrevair reduced the risk of clinical worsening in recently diagnosed patients. Nine-month sales were $1,808m, up 85%.

Oncology beyond Keytruda. Welireg rose 56% to $307m and won FDA approval with Lenvima in previously treated advanced clear cell renal cell carcinoma, based on the LITESPARK-011 trial. Lynparza alliance revenue fell 7% to $352m on lower US pricing and weaker demand in China; Lenvima alliance revenue rose 11% to $287m; Reblozyl royalties rose 31% to $177m.

Newer products. Ohtuvayre, the inhaled COPD treatment, sold $184m, and Enflonsia, the RSV antibody for infants, sold $187m as the season's stocking began. Prevymis rose 30% to $347m.

The decliners. Bridion fell 67% to $144m and Januvia and Janumet fell 39% to $380m, both after losing US exclusivity, and Lagevrio fell 88% to $17m.

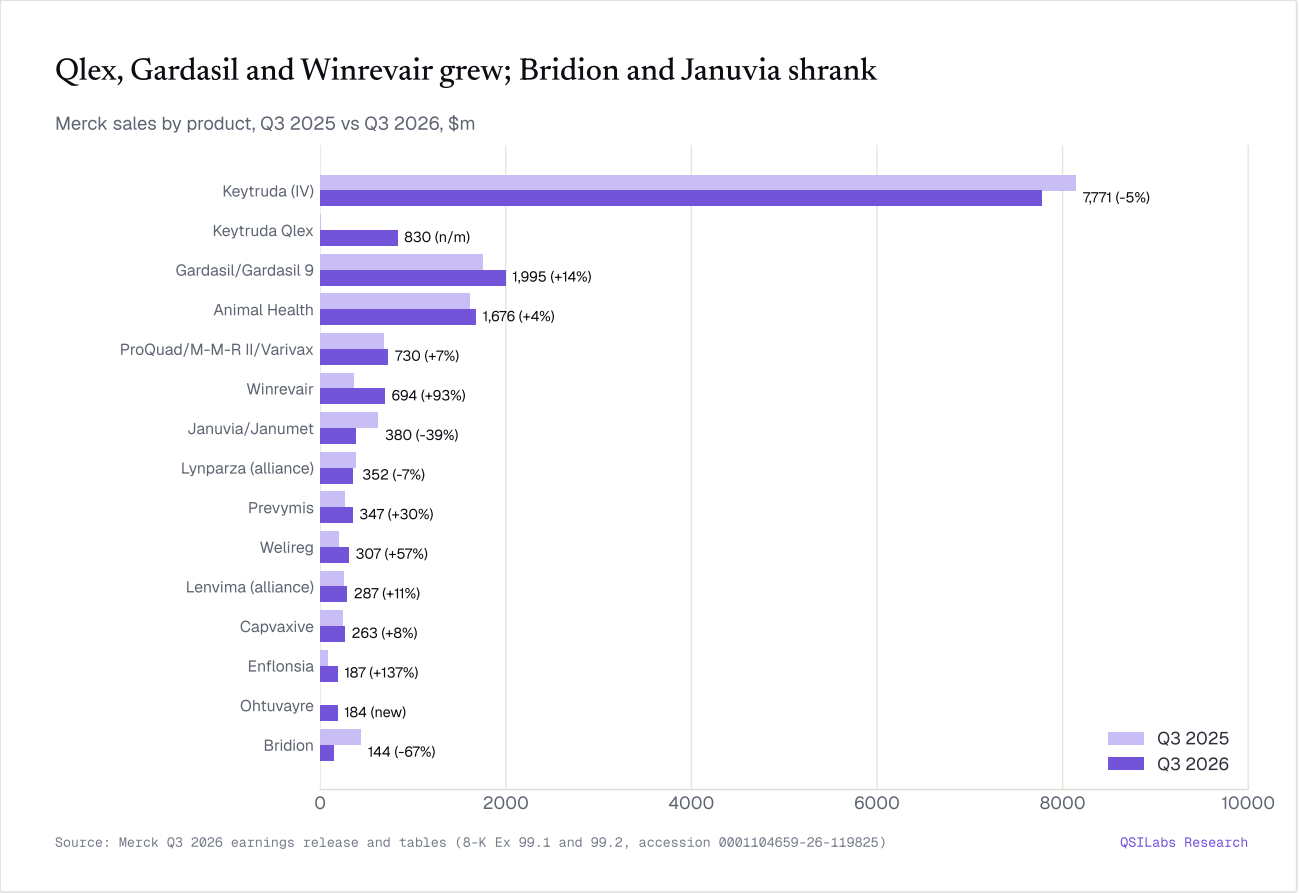


FIGURE 3 Merck's Q3 2026 sales by product against a year earlier. Source: Merck Q3 2026 earnings tables.

Why were Merck's GAAP and non-GAAP earnings so different?

Merck's GAAP net income fell 12% to $5,065m, or $2.04 a share. The GAAP gross margin fell to 72.9% from 77.7%, mainly because of higher amortisation of acquired intangible assets, restructuring costs and production costs. Selling, general and administrative costs rose 10% to $2,886m, and other expense swung from $238m of income to $27m of expense as interest expense rose to $546m from $327m after this year's acquisitions. A low 8.9% tax rate, against 14.2% a year earlier, cushioned the fall.

Non-GAAP EPS, which excludes acquisition-related costs, restructuring and gains or losses on equity investments, was $2.49 against $2.58. Before tax, Merck added back $1,167m of acquisition- and divestiture-related costs (mostly amortisation in cost of sales) and $581m of restructuring costs, and took out $393m of gains on equity securities, to move from $5,559m of GAAP pre-tax income to about $6,914m on a non-GAAP basis. The non-GAAP gross margin was 81.4% against 81.9%.

Both measures include a $400m charge, $0.12 a share, for a global licence to MK-2690, a preclinical oral KRAS G12D inhibitor from SciBrunch. Non-GAAP R&D rose 13% to $4,533m, including that charge, higher clinical spending and a $200m reduction from a funding agreement with Blackstone Life Sciences. Without the SciBrunch charge, non-GAAP EPS would have been about $2.61, slightly above a year earlier.

Over nine months Merck had a GAAP net loss of $510m, or $0.21 a share, because R&D included one-time charges of $9.0bn for the acquisition of Cidara Therapeutics and $5.7bn for Terns Pharmaceuticals. Nine-month R&D was $26,871m against $11,903m.

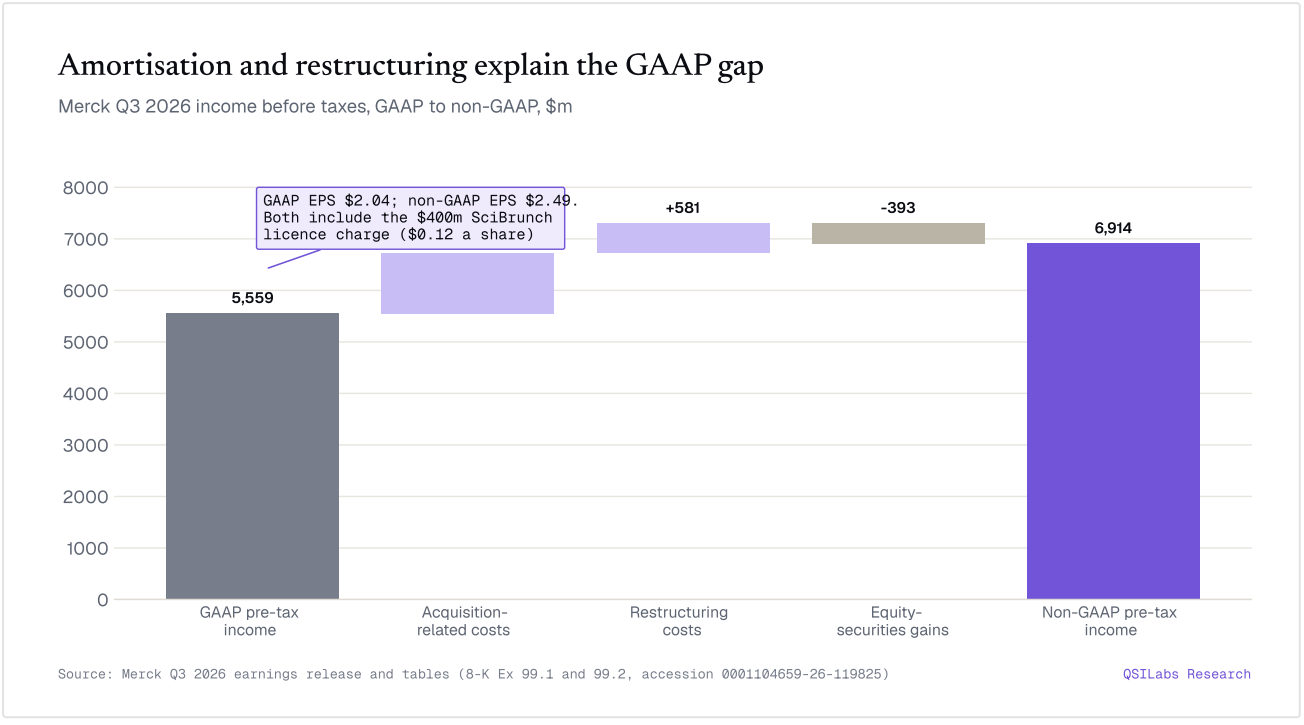


FIGURE 4 How Merck moved from GAAP to non-GAAP pre-tax income in Q3 2026. Source: Merck Q3 2026 earnings release.

What is Merck's 2026 guidance after Q3?

Merck now expects 2026 sales of $66.8-67.3bn, up from $66.3-67.3bn, including about a 1% benefit from currency at mid-October exchange rates. It expects non-GAAP EPS of $2.77-

2.82, up from $2.66-2.76, a range that absorbs one-time charges of $3.62 a share for Cidara, $2.31 for Terns and $0.12 for SciBrunch, $6.05 in all. Excluding those charges, guidance is roughly $8.82-8.87 a share, against $8.98 of non-GAAP EPS in 2025. Other guidance items: a non-GAAP gross margin of about 81%, non-GAAP operating expenses of $42.4-42.9bn, a non-GAAP tax rate of 32-33% (high because the acquisition charges are not tax-deductible) and about 2.48bn diluted shares.

The guidance also says something about the fourth quarter. Merck has booked $50,978m of sales in the first nine months, so the full-year range implies Q4 sales of $15.8-16.3bn, against $16.4bn in Q4 2025. That is a decline of 1-4%, as the $550m purchase-timing benefit reverses and the Bridion and Januvia erosion continues.

Analysts expect much the same. The 28 analysts tracked by S&P Global via StockAnalysis forecast 2026 revenue of $67.19bn and 2027 revenue of $69.48bn, with EPS of $2.76 in 2026 and $9.02 in 2027 (StockAnalysis).

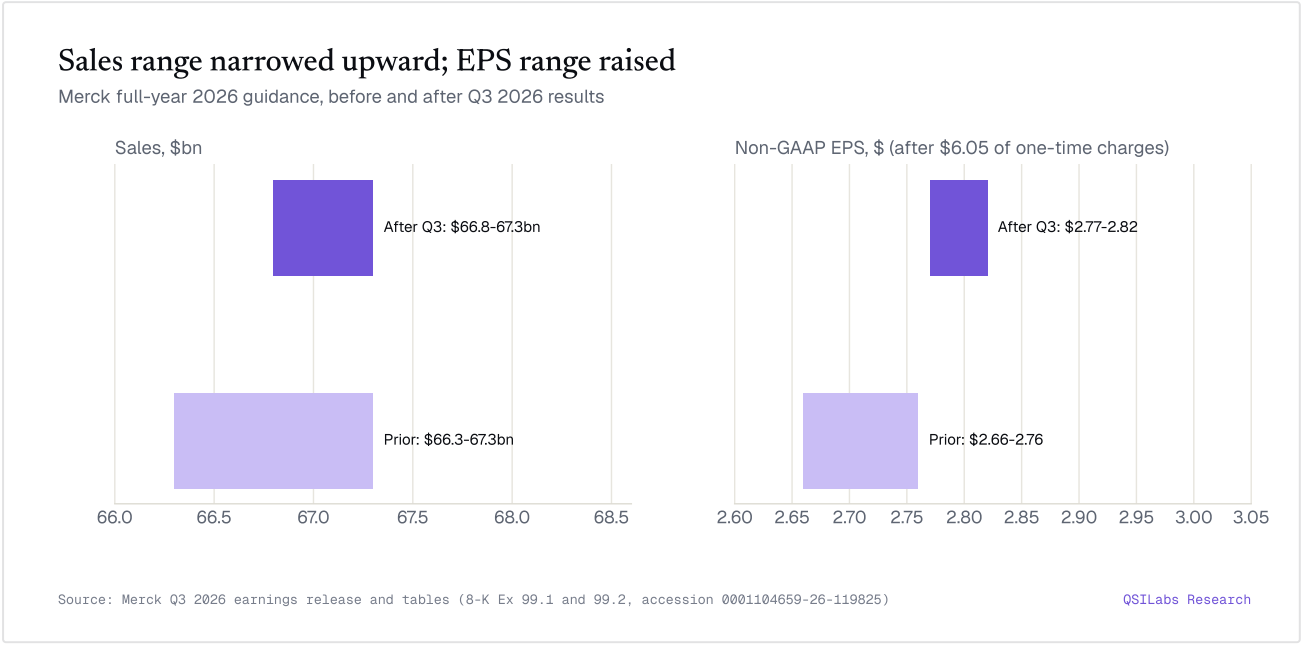


FIGURE 5 Merck's 2026 guidance before and after Q3 2026 results. Source: Merck Q3 2026 earnings release.

When does Keytruda lose patent protection?

The US compound patent on Keytruda (pembrolizumab) expires in 2028, with two patent term adjustments running into 2029 that Merck expects to be challenged. In Europe the key protection runs to 2031 and in Japan to 2032-33 (2025 Form 10-K). We assume 2029 is the first full year of US biosimilar competition for intravenous Keytruda.

That is why the revenue forecast in our model is flat, not growing. We expect Keytruda in both forms to bring in about $33.7bn in 2026, falling to $28.8bn in 2029, $17.6bn in 2031 and $7.0bn by 2037. Qlex conversion slows the fall but does not stop it, because Qlex will compete with lower-priced intravenous biosimilars and faces a patent dispute with Halozyme over subcutaneous delivery technology.

Merck's total revenue in our model stays at about $62-67bn from 2026 to 2032, as vaccines, Winrevair, Lipfendra (Merck's oral PCSK9 cholesterol drug), Animal Health and the risk-weighted pipeline fill most of the gap, and then falls to about $51bn by 2037. Our 2026 figure, $66.3bn, sits slightly below Merck's $66.8-67.3bn guidance range, so our near-term numbers are, if anything, conservative.

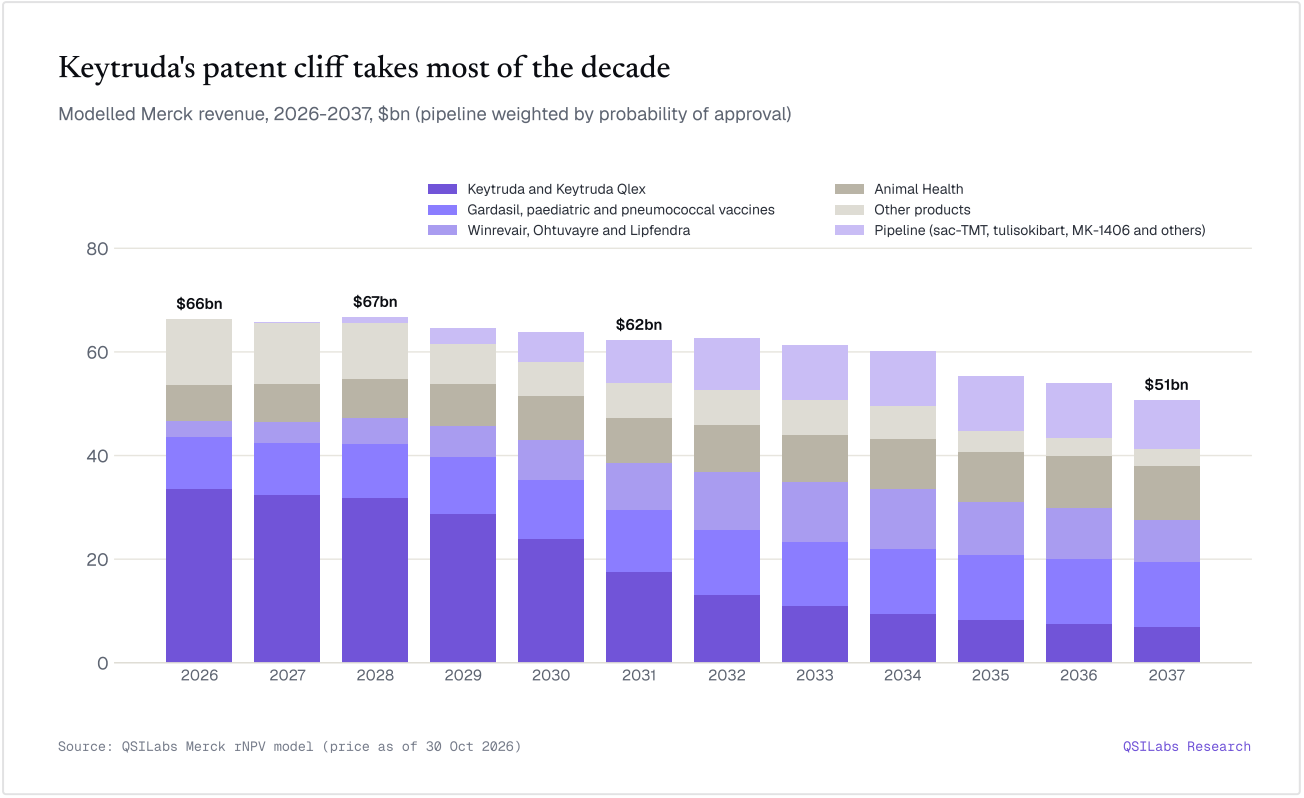


FIGURE 6 Modelled Merck revenue, with Keytruda falling after 2028. Source: QSILabs Merck rNPV model.

What is in Merck's pipeline? Sac-TMT, intismeran and tulisokibart

Merck's late-stage pipeline is the main reason investors pay more for MRK than the marketed products alone would justify. The quarter brought three significant oncology readouts at the ESMO congress.

Sacituzumab tirumotecan (sac-TMT, MK-2870) is a TROP2 antibody-drug conjugate licensed from Kelun-Biotech. In the Phase 3 TroFuse-005 trial in previously treated endometrial cancer it reduced the risk of death by 32% and the risk of progression or death by 41% against chemotherapy. The FDA accepted the application for priority review with a PDUFA date of 15 June 2027, and Merck says it is hopeful of an earlier approval. Kelun also presented Chinese Phase 3 data in non-small cell lung cancer. We model peak sales of $6.0bn before risk adjustment, with a 59.8% probability of success across the programme, for an rNPV of $9.9bn.

Intismeran autogene (V940), developed with Moderna, is an individualised mRNA cancer vaccine. Given with Keytruda after surgery for stage IIB-IV melanoma in INTerpath-001, it cut the risk of recurrence or death by 42% (hazard ratio 0.58) against Keytruda alone, which Merck called the first Phase 3 validation of a therapeutic cancer vaccine. We value Merck's 50% share at $2.1bn.

Keytruda itself gained another Phase 3 win in KEYNOTE-C93, where it reduced the risk of progression or death by 43% against chemotherapy in first-line mismatch-repair-deficient endometrial cancer, and EU approval with Padcev in perioperative muscle-invasive bladder cancer. Merck withdrew the US application for ifinatamab deruxtecan (I-DXd) in small cell lung cancer, which it develops with Daiichi Sankyo.

Outside oncology, the anti-TL1A antibody tulisokibart had positive Phase 2b results in hidradenitis suppurativa (we value it at $5.8bn across ulcerative colitis, Crohn's disease and hidradenitis suppurativa), the remigromig BRUNELLO trial in diabetic macular oedema reported one-year data, and the FDA set action dates for Enflonsia's second-season indication (22 March 2027) and two Idvynso HIV applications (22 April 2027).

MERCK'S LATE-STAGE PIPELINE AFTER Q3 2026

SAC-TMT (MK-2870)	TROP2 antibody-drug conjugate from Kelun-Biotech; TroFuse-005 cut the risk of death by 32% and of progression or death by 41% against chemotherapy in previously treated endometrial cancer; BLA under priority review, PDUFA 15 June 2027, and Merck is hopeful of an earlier approval	8-K Ex 99.1
INTISMERAN AUTOGENE (V940)	Individualised mRNA neoantigen therapy with Moderna; INTerpath-001 with Keytruda cut the risk of recurrence or death by 42% (HR 0.58) in resected stage IIB-IV melanoma	8-K Ex 99.1
TULISOKIBART (MK-7240)	Anti-TL1A antibody in Phase 3 for ulcerative colitis and Crohn's disease; Phase 2b in hidradenitis suppurativa met its primary and key secondary endpoints	8-K Ex 99.1; QSILabs model
MK-1406 (CD388)	Long-acting influenza prevention from the Cidara acquisition, in Phase 3; the deal carried a $9.0bn R&D charge in 2026	8-K Ex 99.1; QSILabs model
ISLATRAVIR PLUS LENACAPAVIR	Once-weekly oral HIV treatment with Gilead; Merck's doravirine/islatravir (Idvynso) sNDAs have a PDUFA date of 22 April 2027	8-K Ex 99.1; QSILabs model
MK-4208 (TERN-701)	Allosteric BCR::ABL1 inhibitor for chronic myeloid leukaemia from the Terns acquisition, which carried a $5.7bn R&D charge	8-K Ex 99.1; QSILabs model
MK-2690	Preclinical oral KRAS G12D inhibitor licensed from SciBrunch for a $400m charge in Q3 2026	8-K Ex 99.1

Is Merck stock overvalued after Q3 2026?

On our numbers, yes. Our risk-adjusted NPV gives an equity value of $228.2bn, or **$92.29 per share** on 2,472m diluted shares, against a share price of $149.52 on 30 October 2026, a market value of about $370bn. The price is 62% above our value, and our value is 38% below the price.

The gap is about $141bn, or $57 a share. To close it, the market has to be right that Merck's future research will replace Keytruda's profits with something of similar size, beyond the named pipeline assets we already include. That gap is larger than the $99.6bn we assign to Keytruda in both its forms.

Here is how our value builds up:

COMPONENT	$BN	$ PER SHARE
Marketed products (risk-adjusted NPV)	258.1	104.41
Late-stage pipeline (risk-adjusted NPV)	26.5	10.71
Corporate costs (R&D and administration not tied to a product)	-105.6	-42.70
Terminal value, capital spending, working capital and tax	13.1	5.29
Enterprise value of named products	192.1	77.71
R&D engine (value of future research spending)	81.1	32.80
Net debt and other claims	-45.0	-18.22
Equity value	**228.2**	**92.29**

Source: QSILabs Merck rNPV model. Cash of $8.36bn and debt of $53.91bn are from the Q2 2026 Form 10-Q, the latest balance sheet filed.

Analysts are far more positive. The 28 analysts tracked by StockAnalysis rate Merck a Buy, with an average 12-month price target of $159.91, a median of $165 and a range of $105-186. Only the lowest target, $105, falls within reach of our cases, between our base case and our $109.08 bull case.

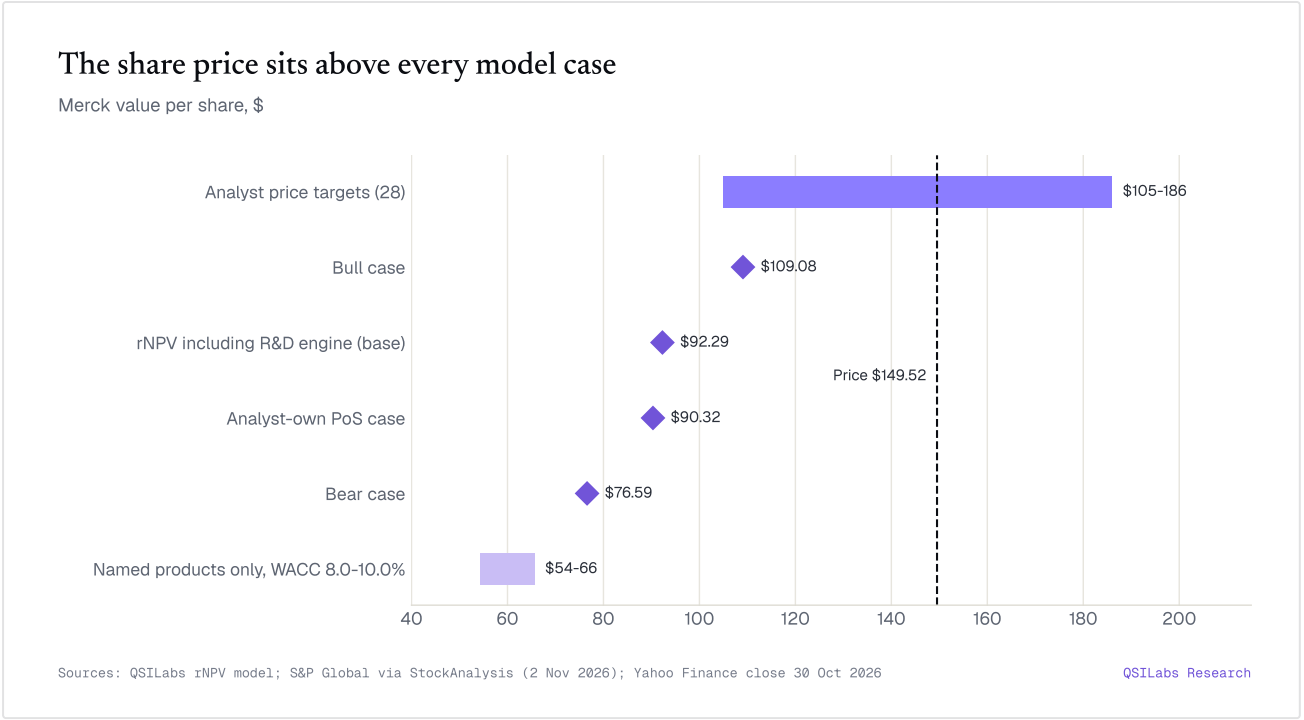


FIGURE 7 Our cases against analyst targets and the share price. Sources: QSILabs; S&P Global via StockAnalysis; Yahoo Finance.

How we value Merck: the rNPV method and assumptions

We forecast each of 16 marketed product groups and 6 late-stage pipeline programmes year by year to 2045, apply each patent expiry, weight pipeline revenue and costs by the probability of approval at each remaining phase, and discount the cash flows at a weighted average cost of capital of 8.98%. That rate is based on Aswath Damodaran's figures for US pharmaceutical companies (beta 0.98, cost of equity 9.50%, debt at 12.7% of capital). The terminal value, on 2045 cash flow with zero growth, is only 8.5% of enterprise value because most of today's products have run off well before then.

The probabilities come from the BIO, Informa and QLS study of clinical development success rates for 2011-2020, adjusted where a programme already has a positive Phase 3. Sac-TMT has a 59.8% chance of success across its programme, tulisokibart 61.4%, MK-1406 (the long-acting flu preventive from Cidara) 59.5%, the islatravir and lenacapavir weekly HIV pill with Gilead 92.9% and intismeran 92%. The early-stage CML drug MK-4208 from Terns has a 19.7% chance.

Named products and the pipeline alone give $59.49 a share. Our corporate costs include research spending of 18% of revenue for discovery and lifecycle work not tied to a named product. The R&D engine, $81.1bn or $32.80 a share, is our estimate of the products that

spending will eventually create. It is still about $29bn less than the cost of the spending, so on our assumptions Merck's unnamed research earns less than its cost of capital. Without the engine, the gap to the share price would be even wider.

How sensitive is the named-product value to the discount rate?

WACC	NAMED PRODUCTS ONLY, $ PER SHARE
7.98%	65.62
8.48%	62.41
8.98% (base)	59.49
9.48%	56.81
9.98%	54.35

Our bear case, $76.59, cuts peak sales by 30%, cuts probabilities of success by 30% and delays launches by a year; the bull case, $109.08, raises peak sales by 30% and probabilities by 20%. A third case using our own probability adjustments, including a 15% haircut to Keytruda Qlex for the Halozyme dispute and to Lipfendra until its cardiovascular outcomes trial reads out, gives $90.32.

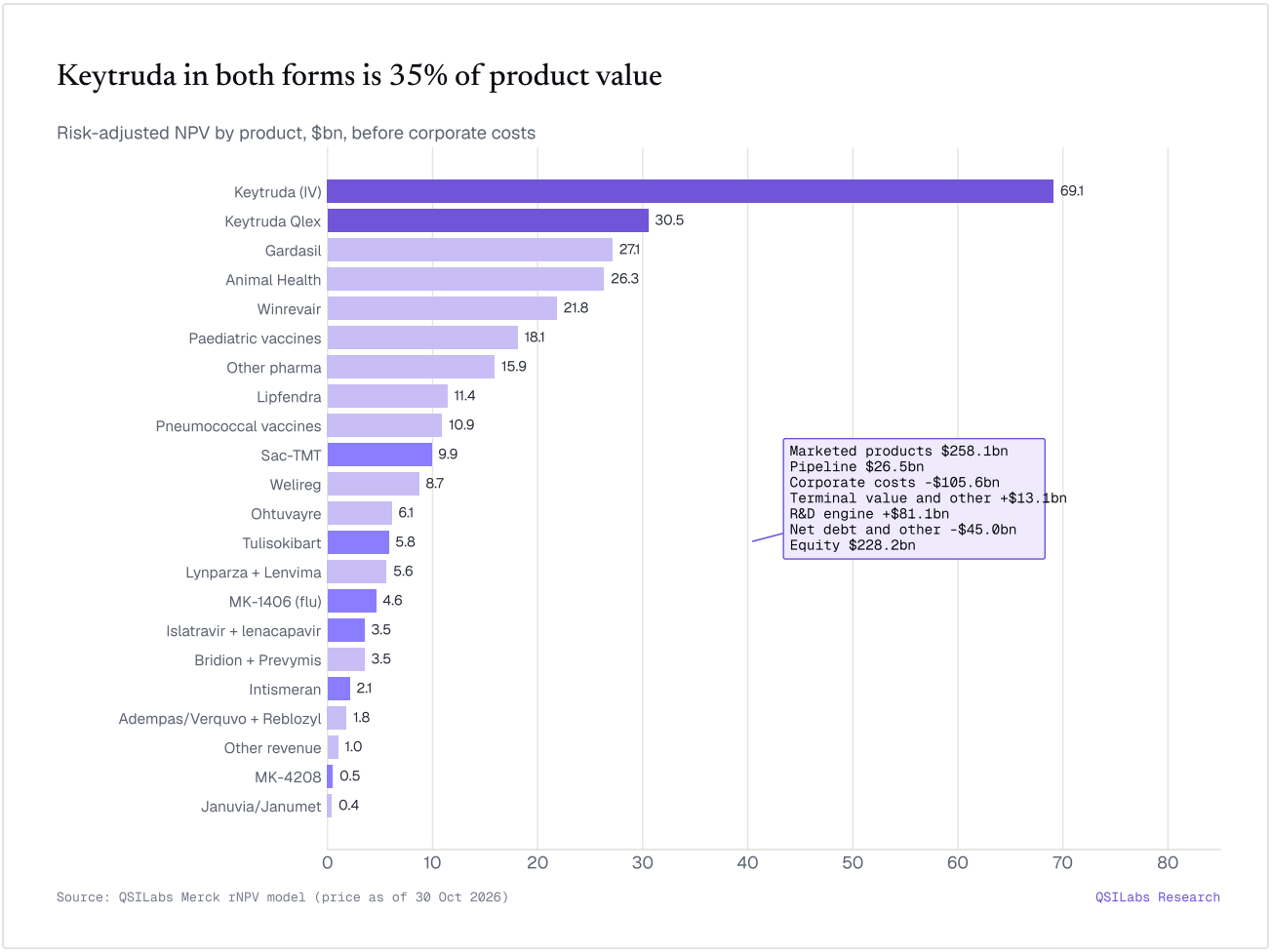


FIGURE 8 Risk-adjusted NPV by product and the bridge to equity value. Source: QSILabs Merck rNPV model.

What are the main risks for Merck stock?

- **The Keytruda cliff.** Keytruda in both forms was 48% of Q3 sales. If biosimilars reach the US earlier than 2029, or if Merck loses the patent term adjustment litigation, revenue falls faster than we model.
- **Keytruda Qlex.** Conversion is the main defence. Lower-priced intravenous biosimilars could slow it, and the Halozyme dispute over subcutaneous delivery could bring royalties or worse.
- **Purchase timing.** About $550m of Q3 growth came from the timing of purchases, and guidance implies lower Q4 sales than a year ago. Gardasil sales in particular swing with public-sector buying.
- **Pipeline execution.** Merck has taken about $15bn of R&D charges for the Cidara and Terns deals this year. If MK-1406, sac-TMT or tulisokibart disappoint, those charges buy little, and the market's premium for the pipeline would shrink.

- **Pricing.** US drug-price negotiation and pricing policy weigh on older products such as Januvia, and could reach Keytruda before its patents expire.
- **Upside risk.** If sac-TMT and intismeran become multi-billion-dollar franchises, or Merck's research engine is more productive than our 5.9% return assumes, our value is too low. The analysts' average target, $159.91, assumes much of this.

FAQ

What is QSILabs' valuation of Merck stock after Q3 2026?

Our risk-adjusted NPV gives $92.29 per share, against a $149.52 share price on 30 October 2026, about 38% below the market. Our bear and bull cases are $76.59 and $109.08. Named products and pipeline alone give $59.49; the remaining $32.80 is the value we place on Merck's future research spending.

How much did Keytruda sell in Q3 2026?

Keytruda and Keytruda Qlex together sold $8,601m in Q3 2026, up 6%. Intravenous Keytruda was $7,771m, down 5%, and subcutaneous Keytruda Qlex was $830m, up from $463m in Q2 2026.

What is Keytruda Qlex and why does it matter?

Keytruda Qlex is pembrolizumab combined with berahyaluronidase alfa so it can be injected under the skin. Its US formulation patents run to 2043, while intravenous Keytruda's US compound patent expires in 2028, so patients who switch to Qlex can stay with Merck after biosimilars arrive.

Did Merck raise its guidance in Q3 2026?

Yes. Merck narrowed its 2026 sales guidance to $66.8-67.3bn from $66.3-67.3bn and raised non-GAAP EPS guidance to $2.77-2.82 from $2.66-2.76. The EPS range includes $6.05 a share of one-time charges for the Cidara, Terns and SciBrunch deals.

Why did Merck's EPS fall in Q3 2026 when sales rose?

GAAP EPS fell 12% to $2.04 because of higher amortisation, restructuring and interest costs and a $400m charge for the SciBrunch licence. Non-GAAP EPS fell to $2.49 from $2.58;

without the $0.12 SciBrunch charge it would have been about $2.61.

When does Keytruda's patent expire?

Keytruda's US compound patent expires in 2028, with patent term adjustments into 2029 that Merck expects to be litigated. In Europe key protection runs to 2031 and in Japan to 2032-33. We assume US biosimilar competition from 2029.

What is sac-TMT and when could it be approved?

Sacituzumab tirumotecan (sac-TMT) is a TROP2 antibody-drug conjugate from Kelun-Biotech. It cut the risk of death by 32% in previously treated endometrial cancer in TroFuse-005, and the FDA has set a PDUFA date of 15 June 2027 under priority review.

Why is the balance sheet from June 2026?

Merck reported Q3 2026 results on 29 October 2026 but had not yet filed its Q3 Form 10-Q when we published. We use cash of $8.36bn, debt of $53.91bn and other claims from the Q2 2026 Form 10-Q, the latest filed, and will update when the Q3 10-Q is available.

Sources

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2. Merck & Co., Inc., Q3 2026 financial tables (Form 8-K, Exhibit 99.2; accession 0001104659-26-119825) www.sec.gov
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5. Merck & Co., Inc., Form 10-Q for the quarter ended 30 Jun 2026 (accession 0000310158-26-000212) www.sec.gov
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11. QSILabs Merck risk-adjusted NPV model (internal; price as of 30 Oct 2026)

About this analysis

Written by QSI Labs Research. We read Merck's filings (the Q3 2026 earnings release and financial tables, the Q2 2026 Form 10-Q and the 2025 Form 10-K) and value the company with a risk-adjusted NPV model: each marketed product and late-stage candidate is forecast to patent expiry, weighted by its probability of approval and discounted at the cost of capital. Forecasts are QSILabs estimates; every reported figure is cited to its source. Figures as of Q3 2026 results; price as of the 30 October 2026 close.

This article is for information only and is not investment advice. QSI Labs does not hold a position in MRK. Forecasts and values are QSILabs estimates and may be wrong.