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Transcript
Fresenius Capital Markets Day 2023

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AGENDA

10:30 – 10:35	**Welcome/Opening Remarks**	Markus Georgi
10:35 – 10:50	**#FutureFresenius**	Michael Sen
10:50 – 11:20	**Introduction to Fresenius Kabi & Vision 2026**	Pierluigi Antonelli
11:20 – 11:40	**Financials & Cross-cutting initiatives**	Andreas Duenkel
11:40 – 12:10	**Q&A**	
12:10 – 12:20	**Coffee Break**	
12:20 – 12:50	**Focus on Nutrition**	Dr. Marc-Alexander Mahl
12:50 – 13:20	**Focus on MedTech**	Dr. Christian Hauer
13:20 – 13:40	**Q&A**	
13:40 – 14:40	**Lunch**	
14:40 – 15:10	**Focus on Pharma**	Dr. Marc-Alexander Mahl
15:10 – 15:40	**Focus on Biopharma**	Dr. Michael Schönhofen
15:40 – 16:10	**Q&A**	
16:10 – 16:15	**Key take aways**	Pierluigi Antonelli
16:15 – 16:30	**Closing Remarks**	Michael Sen

PRESENTATION
Welcome/Opening Remarks
Markus Georgi, SVP IR & Sustainability Fresenius SE & Co. KGaA

Markus Georgi: Ladies and gentlemen, good morning, and a warm welcome to our Capital Markets Day here in London. I'm Markus Georgi. I'm heading the Investor Relations and Sustainability team at Fresenius SE. It's my great pleasure to have all of you here today together with the management of Fresenius Group and Fresenius Kabi. I see many familiar faces.

It's just great to have this meeting with you in person today after the dreadful phrase of pure virtual meetings due to COVID. This is our first Capital Markets Day after more than a decade now.

Let me give you a brief overview of today's agenda. We have three parts. The first presentation block, Michael Sen, Group CEO, will kick off the event. Following him, we have Pierluigi Antonelli, the new CEO of Kabi, followed by Andreas Duenkel, Kabi's CFO.

On the second block, we've got Marc-Alexander Mahl presenting Nutrition and Christian Hauer presenting MedTech.

Then we will have a lunchbreak in a separate area at the Tyburn Kitchen which is located upstairs. In addition, you have the opportunity to visit our product show, which is located in the back of today's presentation room.

Finally, you will hear a deep dive on Pharma from Marc-Alexander Mahl again and on Biopharma from Michael Schönhofen.

Each block will be followed by a Q&A session. In total, we aim to conclude this event at 4:30 p.m.

Before we begin, I would like to share a few technical details. You can see it in the back of this room. The entire event is being recorded and can be followed via webcast. A replay will be available on our corporate website following today's Capital Markets Day.

If you would like to ask a question from the webcast, via the webcast, please don't forget, push the button on the screen.

For good order, I would like to draw your attention on the safe harbor statement outlined in our booklets. And without any further ado, let us now start. Please join me in welcoming Michael Sen on the stage. Michael, stage is yours.

PRESENTATION
#FutureFresenius
Michael Sen, CEO Fresenius SE & Co. KGaA

Michael Sen: So good morning, everybody, from my side. It's great to have you all here. This is quite a lineup, tells you that we've got to come back to having physical meetings. And just heard more than a decade ago the last Capital Market Day. So, it's about time that we meet again. And also, welcome to everybody who is watching us online here in London.

There's also a great lineup on the other side of the room, where we have a product exhibition, and there are colleagues of ours who are going to show you what the power is of this wonderful Kabi franchise.

Look, I'm going to start it off and kick it off, but I'll be very crisp and brief as well. Ever since we started the journey and I took over in October, I really believe, together with

the entire team -- and Sara is also with us here from Group management -- that we've been moving rapidly.

But there was something which was way overdue. And that is to really intensely have a dialog with you, to really also outline our strategy as such, which I will be doing in the next couple of minutes, and then go deep into what we call the operating companies, i.e., being the core of our businesses.

And what you will see today is indeed showcasing the strength of Kabi in each and every individual business we're having and managing now with a clear direction and being with our Vision 2026 a clear pillar of #FutureFresenius.

Next to the showcasing, you will see, under the leadership now -- the new leadership of Pierluigi and his management team that there is commitment, also clear commitment to be very ambitious in the marketplace, obviously vis-à-vis customers and serving patients but also when it comes to financial outcome. And you will hear about that one in a minute.

So, all in all, we're very confident that, ever since we embarked on that journey of #FutureFresenius, we can build on a great momentum going forward.

Everything starts with our mission. And this is not just lip service. It is about advancing patient care. And we deliberately chose those three words because they have a meaning. It is about looking ahead, advancing. It is putting the patient in the center. And then it is about care.

And we are in a very attractive sector. The sector is growing. It's the healthcare sector. Everybody is talking about the healthcare sector growing and being improved and structurally changing. But we are a uniquely positioned company because we can advance care on many levels.

It starts with the patient, giving the patient access to medicine, access to the latest treatment, enabling the next level, providers, to use state-of-the-art tools in order to do nothing less than deliver care, and then the ultimate thing, for a healthcare system to increase the outcome and drive efficiency and effectiveness.

And with the Fresenius franchise, with the core businesses we have with Helios and with Kabi, we're doing this on a global scale. And yet you will see later on we are also a very relevant local player. So, everything you're going to hear about today from the colleagues is based on that very, very powerful mission, advancing patient care.

And next to what we've been kicking off in our agenda, and you know we are reducing the complexity, simplifying the structure, we're increasing the focus and accelerating performance, there is also a long-term vision. There is a strategy. There is a clear direction which is kind of like the positive North Star for all our employees.

And remember, I told you, when we started, when we embarked on that journey, we did that portfolio analysis. We dissected Fresenius into 28 businesses and were comparing and contrasting them strategically.

And then we tried to group those businesses. And by grouping those businesses, we said we're going to focus on the therapy space. In the continuum of care, therapy is 70% to 80% of the entire continuum of care or a patient journey.

Within therapy, which has the biggest growth potential and the highest profit pool, with the businesses we have -- and we have positioned them in the portfolio analysis -- we really found out that we are catering key trends.

And in essence, therefore, we derived three growth platforms within the therapy space all our businesses in one way or the other can cater into. And that is the Biopharma platform, like in a larger and broader sense, including Nutrition. This is the MedTech platform, and this is the care delivery, the Care Provision platform.

And we depicted only a few examples where you see, not only from a market positioning but from a medical and clinical relevance, we are right at the critical spots. MedTech platform, take breakthrough technology, infusion system. If you want to look at it, it's outside the room.

Cell and gene therapy, a topic of the future, already the foot in the door. You can go to the left side, when we talk about Nutrition. You will hear later on we talk about personalized nutrition. And then Care Provision, look at the 400k anonymized routine treatment datasets. There is no other institution which has the largest hospital chain in Europe and therefore has access to data and then can build on something which experts call proprietary data assets.

So, if this is the strategy from coming in from the inside, from the portfolio analysis, it caters exactly into what really matters for healthcare systems. It's better products. It's better treatment. It's better outcome. And it's better care.

That being said, we're all doing our homework. With or without us, there are a few trends out there. And I know it's sometimes overstressed the term paradigm shift, but yet there are some shifts going on in the outside world, whether we want it or not.

But the good news is, with all our businesses, they are in our favor, or the other way around, we pay into these paradigm shifts. And we call it the triple shift here. It's the bio paradigm, the tech paradigm, and the data paradigm.

And I gave you a few examples at the top of the page what is going to happen. When you think of biology, the progress in science, people say this is the age of biology, understanding people's biology. Think about the loss of exclusivity on biologicals. That is a huge market. Therefore, just look at the number of monoclonal antibodies which is going to evolve in the next couple of years.

The tech paradigm, obviously, it is about surgical robots. Helios already applies surgical robots. You can do even more to increase the efficiency, to reduce the errors, to then at the end of the day maybe even make more revenue. Robotic surgeries, the procedure growth is going on.

And then obviously, the data paradigm, which I also mentioned already, having probably the potential data lake for the biggest proprietary dataset with our clinic chains we have.

And then the social, economic, and demographic trends, people want to have access to healthcare, high-quality healthcare. And that is what Biopharma is all about. It's about health equity.

And therefore, our businesses are paying also into these long-term trends. And that, again, makes all our people working within Fresenius so proud, now having the clear direction and having a clear kind of vision in front of them. And that is really worth working for and going to work every day.

But again, starting at October and going into February 22nd, it's not only about vision. It's about the hard work, the structural simplification, the focus, the accelerating performance.

Fresenius Medical Care, the deconsolidation, fully on track. We're looking forward for the Extraordinary General Meeting on July 14th. We're preparing the legal paperwork. We're

doing everything which is necessary on the carve-out, having a lot of conversation. You tell me whether this was thinkable a couple of months ago.

The new financial framework, we'll come to that one in a minute, a really kind of rigid, by the same token transparent and very powerful tool to instill nothing more or less than a performance culture within the organization for good on a very sustainable basis because it's clear. It is measurable. We're going to also disclose it to you guys. And everybody within the company knows where we stand or what they need to do in order to increase performance.

Cost savings or structural productivity in our business is becoming almost getting into a genetic disposition. And probably, Andreas will talk about that later on, how it unfolds within Kabi.

New people, new team, new incentives. Pierluigi joined the company a couple of weeks ago, already very happy as to how he's leading the team. And you will see that in a couple of minutes. There's another colleague coming soon, Michael Moser, joining the Fresenius Board. And then there's a lot of other changes also in many levels of the company, a few you will see later on.

And that all ends up structurally, if you have that strategy which we just alluded to, into this house of Fresenius, into this operating model. This is where we're going to double down our energy on the businesses within Kabi and within Helios to exactly cater these three growth platforms within the therapy space.

And the other assets are investment companies, one of them having more freedom. We're on the way of executing that one, Fresenius Medical Care. The other one, yes, we've still got work to do. We're on it, and we're going to update you as we go along.

So that will then, if the deconsolidation goes through, change obviously also the interaction and, again, the performance mindset because we will be much closer and tighter knit with the core which you see on that picture.

And Helios, just as a teaser, probably beginning of next year, we will do a Capital Market Day on Helios, prime asset, 24 million patients a year, very strong in the hospital setting, but also in the ambulatory setting, very strong, for example, with Quirónsalud, managing patient flows, embedding digitalization, working in an ecosystem. That's why prime asset paying into the strategy, as you have seen it.

Kabi, obviously, I don't want to steal the thunder of all the colleagues, very, very good asset as well with all the individual businesses. And that is key. The 28 business fields we dissected you will see a little bit in an aggregated view, where we had this 3+1 strategy.

It is and was now about growth, about incremental growth in fields which are relevant which are paying into future trends. And therefore, this 3+1 strategy, the growth vectors, and then the basis, the underpinning business, the IV generics and fluids, by the way, highly cash generative.

And Nutrition, for example, just picking out one, many of you told me up until maybe months, quarters ago, didn't know that we have such a big Nutrition franchise. Marc is going to tell you more about it and why it is so distinct in the clinical nutrition, why we have such a strong market position. And it is beyond €2 billion. And I can tell you it's growing. And it's profitable. And it will also deliver the necessary returns.

Now on a more aggregate level, 2 years back when I joined Fresenius and I had the privilege to be at Kabi, there are a few attributes from my point of view which are then underpinned by facts which really are the character and the profile of Kabi.

And the one thing is that Kabi has a very strong customer proximity. We are in so many countries of the world, and we are a relevant player with the portfolio. And the portfolio, first of all, in itself, the IV generics is relevant, but then what we add to that with the fluids, we have Medical Technology, we have Nutrition, and then we're entering a completely new field.

So, the customer relationship, the I would say partnership, the reliability, we're talking here of critical medicine for the ICU or for chronic disease patterns. People need to rely on a partner to be delivered. And the good thing is we know how important that is because we have hospitals on our own.

So, this embeddedness, closeness to the customer, this partnership, this reliability and quality, and then the manufacturing capability. And Michael Schönhofen, who is in the team, who has been with Kabi for quite a while, he's been very instrumental also in building up this what we call vertical integration.

Why do you need the vertical integration? Why do you need the manufacturing network? Because if it's a competitive market, you want to control what you can control. And that is the unit or unit element costs.

And if you are good at that one, and I believe Kabi is, and that runs across Kabi also in Christian's business because we talk about manufacturing platforms. We talk about capabilities on aseptic, for example, on sterile, which is highly important when you talk on quality, when it comes to Nutrition, and when it comes to IV generics, but even on sets and disposables on MedTech. And this is on a very aggregate level I think core competencies Kabi can hammer home, will hammer home as we move forward.

And then yet, looking a little bit into the past, it has always been a growing business. This was nice. But when I joined, we realized, the team and myself, we realized that the growth dynamics, the growth rates had been easy. And then there was a reason for that. And we cracked our head, and then we came up with the Vision 2026 to say we need focus. We need real focus, dedicated focus on new businesses, on growth businesses, on innovation, on launches.

And then Vision 2026, this is -- which will, again, bring us back to the trajectory of growth or even cater more growth as we go forward.

Now this is where the whole journey starts, the growth. You've got to be strong at the customer's end. You've got to win against the competition. But growth is not everything. Advancing patient care, the flipside is we need to advance improving bottom line.

And that's why we introduced F cubed, Fresenius Financial Framework. And I'm telling you this is a very rigorous, candid, transparent change management tool for a performance culture because everybody in the organization running the operational business know what they need to cater to in terms of margin.

Here, very transparently for Kabi in the last couple of quarters -- I won't go into detail, but what I want to tell you is, think about it. If you manage a business by top-line growth and margin, that is more rigid than managing by earnings growth only because, if you grow in the top line and you are able to deliver margin expansion, you do the math.

And even for somebody like Helios, who are growing in top line and hold the margin stable, what does it mean in absolute terms? It means earnings growth. And therefore, we believe this is a very powerful tool.

And as a Group management, as the Group Board, we take care of the capital base because we said in November, when Sara and myself went out, it's all going to be about returns.

The team, you will see them in a minute, I believe a fired-up team, very motivational, very ambitious, you will hear that in a minute, and a nice mix. If we want to get a shift in mindset -- and I told you we not only believe, we know we have momentum -- there needs to be the right balance of change, i.e., fresh pair of eyes, but also building on the things you have been doing good, which I told you the capabilities, for example, on the manufacturing side.

And I think, I believe, I know we have the right kind of mix. And it is going -- trickling down as Pierluigi is instilling more change. So Pierluigi and Andreas, the CFO, both of them, a great track record outside the company and therefore you know very beneficial for what we are trying to achieve or they're trying to achieve going forward, especially vis-à-vis the ambitions. You will see that in a minute.

Marc has been with the company for quite a while. He's an MD. So, he knows what he's talking about. He, by the way, left the company, and then he came back home. And that is good because you have seen or he has seen something else. And therefore, it was clear that he became a new Board Member within Kabi and then having this great responsibility for the IV generics and fluids business and for the Pharma business because he knows what he's talking about when it comes to the clinical application, being an MD.

Christian, MedTech, also he came from a different company a couple of years ago, from a medical devices company. And when I joined, I was impressed by seeing what Christian has done with the TCT, with the transfusion business, especially in terms of incremental growth and incremental margin expansion over the course of 3 years. So, it was easy for us to say, okay, we'll give him other parts of the Medical Technology business, and we ask him to do the same with the enlarged portfolio.

And then Michael has been with the team for quite a while, as I said, very instrumental also on that vertical integration, getting us to that competitive position we have in the IV generics. But he has been, if I may say so, also the spiritus rector of Fresenius going into biosimilars a couple of years ago. And together with me and my team, it was last year or 1.5 years ago, we started looking at, how can we strengthen that business if and when we are serious about playing in that one and then went into mAbxience.

And therefore, very happy that now he will focus 24/7 on the now enlarged Biopharma business because this is important. We are at a very important juncture when it comes to having derisked the development pipeline and now being ready to launch in one of the largest markets, but already having had experience in other markets outside the US. So therefore, a great team, great lineup you will see today going through the presentation.

That one, I won't read through that one. All I'm saying is healthcare market is very attractive. Healthcare market is going through changes. We are very well positioned to really pay into this one or ride that wave and being as relevant tomorrow as we are today. We have a very committed and dedicated team. They're ambitious. And they're going to talk to you today about their ambition. Have fun. Thank you.

PRESENTATION
Introduction to Kabi and Vision 2026
Pierluigi Antonelli, CEO Fresenius Kabi

Pierluigi Antonelli: Good morning. Good morning, everybody. Thank you for coming here. And also, welcome to the people who are following from Internet. So, my name is Pierluigi Antonelli. And I joined Kabi three months ago.

So, as I was saying to some of you last night, they have been three very intense months because I've been traveling a lot. I've been visiting markets, R&D centers, plants. And we had very long conversation and discussions with my team to understand our business and also relook at the -- and develop and solidify the plans that we're going to be discussing today, or how do we move from where we were last year to where we want to be by the end of 2026?

Before I enter into and I give you an overview with my colleagues, I want to share with you one thought. First of all, I'm here because I like healthcare. So, I've been more than 25 years in healthcare, in multinationals, innovation based, but generics, MedTech, and also family-owned businesses.

But because I'm in -- it's what I -- I connect very well with our tagline. You saw Fresenius Kabi caring for life. And this is what I discovered also when talking with many people. I do lots of breakfast meetings and lunch meetings with people within the organization. And I see that there is a sincere passion and attachment by all the colleagues and associates on this tagline.

And secondly, before I joined Kabi, I had the possibility to do -- I say an outside-in understanding and assessment of the company. And I saw and I perceived that there was a significant potential. And frankly speaking, when I came in after these 90 days, I see I'm very convinced that we do have great potential and that, with the plans that we have in place we're going to be sharing with you across the different business units, we will be able to go from where we were with 13.8% in terms of EBIT to where I'm going to share with you in a second by 2026.

So, what will be the team -- the discussion about today, what we're going to be sharing? Certainly financials, where we are, where we want to be, what is our strategy? What are our plans to get there, and also share and discuss with you how we're going to be getting there because it's a lot about the execution. It's a lot of hard work, as you can imagine. It's a lot of discipline and attention, like Michael was saying, on how do we grow, but frankly speaking, how do we grow profitably and sustainably, driving margins up versus where they are today?

First of all, and yesterday was a good conversation across the table, right, because I think we need to -- and that's a great opportunity for us to share with you who we are, right? Some still see us a bit as a pharma generic company. There is much more to it than that business, which is still important and fundamental.

But you see the numbers. Those are impressive numbers, right? We touch more than 400 million patient lives every year. And we do it through our portfolio. And you see the relevance of those numbers, more than 1 million of pumps installed, about 235,000 units of Fresubin which is consumed every day globally, 1.2 billion of injectable units or generics units every year, 1.4 billion on IV fluids, units, bags every year. I mean Tthose are impressive numbers. That gives you the perspective of how relevant we are as a company and why we think that we are quite unique in the healthcare setting.

Q1, I think, Q1, you know it very well. We started quite solidly, and we are very happy, and it didn't happen by chance. That is work, hard work by thousands of people and my colleagues who have been, frankly speaking, working here longer than myself. But that's

a very good start to the year, and we are very happy and proud because it's good to start well.

But one information that I want to share with you, and we are very proud to do it today, is that we are upping our guidance. Some of you were asking yesterday, right, and I think it's important that we share this information with you. So, we are going in terms of sales growth from low mid-single-digit number to mid-single-digit growth. And more importantly, EBIT is going to go -- which we were about 100 basis points below our margin, structural margin band. We're going to go to around 14%. I think that's an important news, and it's something that we want to stress properly because it gives you the confidence that the team has to move in the right direction moving forward.

As important, we also set for ourselves specific ambition for 2026. And it is reflected here because we're going to stay between 4% to 7% in terms of growth rate. But you see that we -- our ambition is to move towards the upper end of the structural margin band, 14% to 17%. And if you consider that, last year, we were at 13.8%, I mean that's also a sign of strong confidence that we have as a team. And how to get there we'll discuss shortly.

How is -- how do we get there, right? I think this is what I want to spend a couple of minutes. Our portfolio is unique. Some of you were asking me, why do we need -- why you folks have to be in the four businesses. The portfolio we have is unique, is essential, is integrated. And we are able to leverage the depth and the breadth of that portfolio in a unique way when we go to customers.

And we have a great pipeline, I think, across the board. You see that we have from Michael more than 10 molecules in Biopharma. We're going to be launching between 15 to 17 new products in new first launches in Pharma generics. We did this year 130 launches, okay, in Pharma generics, in IV generics. We have significant launches that happened recently and will be happening in MedTech and I think -- and in Nutrition more than 10 products in pipeline plus the rollout of our existing portfolio in different markets.

And what is important, and I think you can appreciate it -- at least in my career, I think that's a uniqueness which not many company can boast the level of record. We are number one. We have solid leading positions in many of these businesses. We are number one Pharma IV generics company globally. We are number one in parenteral nutrition. We are number two in enteral in Europe and China. We have -- we are number one in global blood collection in MedTech.

I think, if you consider how strong we are in our pipeline and our plans on how to drive efficiencies, you see that I think we are here to stay, and we are here to drive margins up and drive profitability up.

Clear strategy, when I came, of course, as you can imagine, I spent significant time understanding what's the strategy, right? Do I see it the way it is? And I'm going to be spending some minutes and some words in a few minutes on the strategy. I believe it makes -- and I'm convinced it makes a lot of sense. Clarity in terms of portfolio strategy, where we want to invest, how do we want to drive efficiencies moving forward? It's going to stay. And you see the results, right? You start seeing results of what the strategy that has been started to be implemented last year is bringing.

And then of course, it's high-performing team because nothing gets done -- after so many years in the industry, it's all about people, right? You may have a beautiful strategy, but then I mean the execution is where the rubber hits the road and where you need to have the right people in the right places.

We have a good team, a very solid team, and the one that you will see today. But it's very well supported. And we have -- I see talking to people that we have a great drive and great passion within the company to advance patient care.

We start from the hospital. Okay? I think it's a -- we are a one-stop-shop company. So, we start from the hospital across our business units, and we cater to critically and chronically ill patients. But the beauty is that, over the years, the team has been able to develop specific capabilities to actually follow the patient outside of the hospital.

And therefore, you see there long-term care, rehab center, outpatient clinics, homecare. I think it is a well-oiled machine, very competitive machine that we have, great teams, and teams that have been able to drive that level of performance from a competitive standpoint.

And my colleagues will give you some examples, right, of patients with classic, unfortunately, pathologies to whom we actually cater significant number of products and services. We have Agatha with swallowing disorders, Jose with a bacterial infection, Jasmine with rheumatoid arthritis, Maria with cancer, in different parts, in different settings of the healthcare.

Now where do we play, right? Michael was alluding to the fact that we -- no, healthcare is the place to be, right? There are underlying trends which make the healthcare industry a very attractive one.

Let's look at the four segments in which we play. So, we have Pharma. The way we define Pharma is IV generics. And we also have IV fluids. Big market, but of course, we play in the IV generics segment, growing single digits, very attractive from a profitability standpoint, and you know how much we also drive in terms of profits, right, because it's visible. We made it visible for the first time with the Q1. It's very accretive, and we are competitive. We know how to drive it.

Then we have Nutrition. Again, Nutrition is a fantastic business that some don't know well. And this is a great opportunity for us to share where we are. But it's a €10 billion market growing nicely, split between enteral and parenteral, and it's very attractive from an industry segment standpoint in terms of margins.

MedTech, again, Christian will discuss about this, but cell and gene therapies is on the rise. We play very well there, plasma, and then we also have the pumps, large-volume pumps with fluids, and we'll discuss about this.

And then Biopharma, I think everybody knows the importance of biologics but also that there is a significant pressure from payers to save, to extract some savings that can be reinvested. And we are playing right there with our portfolio and with our company.

And then there are these trends that are industry-specific trends. And I think our portfolio is very uniquely positioned to leverage and to take advantage of the strengths. You see therapy shifts. Biologics we discussed. And therefore, how do we play with our biosimilars and with the acquisitions of mAbxience?

We have treatment shifts. Everybody -- in many countries, there is a desire to move away from hospital into home. And there, we have our homecare business, very strong business. More than 20% of our nutritional sales are in homecare. And it's more than €500 million in homecare, very attractive segment. We play in more than 10 markets. We are very strong in those markets.

And then technology shift, the importance of the digital revolution, data, connectivity of devices. Here, we are with the Ivenix. And you have a chance actually outside to see the uniqueness and the -- how breakthrough is the technology of Ivenix pump and has been also recognized, as you saw, from Vizient and from Premier last week as a breakthrough technology. So, I think we are very proud, and we can make a difference, and we will make a difference with it in the US market.

If those are the segments of the market, this is how we play in those markets. So, we have Pharma, so IV generics and fluids. You see the split between IV fluids and IV generics here, so on that part, €3.8 billion, very accretive. It's a competitive market, price pressure, but we know how to compete in that market.

We have strong operational excellence. We have a portfolio which is unique, relevant, made of essential drugs. We are here to stay. We're going to drive that business. And it's not going to grow a lot, but I think, if you consider the margin we have and the growth, we will generate incremental earnings, absolute earnings moving forward.

Nutrition, €2.4 billion, I think we are the only company where we play both in PN and EN. And you see also that, also, it's very nicely split, our portfolio, between enteral and parenteral, which is I think a strength because we play within that market in both segments, strong leading positions.

MedTech, once again, we look at MedTech in two subsegments. One is TCT, transfusion medicine and cell therapy. The other one is infusion and nutritional systems. You see the split. It's important. We made an important acquisition last year with Ivenix. And now we're integrating. We integrated, but now we are operationally integrating in our plans Ivenix. And we need to drive operating margin improvement. And there is a clear plan, and Christian will discuss and share with you the plan.

And then we have Biopharma. Some people were asking me yesterday, what do you think? Do you need to -- what about Biopharma? Do you -- why is it part of your portfolio?

We have been investing in Biopharma significant money over the last years. Now we have more than 10 molecules in pipeline. We have -- we are launching in the US two drugs. We have the infrastructure already in the US, marketing, medical, payer, everything we need in order to launch these drugs and actually launch the future drugs. And we have de-risked a significant part of our pipeline because it's about to be launched.

And plus, we did with mAbxience a great industrial acquisition because it complements fantastically well with our biosimilars, right? We have full complementarity. Michael is going to speak about it. But if you think that by tech transferring two molecules from Merck into mAbxience we will generate more than 30% savings in terms of unit cost, I think that's essential because, in biosimilars, you need to be cost competitive in the long term to stay in the game.

Therefore, we have the pipeline. We have the infrastructure. We've made the investment. And now we're going to be driving sales and profits. And it will become profit accretive within -- in our midterm horizon.

Going back to our portfolio, it is essential we discussed, right? That's an example, right, 70% of the IV drug shipped in US from Kabi are part of the essential FDA list. So, we are critical for the healthcare system in the US.

And more importantly, there is significant interlinks between all the different businesses which I want to share with you because some -- it's true that we track performances by business unit, and we allocate resources by business unit. But those business units produce services and products that we are able to connect together when we go to the end customer.

So, let me give you an example. We have leading nutritional products, but they are administered through state-of-the-art pumps with our disposable and also with our

services, homecare services. It's a combination of products and services that make us unique in the marketplace.

If you think about IV generics, we have also fluids, IV fluids. When you talk to customers, they want to have this offering connected.

When you think about, for example, the infusion ecosystem, now we have large-volume pumps, Ivenix, with the IV fluids. Therefore, also there, in the US, it's essential.

So, there are ways -- and we know how to do it -- where we synergize between our products and services across business units to make us very relevant and unique vis-à-vis the customer. More than 90% of our customers by from more than one BU, right? That's a key element that we are relevant, and we try and we drive that portfolio in a very relevant way.

And then of course, a good thing is that we have access, right? We drive access in more than 100 -- we are present with our products in more than 125 markets. And the beauty is that we have a very balanced portfolio, one-third US, one-third Europe, one-third rest of the world. And that allows us to, of course, have challenges in different parts but also get the opportunities and exploit opportunities in different parts of the world.

I think it's good, by also reflecting on my past experiences in my other companies, to have a balanced portfolio rather than a portfolio where you have massive presence in one continent versus others.

And then of course, it's about operational excellence. We are master here, right? We know how to manage plants. We drive efficiencies. You see the KPI there. More than one-third of our plants in Europe produce for more than one business unit. And that's one trait, exclusive trait of Kabi.

Let's go to the Vision 2026. So, I came, and I discussed with the team. And do I see myself -- apart from conversing with Michael before I came, do I see myself with the strategy, right, because the normal -- in my previous company, I had to reset the strategy, right?

In this case, after multiple meetings, I think that it makes total sense from a portfolio standpoint. There are three vectors, growth vectors, Biopharma, MedTech, and Nutrition. There is full transparency across these three vectors. And then we have Pharma, which is providing great profits, that can also -- that we want to keep, right? We want to keep stable margin moving forward. But those profits also help us to drive growth in the real growth vectors.

And how the strategy is founded on three pillars, one is growth. And we have therefore identified specific growth levers across the different business units. One is global competitiveness. That means how we are efficient and competitive in the marketplace. And I'll give you some examples.

And the third one, which is actually the one that I modified, is employer of choice. I am a true believer that people make a difference. And we have a significant HR agenda to drive. And that's one of the reasons why, for example, in the leadership team, there is now the presence of an HR head which before weas not part of the leadership team.

Speaking about growth, last year, like Michael was saying, we've been growing, right? But you see also the acceleration that we had in the first quarter with about 9%, over 10% in the growth vectors and 9% in totality.

But then you see also how we are driving our acquisitions. I shared with you the importance of mAbxience, how it fits within our portfolio. How do we drive efficiencies, savings? How do we -- how can we become more and more competitive?

But then also Ivenix, which is allowing us to enter in the US market. It's a big market. It's an attractive market for pumps. And we have the offering that allows us to be competitive. And then -- and we're going to drive, of course, as I said, with Christian, by industrializing and taking these startups within our plans, we're going to drive costs down and therefore grow our margins.

And then we have global competitiveness, more than 500 initiatives and measures that the team has been working on, identifying, and implementing. You see the -- last year, we had €74 million of structural savings, €160 million this year, and cumulatively, we're going to be driving €440 million by 2024.

How? Well, they can be bucketed in footprint and portfolio simplification. So, we've been closing plants. We have -- and I will give you some further elements. We're going to be close and we plan to close additional plants. We've been shifting production from different plants in different continents.

We also are -- for example, we exited Turkey, and there is a plan also to relook at our geographical presence, right, moving forward. We also are simplifying our structures. And this is an important thing, right? We need to simplify, streamline, delayering, and find opportunities to become more efficient in the way we look at our processes.

And then procurement, new team in place, we are now leveraging our scale. And that's fundamental, right, in order to drive savings, structural savings, every day across functions.

Employer of choice, we need to become faster in decision making. And that's the reason why we're going to be delayering the organization up to three layers. We are now discussing with the management team. This will accelerate our processes.

But we also want to change our performance schemes for managers below the leadership team to make it more pay-for-performance driven and also to stress the importance of collaboration because, when you manage the business in four business units, there could be the risk of looking at the -- losing the one Fresenius Kabi approach. Therefore, collaboration because there are, as I shared with you, important synergies and complementarity between business units, it's important to keep it as very relevant as value.

And then we're going to have -- will launch an HR IT system which will allow us to drive digitalization and eliminate these paper-based processes that we still have. And of course, we have an ambitious ERG agenda. You see the KPI we set for ourselves. And there, we need to accelerate. And we are creating a clear plan with clear milestones. How do we move from today to 2040?

This is the team we discussed. There is clear responsibility in terms of P&L for the three business units. Marc has Pharma and Nutrition that are independently separately managed in terms of P&L, but they are under responsibility of Marc because, from a go-to-market model, it would make not a lot of sense to separate them.

But then we have Christian with MedTech and Michael with Biopharma, supported by our commercial regional heads because you also have specific trends in the geographies, and you need to cater to those trends and make sure that they support our BU President.

As I said, I'm searching for the CHRO, right, the HR. For the first time, we have the HR in the LT. And then corporate development with Matthias. And it's a new role also, which is

the take up Pharma-Nutrition head because we have an important network in Pharma and Nutrition, and we need to have somebody in charge of driving operational -- further operational excellence, standardization, and looking also at our network.

And it's important for you, because I got also some questions yesterday, how you are incentivized. We are -- a very small part of our salary of compensation is fixed. The important part is variable. And that part is driven by clear KPIs like margin improvement, ROIC, ESG, TSR. Therefore, we're only going to be compensated if we generate value for shareholders. And that has to be clear, right?

So, how do we move from 13.8% to the upper end of our margin? You see down the growth rate in sales by business unit, which we have throughout 2026. And then of course, it's a combination of elements, right? We have cross-cutting initiatives that Andreas is going to discuss and share with you. We have Nutrition, right, accretive, higher than our structural band in terms of profit. We have pipeline. We have strong leadership positions. And we want to keep it going. We have opportunities in the US. We have opportunities in China.

MedTech, it's about Ivenix, launching it, drive TCT, plasma, cell and gene, and profit improvement. It's a game changer for us, Ivenix. It's a truly game changer for us and, frankly, for the customers.

And then we have Pharma. Pharma is core foundational business for us. As I said, we know how to play. We know how to compete. Yes, there are competitive pressures, but we know them well, how to make it competitive. We have pipeline. We have plans. Marc will discuss with you, we have made significant investments in two US plants. And now it's time to harvest this, right? We're going to fill these plants, and we're going to drive volume. And by driving volume, we'll continue to drive profit, absolute profit growth moving forward.

And then we have Biopharma. You see here 3x to 4x by 2026 growth. That means something between €600 million and €800 million in 2026 with Biopharma, thanks to the launches that we have planned in our -- during our plan.

And by the way, Biopharma, we did investments. We are ready. We're going to be harvesting. It's payback time now, right, because we have what it takes to launch drugs, to produce them, and to therefore reap benefits of the investments we did. And we are going to be here competing there because we have very competitive unit costs. We will. Therefore, we are a long-term player in Biopharma.

There are certain -- there is a roadmap, right, what needs to happen for us to be able to drive to the upper end of the margin as an ambition. It's launching new products in generics, the biosimilar in the US. Wilson and Melrose Park are the two plants in US where we made massive investments. And they're coming up, right?

Then we have Ivenix, of course, and the transfer of our existing molecule from Merck into mAbxience and then, of course, Nutrition US, where we are pretty strong in PN, but we have further growth because we have further products. And also, we have an opportunity with China.

And Marc will discuss with you, will share with you about the FSMP market, the emerging market that exists in China. And therefore, that's also another opportunity. But of course, all of these different cylinders in this engine will drive growth, profitable growth, margin improvement, and therefore, you know value creation for our shareholders.

To close, strong start, very strong start. We are increasing our guidance for 2023 and setting an ambition which is clear for midterm. We have a clear plan in terms of value creation, clear actions by business unit, right, clear efficiencies, cost-savings initiatives

that we are driving, very disciplined as a team. We are super disciplined as a team, right? We are on execution.

And then of course, we have clear accountabilities and performance focus, which is going to make a difference moving forward. And this is where you can count that we're not going to left -- not going to leave any stone unturned in order to get where we want to be.

With this, I pass the baton to Andreas, and then we'll take questions afterwards.

PRESENTATION
Financials & Cross-cutting initiatives
Andreas Duenkel, CFO Fresenius Kabi

Andreas Duenkel: Good morning from my side. I'm delighted to be here today to support my operational colleagues. What you're going to hear from me is three things. It's about transparency. It's about discipline. And most of all, it's about delivery.

You've heard from Pierluigi about our ambition through to 2026 and also for this fiscal year. I think one thing that I can promise you as an audience is that we're going to be laser focused on those numbers.

I truly believe we're on a transformational journey financially within Fresenius Kabi. And I'm also delighted to be part of the team. Again, it's about healthcare. And this is obviously enabled by how we perform financially.

So, in terms of my agenda as CFO, it's obviously about a clear focus on value creation and returns. Fresenius Kabi has strong fundamentals as a business. We have leading market shares across our portfolio. We have invested significantly in terms of our R&D pipeline. And one of the main reasons for wanting to join the team was the ability and the opportunity to step up performance.

Three main things for me, the transparency, so more focus, more discipline around cost and structural productivity, and finally, it's about delivery in terms of improving capital efficiency and returns.

So, in terms of the focus and transparency, we've recently introduced an end-to-end business unit structure. This gives us more focus overall as a business, as an enterprise, and also allows me as CFO to exercise more control.

On structural productivity, we have implemented a program with over 500 measures across 16 workstreams. And we see already the benefit of those measures in the P&L in Q1.

Most importantly, it's about results. So, you can have a lot of transparency. You can have a lot of productivity. But it's about the bottom line and also improvement in terms of overall performance.

So together with the group, we defined targets for ourselves of an organic sales growth per annum of 4% to 7% and also an EBIT margin range of 14% to 17%. And you heard from Pierluigi already. We have an ambition to be at the upper end of the target margin band by 2026. And I will walk you through how we want to get there financially.

In terms of the new reporting structure, we've established cleaner, simpler vertical business units across the company. This enables us to have clear end-to-end accountability. We have four P&Ls, four business unit owners. This allows a better end-to-end steering and also enables us to allocate capital better between each of the businesses.

In terms of the performance -- and I'm now going to talk to some of the numbers that you see there on the chart on the right-hand side -- we had MedTech last year with €1.4 billion, grew 4%, broad-based growth across the globe; Nutrition at €2.4 billion, again solid growth at 4%. We did see a slow COVID-related slowdown in China in December, but we saw a pickup already in terms of our Q1 performance.

On Biopharma, we grew organically by 107%, so doubling the growth rate from an organic basis. This added 1 percentage point overall to the Kabi growth rate. On the Biopharma, a growth at 1%, we did see a slight contraction in the US offset by growth outside of the United States.

So, in terms of overall margin, we are -- you can see there, on the growth vectors, we are at 8.5%. We are not happy with the margin in the growth vectors. And you'll hear both in my presentation and also from the other colleagues how we're going to improve that. And on the Pharma IV drugs and fluids, we see a healthy margin above 20%, and we want to stabilize that margin going forward.

In terms of the margin progression year-over-year, we did see some cost headwinds from '21 into 2022. We also saw within our growth vectors certain unique topics relating to each business. For example, Ivenix we acquired last year, which is dilutive to margin. We're building our infrastructure for our Biopharma business in the United States.

And in China, on the Nutrition side, we did see some pricing pressure, which impacted margins. We did have some cost savings, but overall, we saw a contraction. Similar story on the Pharma IV drugs and fluids, significant cost pressure, some pricing pressure as well, which we were partly able to offset through growth as well as some cost savings.

So, I now want to look at the portfolio overall and give you some comments in terms of how we are structured. On the Pharma IV drugs and fluids, we show a growth rate there of 1%. On the growth vectors, we are growing last year at 6%. We will stay accretive to the Kabi overall growth rate within the growth vectors over the period through to 2026.

From a margin perspective, we see strong margins in pharma which we want to stabilize. Also, in the growth vectors, we see a margin of 8.5%. I now want to give you some color around the margin profile of each of those businesses.

So, in Nutrition, you know already that that business is margin accretive to Kabi overall and also margin accretive to the target band of 14% to 17%. And you can orientate yourselves on the Pharma IV drugs as a margin for that business.

Biopharma is in the investment phase for us as a company. And based on -- and is negative in EBIT. And based on that, you can triangulate that the EBIT margin for MedTech is low single digit. But importantly, from an EBITDA perspective, it is mid-teen, double digit in terms of EBITDA margin. So, EBIT margins low single digit within MedTech, EBITDA mid-teens in terms of margin profile.

So, looking at 2023 performance, and how do we want to get to the upgrade of around 14%, which is €80 million in absolute terms. We had a margin in 2022 of 13.8%. We see volume growth benefiting the P&L from our mid-single-digit growth rate.

On the price mix, the picture is differentiated. We see pricing pressure overall in the portfolio for '23 but some positive impacts from mix. On the cost increase, there, we still have significant headwinds, also carrying on from what we saw in '22, albeit at lower levels year-over-year. And therefore, it's important that we're driving the structural productivity in terms of cost savings to get to the margin of around 14% for the business.

I now want to illustrate more deeply what is going on in the business in terms of our performance over the last 9 months, the last 9 months going back to Q1. So, the start of the graph is 30th of June last year. And I want to stress it is illustrative.

So, what you see is a significant pickup in cost increases from June last year, which impacted the P&L from the second half of the year. We do see those cost increases softening in terms of outlook for the rest of this year but still persisting.

We did have some positive success in terms of pricing initiatives that we definitely saw in terms of our Q1 result. But we see those pricing initiatives, the benefit of that contracting over time, so that, overall, for the full year, we will have slight price pressure in terms of the portfolio.

In terms of the cost savings, you can see there we had €8 million last year, €40 million this year on a cumulative basis, so incremental €32 million year-over-year, and we're ahead of the curve. And we saw it in terms of the benefit of the P&L.

So, one of the reasons why I wanted to join Kabi was the ability to step up performance. And here on the cost side, I certainly see a lot of potential to improve the situation and to drive out cost for the business. On the left-hand side, you can see there the €80 million, €160 million, €200 million ramp up in savings. So, it's cumulatively €440 million by 2024.

In terms of the levers that we're driving, it's footprint and portfolio. So, we're targeting divestments, also consolidation and offshoring. We recently set up shared services in Puna, India.

In terms of process optimization, it's about concentrating resources in key people, making decision making faster, and driving out inefficiencies. And then on the procurement side, which has been recently established and is reporting into me, it's about centralizing contracts and optimizing IT, leading to €190 million in savings.

So, what does this mean in terms of results? On the CapEx side, we have spent a significant amount on CapEx over the last few years. You will hear from the colleagues we've built out plants in the United States, in emerging markets, and in Europe. That spending is complete. And together with the operating colleagues, we will take down the level of CapEx intensity to around 5% of sales from 2024 onwards.

Also, in terms of inventory, there is significant potential in terms of optimization. We need to hold a high degree -- a high amount of inventory to ensure customer supply because we are obviously providing critical medicines to our customers and patients.

As with a lot of businesses, we saw longer lead times coming out of COVID as well as higher input prices, which has led to higher inventory levels, which means we have started an inventory optimization program across 14,800 SKUs to optimize our inventory level.

So, in terms of cash conversion rate and return on invested capital, these are very key metrics for us in terms of improving capital efficiency and returns. We want to contribute to the overall group target of around one. The cash conversion rate is how much cash are we generating out of our earnings as an organization.

You've heard about the initiatives that we're starting within CapEx and also within inventory. And there is a significant potential to drive the cash conversion rate up in the mid to long term.

On the return on invested capital, we are committed to earning our cost of capital as a business. As I said before, we have spent significantly on CapEx. We have also invested

in companies. It's now about making assets more profitable, driving profitability so that, overall, we can see an appreciation in our cost of capital.

So, what does it mean in terms of numbers for the business? Pierluigi mentioned it already, but we started out strongly in terms of Q1 at 7% growth and EBIT margin at 14.5%. We've upgraded the guidance for 2023 to a mid-single-digit percentage in terms of growth and a margin around 14%, which to repeat is an EBIT improvement of around €80 million. And also, it's about delivering on those numbers, just to be very clear.

So, looking now at the outlook through to 2026 and also giving you some perspective of our expected evolution, so on MedTech, you see there it's a growth rate of 8% to 10% per annum. The EBIT margin ambition for 2026 is a significant improvement versus the low single-digit EBIT margin that we see today. Ivenix plays a part in that, but also, we have initiatives on the cost side that Christian will explain in his presentation.

This will also lead on the far right-hand side to EBIT development in absolute terms. So that's absolute EBIT development.

On Nutrition, we have a target growth rate there of 4% to 7%. Marc will talk to you about the EBIT ambition and the plans that we have there in terms of new product launches. But we are confident in seeing a sustained high margin in Nutrition with potential for upside so that, overall, we will see also EBIT development in that segment.

On Biopharma, it's about 3x to 4x the 2022 revenue number. Michael will explain the plans. Financially, the fixed costs that we need for Biopharma are in play. So, it's about growing the top line and dropping through to the bottom line in terms of performance. And that is why you see there an EBIT margin appreciation as well as also a significant pickup in EBIT development.

On Pharma IV drugs, there, we are planning a 2% to 4% growth rate per annum, an EBIT margin of sustaining -- and EBIT margin ambition of sustaining the stable margins, which will then lead to overall positive EBIT development and EBIT growth within the Pharma IV drugs and fluids business. And Marc will also explain that in his presentation.

So overall for us, it's about a growth rate of 4% to 7% per annum, increase in the EBIT margin towards the upper end of the range by 2026, and a higher EBIT development, given the growth and given our ambitions in terms of margin expansion.

So, to summarize from my side, we are committed to delivering on our financial targets for 2026. As I said at the beginning, it's all about delivery for us. From a profile of our portfolio, you see there 2022, 2021, and then the ambition level. The growth will be very much driven by our growth vectors remaining accretive to the growth, the top blue line, the Pharma IV drugs stepping up performance but in the 2% to 4% growth range.

On an EBIT margin, you can see there that the Pharma business will sustain their margins at around the 20% level as well as on the growth vectors through the growth, through the fact that we will have cost discipline, and focus that we will drive an expansion in margins towards into the range in 14% to 17% so that, overall, we will be at the upper end of the EBIT margin range by 2026.

So, for me, it's definitely about delivery. It's about consistency in growth. It's about a better cost structure. It's about higher margins and also cash.

Thank you very much for your attention.

Q&A (I)

Markus Georgi: Thanks, both. Thanks, Andreas. Thanks, Pierluigi. It's time for our first Q&A session. For the participants here in the room who would like to ask a question, please raise your hand. For the people joining us via Webcast, please don't forget to push the button. We'll see it here on the tablet and then put you through. The first question comes from Oliver.

Oliver Reinberg: Thanks so much. Oliver Reinberg from Kepler Cheuvreux. Three questions, if I may. The first one would be on the historic performance of Kabi. The last 10 years, we have seen an EBIT CAGR I think of less than 2%. Obviously, there have been drivers like biosimilar investments. We have seen less shortages in the US and VBP in China. But can you just talk around how much of this underperformance was down to market factors, and how much was down to potential homemade issues, quality issues that are worth fixing now?

Secondly, can you just give us any kind of color in terms of the composition of growth in the next 2 years? I guess two large profit pools at least in the past have been US generics and Nutrition in China. So I guess, in IV generics in the US, there's no meaningful launches in the next 2 years, according to my understanding, while in China, there's still the continuous rollout of VBP. So is the growth in the next 2 years very much geared towards Biopharma, or what other tangible short-term growth drivers can you point to?

And then last question, if I may, just any kind of relevant risk we should be aware of, any kind of quality findings recently, any kind of regulatory changes or reimbursement issues that we should be aware of? Thanks very much.

Pierluigi Antonelli: So look, on the first questions, Oliver, honestly speaking, I'm here for 3 months, right? So I'm not in a position to tell you what has happened in the last years, right? I think what I'm committed to with my team -- and I think that's what you're going to be seeing from each of us -- is, how do we get from where we were in 2022 to where we want to be in 2026.

And I think it's going to be a combination. And I think I answer also to your second question. It's a combination of growth levers that you see in the three growth vectors. It's about launching properly and acquiring contracts with Ivenix. It's about launching our two molecules this year in US, but there is a third one, tocilizumab, which is coming also in the near term.

That is about also making sure that, with MedTech, we improve our operating margin, while we maintain the engine in Pharma US in general. Because, also, apart from the US, where we have a high level of profitability, we are very competitive also in Europe and in other parts of the globe in terms of IV generics.

And I think, in terms of the pipeline, you mentioned something which I do not fully agree in the sense that, in our pipeline, we're going to be covering about 80% of the upcoming LOEs. And we believe that, to be relevant and essential as we are to healthcare systems, we need to maintain that level of breadth of portfolio.

Today, we have 160 molecules in the United States. And therefore, by having 80% of LOEs covered, with about 15 to 17 launches in the upcoming years, we're going to stay relevant there.

The third question?

Andreas Duenkel: Risks.

Pierluigi Antonelli: Risks. Well, the risks are the usual risks, right? I think it's about -- there are things that are outside of our control. Take, for example, China, right? The large tenders, national tenders, are here to stay. There will be an eighth, a 9, a 10. But we now how to manage those, right, because we've been in China for decades. We've been, say, upping or reallocating resources when we got, for example, Propofol into our large-volume tender. And we have a portfolio which allows us to shift resources in other parts of the portfolio.

And by the way, Marc will get into this, but we invested €100 million in Wuxi in China in order to be able to play in that emerging market which is FSMP. Therefore, I think, yes, it's going to be -- there will be pricing pressure, but I think it's good to have a position in China where we are leaders, right?

When you are a leader, then you can -- you have different moves that you can do. We have pipeline. We have investments. We have a very strong leadership team and team in general in China. It's a good place to be, right?

Markus Georgi: Next from Veronika.

Veronika Dubajova: Hi, good morning. Veronika Dubajova from Citi. I have three questions as well, please, if I can. The first one is just to go back to the IV Pharma and Fluids business. And obviously, your expectation is for flat margins through the midterm, but we've seen a fair amount of margin compression in this business over the last 3 to 5 years. So maybe walk us through the building blocks that give you confidence that you can sustain that roughly 20% profitability.

My second question is on the expected improvement in the biosimilars EBITDA. I think I can just about work out what the EBIT is at the moment or the loss is, but I have no idea what the EBITDA is. So maybe you can help us with that and just how much incrementally that is contributing to that margin improvement that you have.

And then, Pierluigi, you talked a lot about simplifying, delayering the organization. Obviously, that's a huge change, I think, for a company that has been fairly static for a long time. How is that process going so far? And maybe, what are the risks that you see from a disruption perspective around that? And how much of that is factored into the guidance that you've given today? Thank you.

Pierluigi Antonelli: So I think, for the first question, Veronika, I would actually defer to Marc because he's going to give you more color. And I think it makes sense that he answer that question.

The second question, Andreas?

Andreas Duenkel: Was on the EBITDA versus EBIT, right, in terms of -- yes, so I think what I would say is let's also listen to what Michael has to say in terms of his presentation. I think, at the moment, it's a good indicator for where we are in terms of absolute level of profitability. So I think the numbers that you're probably working with from an EBIT perspective are a good proxy for that.

Pierluigi Antonelli: And on the third question, look, we cannot avoid simplification in our company. I think that's what I noticed when I came is that we have too many layers, too many approval, say, decision makers. We've got to be streamlining, flattening, enlarging the span of control.

But also, I think it's an issue with processes. I think we have -- as I shared with some of you yesterday, it is surprising to see how many tools, applications, and different processes we have within the company.

And therefore, I'll give you an example. We have three CRM systems. Now why would we have three CRM systems? So I think there are things that are part of the past. And I think this team is going to -- is very committed to take that machine, open it up, and understand and go in priority, right, and understand which processes and which tools, which applications we need to, frankly speaking, streamline, simplify because some of us have -- and I think it's -- I agree with Michael's point that we have a strong entrepreneurial spirit. But some of us have misinterpreted a bit that entrepreneurship in, "I do what I think makes more sense within my region or my function." And instead, there are opportunities in terms of scaling and simplifying and have -- and that's why -- the reason why we have functional -- functions like finance and HR in the LT, right? We want to drive functional excellence across.

That's the reason why, in corporate development, there will be a team on commercial excellence that is going to be working with the business units and regions to drive commercial excellence across the board in segmentation targeting, incentive systems. There are many different areas where actually we can further take the extra opportunities which exist in the marketplace and be more effective and more efficient.

Markus Georgi: Graham would be next.

Graham Doyle: Thank you. It's Graham from UBS. Just one for Andreas on -- so the cost and reorganization, you were talking about this regionalization down to verticals last night. And it doesn't sound wildly different from what's happening at Fresenius Medical, where it sounds like there's lots of opportunity just to remove cost that's sort of unnecessary now. Is that the same sort of thing you're seeing? And then also to that, are there businesses or regions where they're loss making and maybe less economic that you can just shut off, I suppose, over time?

Andreas Duenkel: Okay. So obviously, when you go through a reorganization or a transformation of an organization from one view to another, there are certain areas of that organization that become redundant. So we're able -- and we have done is eliminate certain functions, certain activities, and concentrated decisions into key people. So that's certainly helped in terms of driving, streamlining.

And Pierluigi also mentioned it in his presentation about the delayer topic. It's something that we will continue to do. And it's also part of the change that we will bring into the company is this topic of ongoing productivity and cost improvement, right? So to me, it's not just a one and done. It's a continuous effort that we will look to improve the organization.

Pierluigi Antonelli: And I will build on it to say that, with the announced transparency that we now have in terms of P&L clarity, right, the P&L by business unit and also how it splits in a country, this is an ongoing exercise we are doing to really understand where we have the right to compete, right, where we actually generate accretive growth and margins, and where we are weaker and therefore ways how to -- we can get into the -- we can make those geographies accretive or licensing out, other alternatives that exist. So that's an ongoing exercise which is part of the portfolio and simplification, if you will, from a geographical standpoint.

Graham Doyle: Thank you.

Markus Georgi: Thank you. And next comes from James Vane-Tempest.

James Vane-Tempest: Hi. Thanks for taking my questions. James Vane-Tempest from Jefferies. Firstly, if I can just ask on return on invested capital, you've given an indication of the profitability drivers. But given your investment plans, can you give us a feel as to how much returns could increase, so the lower and the upper end of your P&L targets if

your ROIC is 7.8% now and also the greatest drivers of the ROIC increase of the business?

And then my second question is just on the Biopharma business. You talk about 3x to 4x. Can you talk a bit about your capacity? And how much of this is CDMO versus your own portfolio and what your ambitions are on CDMO? Thank you.

Andreas Duenkel: So I take the ROIC. I think the -- going forward, as I've said in my presentation, we'll be more disciplined about CapEx. And we will also be very more disciplined around the whole topic of working capital.

We've kicked off already a number of initiatives to support that. So the way to look at the ROIC is the big driver for that improvement will be the top-line growth as well as the earnings conversion that we see, both in terms of absolute profit improvement as well as the incremental margin, whilst being very diligent around the whole topic of investment, which I've explained in terms of the CapEx profile.

Pierluigi Antonelli: And on your second question, again, because there is also the Q&As for other sections, Michael is going to provide you an answer on that one.

Markus Georgi: Next from Oliver Metzger.

Oliver Metzger: Hi, it's Oliver Metzger from Oddo BHF. Three questions I have. The first one is about the structural saving potential of €440 million. So if I do the math, it means that your EBIT margin might go to 19% if you can realize that. So is it more a gross or a net number and if you can give us more color on that?

The second point is on your Biopharma potential. You say 3x to 4x sales by '26. The last information we had were a high triple-digit amount in revenues by '24, and that was even before mAbxience. So basically, it means a downgrade of your ambition. Can you tell us what's happening in your expectations in '24? Because right now, it looks that the numbers went up pretty well in -- at least in '22.

And the third question is about the structural margin potential of biosimilars. If you compare it to the IV business, in the IV business, you have more competition but, at the end, an easier manufacturing process; in biosimilar, less competition, more complex manufacturing. So if you compare the margin potential of IV versus biosimilars, where stands biosimilar? Thank you.

Pierluigi Antonelli: I'll take the second and the third question and Andreas the first. So on the second question, like I said before, I -- what was said before I arrived, frankly speaking, I cannot take responsibility for, right?

I think Michael already provided you in the past -- there was a clear differentiation versus what was said 2, 3, 4 years ago and where what is said and what I'm saying now. Today, I feel very confident with the 3 to 4. I think what happened before, I don't know, but I can say that there were totally different conditions, right, in the past in terms of regulatory hurdles, discussion with also -- IP conversations, reaction by countries, right, in terms of accepting a specific dossier.

Today, we are very confident on 3 to 4. And we also are very confident the fact that this 3 to 4 multiple will generate accretive growth by 2026.

Regarding your third question, which was -- remind me --

Andreas Duenkel: Structural.

Pierluigi Antonelli: The structural --

Andreas Duenkel: Margins, right, versus Biopharma versus --

Pierluigi Antonelli: No, we're not going to go into specific. No, we're not going to split this margin, as you can imagine for also competitive reasons. But I think, as I said, Biopharma is important for us. We've made significant investments. We have a pipeline which is significantly derisked. We are launching products. We have the -- you say the production volume. So I think, with the mAbxience operation, the M&A, we now have capacity that we can use.

And as I said, by tech transferring adalimumab and tocilizumab into mAbxience will drive more than 30% unit cost savings. And as you know, that's essential to stay in the game longer term, right, because you need to be driving those savings in order to have the proper pricing, be competitive, and continue to drive.

So what I can say is that, with the mAbxience M&A operation, we now are very solid. We are an integrated player. We have all the conditions met in order to succeed and to be there and make money over the medium, long term.

Andreas Duenkel: And then on the €440 million, you have to see that within the context of the ambition level that we've just presented today of being more towards the upper end of the 14% to 17%. It is a gross number, and there are obviously other topics that are going against that in terms of pricing pressure, for example, as well as certain cost inflation that we're still seeing.

Markus Georgi: Hassan.

Hassan Al-Wakeel: Thank you. Hassan Al-Wakeel from Barclays. I have two questions, please. Firstly, on your raised guidance at the Kabi level, do you now think that the upper end of Group guidance range on EBIT growth is more realistic, or is this offset by Vamed and some of the challenging dynamics here? Maybe that's one for Michael.

And then specifically on Kabi, how have trends over the course of Q2 supported your decision to raise guidance? And how should we think about the phasing of growth for Kabi this year?

And then secondly, if I look at the helpful bridge on slide 39, Nutrition looks to be the largest driver of margin expansion. What are the key building blocks to increase profitability here, given margins are already relatively high and the market continues to shift towards lower-margin enteral nutrition? And is VBP in China a risk to your mind in this business in particular?

Markus Georgi: If I may, I grab the first one. Look, Hassan, today, we're focusing on Kabi, a good start into the year. We're working on our next stop on Group guidance will be Q2.

Pierluigi Antonelli: So for Q2, I think, Hassan, we are very, I'd say, satisfied by increasing our guidance for 2023 to around 14%. Strong Q1, we still have a ton of work to do, right? We are very comfortable and confident on around 14% EBIT. We're not going to be speculating on a quarter-by-quarter basis. I think you have our first quarter result and a full-year guidance which has been upped.

In terms of Nutrition, I think Marc can answer your question because he has all the elements to provide color to your question.

Markus Georgi: Next comes from Hugo Solvet.

Hugo Solvet: Hi, hello. Hugo Solvet from BNP Paribas Exane. I have three. First, on the cost increases on the bridge for the EBIT on slide 47, can you maybe walk us through what has changed over the past couple of months on this?

Second, on CapEx, how comfortable are you with the 5% target, given a lot of work has been done already in the IV generic business, but still a lot needs to be done in the Biopharma, for instance? And maybe, more broadly in terms of capital allocation, what are the priorities going forward?

And lastly, to follow up on the VBP topic, you managed to successfully offset part of the VBP impact historically by restructuring in the country. What room to maneuver you have left should there be additional rounds?

Andreas Duenkel: Okay. I will take the topic on the cost increases. So I think, overall, when I first joined the company, it was a key topic to get their hands around. And I think that's also where we saw the power of the new reporting and the new business structure in getting an end-to-end view of these impacts. This is a topic that we're literally tracking on a very frequent basis within the organization.

Overall, I would say we're seeing some cost relief in areas like freight, for example. But in terms of our overall basket, it's a relatively small amount compared to our raw materials that we're currently working with. There, the picture is very nuanced that we have certain long-term contracts that we need to work through. There's also an inventory topic that we need to work through as well. But overall, I would say it's got slightly better, but in areas that are not material, I would say, for the overall business.

On the CapEx, as I said in my presentation, it's about delivery. We've put the CapEx number out there because we've signed up to that as a Board for the 5%. You've seen the CapEx that we've done in the past. And also, the presenters later this afternoon will talk about that. And we feel, based on the CapEx, based on what we need to get done, and also the focus that we have on returns as well as cash, that we are committed to the 5% from 2024 onwards.

Pierluigi Antonelli: And on China, your China question, I think we've been there for decades. We have almost 6,000 people there with four plants. So I think we -- and we've been operating in that space for -- also with national tenders for some time. So as I would actually reiterate that we know how to manage that business. That business has opportunities and challenges, as you know, right?

But I think we have, as I said, also the possibility to play in this emerging market called FSMP because we have the investments. We have a pipeline. And therefore, we feel comfortable and confident that we're going to be able to compete successfully in China. And all these up and downs are actually built in our 2026 ambition. That's important to remember.

Markus Georgi: Thanks, all. Thanks for your questions. I would like to stop here with our first Q&A session for today. We are now going for a 5- to 10-minute coffee break. I would like to ask you to be back on time. And then Marc is starting with his deep dive on Nutrition. Thank you.

(Coffee Break)

PRESENTATION
Focus Nutrition
Dr. Marc-Alexander Mahl, President Pharma and Nutrition Fresenius Kabi

Dr. Marc-Alexander Mahl: So good afternoon. After coffee break and before lunch break, we're going to talk about a really important portfolio segment for Fresenius Kabi. That is Clinical Nutrition.

My name is Marc-Alexander Mahl. I'm heading the Pharma and Nutrition area. I'm a medical doctor by training. And I'm really happy to introduce you now to this portfolio here.

Before we get there into the details, maybe a little bit for all those who may not be completely familiar with Clinical Nutrition, what is that? And all of you, you may have someone close to your heart, a grandmom, a granddad, an aunt, who is in retirement home. She is 80, 85. She is not doing really good. She can't eat anymore. She is not drinking enough. Now she is diagnosed with cancer.

And I'm talking here about -- in our example about Agatha, but it could be anyone you know from your family. Now you care about that person. And you want that she is getting well again, that the cancer treatment is, let's say, picking up, and she will recover.

Now Agatha here in our example, she cannot swallow anymore. As said, she is not drinking. She is not eating enough. And I want to explain you on this example what we can do, what Fresenius Kabi can contribute to the healthcare professional who is taking care for Agatha to bring her back into a state where the quality of life is proper, and the treatment outcome is good.

So in her case, as she cannot swallow, we would either apply a tube or a PEG catheter. A PEG catheter is a direct connection between the outer skin wall and the stomach. We would feed through this connection our tube feed product. We would also help her volume balance, the fluid balance, with our crystalline solution Jonosteril. And to make sure that everything is applied properly, we also use one of the pumps which are coming from Christian's area.

This is a full-process solution to help Agatha to come back, let's say, to a proper nutritional status. And that is super important because it is proven that Clinical Nutrition helps to improve treatment outcome. It helps to reduce length of stay. And it helps to control treatment cost. We'll come to that when talking about education.

Well, on this example, I just wanted to give you a glimpse of that, what is possible with our portfolio in the hands of a healthcare professional. Let it be a physician, a nurse in a retirement home, in a hospital, in the ambulatory setting.

And we have all of that. We have products for parenteral nutrition for seriously sick people who are on the ICU. Where the intestine doesn't work, they need to be fed, completely depending on the content of these products.

We have patients who are living a life long on these products. And you can do so. When we had our centennially celebration of Fresenius Kabi in 2012, we had a few patients there on stage who explained how they're living on parenteral nutrition for a long time. And you can do that only if these products have the highest quality, the formulations are perfect, and they address the patient's need.

And that is what we do, a business what we drive every day with these products, multichamber bags, single components, and all the systems you need to support the

healthcare professional with. Software, devices, compatibility data, we give them all of that.

For those patients who can still swallow the food, we have sip feeds of yogurts. We have creams. And I'll talk about that. But we have also the tube feed medical nutrition. So it's a complete universe in the field of Clinical Nutrition which we build over time. And it comes, let's say, with a lot of cross-selling opportunity from pumps for IV fluids and others. And therefore, it's great to have it.

I would like to walk you in the next 25 minutes through our storyline, in a nutshell, how we want to deliver these 4% to 7% top-line growth and to maintain or even further expand our margin, which is highly accretive.

And the most important point I want to here strengthen is the fundamentally attractive market in which we operate. Why is that so? We have a growing population on this globe, but we also have an aging population on this globe in many countries, China, Japan, Europe, big markets where we have more older people.

What does it mean? More older people means higher prevalence of chronic diseases, higher frequency for surgery, higher rate of diabetes, and so on. This is something which is not going away. This market is going to grow. And there are reasons for that. And I'm going further to elaborate on them. That means the target market which we can address with our products is going to grow. That is fundamentally in this business, and I think that is good.

We have a broad portfolio. We're a special company because we're not only active in parenteral nutrition. We're both in parenteral nutrition and enteral nutrition. So we can accompany a patient through his journey for Clinical Nutrition. And in the hands of the Clinical Nutrition or the clinical -- the pharmacist and the physician, we have a full-process solution. Whatever he needs, he can get it from us as a one-stop shop.

And we have a proven competence in our development, in our clinical teams, in our regulatory teams, not only to identify the right ideas but to bring them to approval and to manufacture them in proven quality for supplies all around the globe. And this is what is a great basis and the foundation of this great business.

And you may ask, well, but you have been growing in the past like that. Why do you want to continue like that? We have identified quite some geographic expansion opportunities, and I will elaborate on two examples for you to give you an idea how we're going to deliver these 4% to 7% top-line growth CAGR and how we're going to keep these margin levels which we have which are highly accretive and seize where we can the upside potential.

Now let's look into that. We have a market which is about €10 billion in total size, 60% of that in enteral nutrition growing with about 6%, €4 billion with parenteral nutrition growing with about 4%. These are pure numbers. I don't want to bore you with that. You have probably seen them. And this is not the part for my presentation. I want to strengthen these points which I indicated.

The demographic development is a fundamental driver for these markets. And diabetes, just as one example, if you have increasing incidence of type 2 diabetes, and you have that in North America. You have that in Middle East. You have it in China. The children of these parents have a higher risk to develop type 2 diabetes as well.

So this is a self-perpetuating development. And you see similar trends also in oncology for cancer incidences. That means the number of patients is going up. If these patients or if these people require surgery, clinical treatment, and clinical nutrition, they need a dedicated feeding regimen. And we have the products for them. I will talk about that.

A second megatrend for our business driving that is the homecare segment. Healthcare solutions or healthcare systems are in distress. And those who are living here in the UK, we all see the news about the NHS, how it's struggling to keep up, say, with the cost and the patient requirements and so on.

A lot of hospitals try to push out, release patients early on to homecare segments after surgery, for example, or other treatments to make sure that they can be taken care for in a less costly environment.

But that doesn't mean that the treatment need is going down. Malnutrition is carried from the hospital to the homecare segment. And therefore, it's important that we address that as well. And Fresenius Kabi is already addressing this segment in various markets. And I will talk in the next slides about the opportunity here.

And as a consequence of that, disease-specific foods, feeding regimens, and products addressing these are really key. And the innovation we came up with, we're coming up with, and we're going to launch, we're exactly targeting these markets in a very successful way.

This has made us a global leader in parenteral nutrition. We're the number one in this parenteral nutrition market. We're the number one in Europe. We're the number one in China. And we have a very strong leadership position also in enteral nutrition, with a strong number two position, again, here in Europe and China.

This is the basis for the way forward. And I would like now to talk a little bit about, how did we get into Nutrition? I don't want to do here now a history lecture, but I guess it's worthwhile to mention that our first IV lipid emulsion was developed and launched already 60 years ago.

That means clinical nutrition is deep in our genes. We understand it. We know it. We know how to develop these products. We know how to produce them. We know our customers. We know our patients or the patients of our customers, and we know how to serve them best.

And you see here, over time, we have innovated in this field in many dimensions. Three-chamber bags, that simplified the life of the healthcare professional because you had a ready-to-store, ready-to-use solution with all the components in a bag. Just rip it open. You can use it. I have samples over there in the demonstration. During the next break, I'm happy to explain to you how that works. It's really impressive how simple that is.

So here, with these 3-chamber bags, Fresenius has levered its competence in container development, in connectivity components to make sure that the use is safe. It's simple. It's cost efficient. And it's an added value for the patient as well as the healthcare professional.

We were the first one to launch a lipid with four different oils. Now you might say, well, actually, I don't care about how many oils are in there or what they are, but the patient does because it's tolerability, and it's content. If you take, for example, fish oil, it contains a component which is called EPA and DHA, which is necessary if you give that to young infants or to preterm babies, like in the case of Omegaven. This helps brain development. It helps to secure that the weight development, the development of the baby is good.

Now we happen to have the fish oil with the highest content of EPA and DHA. And why is that so? Because we are vertically integrated. We do our purification. We do, let's say, the development of that in a way that we have the best solution for the patient.

We launched specific products for the intensivist. So we're looking at the patient. We're looking at the healthcare professional to have the right product to give it into the hands of them. And so this one here in this easy bag product is dedicated intensive product for this target group, but it's also good for the hospital because this is a container on the sustainability aspect which has the lowest plastic weight and the lowest waste weight. And so therefore, when you're looking about sustainability and waste and recycling fees, this helps the user also to reduce these costs. So we're thinking in many dimensions.

And so it went on. Fresubin Pro, a recently launched product, the sip feed, which is targeting the trend of high-caloric, high-protein food. This product has really picked up really well. Just to give you an example, in France where it was launched, within 2 years, the sales increased by a factor of six, so really great pick up here.

And you see we're continuing to launch products for pediatric indications. We're addressing regional rollouts, like the FSMP in China. I'm going to tell you more about that. So I believe, if there is something exciting, then this is the stuff. And I believe this is going to help us in -- for the way forward to drive our growth, as shown by Pierluigi.

Where do we stand in terms of competitive environment? We have multichamber bags, and we have them in different content with different formulations. We have them in different geographies. We produce them globally, but we produce them also locally in China for the Chinese market, which is a great and large market for parenteral nutrition. We have lipids. We have all the amino acids. We have a great basket of additives, which is vitamins, trace elements, what have you. And we have in select markets also compounding services.

That is what I call a comprehensive basket. This is what I call a portfolio on which a customer can rely on.

And the same is true in enteral nutrition. You see here four boxes, and allow me quickly to walk over to that slide. For the enteral nutrition, it is important that patients who have to drink these things, that they try it, they like the taste, and then that they have a choice because, if you lived on that, say, 8 days, 2 weeks, 3 weeks, you don't want to have chocolate and vanilla every day 3 times a day.

That doesn't work for us. It doesn't work for the patient. Therefore, choice is key. So we have meanwhile up to 11 tastes for the various formulations, and not only sweet ones because some people want to have also something savory, salty. So we have tomato carrot. We have wild mushroom or others to make sure that the choice is driving patient compliance.

That means, if they're prescribed to take the sip feed 3 times a day, they drink it 3 times a day. And that is something what patients like and why the relatives are sent, "Go get me this Fresenius Kabi sip feed because the taste is nice." And this is not only something I'm telling you. This is proven also in tests, independent tests we with the various customers. We believe our taste is great. And that makes patients return to buy that stuff again.

Another topic is volume. If I may go back to, let's say, the relative or the dear around you, you might think who's old and maybe not fit anymore. Those people, the grandma is not drinking a lot. I said that in the beginning. If you give them always 250 milliliters to drink 3 times a day, they might say, "Well, that's too much for me."

Therefore, the topic of concentration is key, to get as much as possible calories and content in protein, fiber, trace elements in as little as possible volume. And that's why we came up with this 3.2 kcal produce here, which is in 125 milliliters 400 kilocalories. If you take three of them, you have the full day's demand in very small shots. It's two sips, and you're done. That's also something a 90-year-old grandmom can do and manage. And

this is something which drives compliance, as said. So therefore, that is the part which is driving the patient.

For the healthcare professional, it's for me important that, whatever they need, you have the tool for it. If you want to have the professionals to be effective, you need to give them tailored formulations that they have for the patients with real deficiency, with a hepatic deficiency, with diabetes, with cancer, recovering from surgery, or if it is an infant, that we have the right product. We have it. You see it all down there. And we have it as a sip feed. We have a tube feed. This is what I call a complete universe.

And we have it also for kids because kids are not just small adults. They have specific requirements in terms of composition, in terms of volume, and in terms of additives. And this is what we address in our Frebini line here, both for tube feeds and for sip feeds.

But we have also here, to complete this universe, the dedicated disposable then pump systems to make sure, if you feed someone on a neonatal ICU, that the physician, the nurse doesn't have to care about, how does all this fit together? It matches. Connectivity is given. This works, and you can concentrate on your patient.

This is what makes the difference. This has given us a strong growth trajectory. This has made us a leader in this field. And we keep continuously feeding this portfolio to make sure this stays attractive.

Nutrition is something where the market is growing, where the demand is there, but as nutrition is not necessarily on everyone's mind, you need to do some education. If you educate nurses, physicians, hospitals about the benefits of clinical nutrition, you really get to see that this market is growing, and you can tap it. You can step into that, and then you can sell.

So therefore, education is important. And I would like to put some numbers here in front of you to make them speak for themselves: 25% of hospitalized patients globally are malnourished. That's mainly older people. That means their status for vitamins and others is not perfect. They're sometimes obese, or they're cachectic. It could be in various directions, but they're malnourished.

And the problem is that, either way, if you're too obese or you are too cachectic, you have not enough substance in your body anymore, to say it in a simple way, this drives cost for treatment in the hospital.

For the European Union, it's estimated that this is €120 billion per year. Now just imagine that healthcare systems could save a fraction of that. That should be a big driver. And therefore, it's up to us also as an industry, as Fresenius Kabi to educate the users.

And also here from the UK, there was a study for -- from BAPEN, the British Association for Parenteral and Enteral Nutrition. They have calculated and analyzed that the treatment cost for patients who are malnourished is 3 to 4 times higher than treating a patient who is properly nourished with exactly the same disease.

So that is something where we can help the hospitals, healthcare systems, to say, if you buy this stuff, if you use that, you can actually benefit from that, and the patient will benefit, too. So it's a win-win. And to make sure that this is properly documented, we're running trials. We're helping professionals to learn about that with screening days in Latin America or in Asia. We're running campaigns. We help young doctors, nurses, pharmacists, what is the right nutritional regimen, and what kind of products would fit?

This works quite well, and then we also do research grants to make sure that the ideas about the next level of nutrition, the next formulation, that we can seize that, and we get it from the researchers.

So that is giving you an idea how complete this portfolio is. We're offering the products. We're offering the pumps, the disposables, everything in terms of cross-selling to that. We're offering digital services. So this is a universe which is going across various channels, hospital, professional care, homecare, and even to retail where we can address it.

And I told you the homecare segment is becoming more important. And therefore, it is very important to us that we are on top of it, that we have the access to that. And therefore, I'm very happy that, already today, more than 20% of our sales in Clinical Nutrition are in that growing segment. That is a good starting point from where you can take the next step with more products, with more markets, with the experience we have to make sure that we can grow also in this field to be the leader.

More than 30% of the patients which are tube fed in this segment are fed by us. That is good. And therefore, this gives you just the numbers of that: about €500 million sales generated in 2022 in the homecare segment, more than 10 markets already addressed today, with the opportunity to further extend it.

And this is also not a one-trick pony. This is standing on both legs. In this segment, we're selling, we're offering both enteral nutrition and parenteral nutrition. We're offering product delivery services so that the patients get more or less a shipment to the home.

I've seen that just a few weeks ago when I was in Austria in our supply chain center, a pallet where the patient gets more or less the complete equipment sent home. It's a complete starter package with the pump and the infusion pole and all the disposables.

When the packages arrive, they get a call. The nurse is there to receive that and set up everything in the patient's home, and they get the education. So it's a universe which goes beyond the product sales. This is connecting these patients to us, to us as a company, as a service provider, and this is really great.

The best products won't work if you can't provide them. So that means operations, manufacturing is important and, of course, also the brain behind these things, the development.

And on this map, I just want to quickly give you an overview. We develop products in Europe for global markets. We do the development for vitamins, additives in India. And we do the development for the Nutrition products for the Chinese market, or we support it there with a local development center.

This gives us a global and local approach. And both is important. You need to have both in your big markets to be successful, and we have it.

Same for the plants, we have global plants like in Uppsala in Sweden, and we have the local plants like in Beijing and in Wuxi to serve our important Chinese market. And we invested in the last years in Netherlands in Emmer-Compascuum into a completely new high-tech, highly automated efficient tube feed production line, which is helping us to feed our growth now also on this one out of this plant.

I would like to talk shortly about the two geographic expansion opportunities, and the one is in China. You see the Chinese nutrition market here is around €2.8 billion in size. Around 15% of that is enteral nutrition.

We have seen on the slide before we are a leader in parenteral nutrition. So this is a segment where we have a clear number one position, and that's good. But there was one question about national value-based procurement. What are you going to do? Yes, one of our 3-chamber bag formulations, for example, is part of this NVBP procedure. And we

have adjusted our structure to the effect of that. And we have taken the right measures, and the effects are baked into our projection for the way forward.

But we do not stop here. We're looking for alternatives. How can we lever our competences, our presence in the Chinese market to continue to grow? And here, we looked into the food for specific medicinal purposes, FSMP, which is a new category in China.

And the interesting thing is these are products which are prescribed in the hospital outpatient clinic, for example, or in the hospital. But when the patient is discharged, for the way forward, the patient has to pay it out of pocket. So they have to pick it up, and they have to pay it themselves.

That means this is a growing segment, new, not yet completely overrun by hundreds of competitors, on the contrary, very specialized. We will launch our new products. And this is protected against this value-based pricing pressure.

And so therefore, we believe this is a very, very good means in China to keep the momentum and to keep PN but to add the FSMP in a market which is aging, with an increasing disease prevalence. So our products are coming at the right time from a company which is in China since 40 years, which has an all-China presence. So we believe this is the right place to be.

The investment is already done on the concrete and steel. Now we need to do our rollout, the pipeline. We need to feed here and there some clinical trials to make sure that the pipeline is nicely building up and to meet the regulatory requirements in China. But this is a great place to be.

And the other one is PN in US. We have launched the lipids in the US. We have brought our multichamber bag already there. But with that and the business of about €60 million in 2022, we address about 20% of this €800 million market in the US. That is not sufficient for us. We want to get more from this cake.

And therefore, we will keep launching amino acids, trace elements, and other things to make sure that we complete our portfolio, that we can address about 70% of the PN market with our registered portfolio.

And here, the good thing is there is a good cross-selling opportunity with roundabout 1,500 hospitals and accounts where we're selling our IV drugs. We're talking about IV solutions later. That is a great, let's say, synergy within the market. And if you combine that with the innovation coming, that's all the pioneering which is coming with the fish oil and the high-EPA-content fish oil which we have there, that is then giving you the picture how we intend to succeed in the US market.

I would like to wrap up. Time is more or less over. The markets are attractive. They're growing. The demand is going up, driven by disease prevalence, driven by demographics. I think I mentioned that. So therefore, this is a wind which is driving us forward. We have a leading portfolio, and we will keep innovating. We have attractive solutions in our basket right for the market, right for the situation there, as I explained with the FSMPs in China.

We have the scaled production. We did the investment in Wuxi. We did the investment in Emmer-Compascuum. So that means this is the basis and the foundation that we can continue to grow. And the geographic expansion opportunities, like in China and the US, will further fuel our growth.

With that, I'm absolutely confident that we will live up to the sales growth of 4% to 7%, and we will continue to deliver strong margins to contribute to #FutureFresenius and our story at Fresenius Kabi.

Thank you very much.

PRESENTATION
Focus MedTech
Dr. Christian Hauer, President MedTech Fresenius Kabi

Dr. Christian Hauer: Yes, thank you, Marc. Good morning, everybody. My name is Christian Hauer. I'm leading the MedTech business. I gathered meanwhile 25 years' experience in MedTech in various positions working for Fresenius Kabi and before for Dräger Medical.

Yes, let me start to explain our MedTech business a little bit. You heard about the two big segments already, TCT we call it and INS. Let me start with TCT. That is transfusion medicine and cell therapies. Here, our strength is how to separate, how to extract, how to wash certain components out of the blood, being it plasma, red cells, platelets, white cells, and so on. You see here the different equipment that we have for that.

On the other side, we have here our drug delivery business, INS, infusion and nutritional systems. So we have here pumps like the Agilia pump or the Amika pump. You might have seen them when you're in a hospital. We have a high market share when you're here in London, for instance, if you go to King's College or St. George's hospitals, you will see our products there. In total, we have a 1.1 million installed base of devices.

And I'd like to come back here to the patient story for Maria. So she's a cancer patient, and we would like to explain a bit how important Fresenius Kabi is along the patient journey. And Maria has cancer. She has a special cancer, multiple myeloma. And therefore, there's meanwhile an approved CAR T-cell therapy.

And in a CAR T-cell therapy, first of all, we need the autologous, so the patient's own blood, the white blood cells. You can use our apheresis machine here. For instance, the Amika device you could use for that to collect the white T-cells. Then you need to send them to a manufacturing site, to the biopharma company. And there, the cells will be washed, will be extracted, will be prepared, will be multiplied. And there, you can use our CAR T-cell device Lovo, the washing device. And then the product goes back to the patient to be infused and to help the treatment.

Of course, it's a very severe illness for Maria. So she also needs nutrition. We have here the 3-chamber bag, as described by Marc, and also some IV generics. So you can see how important in this multiple myeloma case our products are for her treatment.

And I'd like to highlight some -- two specificities about the MedTech business. So the first topic is that we have as our customers multiyear contracts, so usually, 5 years, 8 years, 10-year contracts because there's an effort to connect our product to the IT system from the customer or to train the users, to train the nurses. So there's an effort to do that. And we have, at the moment, as an example, more than one-third of our net sales is with existing customer contracts for more than 5 years.

And the other important topic of our business is that this is a recurring business. So I have here, for instance, an IV set with me. This you need for the Agilia pump as an example. And you can run our products only with a dedicated set. So it's a razor-razorblade model. And so it's very important for us to have a huge installed base globally, then to sell these sets. And you see, over the last years, this recurring business, we were able to increase the share within our business.

Yes, we heard from Andreas already that the MedTech business within Fresenius Kabi is below the margin band. And of course, that's a very big task for me to bring this up. This is a high priority to increase the profitability of Kabi's MedTech business.

And there's four levers, main levers how we like to achieve that and how we will achieve that. The first one is that we have a leading position in our transfusion medicine and cell therapy business. And there is especially two growth elements in there. This is the plasma collection and also the cell and gene therapy business to drive that business, also better margin and drive here.

The second point is we have already an existing business here for infusion. Especially in EMEA, LatAm, we have a very strong position. But we are nowhere really in the US. But now we acquired Ivenix, and that gives us an additional momentum to really approach and attack the IV therapy market in the US.

The other topic is we have to continuously, rigorously work on the optimization of our production network and further insource to improve the cost position. So you see we do millions of these sets. And you can imagine, if we take there €0.01, €0.02, €0.03 out, these are very big and important effects.

And last, not least, we have a big installed base. There's a lot of data we generate with our products. And we have more and more software products to come, adding value to our users here. And this is also an additional business helping us to grow and helping us to improve the margin.

Some more specific on the TCT business, overall, here, we have a very strong global position. In the biggest US market, we are even the leader, also strong position in EMEA and rest of world. And you see here basically how we subsegment the market. We have blood collection, plasma, cell and gene therapy, and then hospital business. You see the market sizes of these segments basically.

And yes, we are very proud that we have good customer relationships here. We have very deep insight. These customers, we worked for many years together with them and develop solutions with these customers.

Yes, about these segments, the biggest is blood collection. Here, we are the global market leader in blood collection. This is a market with stable development. It's a very stable business, and this is mainly for us to defend the business. It's also to have all the production, everything up and running because it's a big segment and a big entry point in that business.

But the real two growth areas are plasma -- let me start with plasma. So there is a clear expected continued market growth for intravenous immunoglobins. There is more and more geriatric patients. There is more occurrence of immunodeficiency diseases. And there is more adoption of IVIG treatments. So the market is predicted in the next, yes, 10 years to grow 7% to 8%. And we are well placed here with our products to participate in this growth.

We saw in the last years that we had double-digit growth. We see that, for this year, we have new products. You can see that also in the room next to us. In our showroom, we have one device with us. So we will continue the growth here in this area also with additional software and bundling with our IV solutions.

And then the other very exciting topic, of course, cell and gene therapy, here, it's a nicely growing market, more than 20%. We could use many models in our technology, modify them slightly that we use to collect other blood components, also here for white T-cells. And this is a strong growth market.

And we have -- meanwhile, we're very proud. So as far as I know, there's 7 FDA-approved CAR T-cells out there. In 3 out of these 7 therapies, our equipment is in registration, and these are done with our products.

And we work here with more than 250 other customers, startups together in clinical studies. And as far as we know -- it's very confidential, but we know, in 33 cases, we are part of a therapy that is meanwhile in the filing process to the FDA.

We have also built a joint venture here together with two other companies in that space, with Bio-Techne and with Wilson Wolf with company name of ScaleReady, so that we have a comprehensive portfolio along the value chain. So we share here jointly our commercial team, our sales forces.

Also here, the Cue device, you see that here. We launched that last year in October. You will find that also here in the other room as an example of one of our latest launches.

And this is overall the biggest products we launched in TCT recently. So these products drive a lot of organic growth additionally to our baseline to our business. And the beauty is these products deliver a higher margin than our traditional business. So there is an uptick.

And there is more to come, a strong pipeline here. We're also very proud that we have a very experienced R&D organization across the globe. So you might know we acquired Fenwal. They are based in Lake Zurich in the US. They have very strong R&D capabilities, and we have also two R&D centers here in Europe so that we are really balanced and listen carefully to demands in Europe, but also in the United States.

And you see we were quite successful here, driving really the organic growth and also margin improvement by this end-to-end responsibility. There was a decision to carve out that TCT business as it has certain specifics, so that this is an own end-to-end business.

And then within Vision 2026, when Michael Sen came and was leading us, there was a discussion, what to do with that. And then was a decision made, INS is very close to TCT. And you see from the production process, for instance, from the technological expertise, also from dry rack procurement many topics in R&D.

So a decision was made to bring that together to form one MedTech business within Fresenius Kabi and apply the same things that were successful in TCT also for INS.

And now talking about the INS market, you see we have a good position here in LatAm and in EMEA, but our weak spot is the US market. And for us, of course, when you are leading in EMEA and LatAm on IV solutions, IV therapy, and the pump business, of course, you want to get into the US market, which is the biggest market here with €4 billion in IV therapy.

But there is a certain uniqueness in the business. We try to really enter the market with the Agilia pump. But there's certain software requirements that, yes, are very specific, high end. So that's why we decided we want to invest in the US. We are very serious about that.

You will hear about major investments in the plant structure for IV solutions from Marc later on and also, of course, about Ivenix. We said we need the best pump there. We were monitoring the startup Ivenix for many years. And yes, last year was the right moment to really go after them. And this is here the Ivenix pump. It's really a game changer in the market when you see the pump.

Yes, let me start with the interoperability. This is a very important topic here that you can as a hospital integrate the infusion pump with your electronical medical record, being it Cerner, being it Epic.

And you can then have that all paperless. Let's say you are the pharmacist in the hospital. You update your drug library. And of course, you want to ensure that the new drug library data are immediately basically on all pumps in the hospital, wireless, immediately. And so for instance can be done with the Ivenix pump.

The other beauty is here, when you see -- this is a touch display here. It's colored. It's big, relatively big for such a device. And this is optimal, easy to use for the nurse. And with that, we have studies out there that we can significantly reduce infusion-related errors. It's a big topic here in the industry. And we are very powerful in the workflow and also able to reduce these errors.

And the last thing I'd like to highlight is that the pump has a very precise flow rate accuracy. And you have to imagine you're a very severe ill patient. You get critical drugs. Yes, and then the flow rate is, of course, very important that it is very precisely administered. And we have a pneumatic patented pumping mechanism with a cassette. It's very precise. And it doesn't matter under which clinical conditions.

For instance, some pumps, the head height makes a big difference towards the patient. In our case, with the pneumatic pumping mechanism, it doesn't matter. So it's an unmatched performance here that we offer. And also, here, we have -- in the room next to us, we have a sample here. Steve Schiefen, the leader of our US implementation team, is here. So feel free to go to him to ask him. He's happy to do some kind of demonstration to you.

And with that, with the Ivenix acquisition, so we have this high-precision flow rate pump with a great interoperability. Plus, we also acquired an R&D center. It's near Boston. It's really a Mecca for MedTech. We have a very strong R&D team which is also helpful to be close to US customers to understand, to enhance the product, and so on.

And on the other hand, there is, of course, the products from traditional Fresenius Kabi on the table, like the IV fluids. We're the only company in the US market offering DEHP-free containers, having also a self-sealing port, so nothing is stripping out, small things, but much better than what competition can offer. It's a premium offer that we have there. We have then also our Fresenius Kabi portfolio when it comes to disposables, like needle-free connectors and so on.

And of course, super important, Ivenix was a startup. We have the plants. We have the plants to manufacture that. We have here our plant in Haina in the Dominican Republic, almost 5,000 people working there. We will bring there the Ivenix set production. And we will bring the device production to our site in Warrendale near Pittsburgh.

And with all that, we have the clear ambition and target to deliver €200 million plus margin accretive business in IV therapies by or in 2026. And I'd like to share with you some highlights that we're on a very good track here.

So first of all, I think a big highlight was for us Vizient. You might know that, in the US, you have GPOs, group purchasing organizations. And usually, they have contracts already. And you're signed up.

And of course, Vizient, Premier, they have already pump suppliers in that contract. But Vizient, for instance, they run once a year a big show in Las Vegas where you can apply when you have something like a breakthrough technology, something really, really innovative. And they have a team of experts, of nurses, of CIOs coming, looking at your products. And we are very proud we have been selected. So we are awarded meanwhile

with Vizient. You might have seen that also Vizient is the largest GPO, covering more than 50% of the US hospital space.

And also, this week, Monday, we announced Premier followed. They said also Ivenix is a great technology. We want to make sure that we have that in our portfolio.

Meanwhile, we have signed contracts with 10 additional providers. We have a very strong pipeline here with many big prestigious hospitals. We just finished this week, Monday, our next installation here in a hospital in California. And Steve Schiefen that you will see will go next week to Wisconsin to do the next installation.

So that was about Ivenix. The other important topic is, of course, when you understand this razor-razorblade model, you understand how important the razorblades are to us, these millions of sets that we are producing. And for that, we of course need a very strong global manufacturing footprint.

And here, you see our plants. To be honest, this is currently still too many. You will hear in a moment more from me. We have invested here to, yes, automate more to increase capacity and also to do transfers. We have closed five smaller locations in the last years, which is driving a double-digit million savings here. And we continue to do so.

I have here one small example for you, a product that we insource. So with Fenwal, this product came to us, was bought by a supplier. And we decided to insource that. That is a leukoreduction filter in this case that we need in various areas for TCT. And that filter we could reduce by more than 60% in cost. This is overall annual saving of more than €25 million per year when you really are focused in insourcing that. And I think that's very important to understand that we have the capabilities, that we have the track record because, on Ivenix, we also want to insource and knock down the cost here significantly.

And I'd like to share with you three details here or three projects that we are currently working on to improve our operational cost. One is you saw in Marc's presentation our nutrition plant Emmer-Compascuum. It was in the past an assembly plant for TCT. We are transferring as we speak step by step the productions to Haina, to our bigger plant. That should be accomplished by middle of next year, bringing significant savings.

And the other topic is then Ivenix, of course, very big topic. Ivenix had different suppliers. We need to ensure to bring it over to our suppliers, where we have other conditions, of course. We can even get for our traditional business better conditions because we have more volume. We work on injection molding, higher cavities, tube extrusion, bring things in house, and mainly bring it in house and scale it up in our big plant in Haina here by the end of '24.

And then the last topic we are working on is in Puerto Rico. We currently have two plants. And we are in the process of filing for the one plant all the products we do in the one plant to step by step also bring it down. And there's a closure plan for that plant by the end of '26. So these are big savings, big potential that we have to really, like a Swiss watch, to execute step by step, transfer, automate, and bring in house.

Yes, and the last important topic that's helping us driving the margin is I spoke about the big installed base that we're having more than 1 million devices out in the field gathering data every day.

And we have here software solutions that is adding value for our customers, being it nurses, being pharmacists, other healthcare professionals, mainly with respect to patient safety and process efficiency.

And we have here software solutions. For instance, on the INS side, this is an infusion dashboard, very en vogue. Of course, you can -- as a healthcare professional, as a nurse,

you have a multiviewer. You can see all the beds, all the infusions. When there's an alarm or when you have to exchange a line, you can see that.

We have, for instance, another very successful software on the plasma collection side, where you can optimize based on your personal donor data, your age, your gender, your weight, how much you can donate. And of course, if you can optimize that, every milliliter of plasma has a high value to our customers. So then you can ask for pricing for these softwares. And so we see a strong growth in this area and good EBIT margin. So that is also an important driver.

Yes, overall, big ambition, my personal ambition also to bring the Fresenius Kabi MedTech business up in the profitability, bring it into the margin band. And again, how to do that, utilizing the strong TCT position, especially in plasma and cell and gene therapy, using Ivenix, the momentum that we have with this new acquisition in the US market, continue being rigorous on the optimization of the production network and insourcing, and of course, gain traction with the software solutions also.

Yes, thank you very much for your attention. And, Markus, I hand over to you now for the Q&A.

Q&A (II)

Markus Georgi: Very good. Thank you, Christian. And would like to enter into the next -- into today's second Q&A session, focusing on Nutrition and MedTech. Again, if you would like to ask a question here from the room, do us a favor and raise your hand. First comes from Hassan.

Hassan Al-Wakeel: Hi, it's Hassan Al-Wakeel from Barclays. I have three questions, all on Nutrition, please. So firstly, as the Nutrition market in China pivots towards enteral nutrition, could you talk about the synergies from your strength in the parenteral space and what you're doing to ensure that you stay ahead of the more traditional enteral peers?

Secondly, on slide 32, you show that your sales are slightly more enteral than parenteral, which is a little surprising to me at least. How do you see the mix trending over time as China shifts enterally and you expand your presence in US parenteral nutrition?

And then finally, if I can come back again on the margin point, where is the upside in Nutrition margins from currently pretty high levels, given this looks to be the largest lever of margin expansion for Kabi out to 2026? And does VBP pose a risk longer term here? Thank you.

Dr. Marc-Alexander Mahl: Yes, thank you for the three questions. Let me take them by order. On China first, we're selling with the FSMPs, as I have shown on my slide, into the hospital outpatient clinic setting. That is typically where these specific foods, the FSMPs, are prescribed. And that is where we are also with PN.

So that means there is a synergy in terms of brand positioning, brand reputation, but also a synergy in terms of the first contact to explain the concept of FSMP and to make sure that the prescriber understands our product. That is for me the key synergy. So that is on the one on China.

The other question was, how do we stay ahead of the traditional ones? Well, with the FSMP, and that is the beauty of it, we're not competing with the standard -- the sip feed, let's say, where you have local players and whatever.

The EN segment, as you have seen in this pie chart, is at the moment only about 15% of the Chinese market. So it's smaller than PN. But the FSMP segment is something new.

This is something we will develop, which we will build on our competence. And so therefore, I do not see ourselves here competing with a lot of standard sip feed competitors, but only with -- even if, let's say, a very, very small number, say, of FSMP players specifically in the beginning, as the category is new.

On your question on EN sales, you have seen in Pierluigi's presentation the pie chart. And I guess, what is important to understand is that there's this PN segment and the EN segment. You also have the product which is called Ketosteril. Ketosteril is around a 300 -- well, is a triple-digit number of sales. But it's a combination of Ketosteril and enteral nutrition, to explain that this is in one segment.

Then on the margin upside, you have heard in the presentation from Michael Sen but also in the presentation by Pierluigi that we're focusing on, well, synergies, structural synergies, operational excellence, and to deliver on our projects faster.

So the margin upside I see mainly through levering, let's say, these measures over time. But then you have also seen the geographical expansion into the US market for parenteral nutrition, where we want to broaden that one. That should also give a certain margin uplift and ideal circumstance, though it's a mixed bag. That --

Pierluigi Antonelli: What I -- the way I would also integrate is that, as we were discussing, Hassan, before in the break, we are above our margin, structural margin, 14%, 17%. And our goal is to keep it steady, right, and to increase our growth and automatically by increasing -- by delivering the growth that you saw in Nutrition will drive absolute EBIT improvement, right?

So it's important to remember it's above our 14% to 17%. You throw a number during the break. I think I would stay on the above 14% to 17%.

Markus Georgi: Thanks, both. Next, Holger.

David Adlington: Hi, David Adlington, J.P. Morgan. Just one quick question on MedTech. Given the quite long contracts you've got, sort of 5 years plus, just wondered what protection you've got in there from inflation. And as those contracts get renewed, what's the pricing environment like currently?

Dr. Christian Hauer: Yes, so that really depends customer by customer, but there are various kinds of how to build in the inflation. So there's indices that we have as a baseline here. And that's how these contracts adjust the pricing then on an annual basis basically, referring to CPI indices.

Markus Georgi: Next comes from Holger Blum, second row here on the right-hand side.

Holger Blum: Thank you. Holger Blum, Patinex. Two questions, one, I remember the Capital Markets Day of Kabi back in 2004 when I got excited about the Nutrition story that we had data that people can reduce hospital stay. It was impressive, like you presented today.

But if I look at the market development since then, if the data's consistent, we are €6.3 billion 20 years ago, excluding Japan and the US. If we now get to €10 billion, that would be a CAGR of 2%, which is not reflecting the big unmet medical need that you can fulfill with Nutrition. So what's your sense of the historic CAGR of the business, or is it more of a mismatch of the data back then to today?

Dr. Marc-Alexander Mahl: Thanks for reminding us on the number for 2004 because I must say it's -- well, if you take it like that, you could say it's only 2% growth. But between 2004 and today, a ton of things have happened.

If I think back to that time -- and at that time, I was in transfusion technology, but we followed, of course, what Nutrition was doing. You had professional societies discussing, what was the right nutrition regimen? And the demand of malnutrition is nothing new. But to understand the value of proper clinical nutrition is huge. That's the one thing.

The second thing is to help the healthcare professionals to understand how they can use the tool of clinical nutrition to help them to really get benefits, shorter length of stay, and so on. And I would firmly assume that, over these 20 years, the situation has completely changed. There is a huge increase in understanding compared to 2004.

So from that side, I guess we have today a different momentum, though I acknowledge education is still key. But this is what we have learned also over the last years. I've shown you the slide here with the education days, the screening days we do, where let's say, meanwhile, we have support as an industry also from the professional associations and so on to propagate the need of clinical nutrition.

Therefore, in a nutshell, I would say the situation in 2004 was more or less the Klondike stage. So you knew there's something you had to shovel. Today, we have a completely different universe and environment in which we can take this forward. And this is why I'm more confident today, let's say, that we're growing with the 4% to 7% than the 2% you have shown.

Holger Blum: Second question, more general maybe on your innovation spending and margin focus. And you seem clearly excited on the Ivenix acquisition. Are there more Ivenix-type companies around that you focus, or is it mainly now the focus on execution and less on business development?

Pierluigi Antonelli: I'll take this one. So I think our two acquisitions of mAbxience and Ivenix are very recent, last year. I think, as we've been sharing with you, now it's time to deliver. So it's discipline. It's execution. It's driving margin up. And our plate is quite full as we speak.

So therefore, for the time being, we're not actually planning to do any M&A. As usual, like any good team, we're always counting for opportunities, but this will be -- happen in due time. For the time being, no M&A.

Markus Georgi: Next comes from Veronika. Please go ahead.

Veronika Dubajova: Thank you very much. Veronika Dubajova from Citi. Two questions, please. One is just on the MedTech business and the margin ambition that you've communicated, obviously moving into the double digits. And I'm curious if you can give us a bit of insight on how we get there. Is it mix? Is it the US expansion? Is it efficiencies? Just build a bridge for us, if you will.

And then I'm not going to date myself all the way back to 2004, but I will date myself back to 2012 where, if look at both Nutrition and MedTech, the organization has for a long time had an ambition to expand into the US. And I think there was a target for €50 million to €70 million of sales from Nutrition and pumps in the US in 2012.

It seems like we're maybe just about there, maybe slightly ahead of it. But it's been very slow progress. And so I'm just curious. What gives you the confidence -- and I think this is a question for both of you, both on Nutrition and MedTech -- that this time around it's going to be different, and you can hit these numbers, which are suggesting sort of multiple hundreds of millions of euros of sales from the US? Thank you.

Dr. Christian Hauer: Okay. Yes, on the margin, coming back to the question how to address the margin topic and increase it significantly, that is basically a mix of growing, we need this growth. And you see we have a strong organic growth, especially in areas

with higher margin, being it cell and gene therapy, for instance, being very attractive, software plus, and also the Ivenix case, delivering higher margins in these businesses.

And simultaneously, we have, of course, to work on our cost position, continue to work very hard on transferring, closing down plants, and continue the insourcing to drive down our cost, especially on the disposable side. Both things go hand in hand and will assure that we can deliver that.

And then maybe, for your other question about the US business, I think it has changed already significantly. When you look for MedTech, we do almost 40% of our business in MedTech in the US meanwhile, so a very strong player on the TCT side. I said we are there the number one. We have a very strong position in that market, and it's a big business for us meanwhile.

Pierluigi Antonelli: But in general, I would say also, to cover the Nutrition part, we had a different team, right, I think from 2012. I don't know who was in 2012, but I can say that, today, we have clarity in terms of who is driving which business unit.

Therefore, I believe that transparency and clear accountability makes -- covers a lot of ground moving forward. Of course, what you'll need to do is, which I guess you will do, is to measure ourselves on what we're telling you today, right?

So give us for the time being. I think it's a good first quarter. We have clear plans. People are -- managers, executives are associated with a specific business unit and measure ourselves moving forward.

Markus Georgi: Thank you. Next comes from Jane Bleeg.

Jane Bleeg: Thanks. I just wanted to dig in a bit more to what Veronika was asking. So going from low single digits to low double digits is fairly hard. How much is Ivenix a drag right now? I think it's important for all of us to understand.

And then secondly, to the point of how much is growth versus actually how much is cost out, are we in a situation like Care Delivery at FMC, where it turns out your margins are actually low single digit due to lack of understanding previously over what your cost centers were or what your production costs were, or is it really dependent on top-line growth?

Pierluigi Antonelli: Understand your question. But I think we're not going to be giving you, unfortunately, this level of details, right? I think you should be happy with the -- what we've been sharing with you in terms of MedTech. How do we want to grow? We said about Ivenix, right? We spoke about margin improvements in terms of all the initiatives that Christian and his team are deploying, shifting productions from one plant to the other, taking -- industrializing the Ivenix pump, and therefore taking down the unit cost.

I think we have a solid plan. And we have to deliver moving forward to get into the margin band for MedTech.

Markus Georgi: Thank you, Pierluigi. Last one comes from Oliver.

Oliver Reinberg: Yes, thanks very much. Oliver Reinberg, Kepler Cheuvreux. First question, just coming back on VBP, I'm not sure how much details I will get, but can you give us just a feeling? When is the eighth round starting, and any kind of feeling for the magnitude of sales that are affected here in China?

Secondly, on US parenteral nutrition, this was a kind of multiyear effort actually to the €60 million, where you are now. It took quite a while. Is there any kind of inflection

points now that this kind of €60 million can significantly accelerate? And if so, what are the action points?

And third question, just on US enteral nutrition, is that a no-go for you at this stage, or what needs to happen to change your mind to potentially tap the market as well? Thank you.

Pierluigi Antonelli: So I -- Markus -- Marc will take the first two. I'll take the third one.

Dr. Marc-Alexander Mahl: Well then, yes, then on the NVBP, so the eighth wave of the NVBP was scheduled for November last year, was due to the pickup of the corona situation in China postponed. We expect that it will come later this year, likely around September.

I think we had the discussion yesterday evening on this. So the Chinese government is driving on this NVBP procedure the cost down for 500 products. Which drugs, which products are included in the eighth, the ninth, or the tenth wave when the program is supposed to stop is not completely clear because it's driven by how many local competitors and international competitors you have.

We have an assumption which is probably quite precise on the eighth one and then indications on the ninth and tenth one. But I guess I understand where you're heading to. So I would say, whatever could be the effect, what we foresee is baked into our strategy and the projection for Nutrition.

Now on the €60 million sales for PN in the US, you have seen that we have shown a sales projection, a dotted line with some products coming. So we have some files lined up. We intend to launch them. That drives the growth.

And I don't want to have here -- give you here the details. I think it fits and plays into the overall basket 4% to 7% top-line growth and stable margins with upside potential. That is what we baked in, the downsides from the NVBP, potential ones, the upsides from others, that this trajectory is supported.

Pierluigi Antonelli: And on your third question, I think we are fully aware that, in the enteral segment in US, we don't play. But I think this will be possible to enter through most possibly -- most probably M&A, right? And as I said before -- I go back to my previous question, right? I think we have more than enough to chew, to deliver on our plans, and to be executing them than be thinking now into an M&A in EN US.

Markus Georgi: Thank you. Very last one by James.

James Vane-Tempest: Thanks for sneaking me into the Q&A. James Vane-Tempest from Jefferies. Just one actually just on the MedTech business and innovation, I guess coming back to some of the other questions around top-line growth. How do you measure innovation? And I guess, if new products are expected to grow 40% for the next 4 years, what are those today? And I guess, when we think about potential new launches over the next few years, how would you measure that to help us get a sense of what could contribute to that?

Dr. Christian Hauer: Yes, we have a launch tracking here. So when we launch a product, we exactly look, how much is coming on top of the business? Of course, you have also traditional products that sometimes decline, but usually, these new products, especially when you see cell and gene, it's all coming on top because we didn't have previous products there. So this is all contributing to top-line business.

And the starting point that you saw on my slide is a mid-double-digit million-euro amount. That is the starting base where we are with this recent product. And there, we see this organic growth coming.

Markus Georgi: Thank you. It's time for a lunch break now. Lunch will be served upstairs in Tyburn Kitchen. In addition, don't forget and use the opportunity to have a closer look to our product show in the back of this presentation room. Would like to ask you to be back on time. Next section will start 2:40 on the dot. Thank you.

(Lunch break)

PRESENTATION
Focus Pharma
Dr. Marc-Alexander Mahl, President Pharma and Nutrition Fresenius Kabi

Dr. Marc-Alexander Mahl: So welcome back after lunch. It's my task to keep you awake after your lunch with a really exciting business, Pharmaceuticals, IV fluids and IV drugs. And in the next 30 minutes, I'll walk you quickly through the portfolio and how we want to further grow the business.

But first, again, the topic on a patient, what do we contribute to healthcare professionals? How can we help? And this is here an example of a different age group. Jose is, let's say, end 30. He likes an active lifestyle. He likes cycling.

And he fell off the bike and bruised his skin and, a few days later, got inflammation. First, he became warm. He started to get fever and became reddish and so on. And he went to see his doctor. And he said, "Well, that's a soft tissue infection. You need to take some antibiotics. And here, it's not sufficient to take them as pills in the soft tissue. We need to make sure that there's sufficient antibiotic available. And therefore, we'll give you an infusion."

And this is a patient who would be taken for in the homecare segment or with a general practitioner, but he would have to receive this infusion 2 times, sometimes 3 times a day.

Well, we have whatever antibiotic is required here. In this case, I would prescribe him cefoxitin. We would dilute it in an IV solution to make sure that can be infused. And then as the GP has not time to, let's say, look all the time for him, we would put him on a pump that the infusion time is completely controlled.

So in a nutshell, three products here from three product lines which can come from our side: it is the antibiotic. It is the IV fluid. And it is the IV pump, including a set. This is showing for, let's say, this area here also the cross-selling opportunity which we have for hospitals, for homecare setting, for practitioners and whatever it might be.

This is a huge portfolio. We're a leader in this field. And we built it brick by brick over the last 20 years. It started with propofol here in the early 2000s, then with antibiotics and so in the mid-2000s. And then with the APP acquisition and Dabur Pharma, we brought two big stones with, A, the entry to the North American market and then also with the oncology products to get a complete meaningful platform to start from and also the global coverage.

And from there, we have taken it well up, substantial sales to grow here really the portfolio in IV generics to a global leader.

We have everything what you need today to be a one-stop shop in the anesthesics and analgesia segment. So if you go to a surgery, you need to be put asleep. You need to relieve the patient from pain to make sure that he doesn't wake up when someone cuts open the belly. And you need to make sure that the muscles are relaxed that you can ventilate the patient.

This was for us a key task to get this complete portfolio together with our pumps, which have the ability to do TIVA TCI, a fully controlled anesthesia to, again, a very nice process solution which we're offering to the anesthesiologist from Christian's portfolio together with ours.

This is what is driving today the majority of surgeries or anethesiologies, I would say, or for when people are ventilated in the OR room.

And we have a full basket of anti-infectives for both bacterial infections, fungal infections, viral infections. We have a full critical care portfolio with a flagship product heparin, which is required to prevent clotting of the blood when you're, for example, required to lay in bed for a longer time.

And then we have a full basket of oncology products, workhorses in all kind of regimens to treat solid and blood tumors, products like paclitaxel, methotrexate, carboplatin, which are required in oncology therapy or in immune therapy.

And even if you're talking about most modern oncology therapies, these ones are still there. And all of these products will be there also in 10 years and likely in 20 years because these are the basics of modern hospital treatment with drugs. Whenever something is required in IV form, we have it, and these essential medicines are likely to stay.

And then to make sure that you can bring -- infuse these products into the body, these are sometimes powders or concentrated versions, you need to dilute them. You need some sterile fluids. And we have them. We have them to reconstitute these products, but we have them also in all kind of forms you need to substitute lost volume in the blood circulation.

It could be crystalline solutions, or it could be colloids, which are required in certain, let's say, severe disease statuses.

I don't want to make this a medicine lecture now or pharmaceutical lecture. So therefore, I just give you an impression: four therapeutic areas, big baskets which are relevant in the hospital, in the ICU, in the OR room, in the emergency room, say, on the ward to treat critical and chronically ill patients, let's say, in their disease state. We have it.

I would like to come to the market now and tell you again, like in my Nutrition presentation, in a nutshell, how we're going to grow that. And I would like to start here with our full range. IV generics in general are required to make modern healthcare affordable. People, patients and healthcare professionals, rely on the fact that, whatever they need, it is available where they need it, what they need, in the quantities they need.

And we have supplied in the last 10 years all our customers in North America, in Europe with the products they needed. And we have created here a big reputation. And we have earned the trust. This full range here has made us a leading supplier, combination of the portfolio and the supply, and we have received here also a strong footprint in attractive markets with our contract customers.

We support our portfolio also with attractive launches. We're continuing to launch products in Europe, in North America, and in other markets. And as the question was already coming up, we're covering in average 80% of the loss of exclusivities, for

example, in the US. You may ask, why are you not covering 100% of the patent expiries? Well, some products are too small to attract our attention. Some products are outside of our channel which we believe we can properly address. But those which we can sell, those which are sizable, those which we believe are important to us we secure.

And in case you think already about your question for the Q&A part, is this drying up, I can tell you, for the 4 years which we cover here on the projection, the value is higher than what we had in the 4 years in the past. So from that side, this value is not going back. So you don't have to have the concern that our launch pipeline is drying up and that we're running out of ammunition. We keep this engine well greased, and we'll keep it well fueled.

To make sure that we have all these products which we launch, that we can supply them, that we can live up to our promise that we supply generics wherever they need it, whenever they need it, we have also an at-scale operation which allows us to supply global markets from global plants with specialized technologies and local plants for local markets where required to exactly deliver what our customers need.

And these investments are done. So here, the investment in concrete and steel, again, is done. So therefore, when we're talking later and about our US investments, we are well prepared for our growth, but the big investments in capacity have been done and are in the past.

Let's have a look into the market here. We're talking about around a €50 billion market, €44 billion in IV drugs, about €6 billion in IV fluids. And as you can see, this market is, with the IV fluids, a little bit more static, 0% to 2%.

We see here, say, that it's more or less driven by population growth and a little bit of the demographics I have mentioned before. But this is the market we see for IV fluids and, here, for IV drugs, for the segment we address, IV injectables in the hospital segment.

I don't have to go again into the demographics, but the same what I mentioned in Nutrition applies here as well: growing population, aging population, growing expectations in modern healthcare, all these are drivers which are driving up demand. You may say 2% to 3% is not a lot, but constant on a large base, this is attractive. And as a leader in this field, we will get our share to that.

You see pricing pressure competition as arguments down there. Well, that is nothing new to us. We're in generics since 20 years. We're a leader in this field since many years, and we know how to deal with that. So that means the effects from pricing pressure, the effects from competition are baked into our strategy, and we know how to deal with that.

And I will talk to you, let's say, on the next 2 slides a little bit on how we do that. What is our pipeline to make sure that we overcome these in a proper way to keep our margins where they are?

Before we get there, I would like to come once more to the topic of supplies and trust. Because, when you think back on the corona crisis, in May 2020, you still remember the pictures when, in Northern Italy, a lot of people had to go to the hospital and required ventilation or in New York. We had these pictures of crowded hospitals.

Every hospital required now propofol. They needed drugs to put these people on the ventilator and to bring them over this critical period. During this time, our propofol demand went up through the roof. Looking at our facilities at that time, they were all full. And we had to look, what can we do?

So we rolled up our sleeves. We rededicated the lines. We rewrote the production plans. And we developed and came up with a new formulation, 100 milliliter with 2% we got

from the FDA emergency use authorization. And we succeeded not only short term to ramp up our supplies by 70% to the market but even to keep it over the full 2-year period, let's say, with 35% above the precrisis level.

That shows what we can do, that even a big company can be agile and can make sure that customers who trust us, get supplied. We live up to the promise of the availability of generics wherever they're needed.

And that has made us a leader: our strong portfolio, a reliable supply chain, reliable agility. We delivered when we were required. And that has made us a leader on global markets in IV drugs, in Europe, in North America, and for IV fluids, let's say, a strong number one in Europe, where we're as strong as number 2 and 3 together and a leadership position in the global markets.

And you see us here. It says the US is for IV fluids an emerging market for us. We have registered our products. We have created a facility, already starting, let's say, to roll this out. And when we have our next Capital Market Day, I hope we can show a leading position also on this segment and the way forward.

Now I would like to come to the portfolio part. You see, in North America, we have the largest portfolio in terms of molecules, around 160 molecules which are registered in numerous forms of SKUs for the various customers. And that's more than any other company is offering.

And we keep fueling that. You see around 17 - 15 to 17 products we're launching globally. We have about 130 launches continuing to be rolled out this year. And the products we address are to 70% part of the essential drugs list of the US FDA. So that means we're at the core of the hospital-required drugs. We keep it fueling. And we're still, let's say, at the stern of the ship, where we, let's say, are leading with a number of the products.

We want to go beyond the pure launch at exclusivity expiry, and we want to bring to customers added value. We want to address unmet needs. We want to make the life easier of the pharm tech, of the nurse, of the physician. And I want to give you some examples what we do here.

The topics what you might hear also from other companies are the forms to, let's say, bring a lyophilized product into a liquid formulation to ease the reconstitution. But we're going beyond that. We're not only reformulating the product, let's say, from cold storage to room temperature storage and so on. We try to simplify the life.

And I would like to show you now some examples. Of course, you know, if you have a vial like that and you want to get it into the patient, you take a needle on a syringe. You withdraw, let's say, the content. If it's a powder, you first need to get some fluid into the syringe, into the vial, get it out of the vial, in a bag, and so on, quite tedious.

Needle-stick injury risks, risks that, if you're not working under sterile or aseptic conditions, and some bacteria might get in here. So how can we simplify that? And there are various ways where we can lever the competences, the container competence, the connectivity competence from Fresenius Kabi in a beautiful way.

The first one is you can put it in a prefilled syringe. If the product is sterilizable and survives the temperature exposure, you can put it into something like that, and you can sell it, nothing really new. But if you store a lot of these things, they're quite bulky. Now you have on the emergency room, on the ambulance, on the emergency ambulance or somewhere, you have, let's say, to put everything into a tight space. And so therefore, space matters.

And this is, for example, our container we have in North America from our design. It's a proprietary design. And you see the length difference. You get much more of these in a drawer. You can store more on the limited space you have. These are the things which count for a pharmacist when it's about making a decision. That makes the difference.

The second topic is, when you're storing in something like that fentanyl or an opiate, you could take a syringe with a needle. You go through the paper and the stopper. You withdraw it. And you put it back. You can divert opiates from that, and it is not immediately visible. It's stolen, but it still looks like untampered.

Now try that here. It's a hard plastic shell. It's easy to twist open, but it's absolutely tamper proof. So this makes also under the aspect of diversion control for controlled substances a huge difference.

And these are the kind of arguments when we're talking about intelligent container development, understanding what are the unmet needs in the hospital and the pharmacy? How we can come up with solutions which have an added value, which make customers buy from us and not competition?

Let me come to another one. And that is if you have products which need to go into a larger volume. You can have, of course, again, your procedure with the vial and the syringe and needle. You know it. I don't have to repeat it. Inject it here, and give it to the patient.

What we have come up with and what we're going to launch in the US very soon, it's already approved, is you use this vial. You connect it here to the adapter. And then you might say, "Well, that's nothing new. Vial adapters we have seen from competition as well."

You're probably right, but this one is anyhow special because, with the other ones, as soon as you connect the vial, the fluid will run into it. The vial is full. And when you then hang it for the infusion, you will lose the vial volume in here. It's very tedious to get it then out again.

What we do is we have an open-close mechanism here. So you go to open. I can put in the volume. It's resolved. I get out the volume, and I close the adapter. And you can hang it, and nothing runs into the vial again.

So this makes it much easier for the nurse to apply it. You don't have to pay attention to detail. It's easy to operate. It's very straightforward. It's time saving. And it's also waste saving because you don't have the waste for the syringe and the needle and so one.

What I want to tell you is prefilled syringes, premixed containers are not necessarily something new. But the success is in the detail. The success is in the minute things which make the life of the nurse and the physician easier. And here, we have great engineers. We have great production skills. And we have sales teams which can sell them. And this is how we want to roll them out.

And these are the facilities to serve the markets. We have for the North American market, which is our largest single market for IV fluids, IV generics, we've invested in high-tech modern facilities.

I've just been there 3 weeks ago, and they're really looking fantastic. You may say a lot of money invested, but this is high tech. It's state-of-the-art technology. It's highly automated to allow us to produce in a very efficient way in the North American market close to where our customers are and serve the market, to make sure that, if there are shortages, that we can address them, like we did in the past.

And for those who may ask, are there still shortages in the US market, yes, there are. There's still a long, long list from the FDA. It's actually the longest in the last 10 years. And so from that side, it is good to have this specialized capacity in North America to participate in that game, to supply that market, and to secure our position as a leader in this field.

And this is our network overall. We're serving more than 125 markets across the globe. We have global plants which are supplying global markets. We have then the US-specified plants to supply the North American, specifically the US market, Wilson for standard solutions, Melrose Park in Grand Island for IV fluids.

We have also reduced our network where we felt that the performance is not up to our expectations. So we have recently divested a site in Indonesia which was for injectable generics. We have closed one site for standard solutions in Goa in India. And we have also closed one compounding center in Boston.

Nevertheless, the focus or the option to produce locally remains in place. Specifically for standard solutions where freight cost is an element, we continue to manufacture standard solutions in the markets close to the customers to make sure that freight costs are limited and we can efficiently run this business.

To give you an idea, how do we address it. From a technical perspective, we optimized the output and the production, sometimes, for example, here in Louviers for bag products like these without the vial adapter, by bringing the latest technology, highly or very modern production lines to our sites.

And here, for example, what we have done in France is that we can produce the volume of formerly 3 lines on 2 lines. That means you spread your cost, let's say, on the output of 3 lines, but you have only the cost from 2 lines. This gives us a substantial cost advantage, about 10% to 30% per unit, which is a lot for standard solutions.

Together with most modern digital monitoring tools, we can track our OEE and our efficiency of the plant very effectively. So this is really for us the way forward to use the setup we have and to optimize it to make sure that we can produce also for the way forward always more effectively.

And then it's not only about effective production. It's also about sustainability. For this Kabi clear container, it's this one here. Here, we have modernized the production process. This bottle pack format comes typically from lines which are externally sourced.

We thought, how can we improve that further, increase transparency, collapsibility, that the bottle empties, and so on? So we have developed a proprietary new technology for production which was first rolled out in Kutno several years ago. And now we have installed a second line in Germany in Friedberg to use this container.

Now this is cheaper to produce. We get out of 1 line more than 2 times the volume in terms of unit. The one in Friedberg, it's a mid-double-digit million units number, let's say, out of 1 line. But what is also very nice is the plastic content of this bottle is only about half of what the old container or the former or the alternative container has. So this is under cost perspectives attractive, but it's also under sustainability aspects attractive.

So this gives you a little bit an idea how we drive innovation in IV fluids, in IV generics, and how we want to stay under in an environment which is cost sensitive, which is seeing increasing number of competitors, how we stay in this market in our leadership position, and how we keep our margins where they are into margins, yes, on the level where they are.

So let me summarize. We have a huge portfolio, in the US, 160 molecules. We keep adding to that. Everything which has a value for us, everything which can be sold in the channel we address, we address and we develop in our development centers.

Our connection, our relationship with big GPOs, with partners in the various markets, in tenders and contracts are grown over a long time. We are respected there for our supply performance. We're respected there for our quality. And we're sizable. We have a broad portfolio that, together, gives us also for the future with our new products, with our new solutions which I have explained to you an attractive to expand our business and to grow along our trajectory.

And our at-scale operations, which we've modernized, which we update on a regular basis, gives us the platform to supply these customers in a cost-effective way, addressing the quality requirements from the governing bodies, and to make sure that, even when there are shortages in the market, that we can address them.

So that in a nutshell gives us the confidence that we can grow this business with the shown 2% to 4% for the way forward and that we keep our margins stable.

Thank you very much.

PRESENTATION
Focus Biopharma
Dr. Michael Schönhofen, President Biopharmaceuticals Fresenius Kabi

Dr. Michael Schönhofen: Good afternoon, and a very warm welcome also from my side. Last but not least, I'm very happy to present you our thoughts, our aimings, our targets for what I would call the smallest kid on the block, or should I say the presently smallest kid on the block, the Biopharmaceuticals world of Fresenius Kabi.

Some of you might ask yourselves, "Well, why does he talk about Biopharmaceuticals instead of just calling it biosimilars?" Well, because we have a little bit of a wider view on what we want to do. And I would like to share with you today some of these elements a little bit more in detail.

Of course, the biggest part on what we will talk about is the biosimilar business as such. So this is - we are developing molecules. We are manufacturing them. And we are going to commercialize them to our customers in the respective areas in the world.

But through the mAbxience acquisition, there's a second business model. We do not need to sell all of our molecules to the end customers and not everywhere. There's a chance to also out-license some of the molecules, depending on the needs, depending on the benefits for us, to external industrial partners.

And mAbxience has started this business. We know this business also from our own in small molecule area. And I think it's a nice add-on to the classical biosimilar franchise, so just to play on a bigger scale.

And the third leg, which you should think about it a little bit more mid to long term, is the classical CDMO business. I'm going to show you a little bit later the technical capabilities of mAbxience. And that allows us also to play a role in the continuously growing outsourcing market or the outsourcing trend in the biological field.

So of course, the first examples we will talk about is adalimumab, pegfilgrastim, and tocilizumab for the first part. The two right now commercialized products with mAbxience is rituximab and bevacizumab, the first one on a regional scale, the second one even globally.

And then the capabilities I was referring to at mAbxience, think about that they very successfully delivered during the corona period the vector vaccine to AstraZeneca. Ramp up was done in an extremely short manner very successfully.

Now I can say from a business perspective, well, what a pity that this is all over, but of course, I think you would all agree with me, thanks God the COVID period is over. And hopefully, we will have more opportunities to step into this business opportunity, call it on the vector technology, call it on the mRNA technology, with our capabilities.

Similar to what the colleagues said, I also would like to spend a second on, when we talk about Fresenius Kabi and caring for life, what does it mean? And also here, the name of the patient, the young lady Jasmine unfortunately is suffering on rheumatoid arthritis, a quite painful disease, chronic disease.

And we just do not think about a single treatment. I think our offering actually is addressing it from the day of the diagnosis. We are offering contrast agents. Iodixanol is just one example. And of course, you need these agents also when you go later on and try to understand how the disease is progressing. So this is a kind of recurring element.

And then of course, there are different mode of actions, different treatment modes through the patient journey. And of course, I can tell you we're covering a lot of them, even then upcoming to the biologics. In this case, it is the TNF-alpha blocker adalimumab, who is then the next state-of-the-art treatment for Jasmine.

Medical doctors know that this might not take forever. And maybe this patient is less reactive on this substance, and then they need another one. Now think about the mode of action. Tocilizumab could be the next version and maybe others. And then of course, those patients, I said already, need pain treatment. And just acetaminophen is one example we are also offering.

So again, the same message as what you have heard from my colleagues, I think we have a pretty comprehensive view of the patient journey when it comes to our applications.

Now what are we actually aiming for? What are the targets? You have heard a lot. We invested significantly into biosimilars. It is about development, clinical trials, but now also about sales forces, market access teams, and whatever you think about. So it's time to commercialize, which means it's time to pay off our investments.

I think I can say that the first steps are done. I can show you a few numbers a little bit later that there is already a track record of successful market entries. And I'm very confident that, also to develop this pipeline we have in mind in the two big segment - so we're talking about the autoimmune segment as well as on the oncology side - that we are able with this kind of offering to even outgrow the market.

Third, through the mAbxience acquisition, I think Michael was so kind to talk a lot about vertical integration. You heard it differently on other elements as well. This is another example where, to run the value chain completely gives you really a synergistic effect. And I will show you a little bit later what are the numbers in relation to the benefits of that.

And the fourth one is, again, as I said it already before a bit, to a more long-term view on how we can expand this additional business model when it comes to the contract manufacturing in a wider range of the biological field.

The targets you have heard. We clearly aim for a tripling or a quadrupling of our '22 sales within the next 3 years. And the good message is the '21, '22 is already a doubling,

starting, as I said, okay, from a smaller scale. But nevertheless, I think the dynamics is there. And I'm confident that these are the targets we will achieve.

At the same time, I think you also heard Pierluigi saying already there is a clear commitment to achieve the EBITDA breakeven in '24.

Just 1 minute on the journey of our biosimilars. We started in 2017 through the acquisition of the portfolio, partially quite early stage, of the Merck KGaA. And we founded the headquarter around these development activities in Switzerland. It took us about 2 years. One molecule, Idacio, adalimumab, was already in phase 3. So it took us 2 years to get it launched in Europe.

We knew from day 1 that we will be not in the first wave. But I will show you a little bit later what we have achieved so far.

Last year, again, the strategy being cost leader, knowing the processes in the best way, being flexible, have a reliable supply chain, all these elements again running into the mAbxience acquisition in order to get really a global footprint and to be a global player in the best since.

€200 million last year. You have seen the numbers already. Now what is to come? What is to come are the launches. Stimufend prefilled syringe already happened on a small scale earlier this year. Idacio to come in the US July 1st. And then in the outer years, we talk about tocilizumab with the trade name Tyenne. Ustekinumab, rituximab are the next ones. Denosumab is another one, and some more in the outer parts of this decade.

I strongly believe - and I know that some of you are a little bit skeptic on that - that this market is attractive. And it will be even more attractive. And we have the clear ambition to outgrow that market.

Why is it ambitious to say that? Well, we have competitors, of course. There are other global big players. But I think we are well equipped. We have a strong entry position in the market, in many markets, in many territories, again, the message about the portfolio. Within the portfolio, of course, you can also have differentiations here and there. So you need really attractive products to the customer needs.

Synergies in countries, it doesn't mean that we have them everywhere, but there are experiences which can be shared with the other business segments. And of course, our capabilities technical wise on the manufacturing side, especially on the drug substance, we reached through the mAbxience acquisition.

All in all, the growth rates of the biosimilar market - and those numbers here are really representing the pure biosimilar market right now - are really attractive. And of course, it happens because there are loss-of-exclusivity stories also within the next years.

I think probably a lot of you think about oncology. And everybody says, "Yes, okay. If you have the PD-1s and the PD-L1s coming out of patent, that is a huge chunk of business which might be available."

True, but there is more. And also, in the autoimmune, which is maybe not in the focus of all of you, the number with loss of exclusivities until the end of the decade is pretty similar. So therefore, there is really quite a potential to be attracted to.

And then of course, for the CDMO part, well, the trend to outsource is there. And I think it's even more there when it comes to the biologics and the bigger molecules, and we would like to participate on that.

What is now actually our portfolio? Expanding our footprint to be a portfolio player within a segment, well, I mentioned already adalimumab, tocilizumab, pegfilgrastim, rituximab, ustekinumab, denosumab, and mAbxience out-licensed bevacizumab, rituximab.

And there is more in the pipeline. There is much more in the pipeline. And that should be the foundation on making this commitment true, tripling, quadrupling the sales within the next 3 years.

I know that the US is in everybody's mind. It's about the launches in the US. So where are we? And of course, we all know that this is of - one of the key success factors for the rollout.

Let me start a little bit timewise with the lowest one on the page, which is Stimufend, which is our trade name for pegfilgrastim. We started, again, knowing from day 1 that we will not be in the first wave when we come to the market with our prefilled syringe. Actually, we are the eighth launching company in the US, so quite a generic environment, I would call it.

Nevertheless, we made it. It's approved. We launched in February. And just about a week ago, we got the famous Q code. So now we are entitled really to get reimbursed through the normal channels, through the normal systems. And we do not need any kind of additional work in order to get this kind of feedback.

But PFS alone wouldn't make sense for us. So we need the second part here. And this is the OBI; some people call it OBD, on-body injector, on-body device. If you think about the numbers, then you will see that, before generic entry, more than 50% of the sales of the originator was - maybe is still - on the OBI segment. And here, our clear ambition is to be 1 of the top 3 launches. The target launch is scheduled for next year.

Idacio, adalimumab, yes, there is a very competitive race ongoing. You can speculate how many will launch after this IP settlement discussion with the originator on July 1st. Is it seven? Is it six? Is it eight? I don't know. It will be quite some. We will be one of them. And we are ready to be there with a variety of application forms. And we believe that there is a substantial potential there.

Yes, this is highly competitive, but the cake is big. And to grab a part of the cake is still an interesting endeavor. So again, the message here is we are in a top-tier launch position. Let's grab what we can get.

How quick it will be depends also on how the American system will do that because please remind - be reminded that adalimumab is the first Part D reimbursed drug in the US, which is running into biosimilars now.

So we are really tapping here on a little bit on unknown territories. And I think this is not only for us. It's for all competitors. But my personal feeling is it's also a little bit for the customers. And I think also the reimbursement schemes are still under development.

The third one, tocilizumab. The files are with the agency. We will be on the market with an IV formulation as well as with a subcutaneous formulation. There is no biosimilar on the market yet. And the target is, to be clear, the number one when we will launch.

I told you about the investments. Development you have seen. I can guarantee you another big part has been done now in people and infrastructure. SG&A is a very neutral name. These are sales reps, medical liaison managers, huge market access team, and they have worked a lot over the last weeks and months in order to be present when the market will format.

On top of that, of course, in order to guarantee the most modern interaction with your healthcare stakeholders, of course, we have developed a very comprehensive offering when it comes to omnichannel sales and marketing capabilities. That, of course, includes full personnel and nonpersonnel promotion and, of course, gives any kind of adds when it comes to channel enablement. And of course, we also have installed the right data analytics in order to be responsive to whatever the needs are of our stakeholders.

Yet let me spend 1 minute on the markets outside of the US because they will contribute a significant part of our growth as well. We have launched Idacio in close to 40 countries outside of the US. We have achieved - I can say it's even now 11% in the last quarter market share in Europe.

And it is about a lot that we have an establishing of the relationship with the stakeholders in all aspects. We know how to run the tender intelligence, the commercial intelligence. And we have built with Idacio in all these countries the infrastructure in order to attack - sorry, not to attack, but to approach - sorry for that - to approach the theoretical expertise of our key opinion leaders and the patient needs.

So therefore, we are ready to gear up when the next products come out of the immune franchise. And of course, Idacio was also very valid and very good in order to establish our price-sophisticated patient care support program called Kabicare.

Moving over to the vertical integration as another big pillar and running the full Pharma value chain, so from drug product development into drug substance, drug product commercialization, and all of that, well, you might say there can be an overlap.

Well, have a look at this. It's not true. We have from our portfolio we started with a kind of a focus on the immunology side. The mAbxience team has a much bigger focus when it comes to the oncology molecules. So far, before the acquisition, no competency on drug substance. mAbxience is a world-class facility when it comes to state-of-the-art biological manufacturing drug substance.

Fill and finish, well, I think it's our bread-and-butter business. So we know how to do that one. mAbxience completely outsourced when it comes to their drug product facilities. And then I think about the two different commercial setups I have already told you.

So I think, just from this picture, you should be really realizing easily that this is a quite synergetic element.

When it comes to the real footprint globally, we have facilities now for drug substance in Spain and Argentina. The R&D headquarter in Eysin in Switzerland I have already mentioned. And we are still running quite some classical CMOs, contract manufacturing organizations, for our existing products.

At the same time, we made already an investment into the fill and finish for biologics. And the number for some of you might look small. Well, the simple reason is this you can call a synergy because the facility in Graz is there. Utilities are there. Infrastructure is there. So we have to use our knowledge to plug in a new line, formulation area, whatever, so there is a little bit of effort.

But we do not need a new greenfield. We do not need a new house. And therefore, I think we can really leverage here on the different areas and our heritage, if you want to say, from the other parts of the business.

Having said that, supply chain security, flexibility in our lines, capacities are available, and I mentioned already a broader range of capabilities for biological manufacturing when it comes to technologies outside of the monoclonal antibodies.

What does it mean if we talk about vertical integration? Well, you do not start with the most difficult one normally. So therefore, read the slide from the bottom to the top. And then you know how we did it.

After the acquisition of the Merck portfolio and when we are approaching the commercialization, we started, of course, first with the most easy one, which is normally the label and packaging, done.

The next one is the assembly. For those who have seen the autoinjector outside in the little booth, this is a combination product. This is a drug with a medical device environment around. So there is an assembly process behind, done.

The next step is the drug product manufacturing, presently done with CMOs or with Merck still, but on the way to be insourced into the facility you just have seen on the slide before. And last but not least now, the tech transfer of the drug substance from Merck, and we are in a good agreement here how we have to run that, into the mAbxience facilities. And adalimumab and tocilizumab are the first two examples on that.

More than 30% cost saving can be realized on that. And on top of that, you have additional benefits like a better grip on the quality control, much better flexibility when it comes to regulatory changes or demand requirements. And the same time is, of course, from a customer perspective, your planning, of course, is much easier and flexible.

So I do hope that I could show you, in a nutshell, why I strongly believe that we are ready to be geared up for really a powerful significant sales increase and that, of course, at the same time, after having done all those investments, also for a significant margin improvement.

So yes, it's payback time, but we are not milking. We look forward. We want to be on a long-term pathway. We want to be a sustainable global player in this field. The portfolio, I think, gives us the chance to do that and to outgrow the market in many areas.

mAbxience is of a strategic synergistic value for us: cost benefit, process benefits, flexibility, but also knowledge, which allows us mid to long term to also participate in further trends when it comes to wider biological applications.

Thank you very much.

Q&A (III)

Markus Georgi: Thank you, Michael. Very inspiring. We enter the last Q&A session for today. And therefore, I would like to ask the complete Kabi team on the stage.

Pierluigi Antonelli: I always ask if it's possible to lower a bit lights. Thank you.

Markus Georgi: Okie-doke. Victoria, would you like to start?

Victoria Lambert: Thanks for taking my question. The first one's just on biosimilars. Could you please quantify your sales in the US and just launching your peg biosimilar in February? We'd just like to get a better idea of how that's ramping up.

And then just where you - what number you think you'll be launching your Humira biosimilar. Thank you.

Dr. Michael Schönhofen: I told you that, for the Stimufend launch on the PFS being the eighth in the row, of course, we are not talking about huge numbers. But I can tell you

that our expectations are actually overperform. So that means the start is good on a small scale.

The reason is pretty simple. We just got the Q code a few days ago. And also, we will focus on individual-channel access only in order to be also ready then to have everything in place when the on-body device comes.

And when it comes to adalimumab, I think it would be very courageous to speculate on how this works. I think we have, I think, a conservative plan in place. We don't dream. We don't think that we will be the master of the ceremony and run now through this launch. But I think we will get a share. And we will prepare the landscape for what comes afterwards.

Markus Georgi: Thank you. Next comes from Falko Friedrichs and, after that, Sezgi.

Falko Friedrichs: Hello. It's Falko Friedrichs from Deutsche Bank. My first question is on the EBIT margin in Pharma, which was 20.0% last year. If that margin comes out at 20.0% again in 2026, would you consider that a success, or are you clearly shooting for a little bit more in 2026?

Then secondly, also on Pharma, we noticed that you don't have a production site in China, so wondering what the reason is and why that is the case.

And then my last question is on Biopharma, again, on the margin. You said it's supposedly breakeven in 2024. On one of the earlier slides, you showed that the structural EBIT margin for the business is north of 20%. Can you give us a rough idea for when we are getting closer to this 20% plus margin level? Is that by any means achievable by 2026 or, if not, this decade? Thank you.

Pierluigi Antonelli: I take the first one. In 2026, we will be a success. And this is where we're committing to, to stay at 20% in Pharma, IV generics. That is our goal, and this is where we commit to. Second one?

Dr. Marc-Alexander Mahl: Yes, and on the generic side in China, we have supplied the Chinese market with generics from our global sites. These were sometimes products requiring emulsion technology and so on. And their scale matters. And so therefore, there was no decision for localized production for generics.

So we keep it for the moment like that. So therefore, the production footprint is for the Nutrition products, as you have seen in the presentation earlier today.

Dr. Michael Schönhofen: And I think the last one was on the margin development. Well, I think, in a certain way, I think you can do the math on your own. If you are EBITDA breakeven in '24, and I think you said '26 we should be no longer dilutive, so then I think you have a kind of a hint.

Markus Georgi: Sezgi?

Sezgi Oezener: Sezgi Oezener, HSBC. Thanks for taking my questions. I'll have a few, please. On biosimilars, thanks for giving us the details. Compared to your preacquisition plans, how has the total that you're expecting changed? So you're expecting the sales to rise three- to fourfold by 2026. What would this be without the mAbxience acquisition?

And second one is on Pharma. You expect margins to remain flat. Are there any more volume-based procurements that are coming up that we should be mindful of?

And my last question is, again, on mAbxience and Ivenix acquisition. When do you expect to meet your cost of capital? And in terms of the returns you were making that,

where are you compared to the initial plans you had announced at the time of acquisition?

Pierluigi Antonelli: Sure. We'll start with the last one, Andreas?

Andreas Duenkel: Yes, so I think, in terms of the two acquisitions, in terms of actually earning the cost of capital, that's very much out in towards the 2026 timeframe. In terms of the - let's say, the statements made at the time of the acquisition, I could say, operationally, we're on track to achieve those metrics.

Dr. Michael Schönhofen: Should I take?

Pierluigi Antonelli: Please.

Dr. Michael Schönhofen: Yes, we will not disclose any more details on the split between the different segments. So I think you have to live with the number you have seen, between mAbxience and captive Kabi business.

Dr. Marc-Alexander Mahl: Yes, and then on the procurement effects, we have considered all the effects impacting our business in Pharma, so from growth or procurement effects into our trajectory. So what we know, what we could foresee is factored in.

Pierluigi Antonelli: All the variables have been baked in, to our knowledge today.

Markus Georgi: Okay. Graham, please go ahead.

Graham Doyle: Thank you. Graham from UBS. Can I ask one on mAbxience in terms of your capacity? So how much do you have currently to go for, and how expensive would it be to add a bit more?

And I know the slide, and obviously, given what you said before on vaccine manufacturing, can you guys do gene therapy, so viral-based drugs? Could you be a CDMO in that space as well?

Dr. Michael Schönhofen: What we can do is we can do basically everything as long as it is based on, in general terms, CHO technology, on the CHO baseline. Whatever application goes into that, so whatever kind of recombinant story is behind, we could do, yes.

And when it comes to capacities, we - as we stand here, we are just building additional capacities. At the moment, we are ramping up. We have a significant expansion at the moment ongoing in Spain. That comes actually alive within the next weeks. So we are very close.

And early next year, we have a doubling capacity in Argentina. So and this gives us a quite long pathway forward in order to address all our needs, and happy to find more customers on the CDMO side for any kind of additional business.

Graham Doyle: Let me just quickly follow up. On the vaccine contract that you had, has that helped to sort of build credibility when going to new customers, given the scale of that and the trouble that some competitors had servicing that particular customer actually?

Dr. Michael Schönhofen: It's basically a question to potential customers, but I would say yes, clearly yes. Clearly yes. And we as a team, we also have - at the moment, I said thanks God the corona period is over, but if it would come back in one way or the other, and if the WHO would need additional vaccines again, in this time, it's about mRNA technology, we would be one of the manufacturers.

Graham Doyle: Thank you.

Markus Georgi: Veronika.

Veronika Dubajova: I had one left over from earlier. So I was going to ask it again. But I actually have two more. So I'll make it three. The first one's just on Melrose. And where are you with the resolution of any of the FDA issues? Is there anything pending remaining that you need to fix?

And maybe to challenge you a little bit, again, I'm going to date myself, but it used to be a good year when you launched 10 to 15 new molecules in a year. At the moment, you're targeting 15 molecules over 4 years. Is this just the new cadence of launches, or is this related to Melrose in any shape or form? So that's my first question.

My second question is on the €600 million to €800 million for biosimilars sales. Any chance we can get a US versus o-US breakdown and how you're thinking about it? Trying my luck.

And then back to my question on the Pharma and IV fluid margins, and what's the risk that those margins actually compress as opposed to stay flat? And what are the things that you have in your back pocket to try to deal with that? Thank you.

Dr. Marc-Alexander Mahl: Let me start with Melrose Park. So we have been in close contact and close cooperation with the FDA to resolve the observations from the last inspection we have. And we're confident that we're here, let's say, on a good pathway when the prior approval inspection is going to happen later this year that this will be somehow resolved in a proper way. So here, we're in a good way. The existing facility is fully operative and supplying the market. So there are no limitations to that.

And so that links a little bit to your second question. There's no Melrose Park immediate connection or something like that to the launch performance. For example, this year - you mentioned four per year - the number we have is higher for this year, what we expect in terms of launches.

And I will not into the detail of the launch performance per year. I can just tell you that the basket we foresee for the trajectory we have seen here, assuming that we get timely approvals and so on, is larger than what we have seen in the past. So therefore, what we have ahead of us is supporting our growth which we show here for this portfolio.

Dr. Michael Schönhofen: Yes, and when it comes to the split, actually, I think I gave you the answer on the international slide because, there, we clearly said a significant portion for the further growth will come from the non-US countries. So the other way around is then the North American piece.

Andreas Duenkel: Okay. And then in terms of the last question on the staying flat versus compression in the margin, we're obviously aware that we've had margin compression, particularly in the US in the past. I think Marc's laid out a plan whereby we can stabilize the margins. As I said before, for us, it's about delivery. And we're committed to that.

Dr. Marc-Alexander Mahl: That's right. And at the end, margin is not everything here. It's also volume to grow. So we find the balance between, let's say, where we can roll over price increases, where volume increases are addressing that. So depending on the customer and depending on the setup, we, yes, choose between the options here in the interest to deliver our numbers.

Markus Georgi: Okay. Oliver, please go ahead.

Oliver Metzger: Hi, it's Oliver Metzger from Oddo BHF. First question is on the new drug launches. So you said you have a quite well-filled pipeline which is good. Historically, we had years with 10 to 15 drug launches, which were rather a bit weaker, years of above 15, which were quite good. So how should we think conceptually? Is it still 15 the benchmark which decides between a good and a bad year? And would you say you're rather north of the number or south?

Second one is on the prefilled syringes. So you presented the solution which is tinier. The deal you made with Becton Dickinson was in 2016, and it lasts for 10 years. So the invention you made, is it on your own IP, or is it that Becton Dickinson at the end does the manufacturing process, and it will go away in extreme case in 3 years?

And the last question is on the transfer from Merck to mAbxience, so the CDMO business. Could you describe the regulatory process which is necessary if you transfer the development of biologic drug from manufacturer A to manufacturer B, please?

Pierluigi Antonelli: So you go with the first one?

Dr. Marc-Alexander Mahl: Yes, so with the launch performance, as we're getting more questions on that, let me say very clearly, I am extremely happy with the basket we have in our pipeline for the way to come.

We have taken some activities to develop and submit dossiers, let's say, also with the hard-to-make, more complex formulations lined up for approval. So therefore, let's not look back. We need to look forward. And therefore, the number, if 10 or 15, is at the end meaningless. It's the value. It depends on the orange book, and it depends what we do.

So therefore, I guess what counts is that we're confident with what we have in this basket, what is lined up for approval in '24 to '26 that this is creating the value to support us here. And here, I can just tell you I am very happy with that.

The other topic is on BD, the IP. We source from BD certain components of the syringe. The packaging, what we do here, that is proprietary technology. That's what we produce in our own facility. So here, we're not depending on external third party.

Pierluigi Antonelli: And I want to build on what you said, Marc, on the launches. You remember that what we discussed initially is that we are relevant to our customers. You saw that we have in US 160 molecules. And we're going to be covering about 80% of the LOEs. So I think, as a reference, we're going to stay very relevant to our customers, and we're going to have all launches which are necessary to remain essential in the markets in which we play.

There was another question for you, right?

Dr. Michael Schönhofen: Yes, the tech transfer. And not to make a big story out of that, but what you have to do if you have a site change - and in this respect here, we're talking about moving a fat batch into a single-use batch manufacturing facility. So it's really a site change. So that means you have to transfer manufacturing method, laboratory methods, assays. There's quite comprehensive stuff to be done.

And then of course, you have to file it as a site change. So there's no clinics or whatever involved, unless you would even change the cell line or whatever, but this is out of scope. So you take the product. You move it. It's a little bit more complex in biologics and in small molecules. Think about 3 years in total until - from start to getting approved. And well, the train left the station already.

Markus Georgi: Thank you, Michael. And next question comes from Hugo.

Hugo Solvet: Thank you. Hugo, BNP Paribas Exane. On Pharma and the IV generics, could you maybe talk to your relationship with large GPOs, the lengths of contract, and any inflation adjustments that are embedded in those contracts and maybe update us on the price pressure you're seeing in the US market?

On Biopharma, thank you for giving us indications on the US and outside-US contribution. But can you maybe, beyond the three molecules that are expected or already commercialized, share some launch date for the others that you have in the portfolios and that are about -- that are in late stage now? And any overlap between the mAbxience and Kabi portfolio except rituximab?

And lastly, on - still on the Biopharma, can you maybe expand a bit on the commercialization strategy here in Europe with some partnerships in the US direct? Do you aim at going direct in the longer term or a virtual strategy? Thank you.

Dr. Marc-Alexander Mahl: Then I'll take it. On the length of contract, I don't want to comment here. This is information which is confident between the parties or confidential between the parties, and these are details I don't want to roll out.

And also, on the price pressure, I think you have seen our sales projection. You have seen our projection on the margin. We know how to operate in a hypercompetitive market. We know how to deal with price erosion and price pressure through new launches, bundling, positioning improvements and, on the other side, to deal with it also with our optimization of our structural cost, which we have seen in the presentation.

So therefore, take it like that. We know how to manage that to deliver the numbers we have shown here this morning.

Dr. Michael Schönhofen: Yes, I try to remember all the parts. Well, based - please, apologize, but based on competitive intelligence, I cannot give you any launch dates beyond that. But also, from a more general perspective, you might have seen this week the press releases from two competitors when they talked about Stelara.

So there are quite also a few unknowns in between. And you have to go into all this depth. So I think it would even be a little bit not serious if we would make statements like that and talk about dates and so on. But again, based on competitive reasons, I think you certainly understand that I will not do that.

And when it comes to the sales and marketing, well, we take it a little bit what is best for Kabi. Very simply said, not in all regions in the world, not in all countries we have the same infrastructure. Not everywhere we might be able to approach the biosimilar customers, the end customers, in the most efficient manner. Maybe there are industrial partners, which are much better for us as a partner to do that.

And last but not least, probably, to spend the money to develop another 10+ molecules on your own to get launched until the year-end would be another significant investment phase. So therefore, you have to find a good balance between the two models.

And I think, with our autoimmune franchise, looking a little bit more focused on that one, that gives you already three areas. It's gastro. It's derm. And it's rheumatology. So this is not only one. Please keep that in mind. So therefore, I think this is already quite a reach. And if then one or the other area we will give to industrial partners, I think this would be a good compromise.

Markus Georgi: James, taking last question for today.

James Vane-Tempest: Thank you. Thank you very much for taking the questions. Just two on the biosimilars business. Just wondering whether you could remind us. I guess, at

the time of the Merck deal, I think spending was going to be capped. There was milestones payable, royalties on sales, etc.

I was just wondering, when we think about the margin evolution over the next few years from here, is any of that partly because some of that spending might be capped, which is no longer there?

My second question is just the - I guess, upfront, you mentioned looking at the portfolio. You could do it yourself or out-license. Is that a sort of a hypothetical, or are there sort of candidates which I guess are undisclosed at this stage where you might be considering to out-license? And if so, what would be the parameters to consider out-license versus going alone yourself? Thank you.

Dr. Michael Schönhofen: Well, as I said at the beginning of my little talk, the main investments are done. So therefore, the package we had in mind from 2017 onwards is mainly done. And so therefore, you really can think about this as ticked it off.

So therefore, I think we are in a good position to deliver contributive margins now from now onwards going forward, contributive in the sense of getting more than today with EBITDA breakeven in ’24, and then ramping up over the next years.

And then the next one - what was the second, sorry? Yes, well, we have looked into clear candidates. And yes, there is a process behind, and it’s a multifactorial element. It’s market access, IP, reach, manufacturing capabilities because not everything can be done in house. Sometimes, it’s also linked to a different technology which we cannot do right away. Think about perfusion technologies as an example, and stuff like that.

So there are different elements which, at the end of the day, come together and then come to a decision whether this is on the, let me call it, a captive Fresenius Kabi biosimilar site versus the out-licensing possibility. But I can tell you there is a clear tick on each and every molecule where it should go.

Markus Georgi: Thank you, Michael. Thank you, all. Thank you. A big thank you for these inspiring presentation, focused presentations, and deep dives on the different business units. And we are coming a bit to an end. And therefore, I would like to hand over to you, Pierluigi, for your closing remarks.

PRESENTATION
Key take aways
Pierluigi Antonelli, CEO Fresenius Kabi

Pierluigi Antonelli: Thank you.

All right. Almost to the end. Look, I want to close with two slides. The first one is what we already shared with you. We are a relevant company. We compete well. We have solid plans. We have focus. And we’re going to be super disciplined in delivering and performances moving forward and improving our margins.

Plans are there. The organization is adapting in order to have clear accountabilities on those performances and delivering those performances. And we changed it also recently, right, in order to drive clear accountability.

The first quarter is a good start. Of course, it didn’t come by chance. There is work that we’ve been doing for months and months in the past. Based on the new Vision ’26 strategy and with the new implementation plan, we are very much convinced that we’re going to be on the upper end of the margin band by 2026 in terms of ambition and that we’re going to be delivering on the 14% of this year in terms of EBIT.

We have plans. We have people. We have resources. And you saw from the different business units that each of them is in the right phase, right? The key -- the big investments are behind us. Now it's payoff time in Biopharma. It's harvesting on Pharma because we did several investments in bringing up our plants also in the States. We have pipeline. We have a strong portfolio.

And you'll see us quarter after quarter. And I think you'll see how we're going to be driving this value moving forward.

And this is my last one. Therefore, I want to again hit the message: 14% this year, mid-single digit, and this is our ambition going forward. This is how we work with our management team and with teams across the board within Fresenius Kabi, 43,000 people that are committed on delivering these numbers. It's a new start. And you'll see it. We will demonstrate it to you month after month.

Thank you for your attention, and I'll pass the baton to Michael.

PRESENTATION
Closing Remarks
Michael Sen, CEO Fresenius SE & Co. KGaA

Michael Sen: So that was exciting. At least, I thought that was very exciting, informative, inspiring. It's been a long day for all of us, also for you. So therefore, I would like to start and end with a big thank you. Thank you for your patience. It actually started last night for some of you. And also, those viewing online, we had a high level of participation, at least during the day. So thanks for your participation, and thanks for staying energized, asking questions.

And when I have to conclude, I would say this is just the beginning of what we are embarking on with #FutureFresenius. This is part of a larger journey of a transformation of Fresenius with a clear direction. And today, you have heard one of the key pillars, the two operating companies we have, and what the business and the leaders of that business have to offer.

I think it goes without saying that there are a lot of businesses in there which are very, very well positioned. And think about what I said at the very beginning. Those who are well positioned in the therapy space and are relevant or are hitting a mission-critical topic in therapeutics and in treatment are at the core of our portfolio.

And it has been a lot, a lot to digest, probably more than anybody's capable of digesting in a couple of hours. So it will take a few maybe days to marinate. And as much as I understand that we like to kind of reference to the past -- and I'm impressed that we even went to 2002 today. I think it was 2002, right? The world is changing. The world is dynamic. There is a lot of change. And also, we are changing. And we want to be at the forefront of this one.

And there are different businesses with different business dynamics. And yes, there are pros and cons and risks and not risks. But the team said they baked the profile of risk and opportunities, ambition, and execution capability into what they've been outlaying as in -- towards 2026.

And I believe there are enough levers on that one because all of the businesses are growing. They are growing in top line. And you've heard from the team that it is about now harvesting. And Sara and myself, we are very happy about that because, if you look at our capital deployed and our balance sheet, it is over for the time being that we are just buying growth by deploying capital.

There’s been enough capital deployed in businesses which really matter and are relevant. And hence, they can reap and harvest now, which will be translated into organic growth. And if you then are capable of managing the business, being close to your customer, having your costs under control, having the right portfolio in place, then you should yield earnings growth, margin expansion, especially when we talk about Kabi.

So I thought this was very inspiring and also laying out a path. It is just the beginning. And we are very well aware that we have to earn the trust. That is very clear from the very beginning. But to lay the foundation, we’ve got to be very transparent on what we want to do -- this is what you saw today -- and how we can measure ourselves against the ambition and you can measure us against the ambition.

But also, be rest assured that we’re moving. We’re going to move. We’re going to move rapidly and implement on what we’ve been talking about today because we will focus on what we can do best, and that is the business. And everybody who wants to join in, we’re happy to have them in the team or as a shareholder.

Thank you very much. Safe travels.

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