FRESENIUS

Investor News

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Fresenius makes use of the relief payments for increased energy costs provided for in the Hospital Financing Act and promotes long-term strengthening of the company

- Fresenius makes use of the governmental compensation and reimbursement payments of up to €300 million (from the current perspective) provided for in the relief package for compensating additional costs caused by the increase in energy prices and implements the associated restrictions.
- Fresenius subsequently suspends dividend for fiscal year 2023; Fresenius Management Board members and management bodies of other companies covered by the statutory bans cannot be granted bonuses or other variable compensation components for fiscal year 2023.
- With the combination of the cash inflow of compensation and reimbursement payments and the dividend suspension, Fresenius reduces its leverage ratio (net debt/EBITDA) by around 20 to 25 basis points.
- Increasing the value of the company is clear priority on the way to #FutureFresenius.

Today, the Fresenius Management Board has decided to make use of the compensation and reimbursement payments for German hospitals in the amount of up to €300 million (from the current perspective) provided for by the "Energy Relief Package" ("Entlastungspaket Energiehilfen") under the Hospital Financing Act ("Krankenhausfinanzierungsgesetz") to cover increased energy costs. Today's decision of the Management Board is subject to the approval of the Supervisory

Board of Fresenius Management SE, which is expected to decide on this matter on December 6, 2023. Fresenius' use of the compensation and reimbursement payments is subject to far-reaching conditions.

Fresenius therefore implements the related restrictions of the legislator. Fresenius Management Board will propose to the Annual General Meeting 2024 of Fresenius SE & Co. KGaA not to distribute a dividend for the fiscal year 2023. In addition, the Management Board members of Fresenius Management SE and management bodies of other companies covered by the statutory bans cannot be granted bonuses or other variable compensation components in the fiscal year 2023.

The decision is in line with the central objective of the #FutureFresenius strategy: the sustainable development and value enhancement of the company. The cash inflow of compensation and reimbursement payments as well as the dividend suspension will reduce the company's debt and consequently improve the leverage ratio by around 20 to 25 basis points. The reduction in debt will have a positive effect on net interest expense and ultimately on earnings per share. Furthermore, the compensation and reimbursement payments of up to €300 million (from the current perspective) will largely offset the additional costs of Helios Germany in 2023 caused directly or indirectly by the increase in energy prices.

"#FutureFresenius is our guideline for making and implementing strategically important decisions. Against this background, this is the right step for our company. We are strengthening our company’s intrinsic value. The lower level of debt affords us greater flexibility to make even better use of our market opportunities. We act with foresight and keep an eye on the sustainable development of the company and thus the future of patient care," said Fresenius CEO Michael Sen.

Fresenius is of the opinion that the statutory bans provided for in the "Energy Relief Package" („Entlastungspaket Energiehilfen") are unconstitutional and that Fresenius' fundamental rights have been violated in view of the significant interference in the hospital financing system associated with this. Fresenius is therefore examining whether and in what form legal action should be taken.

In addition to operating performance improvement of the core business, the successfully progressing cost and efficiency program, the simplification of the Group structure through the deconsolidation of Fresenius Medical Care as well as the divestments of non-core businesses within the business segments, the compensation and reimbursement payments and the suspension of the dividend support the long-term strengthening of the Company.

Notwithstanding the legally required suspension of dividend payments for the fiscal year 2023, Fresenius maintains its dividend policy for the future. In line with its progressive dividend policy, Fresenius continues to aim to increase the dividend in line with growth in earnings per share (in constant currency, before special items), or at least maintain the dividend at the previous year's level.

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Fresenius SE & Co. KGaA (Frankfurt/Xetra: FRE) is a global healthcare company headquartered in Bad Homburg v. d. Höhe, Germany. In fiscal year 2022, Fresenius generated €21.5 billion in annual revenue with around 190,000 employees (excluding Fresenius Medical Care). As a healthcare company focused on therapy, Fresenius offers system-critical products and services for leading therapies for the care of critically and chronically ill patients. The Fresenius Group comprises the Operating Companies Fresenius Kabi and Fresenius Helios as well as the Investment Companies Fresenius Medical Care and Fresenius Vamed. With 145 hospitals and numerous outpatient facilities, Fresenius Helios is the leading private hospital operator in Germany and Spain, treating around 24 million patients every year. Fresenius Kabi offers drugs and medical technology for infusion, transfusion, and clinical nutrition worldwide. Fresenius was founded in 1912 by the Frankfurt pharmacist Dr. Eduard Fresenius. After his death, Else Kröner took over the management of the company in 1952 and laid the foundations for a company that today operates in around 80 countries and pursues the goal of improving people's health. The largest shareholder is the non-profit Else Kröner-Fresenius Foundation, which is dedicated to promoting medical research and supporting humanitarian projects.

Further information is available online at www.fresenius.de.
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General partner: Fresenius Management SE
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Chairman of the Supervisory Board: Wolfgang Kirsch