FRESENIUS

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PRESENTATION

Markus Georgi: Good morning, good afternoon, good evening, all, depending on your time zone. Thanks, everybody, for joining us today. We'd like to welcome all of you to our full year 2021 conference call. With me on the call today are Stephan and Rachel. As always, I would like to start the call today by drawing your attention to the cautionary language which is included in our safe harbor statement on Page 2 of today's presentation.

And without any further ado, I hand it over to you, Stephan. The floor is yours.

Stephan Sturm: Thank you, Markus. Good afternoon and good morning, everyone. A warm welcome to all, and thank you for joining us. As always, we appreciate your interest in Fresenius. Markus has pointed out the safe harbor language to you. We have a lot on our agenda today, and I expect you have lots of questions. So let's move right to **Page 4**.

As we -- let's hope -- emerge from a global healthcare crisis, I want to take this opportunity to reiterate our purpose and mission, which has been so hugely relevant in the last months. Our service and product offerings come with a clear purpose: "Ever better medicine for ever more people."

Across our group, we continue to develop innovative and affordable medical solutions. We are helping to solve real problems, for example, by improving access to medical care for more and more people worldwide. And at the same time, we are helping to contain the ever-increasing cost of healthcare.

What drives all of us at Fresenius is our mission: To make people's lives better by providing high-quality and affordable healthcare worldwide every day. With that in mind, a heartfelt thank you to all Fresenius employees around the world for living up to our special responsibility, especially during the pandemic.

But we won't stop here. We have defined an ambitious sustainability agenda, including a climate target that is in line with a science-based 1.5-degree scenario. We have also defined a clear strategic path to pursue and deliver accelerated profitable growth, and that is why I'm sure Fresenius will emerge even stronger from this global crisis.

On to **Slide 5** and our key messages. We delivered on all our promises for 2021. On the back of a strong finish to the year, we achieved and even outperformed our improved guidance for the year. It took a tremendous effort from all of us to deliver this growth in a period still subject to very heavy COVID-19 headwinds. Like many other companies, we face supply chain and logistical challenges and also see significant price increases across our cost base. And as you know, we operate in markets with limited possibilities for a short-term pass-through of our higher costs to customers in the short term. I am, therefore, especially pleased at how well our teams have navigated those challenges and limited their impact.

That brings me to our dividend proposal for 2021, where we want to extend our flawless track record of higher dividends and propose a 5% increase to €0.92 per share, in line with our dividend policy. That would mark our 29th consecutive increase. This year, we are proposing a scrip dividend, giving shareholders the choice of receiving their dividend either in cash or in the form of new Fresenius shares.

For 2022, you find our core expectations and assumptions in the middle section of the slide. Taken together with hopefully receding COVID effects starting in spring, we expect to see a gradual normalization in our businesses.

For Kabi, the national tenders in China and the triannual GPO tendering activity in the US, they will weigh on EBIT. Moreover, we expect inflationary pressure and the normalization of COVID-related extra demand. For Melrose Park, we are, conservatively, not assuming any new product launches this year. Having said that, the FDA has resumed US domestic inspections, and we are prepared for a physical inspection to finally resolve the matter. The Kabi management board has developed a far-reaching plan to better capture existing and emerging growth opportunities, a strategic plan that goes beyond just cost savings. Vision 2026 is the comprehensive framework to transform Fresenius Kabi for the medium to long term and to significantly accelerate earnings growth from 2023. We plan to give you more detail and insights into this transformation program later in the year in a separate "Meet the Management" session with my colleague Michael Sen.

A few words on the progress of our biosimilars business, an important part of our growth strategy: You will find detailed information on Slide 25 in the backup of our presentation. And you will see that we're making progress on Ada and Toci but continue to face COVID-related delays on Peg. To broaden our portfolio, we have now entered into an exclusive license and supply agreement with Dr. Reddy's to commercialize Rituximab.

But back to the Fresenius Group, and if you look past the temporary COVID impact, you will see a multitude of attractive and tangible growth drivers. And to accelerate our growth agenda, we launched decisive efficiency improvement and cost-saving initiatives early last year. These initiatives are safeguarding our medium-term growth targets, which we are now confirming and specifying. More details later from Rachel.

On to our strategic roadmap, and that is on **Slide 7**. Our clear strategic growth path guides the future of Fresenius: pursuing and executing on accelerated profitable growth, strengthening the group and all its business segments by tapping new capital sources, and optimizing capital allocation. I will get to that on the next slides.

We have enhanced our cost and efficiency program with further initiatives and significantly increased our target to more than €150 million after tax and minorities in 2023. And we are aiming for even higher sustainable cost savings thereafter. At the same time, we have made significant progress across the board on our ESG agenda, in rating and reporting, employees, and performance measures.

With that, on to **Slide 8**, we continue to see excellent growth opportunities in all four of our business segments. We enjoy A or THE leading position in business areas that are generally growing. And beyond that base growth, we see very promising strategic opportunities to further enhance our position across all four business segments. You can see them here on this slide. And we want to shape and to drive this growth. However, if we want to effectively capture these major opportunities, we will have to deploy extensive amounts of growth capital.

And that brings me to **Page 9** and our new strategic imperatives. We remain convinced of the merits of our current group structure. It gives us stability, has facilitated our growth over the past decades, and still offers important advantages: diversification, economies of scale, attractive financing options, tax savings. And even though these tangible benefits currently appear to be primarily recognized in the debt rather than the equity capital markets, beyond our investor base, the current group setup is also valued by other stakeholder groups such as our patients, customers, and last but certainly not least, our employees. So we will not give up these advantages merely to reduce the complexity of our group for the capital market. Any change will have to result in a net benefit for our entire stakeholder universe and consistent with our mission to facilitate rather than constrain further growth. We must, however, acknowledge the current constraints on accelerating growth. Our growth aspirations will not be fulfilled purely through organic growth. Organic growth was, is, and will remain the backbone of Fresenius. But we also need to seize inorganic opportunities, including larger ones, just as we have successfully done over and over again in the past.

To be clear, we highly value our investment grade credit rating and want to preserve it. Hence, significantly increasing our leverage ratio is not an option. And an equity capital increase at the FSE level is unattractive, at least at the current valuation levels. Hence, to fulfill all our growth aspirations, we must prioritize our capital allocation within the group and tap new capital sources. To this end, we have taken a very close look at our portfolio. And on this basis, we have developed a corresponding strategy for an optimized allocation of capital within the group.

And that brings me to **Slide 10** and our prioritized segment capital allocation. Fresenius Kabi is defined as top priority. Whilst we continue to believe in the virtues of diversity within healthcare, we are keen to gradually rebalance the relative weights of our products and service businesses.

Kabi has access to large, well-diversified value pools in MedTech, in Biopharma, and in Nutrition, all very attractive product businesses that are by nature less regulated than healthcare services markets. Thus, we consider a rebalancing of the group portfolio toward a higher relative weight of these product business as an attractive opportunity.

Fresenius Kabi's pharmaceuticals business is the original nucleus of our group, and we remain the sole owner of that business. But more importantly, here, we see the best capital return profile across the group and superior growth prospects, both organically and particularly in terms of inorganic opportunities. And you won't be surprised to learn that we are already working on some projects.

As a separately listed company, Fresenius Medical Care already finances its growth largely independently. Rice already explained the FME25 transformation program to you back in November. The goal: higher cost efficiency, improved profitability, and accelerated growth. Our colleagues are, here, progressing nicely. And we are therefore convinced that FMC will create additional stakeholder value, and that also applies for Fresenius' controlling stake in the company.

Helios and Vamed can continue to rely on Fresenius Group funds to finance smaller growth projects. For larger growth opportunities though, Fresenius is now open to external equity investments at the level of that respective business segment, whether via a contribution in kind or a cash injection. In any case, we want to broaden and strengthen those businesses and create synergies at a much more appropriate valuation relative to the discounted level currently implied in the FSE share price and also to increase the debt financing potential for the group as a whole and the enhanced value transparency potentially reducing the discount at FSE level. Ultimately, this may, but will not necessarily, lead to an IPO. We'd obviously prefer to preserve some exclusivity for Fresenius Group as a listed entity.

As for our ownership stake in the business segments, I have already outlined why it is attractive for the group to participate in any of its businesses' further growth but not necessarily forever. We will continue to evaluate the risks and rewards of the opportunities that present themselves and remain committed to allocating scarce capital to the most profitable growth areas. So Fresenius Kabi is likely to remain our top priority for capital allocation. And I'd therefore assume that we remain the sole owner. We are also committed to remaining the majority owner of Fresenius Helios, similarly at Fresenius Vamed, although here, I would not rule out moving to a minority stake under certain circumstances.

At Fresenius Medical Care, we have held a minority but controlling stake basically since the company's foundation. We strongly believe in FMC's profit growth potential. And while we will focus on supporting management in realizing that very meaningful valuation upside, should someone make us a really attractive offer in the sense of all stakeholders, then it would of course be our fiduciary duty to evaluate that carefully.

So in a sense, we'd like to preserve the benefits of the current group structure while being open to changing it, at least gradually. And if you now told me, "You can't have the best of both worlds," my response would be, "Let's give it a try."

On to our progress on our ESG agenda, and that is on **Slide 11**. As I've pointed out in some of the recent quarterly updates, we've been spending an increasing amount of time on making our sustainability performance more visible and more measurable. And this has also been recognized by the rating agencies, where we've seen our continuous improvements leading to a good rating relative to the sector.

Before I continue with what we're planning for 2022, I'd like to briefly point out the work that we've done around the new EU taxonomy. And while our core business model, and therefore our revenue, is not yet included in the economic activities defined by the European Union, we have identified a share of 49% of our capex as eligible within the taxonomy framework. As you all know, a large share of our capex goes into the construction and renovation of hospitals and clinics. And the building sector is considered crucial on the path to a carbon-neutral future.

In addition to this rather technical exercise, we are planning to run our first global employee engagement survey with an aligned set of questions across all business segments for later this year.

In 2021, for the first time, 15% of the short-term variable compensation of our Management Board was tied to ESG. Our teams have diligently identified KPIs to appropriately quantify our performance in the most relevant sustainability areas. This year, we will solidify those KPIs and make them part of a broader sustainability reporting package. This set of KPIs will then also serve as a basis for the inclusion of ESG into a newly designed long-term incentive program which we plan to present to the 2023 shareholder meeting for approval.

Next, we are announcing a Fresenius Group climate target for the first time today, and that is on **Slide 12**. We want to cut our direct and indirect greenhouse gas emissions in half by 2030, coming from around 1.5 million tons in 2020.

In addition, and consistent with many political goals, Fresenius is committed to achieving climate neutrality for the company's direct and indirect emissions by 2040. Our targets are aligned with the science-based goals of the Paris Climate Agreement to limit global warming to 1.5 degrees Celsius. And how are we going to accomplish these ambitious goals? The key will be to continue switching our global electricity consumption over to renewable electricity. There are many attractive options available in the market for long-term investments and commitments in renewables. And in addition, we will continue working to make our hospitals and production sites more energy efficient over time and look at every capex investment also from a green perspective. And we will also continue to install renewable energy capacity on and around our own buildings whenever this is economically and ecologically feasible.

One final point, we're still working on the detailed assessment of our Scope 3 footprint, but it is part of today's commitment to develop a sustainable plan for our climate ESG targets including Scope 3 emissions.

And with that, I am happy to hand over to Rachel. Thank you.

Rachel Empey: Thank you, Stephan. A warm welcome to everyone. I am pleased that we delivered a good finish to the year despite ongoing COVID headwinds.

Our Q4 '21 results on **Page 14** are shown in our usual fashion, so before special items. The one-time effects under the cost and efficiency program are booked as special items. The around €20 million savings in 2021 were not carved out. A comprehensive overview of all special items is provided at the back of our Investor News and in the Results Center on our Website. Our financials include COVID effects. In the backup of the presentation, we are providing you with ranges based on our best estimates of the quantitative impact of the COVID pandemic.

So to the numbers. Growth rates on the slide are on a constant currency basis. We delivered sales growth of 5% in fourth quarter and in the full year 2021, fully in line with our guidance. COVID-19 had a small negative effect on our sales growth in Q4 and in the full year.

EBIT, with a decline of 9% in Q4 and 6% in the full year, the decline in Q4 is driven by Fresenius Medical Care, where the COVID-related excess mortality and elevated costs were still weighing on the EBIT development.

Interest improved year-on-year by 22% in constant currency to €504 million. That's in line with our expectation of net interest significantly below the level of 2020. The improvement is mainly driven by successful refinancing activities and ongoing favorable market conditions. For 2022, based on current exchange rates, we expect net interest a little above 2021, with a volatile interest rate backdrop and some currency headwinds.

The group tax rate before special items reached 23.1% in Q4 and 22.6% in the full year, in line with our expectations. For 2022, we expect a tax rate between 23% and 24%. That is a notch higher than in 2021 due to some smaller technical effects mostly at Fresenius Medical Care leading to a slightly higher tax rate. To be clear, we have not taken into account any effects from a potential US tax reform. Any impact this year would be considered as a special item.

Moving on to net income, where we've seen 3% growth in Q4 leading to good 5% growth in the full year. The better-than-anticipated development in the fourth quarter was primarily driven by Kabi but with good performances at Helios and at Vamed. Implicitly, net income for the group excluding Fresenius Medical Care would have grown by around 14% in 2021. Without estimated negative COVID-19 effects, we would have seen 6% to 10% net income growth for the whole Fresenius Group in 2021.

Let's move to **Page 15**, which illustrates the Q4 2021 momentum at our four business segments. Given our focus in this call on strategy and on the upcoming year, I will keep my commentary on Q4 quite brief.

So Q4 in a nutshell, COVID-related excess mortality at Fresenius Medical Care as well as COVID-related expenses weighed on earnings growth. Overall, however, these headwinds were partly compensated by strong EBIT growth at Kabi, good growth at Helios, as well as an excellent finish to the year at Vamed.

Let's take a closer look at Kabi. The company showed an organic sales decline of 1% in Q4, leading to 4% organic growth in the full year '21, in line with our outlook. And Kabi's EBIT, where we've seen a strong increase of 12% constant currency in Q4 leading to 7% growth in the FY, this is somewhat better than our outlook. There were items in Q4 that will not continue in the same way in 2022, for example, significant year-on-year COVID effects on the growth rates.

In the US, despite the market situation, supply chain challenges, and a negative one-timer, we were able to report growth in both revenue and EBIT in Q4 supported by COVID-related extra demand.

The emerging markets showed a 6% organic sales decline in the fourth quarter but an EBIT growth of 25%. The sales decline is driven by China, as expected, with negative price effects from the NVBP tenders. We expect an annualization of these price effects in late 2022 and are not assuming a meaningful volume increase as an offset. These effects were, however, offset at an EBIT level by year-on-year COVID effects across the region, some one-time items, and lower costs than anticipated.

Over to Helios, good 5% organic sales growth in the fourth quarter led to strong 7% organic growth in the full year, even a notch higher than the outlook of mid-single-digit growth. In the fourth quarter, Helios Germany grew 4% organically primarily based on increasing admissions. In the full year '21, we're at 6% reported growth with an inorganic effect of 4 percentage points. We've seen strong 9% organic sales growth in Spain in the fourth quarter. Activity was above pre-pandemic levels in most medical areas. Moreover, we see very nice contributions from our Latin American operations. We are generally pleased with the progress of our fertility business, which performed well but continues to be impacted by ongoing COVID headwinds.

Moving to EBIT, where a solid increase of 3% in the fourth quarter led to a strong 10% increase for Fresenius Helios in the full year, also a notch better than the outlook of high single-digit growth.

Over to Vamed, finishing slightly ahead of our outlook ranges with a strong organic sales increase of 29% in the fourth quarter, leading to an increase of 11% for the full year 2021. COVID effects remain a headwind, predominantly in the project business.

EBIT had a very strong finish to the year with 69% growth over a COVID-marked softer prior year comp. We ended the full year with €101 million EBIT.

Let's move on to cash flow, which is on **Slide 16**, where we saw a broad-based positive development across the group in Q4, with good working capital management. For the group, the Q4 performance took the group last 12 months margin to 13.5%. Deducting capex of 5.3% of sales, brings us to a group free cash flow margin of 8.2%.

We ended the quarter with 3.51 net debt-to-EBITDA as a leverage ratio, in line with our expectation despite negative COVID-19 effects on EBITDA, particularly from the excess mortality at Fresenius Medical Care. For 2022, without further acquisitions, we expect an improvement of the net debt-to-EBITDA ratio by the end of 2022. Thus, by the end of '22, the ratio is expected to be within the self-imposed target corridor of 3.0 to 3.5x net debt to EBITDA.

With that, let's turn to the 2022 outlook and our guidance assumptions on **Slide 18**. Our guidance includes the effects of COVID and, as usual, excludes the effects of special items, which for 2022 are likely to entail the usual items as well as the expenses from our cost and efficiency program.

Recognizing the currently very high COVID case numbers across the globe, we expect to see ongoing negative COVID headwinds in 2022. Hospitalizations during the omicron wave are lower than in the previous ones. Thus, we have a double whammy effect here, on the one hand, partial staff shortages and negative supply chain effects, on the other hand, no tail winds in the form of COVID-related extra demand. The extent of these negative effects will depend partly on the vaccination progress in Fresenius' relevant markets and the appearance of potential further virus variants. For guidance purposes, we are assuming that COVID-19 case numbers in our relevant markets will decline noticeably from spring 2022 onwards. In line with these declining COVID-19 case numbers, elective treatments and staff availability are expected to improve.

A possible deterioration of the situation with containment measures that have a significant and direct impact on the health care sector and that are not appropriately compensated are not included in our group full year 2022 guidance. There remains, of course, significant uncertainty in these assumptions and the potential impact on our business.

The guidance assumptions of Fresenius Medical Care, especially with respect to excess mortality and the remeasurement effects on the fair value of investments, also apply to the Fresenius Group.

So to inflationary effects and supply chain challenges, take energy costs, wage inflation, or supply of key raw materials. Here, we've reflected current headwinds in our guidance. The extent and nature of these effects varies significantly across the different business segments. What is not baked into our guidance for 2022 is an acceleration of these negative effects versus the current environment.

So overall, a lot of volatility and uncertainty, nevertheless, we are presenting to you today both group guidance and outlooks per segment.

And with that, let's move on to **Slide number 19**, Kabi's organic sales growth first, where we project low single-digit percentage growth. We assume somewhat increased pricing pressure in the US that will last throughout the year 2022, with additional downsides from triannual GPO tendering activity expected. Moreover, we expect ongoing price pressure from the NVBP system in China which will only annualize in the fourth quarter of this year.

On to EBIT, where we expect a high single- to low double-digit percentage decline. The top-line drivers have a direct impact on the EBIT line. Moreover, we are seeing negative inflationary and supply chain pressure and ramping investments into biosimilars sales and marketing capabilities predominantly in the US and, of course, the fall off of that extra COVID-related demand.

Moving on to Helios, where we expect low to mid-single-digit percentage organic sales growth. For 2022, we expect a solid development in Germany. And Helios Spain is expected to deliver good organic sales growth driven by expected healthy activity levels and nice contributions from the Latin American business.

For EBIT, we project mid-single-digit percentage growth this year. We expect Spain to grow a bit stronger than Germany on the back of a better top-line development and the Latin American contributions. For both geographies, we expect to see inflationary headwinds in 2022.

Let's move to Vamed, where we expect to see high single- to low double-digit percentage organic sales growth and a return to absolute pre-COVID EBIT levels. This outlook considers smaller COVID impacts predominantly in the project business.

Taken all together for the group, and that's on **Slide number 20**, starting with sales, where we expect to see mid-single-digit percentage growth. There is a small inorganic effect from acquisitions at Helios in our fertility business and hospital acquisitions in Latin America baked into that expectation. Excluding Fresenius Medical Care, we implicitly also expect to see mid-single-digit percentage growth.

Moving on to net income, we are projecting low single-digit percentage growth. Also, for net income, we expect small inorganic effects from the acquisitions. To be clear, we've included closed acquisitions and those signed but not closed in our guidance. As usual, potential new significant acquisitions are excluded from our guidance. Excluding Fresenius Medical Care, we implicitly also expect to see low single-digit percentage net income growth in 2022.

One word to the phasing of growth this year. We expect to see a weaker first half year in net income growth particularly driven by COVID effects at Fresenius Medical Care and the challenges at Kabi. The cost and efficiency program will gradually kick in during the year, with logically a more marked savings effect at the end of the year.

As to the currency translation effect, if current exchange rates prevailed until the end of the year, we would see a tailwind of 1 to 2 percentage points mainly from the US dollar, both for sales and net income.

With that, let's turn to the cost and efficiency program on **Slide number 21**. Given the good progress of our cost and efficiency program, especially the accelerated implementation of initiatives, we significantly increase our cost savings target. We now expect more than €150 million savings at the net income level in 2023 and a strong further increase thereafter. As far as the phasing is concerned, in 2022, we already expect to see around €100 million of savings. The main reasons for the increased savings target are increased procurement savings as well as an optimization of global structures across all functions, especially at Kabi.

With regards to the upfront expenses, we expect to see the bulk of those in 2022. To achieve the higher than originally anticipated savings, we will also need more upfront expenses. We expect more than €200 million of costs in 2022 and roughly €100 million in 2023. Thereafter, we do not expect any further significant expenses. We continue to rigorously focus on initiatives where we expect to see an attractive cash payback period of 2 to 3 years.

That brings me to our medium-term growth targets on **Slide number 22**. As Stephan has outlined for the different business segments, we see many attractive growth drivers at Fresenius and megatrends that, based on our resilience, we are embracing and capitalizing on. To retain the required agility, we launched our decisive cost and efficiency program that I was just referring to. These initiatives are safeguarding our medium-term growth targets that we are confirming today.

However -- and we think this should not be a surprise for you -- we are specifying the targets and now expect to reach the bottom to mid part of the sales CAGR range and the bottom end of the net income CAGR range.

As far as the original expectation of an additional 1 percentage point of CAGR growth stemming from acquisitions is concerned, against the backdrop of the effects of the pandemic, we now expect to see smaller contributions from acquisitions.

In February 2019, when we originally communicated our medium-term targets, no one could have foreseen a global pandemic and the related knock-on effects such as increased inflationary pressure or the delays in our biosimilars business plans as tenders and inspections have been significantly delayed.

We now expect the EBITDA breakeven in our biosimilars business to be in 2024. In 2022, we expect to roughly double our sales, which were a mid-double-digit absolute million-euro number last year.

Moreover, back in 2019, no one was anticipating the magnitude of the impact of regulatory changes such as the carve out of nursing costs in Germany or the tendering in China. These latter effects are impacting the compound annual growth rate over the relevant timeframe but will annualize going forward.

Against that backdrop, we think it is remarkable that we are still targeting to achieve our medium-term growth aspirations.

With that, Stephan and I are happy to take your questions.

Q&A

Operator: We are now starting the question-and-answer session.

Veronika Dubajova: Good afternoon, Rachel and Stephan. Thank you for taking my questions. I have two, please. One, I just want to understand a little bit the comment, Stephan, you made with regards to the strategic review and Fresenius Medical Care specifically.

Just curious, if you think about the company structure longer term, assuming that you feel the market is appropriately reflecting the value that FME25 will drive, is your intention to remain -- retain control over FMC in the mid to long term, or is this something that disposing entirely of the stake is on the table? It wasn't clear to me also from the press comments this morning. So if you could clarify your thoughts on that specifically, that would be helpful.

And then my second question is a financial one, so probably better for Rachel. But, Rachel, just trying to understand the margin bridge when it comes to Kabi as you think about 2022, and what is implied within that high single- to low double-digit EBIT decline when it comes to the various geographies and margins?

And against that context, if you could also comment on whether you still see a low to mid-30s margin for Kabi North America as the right number for folks to think about and anchor to with the midterm. Thank you, guys.

Stephan Sturm: Thank you, Veronika. Fresenius Medical Care is world market leader in a market that undoubtedly is going to show some meaningful growth going forward. It is faced with pretty severe but temporary headwinds that, however, the company is countering with our full support. We believe that neither the market position nor the attractiveness of that market nor the just-started cost saving enhanced profitability improvement program is properly reflected in FMC's current valuation. If it were -- and that is the key message that I wanted to convey in the Investor News, in the press comments this morning, but also now -- then of course, we would be open to consider any attractive bid. What I think is highly, highly unlikely -- and that is as close as I will get to a ruled out -- is that we would dispose of parts of our stake via the stock exchange. But if there was someone out there who shared our belief and even had greater potential to take Fresenius Medical Care to the fullest of its potential, for instance, when it comes to home dialysis or value-based care, then we would be open to -- absolutely open to considering that. And therefore, is there a taboo? Is there an irrational constraint as far as us necessarily holding onto a position in Fresenius Medical Care? Veronika, the answer is no. And that is I believe as clear as I can get today, and I hope that's helpful.

Rachel Empey: Hey, Veronika, thanks for your question on Kabi. Let me talk a little bit to the moving parts that we have that were relevant for '21, what becomes, let's say, more relevant for '22, and how we see the business as we move into the medium term. And I think that should help address your question.

I think, most importantly, as we come out of 2021, as Stephan said in his speech, we are, fingers crossed, reaching at least a different stage of the pandemic than we've seen for the last couple of years. And we need to remember that there is a net clear positive position from COVID within the Kabi sales numbers, but also within the Kabi EBIT numbers in the fourth quarter and in the full year 2021.

And as you look into 2022, where that has been a relevant supporter of growth for all regions for '21, we are clearly expecting that to fall away. You heard me talk about the double whammy effect. The growth rates in '21 were clearly supported in many places by extra COVID demand. And in some instances, that was over quarters where we had seen a net negative effect from missing elective surgeries back in 2020. And the double whammy omicron effect is clearly a topic for the early part of ’22, and in general, I would say reduced COVID effects for the full year. And that is clearly a meaningful impact to the year-on-year growth rates that we can expect for 2022.

Also, when you speak about margin, you shouldn’t forget that just naturally, by the nature of what those products are, they do tend to be a higher-margin product. And that is also a margin impact when you look at the year-on-year rates. I think the other thing when you’re thinking about that EBIT guidance that we’ve given for Kabi in the high single- to low double-digit percentage growth -- or percentage decline I should say -- year-on-year, you also have to think about the fact that, from a timing perspective, we have a number of, let’s say, temporary growth effects happening at the same time.

Firstly, what I described as the impacts of COVID or the knock-on effects, such as the supply chain disruption and the cost inflation that I spoke about in my speech, that is definitely relevant for Kabi as we go into 2022. But we would hope and expect that to wane over time. And of course, then the pricing-specific issues that we’ve been talking about relevant to Kabi for some time: The tendering processes in China that are very apparent in the Q4 emerging market growth rates will continue to be a critical topic in terms of growth development, at least until they annualize in the fourth quarter of next year. And the US price development that we’ve seen, clearly, here, with the renewed tendering activities that we are expecting in 2022, we do expect that to continue to be a theme.

Nevertheless, if you think beyond those topics that I’ve just mentioned for 2022 and you think more into the medium term, a number of those topics will clearly wane through the course of 2022. And as we go into 2023, we’re expecting a further acceleration, for example, in our biosimilars business that will not only drive Kabi top line but clearly over time, clearly, the EBIT and profitability performance that we can expect.

Specifically, in terms of your question around the North American business, yes, I would say the reported EBIT margin that we saw in the fourth quarter was somewhat lower than we’ve seen previously. There is, as I mentioned in my script, a one-time item in there. And as usual, there are product mix effects. If you isolate an underlying US IV margin in the fourth quarter, it is in the low 30s percentage range, so higher clearly than the reported margin, which obviously also includes some of the other products that are increasingly important in North America and thus have a small dilutionary effect on the margin. And we remain very positive that, despite the ongoing activities in the US, it remains a very attractive market for us. You have seen as part of the Vision 2026 strategy that further strengthening and making our IV business robust is one of our key strategic pillars. And so we continue to see and expect a good and, let’s say, positive development from that business unit over time. And clearly, here, we continue to work hard in terms of margins and profitability. And thus, I think understanding the underlying Q4 margin should hopefully encourage you in that regard.

Veronika, it was a long answer, but I hope it helps you understand the moving parts and why we remain so positive about the future of Kabi, despite the short-term headwinds that influence the guidance for 2022.

Veronika Dubajova: Yes, that was helpful, Rachel. Maybe just a clarification. I guess the fourth quarter APAC margin sort of counterintuitively -- or well, not APAC, but emerging market margin was counterintuitively really rather impressive. So maybe you can also do the same thing you’ve done for North America and just help us understand what the -- ex all the one-offs what the margin would have been, would have looked like. And then is that the right building block that we should have in mind for 2022?

Rachel Empey: Yes, what I would say about the emerging markets is, firstly, if you’re looking both at the year-on-year growth and also the margins, there is definitely a

COVID effect in there that is something that you should not extrapolate. There were also some positive one-timers in there and let's just say some topics that are not necessarily recurring. There were also a few cost savings and cost phasing effects in the fourth quarter. So I would say, in general, that is not a margin that you should extrapolate going forward. The profitability in the emerging markets, I would say, remains robust but clearly will take an underlying hit, given the Chinese tendering effect that you will see as you go into 2022. And then I would hope that we see some good underlying stabilization. Thanks, Veronika.

Veronika Dubajova: Thanks.

Patrick Wood: Perfect. Thank you very much for taking my questions. I'll keep it to two, please. Obviously, the first, and the strategic review, very, very clear about the capital allocation, especially in relation to Kabi. I guess the question on my end is, could you put a little bit of more meat on the bones around what I'm assuming is a big investment in biologics over time? Is this still more biosimilars? Would you look at the innovator side? Is the manufacturing agreement that you have with Merck sufficient, or do you need to think about larger scale? I'm just curious to understand, is that the focus, or am I going down the wrong path? Is it more about complex small molecules and HPAPIs? Just to understand where the biggest focus is for capital allocation, what your vision for that is, that's question one.

And then the second one, a slightly more dull sell-side-style question: The midterm guide obviously implies a very healthy step up in '23 relative to '22. Appreciate you've got the biosimilars part coming in. You have the cost savings ramping. But is there anything else that you would flag as it relates to '23 and that low end of the guide that you feel is particularly notable to helping you drive that very strong year in 2023 relative to some of the previous years? Thanks.

Stephan Sturm: Patrick, thank you. I'll take the first, Rachel the second. As far as the Kabi growth trajectory is concerned, you rightly pointed out biologics is one of them. And I will try and put a bit more meat to the bone, as you put it.

We have never been strong on the originator and truly R&D side. But at the same time, we continue to be convinced that we have now demonstrated that we master the challenge in biosimilars. We are also encouraged by the general take up of biosimilars in this -- in the overall marketplace. In our minds, there is no doubt that this is a product class that is here to stay and that will continue to gain share from the underlying originator product.

You were -- given that I was dismissing and more dismissive of the research bit, I guess you were going in the right direction as far as reference to our manufacturing agreement with Merck is concerned. That is something that, with our friends at Merck, has been under review right from the beginning of entering into that agreement. It is an option for us to use Merck's facilities rather than an obligation and in a market where, as I said, we continue to see good volume demand but where, at least on the margin, price pressure has been a bit more pronounced than we had originally assumed. This is down to becoming more efficient on the cost of manufacturing. And therefore, we continue to evaluate whether we may not all be better off focusing those manufacturing capacities on something that Merck truly needs, whereas we should be masters of our own destiny. A decision has not been taken, but in general, that is the direction that we're headed.

Rachel Empey: Patrick, thank you for your question about the medium-term targets. You are absolutely right. And I think we've been very clear since we gave those targets back in 2019 that we clearly expected a backend-loaded delivery. And I think, in a postpandemic world, it is an even more backend-loaded delivery than originally anticipated.

You named a couple of the key topics, but let me quickly run through the list as I see it in terms of the acceleration sources as we move into 2022 into 2023. As I mentioned in answer to Veronika's question about the move from '21 to '22, I think, finally, the fading pandemic -- fingers crossed -- is still an important metric when you're looking at the growth rates. So it is somewhat of a burden for the growth rate for '22, but clearly then, with a normalization level, it helps us see an acceleration of the growth rates from '22 into '23, with the assumption clearly that we see very little pandemic ongoing impact at that stage. And to some extent, that flows through also into the excess mortality impact that you see at Medical Care, more of a, let's say, annualization effect -- fingers crossed -- also to be seen there, clearly support both the sales growth and the net income from a group perspective.

You quite rightly, of course, mentioned the cost and efficiency program. From what you've seen reported from our friends at Fresenius Medical Care of their program of FME25, but also what we are expecting from, for example, Vision 2026 at Kabi, and the broader cost and efficiency activities across the group, clearly, although we are still expecting good savings this year, there is a further acceleration in 2023 that helps us with those growth rates.

And not to be forgotten, the biosimilars, I said already that we expect a doubling of sales this year. And there is a further sharp increase expected in 2023 as we are able to bring more molecules to more markets. That is not, let's say, unmeaningful when you look at the numbers as a whole.

And finally, some more annualization and normalization effects I think shouldn't be underestimated. The Chinese tendering effect annualizes in Q4 this year. And thus, as you see, the growth rates from '22 to '23 are clearly a source of acceleration.

And fingers crossed, those knock-on impacts of the pandemic, cost inflation, wage inflation, supply chain disruptions, staff shortages, we are expecting a normalization here. And so what is a constraint for 2022 should become effectively from a growth rate perspective a tailwind as we move into 2023.

So a lot of those constraining factors that are giving us a lower growth rate in 2022 somewhat normalize and reverse, and with some meaningful accelerations coming particularly from cost and efficiency and biosimilars, we are clearly confident that we will see a very significant acceleration, particularly in net income, to support the confirmation of those medium-term targets that we've given today. Thanks, Patrick.

Patrick Wood: Very clear. Thank you.

Hassan Al-Wakeel: Thank you for taking my questions. I have two, please. Firstly, on Kabi China, what is your current expectation on the expansion of products under the VBP from the current Kabiven and Propofol? Is a margin for the region in the low 20s or perhaps even the high teens more appropriate to reflect this impact in '22 and beyond? And is this region the largest delta to margins versus this year for Kabi as a whole?

And then secondly, on Helios, can you talk a bit about the cancelations of procedures that you've seen since the start of the year and whether we are now past the worst? What are your assumptions for the profile of COVID headwinds at this business over the course of the rest of the year? Thank you.

Rachel Empey: Hi, Hassan, and thank you very much for your question. I'll take the first one on Kabi China. So just to remind everybody, we've seen two of our very significant products, Propofol and Kabiven, go through this national volume-based tendering process in 2021. And as I've been trying to explain, that stays a significant headwind for our emerging markets business as we go into 2022.

Clearly, we do expect these tendering processes to continue over the coming years. However, we have no indication that any significant further product of ours will be involved in the tendering, at least in the short term. And we would expect then only to see further impacts, let's say, in the outer years of our planning process.

Clearly, I'm not going to give you a detailed guide to what margin you should expect in the emerging markets. There are really a lot of moving pieces in there. But I would reiterate what I said earlier in response to -- I think it was Veronika's question. There are -- I would say, particularly if you look through the last 8 quarters or so, there are so many moving pieces when you are looking at the timing of COVID effects and, let's say, unexpected knock-on consequences from COVID that we've been discussing that it is not, I would say, appropriate to extrapolate anything that you've seen of late.

It is reasonable to say that these two tenders that we have already seen will dilute margin for China and the emerging markets. But I would only expect, as I said before, to see somewhat of a normalization as we move into the latter part of 2022, but some dilution versus what our original running margin for the emerging markets was. But I think you can understand that, at this stage, I wouldn't want to be too specific in terms of guiding you on our margin for the region. Thank you.

Stephan Sturm: Hassan, in Helios Germany, we've been off to a decent start of the year. That has informed our thinking and has encouraged us to guide in the way that we did. We have only a very small number, relatively small number of COVID patients hospitalized as we speak. The key constraint much rather has been staff shortages here and there, with the highly infectious omicron variant and many people being quarantined at the same time. That is also the competitive advantage of a larger group in particular when it comes to going about our clustering strategy. And here and there, we have been able to shift resources to make ends meet. And the other constraining factor is people's general hesitation to undergo elective surgery in such an environment. And I would hope that we're going to get to a normalization after spring. But all in all, again, a decent start to the year.

Hassan Al-Wakeel: Perfect. Thank you.

David Adlington: Thanks for the questions. The first one is on cost inflation. I'm just wondering what you currently see across the various businesses and what's included in your guidance, particularly with respect to wages and raw materials, where you see the risks lie there.

And then secondly, just in terms of biosimilars, just wondering if you could -- sorry if I've missed it, but what were the sales in FY '21 and what you expect -- doubling I think, Rachel, and what level of losses did you post last year, and how do you expect those to evolve in '22? Thanks.

Rachel Empey: David, I think they're both mine. So thank you for your questions. Your question in terms of cost inflation, I'm not going to be able to give you a very precise number, but I can talk to you a little bit about the moving pieces because I think it would be too much of a generalization to say we have assumed this percentage of cost inflation because there are so many different effects across our different business models and our business regions.

Essentially, what we've done with our experts in each of the areas of our business is take our best view of the current trends that we can see and also any relevant agreements or contracts that are in place. So for example, of course, from a wage inflation perspective, we see quite different developments across the regions. Often, in our European organizations, we have longer-term wage arrangements, and we have obviously taken those into account in our planning.

If you look more into the US, we are seeing steeper rises based on the lack of staff availability in a very, very competitive marketplace. And we have also as far as possible reflected what we can currently observe there and built that into our assumptions.

When you come to look at energy prices, for example, which I think is another, let's say, very well-discussed topic in terms of the cost inflationary pressures that the world has seen recent, also with very recent developments here in Europe clearly a concern, we have been able to reflect our best views of the contractual commitments and the forward purchasing that we've been able to take across the piece.

Raw materials and availability in prices vary very significantly across the group. Vamed, for example, very active in the building industry, has seen in many cases double-digit price inflation for their raw materials, building materials, which we have reflected in our planning. In other areas, our raw material price inflation is nowhere near that, and we have nevertheless reflected it.

So I would reiterate what I said in my prepared remarks. We have done our best across our different business models and regions to reflect the current environment and the current visibility that we have. Clearly, if there was a very significant further acceleration of inflation, that does go beyond our current set of, let's say, best and reasonable assumptions.

Your second question, David, was around biosimilars business. I did mention it very briefly in my script, but there was a there was a lot in there. So let me just go through that again for you. The biosimilars business, we reported an absolute revenue number that is in the mid-double-digit million euros for 2021. And we are expecting to roughly double that in 2022. And we will be reporting the biosimilars revenues on a quarterly basis as part of our reporting package, let's say, going forward. In terms of the negative impact on EBIT for biosimilars in 2021, here, we had, I would say, a similar level that we have had in the previous year, which is in the -- if you take the 100 to 200 range, somewhere in the middle of that range negative, encompassing our R&D costs and also the investments that we're making into sales and marketing. And as we move into 2022, despite the fact that we will see a significant increase in sales, we will, of course, continue to be investing upfront in our sales and marketing capabilities. I'm not going to give you a specific guidance here. But I think you can appreciate that we are building out our sales and marketing capabilities very strongly, and often, those costs come somewhat before the revenues hit the tanker, if you know what I mean.

Nevertheless, we see very promising opportunities. Doubling the revenue is a very important milestone for us and putting ourselves in a position that we are able to capitalize on the even bigger opportunities that we have from 2023 onwards, as we bring more of the products to market. Thanks, David.

David Adlington: Thank you.

James Vane-Tempest: Yes, hi. Thanks for taking my questions, please. Just firstly on the net income synergies, you're looking for around €100 million -- more than €100 million to €150 million. Just wondering where these incremental savings have come from, which you obviously haven't highlighted when you gave your initial target.

And then secondly is a philosophical question really. Stephan, you talk about you'd consider an attractive bid for your FME stake. I'm not after an answer of what absolute level you'd consider attractive, but what are your views on potentially selling your stake in FME at one multiple and reinvesting in businesses at higher multiples.

Rachel Empey: James, I'll take the first question. Thank you very much for that. So you're absolutely right. On Slide 21 of the presentation, I was very pleased to present the significant acceleration of our cost and efficiency program over and above the targets that we initially set ourselves back in February of last year. And I think what’s important to say is we set ourselves those targets somewhat top down, where we wanted to get to. And in the meantime, we and our colleagues across the group have done quite some significant work, to use a phrase from earlier, putting meat on the bones in terms of the details and the operationalization plans here. Specifically, as I mentioned in my speech, we have been able to accelerate some of the momentum that we’ve had on existing projects. But we’ve also been able to broaden some of those projects, for example, in terms of operating model and organizational design across the various functions in the group and also with indirect cost savings and procurement activities.

So I would say, particularly also with the Vision ’26 program has gone into a more detailed operationalization phase, we’ve also been able to realize a broader-based set of savings. So I would say that is the clear driver, firstly, of the acceleration of activities into ’22, but also the raising of the target for 2023.

And you should also note that we are highlighting that there will be strong further increases after 2023, particularly coming here from the activities of our colleagues at Fresenius Medical Care with their FME25 program. James, I hope that helps with some details. Thank you.

Stephan Sturm: James, with your philosophical question, as you put it, you are absolutely headed in the right direction. And we are keen to use any proceeds to strengthen any of the residual businesses in their growth ambitions. And therefore, yes, it is a matter of making ends meet in terms of a multiple realized in a potential divestiture versus a multiple having to be paid in a potential acquisition. And that is one of the reasons why more generally I’m saying I don’t think that the market position, the growth potential, also the profitability improvement potential at Fresenius Medical Care is currently properly reflected in there -- would be in pursuit of a reinvestment plan, a -- too large a gap. So in that regard, we will continue to support FMC in driving its growth, driving its profitability, and would have to judge very carefully as to any reinvestment opportunity. But I would generally expect -- and you know that better than I do -- that multiple is also a factor, is also driven by the expected growth in such a business, and that therefore, at the very least, over a relatively short period of time, any potential earnings dilution could be offset. And over and above that, given that I would have no intention starting anything new, I would very much expect that, with any reinvestment opportunity, we would also be able to capture synergy potential. And that would also help to offset any multiple differential.

Philosophical question and a likewise answer. I’m sure you will appreciate that I can’t be more specific.

James Vane-Tempest: Absolutely. Thank you. And just a separate follow up, if I can, just on biosimilars. The increased investment in sales and marketing, can you be a bit more market specific in terms of where you feel with the current portfolio you’re needing incremental investment? Thank you.

Rachel Empey: I think I’ll take that one, James. So I think, for example, if you think about the upcoming products that we are hoping to bring to market and you think about where we’re active already, I think that the one that jumps to mind immediately for me is the US, where we are already learning from our European colleagues in terms of the successes that they have had with the Idacio and thinking about how we can leverage the capabilities we have and what additional capabilities we need to make sure that we are successful with the upcoming opportunities that we see in the next couple of years. So the US is the one jumps to mind immediately, James.

James Vane-Tempest: Thank you.

David Adlington: Hi, guys. Thanks a lot. Just coming back to your comments on the FMC stake and potential acquirers, have you had any preliminary interest or discussions with potential interested parties, and if so, whether they're any sort of corporate or private equity interest? Thanks.

Stephan Sturm: David, no comment, and if there were, I also wouldn't comment. But thank you.

Oliver Metzger: Hi, good afternoon. First question on Helios. So '21 has basically for you a good year when you look for the external growth opportunities. So do you expect the German market to continue to consolidate, or do you expect even some acceleration, given that this mandatory vaccination level might force in particular smaller hospitals even into greater problems to staff shortages?

Question number two is more for clarification on Melrose Park. You said now that you don't expect any launches this year. You have mentioned that you're being conservative. So is it just a coarse assumption? So do you believe that, post the FDA inspection, you're again able to launch, or is it just due to this, let's say, time delay from until you launch a drug that, at the end, nothing will come?

Stephan Sturm: Oliver, thank you. And I'll take both. On the one hand, I would not be surprised if we saw further consolidation in the German hospital market against the backdrop of a fairly dramatic situation for many smaller independent hospitals, not necessarily owned by municipal owners, but also already privatized or church-owned hospitals. On the other hand, I want to reiterate that we are determined to see through our clustering strategy and that, therefore, we will remain very disciplined as far as seizing any opportunity is concerned. We will only go about any of these situations where we can realistically capture near-term and also meaningful synergies. And in general, we'd much rather pursue the rollout of our ambulatory services, digital services, and as you've seen also on our growth opportunities slide as far as Helios is concerned, going forward, I believe we should much less think about brick-and-mortar hospital services than rather going about digital and other territories, where the infrastructure is less developed.

To your second point, as far as Melrose Park is concerned, we have a healthy pipeline as far as this manufacturing plant is concerned. But for as long as we have not gotten this physical inspection by the FDA, we believe it is unlikely that we're going to get a respective approval. There is never a guarantee as far as FDA inspections is concerned, but you heard from my prepared remarks we feel that we have been prepared for such an inspection for quite a while now. We are cautiously optimistic that we can resolve the matter from the third quarter of 2020. And if we were as a matter of fact able to resolve it, then I also would not see why more product approvals out of Melrose Park shouldn't be forthcoming.

Oliver Metzger: Okay. Thank you. One quick follow up on the mandatory vaccination level. Do you think that this might affect your German hospital business even more negative?

Stephan Sturm: I was asked earlier today, and in a -- I am torn here, frankly. We have encouraged all our staff members to at the very least inform themselves and take a very rational decision. We have encouraged everyone to go about a vaccination. On the other hand, I do not think that a mandatory vaccination is legally enforceable. I also do know for a fact that a few of our colleagues will just not budge and rather switch jobs than being vaccinated. And therefore, the long and the short of it, I believe we have got to be more convincing as far as voluntary vaccinations is concerned. And I wouldn't want to end up in a situation where we're going to have staff shortages because of that obligation for vaccinations. At the same time, as I was alluding earlier when I was talking about infection levels and staff members being quarantined, relative to our competition in particular, given our size and our nationwide spread, we are in a much better situation to offset temporary shortages. And therefore, whilst I cannot completely rule out a negative implication, I believe, in general, it is unlikely, and we're going to fare much better than any of our competitors.

Oliver Metzger: Okay. Thank you.

Tom Jones: Good afternoon. Thank you for taking my two somewhat related questions. It's just on the idea of having larger equity investors in the Helios and Vamed subsidiaries. I guess the first part of the question is, if you're allowing external investors to participate in finance and growth opportunities, some of that value that's created in any kind of transaction like that, some of that value belongs to the existing Fresenius SE shareholders. So how do you ensure and how do we measure whether that value creation is accruing fairly to the new equity investors and to the existing Fresenius SE holders? And I ask the question because one of the complaints about the group structure is its complexity and the number of different subsidiaries, and then having a minority interest in there just adds a further level of complexity.

And a sort of related question is, if I kind of think back to the time of your -- not your predecessor, Stephan, but your predecessor's predecessor, the idea of having Fresenius with its shareholders, Kabi with a similar structure, and then what was ProServe back in those days, again with a large minority, possibly listed minority, was kind of discussed and mooted a bit, but then seemed to be kicked into the long grass and hasn't been seen for 20 years. And it sort of feels like that's coming back full circle to some degree. I was just wondering really why now is the right time, whereas I guess, 20-odd years ago, it was dismissed as an idea.

Stephan Sturm: Tom, to answer your second question first, the idea of a Kabi IPO much rather than a ProServe IPO, yes, as a matter of fact was discussed. It then -- what came in between were some operating issues at Kabi that were depressing the profitability. And I believe we were going through a pretty rough period basically up until we got into the injectables business in 2005 with the acquisition of Labesfal. But with a very good share price development for the parent company, as you know, the financing of further growth opportunities, for instance, Helios, but also further acquisitions at Medical Care and Kabi, APP, were then possible also with the help of raising equity at attractive valuation levels on the FSE side.

So that thought had been around. I have never been that much of a fan of it just because of the complexity. And that is why I have also, I believe in my prepared remarks but, in any case, over the course of this morning, said that an IPO of a Helios or a Vamed to me is less attractive than getting other investors in because I agree with you, Tom, I don't want to unnecessarily increase the complexity vis-à-vis the equity capital markets and, in an ideal world, would reserve the listed equity status for Fresenius SE. But at the same time, we're not naïve. Getting in any other equity investor, we will clearly also have to think about their exit. And therefore, I am not ruling out at all an IPO at a later point in time. However, in my mind, ideally, to facilitate such an exit rather than as a first step remains to be seen.

To your first question, Tom, as I said, this is not something that is new to us. We have been living with that structure at FMC and also frankly at Vamed for a long period of time and also at levels underneath, be it at Fresenius Medical Care, in various JVs, but also when it comes to Fresenius Kabi with our Chinese clinical nutrition joint venture. I believe we have a very good, healthy experience with governance in joint venture structures to make sure that the appropriate level of value accrues to our shareholders. This at the end of the day will come down to an appropriate entry level. In my mind, in an ideal world, we would take on a business that fits our strategic purposes directly as a contribution in kind.

Alternatively, obviously, this could also be a cash injection that would then be used to do the right strategic growth step. As I alluded to earlier in response to James' question, we have no intention to starting something completely new but much rather would rely on the fact that, with any such strategic growth steps, synergy value can be created. And in the governance, with regard to any external shareholders, we would make absolutely sure that synergy value sticks to where it's coming from. And that should be predominantly us.

Tom Jones: Okay. That's very fair. And then just one quick follow up, related follow up really. I apologize. I missed a few minutes of your prepared remarks. So apologies if you already answered this. But later on in your prepared remarks, you said you would at least consider an offer for some or all of your FMC stake from a suitable corporate or equity bidder or at least a suitable other party I think you said. Would you include FMC itself on that list of suitable other parties? Not talking about price, just talking about conceptually.

Stephan Sturm: You mean a buyback for our -- of our 32% stake?

Tom Jones: Of some or all, yes.

Stephan Sturm: Tom, I was not talking about strategic versus private equity. I didn't go into that detail, and I also don't want to. Basically, what I've been saying is I am looking for an appropriate reflection of the inherent value. And where that bid would be coming from, I am agnostic.

Tom Jones: Okay. That's interesting. Thank you very much.

Lisa Clive: Hi. Just a few questions on the IV generics business. Originally, when you made the acquisition, you were targeting assets I think worth about $30 billion at the time. And we've seen your biosimilars for Humira, Neulasta, and Actemra. Together, those are only about $20 billion of sales in 2017. So were there other assets in the initial pipeline that have been discontinued? I'm just wondering sort of how your R&D has progressed in that division.

And then specifically on your biosimilar Humira, what are you using? What needle size are you going to be using in the US? There seems to be quite a debate opening up around the 29-gauge versus the older 27. And what are your thoughts on the need for interchangeability?

And then lastly, given that you've now launched Idacio in several markets, could you just give us an update on where you think Kabi's advantage is in selling biosimilars? You don't actually sell much in the way of IV generics outside the US, but that's the bulk of the biosimilars revenue today. So just understanding how that business is positioned sort of longer term.

Stephan Sturm: Thank you, Lisa. Nothing has changed as far as the portfolio setup is concerned relative to the time when we did the acquisition from Merck. I think the difference is that we kept on saying this is a mid-single-digit number of development projects, where we have by now named three and have shied away for -- to protect our competitive position from naming the others. That may be where the gap that you are referring to is coming from. But all the project but for the delays that we have been so vocal about in particular on peg are on track relative to the originally foreseen timeline.

Lisa, I have to confess, as far as the needle size is concerned, you catch me on the wrong food, and we have to get back to you.

As far as the interchangeability is concerned, I think we answered that question last time round. As far as we can see, it is one or at a maximum two adalimumab competitors who are working on this. We are not. The debate is out whether this is really going to change the market. Obviously, it doesn’t seem to be -- it cannot be a disadvantage to have direct interchangeability. But whether the extra effort and time delay to go for this is worth the extra merit, that to me is more an open question.

Fourthly, you’re right. We are, as far as distribution is concerned, only partially can rely on our existing channels going into the hospital. This in very many European markets is new turf for us, but where I am encouraged specifically in markets where we have an additional service to offer, like in the UK, like in France, where we can also drive home our good quality reputation that we have made and continue to make good progress.

In the larger tender markets, we have over and over again demonstrated that we are competitive. I continue to say that we win not every tender that we participate in, but we win more than we lose. And we are also fairly effective in making best use exploiting the opportunities once we have won a tender. When not too long ago we were as the new kid on the block rather at the mercy of the authorities and the incumbents, I do get the impression that by now we are more reaching a tipping point, that we are increasingly being viewed as one of the incumbents. More recently, I was happy to see that a tender in the UK that we had won some time ago was extended for another 12 months. So that in my mind was the first occasion where we were getting benefit as someone who has been in the market already for a longer period of time. And that bodes well for the other molecules and the other territories that we’re active in.

We’ll get back to you on the needle size.

Lisa Clive: Okay. Thanks. And just one follow-up question. I guess, given your long-term targets or midterm targets for the biosimilars business, a lot of that’s obviously the US Humira opportunity, which is just getting -- which is quite competitive. And so things like needle size do seem to matter. Just could you give us an update on how you think you’re positioned in that business and what will give you an opportunity to gain a decent size of that market as it genericizes?

Stephan Sturm: We’re good -- we’re making good progress with our market approval in the US, and we’re going to be one of a handful of competitors under the settlement agreement with the originator getting to the market next summer. And we will try and capitalize on the advantages that I was trying to point out to you.

Lisa Clive: Thanks very much.

Falko Friedrichs: Thank you very much. I have two questions, please. Firstly, on your restructuring plans, can you just summarize your thoughts on the timeline for these potential steps and at Helios and Vamed and whether that is something we can expect over the next few months now or whether that is really more a 2023 and beyond topic?

And then secondly, given your focus on Kabi first and foremost going forward, do you still plan your expansion of Helios in South America and also plan to continue your move into fertility clinics? Thank you.

Stephan Sturm: Falko, on your first one, this is meant facilitate major growth steps at Helios and at Vamed. And therefore, by definition, this is not exclusively under our control. And I would like to make further progress on some transactional ideas that are going through our minds. And therefore, in a nutshell, I wouldn’t rule out something happening later this year. But at the same time, I guess it is more likely that we’re going to see an actual transaction only in 2023. But at the same time, for the avoidance of doubt, maybe in contrast to many other larger German corporates, we are much less centralized. Our businesses are pretty autonomous to start with. And therefore, internal preparations for a separate equity investment are not meaningful from here on.

Bear in mind that FMC is already a separately listed company, that we have already minority shareholders at Fresenius Vamed. And therefore, the undertaking to prepare any of these business segments for further minority shareholder are, again, as I said, not very meaningful.

You'll help me with your second question, please, Falko.

Falko Friedrichs: It is your focus on Helios South America and fertility clinics --

Stephan Sturm: I wouldn't --

Falko Friedrichs: -- in light of your focus on Kabi.

Stephan Sturm: Yes, well, on our growth chart, what you have seen is further internationalization. And what you clearly have seen is fertility. And therefore, we continue to be intrigued by the underlying attractiveness of the fertility business. So show demographic factors, the fragmented market, those are -- the lack of regulation there where we clearly can make a difference with our quality reputation, those are all factors that are intriguing for us and where we would like to continue the rollup that we have started.

On Latin America, this has been a more opportunistic move so far. For now, I would really stick to our presence in Colombia and Peru. But I also wouldn't rule out stepping up the effort there. In general, the acquisitions have developed at least in line with our expectations, most of them actually superior. And therefore, whilst it may not be top of our priority list, I also wouldn't rule it out.

Falko Friedrichs: Okay. Thank you.

Veronika Dubajova: Thank you, and thanks for squeezing me in for one more. Just curious, Stephan, just on your biosimilar investments, I think when you signed the Merck transaction, you talked about an absolute ceiling. And I was just curious if you could help us a bit with the accounting and tell us where we are against that ceiling in terms of the spend.

And then I guess there have been some press reports that you might be looking at another asset in the biosimilars space over the last couple of weeks. I'm not kind of asking you to confirm or deny, unless you're comfortable with it, but maybe just tell us how that ceiling would fit into this idea that you would go and look for further acquisitions in this space. Thanks.

Stephan Sturm: Veronika, good memory. So have I. It has been a €1.4 billion investment ceiling for the portfolio that we have acquired. Given the various delays that we're right now suffering, it's going to be tight, much tighter than I ever thought. But frankly, given the progress that we have made, I continue to believe now that we are on the right track. Evidence of that is the first small step that I believe I was preannouncing over the last quarters, where we have today now confirmed that we in-licensed rituximab from Dr. Reddy's. But the €1.4 billion relates to the original portfolio.

Veronika Dubajova: Okay. So you wouldn't necessarily think that -- you would be open to adding something to that, even if it took you over the €1.4 billion.

Stephan Sturm: Yes, Veronika, and as I said over the -- over quite a few quarters now is, on the one hand, I believe it does make sense to broaden the portfolio. On the other hand, I am acutely aware of that self-imposed ceiling. And I was wary that I would not be accused of muddying the waters unnecessarily. But I think it would be fair that, for any further development project, we have to start a separate calculation.

Veronika Dubajova: Understood. And can you tell us where you are against the €1.4 billion?

Stephan Sturm: Not precisely, but this is going to be tight for ‘23, ‘24.

Veronika Dubajova: Understood. Thanks so much.

Stephan Sturm: Thank you, Veronika.

Operator: There are no more questions at this time. I hand back to Stephan Sturm for closing comments.

Stephan Sturm: Thank you, all, for your attention and for your questions. And even though the market today seems to be taking a different view, we firmly believe that we are on the right track. So it seems we have to do more and a better job in terms of communicating our aspiration level and also the strategic direction.

We will be talking to many of you in the coming days. And that would give us a chance to provide more background and potentially also clarification. But rest assured, right thereafter, we will be back focusing on reaching this year’s targets and also further driving our cost and efficiency improvement projects, the few near-term acquisition opportunities that I was referring to, but last but not least, we will also with quite some vengeance go about the pursuit of our strategic and group structure considerations.

So thank you for your ongoing support. And Rachel and I will be out to see you and answer the questions that you may have. Thank you for now.

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