FRESENIUS

Press Release

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Fresenius raises outlook for fiscal 2024 due to excellent first quarter

- **Excellent start to 2024 –** Due to the excellent first quarter Group outlook raised for FY/24: Group organic revenue growth 4-7% and EBIT growth in constant currency 6-10% expected.
- **Strategic portfolio measures concluded**: Structured exit from Investment Company Vamed initiated.
- **Strong organic growth in Group revenue** of 6%[1] to € 5.7 billion in Q1/24; Group EBIT increase in constant currency by 15% to € 633 million reflects the excellent performance of Operating Companies and the group-wide cost savings progressing ahead of plan.
- **EPS increases:** 11% in constant currency.
- **Strong operating cash flow development at Fresenius Kabi** driven by working capital efficiencies; **Fresenius Helios** expects catch-up of outstanding receivables in Germany in the course of the year.
- **Fresenius Kabi shows excellent organic revenue growth** of 9%[2] and an improved EBIT margin at 15.1% in particular driven by the positive development of the Biopharma business.
- **Biopharma business picking up: EBIT break-even** in Q1/24.

[1] Organic growth rate adjusted for the divestment of the fertility services group Eugin, the hospital stake in Peru, and accounting effects related to Argentina hyperinflation
[2] Organic growth rate adjusted for the accounting effects related to Argentina hyperinflation

- **Fresenius Helios with solid organic revenue growth of 5%**[1] and **EBIT margin of 11.1%**; supported by phasing of energy related government relief funding in Germany and strong operating performance.

If no timeframe is specified, information refers to Q1/2024.

Michael Sen, CEO of Fresenius: "Fresenius has had an excellent start into the year, showing that our focus on Fresenius Kabi and Fresenius Helios is increasingly paying off. We are confident that we can maintain our growth momentum and are raising our outlook for the full year accordingly. With the exit from Vamed, our strategic portfolio restructuring has been completed as planned. Fresenius is already a simpler, stronger, and more innovative company due to the consistent implementation of #FutureFresenius. We now have even more opportunities to offer world-class therapies and improve people's health."

An overview of the results for Q1/2024 - before and after special items – is available on our website.

Following the deconsolidation of Fresenius Medical Care, Group financial figures are presented in accordance with IAS 28 (at equity method) since December 1, 2023. The proportionate share of 32% of Fresenius Medical Care is presented as a separate line in Fresenius Group's P&L and balance sheet. Dividends received from Fresenius Medical Care will also be reported as a separate line as part of the cash flow statement. Moreover, IAS 28 requires a full purchase price allocation (PPA). The accounting for the PPA is treated as special item. For reasons of simplification and comparability, Fresenius presents net income with and without Fresenius Medical Care`s equity result.

Information on the performance indicators are available on our website at https://www.fresenius.com/alternative-performance-measures.

Consolidated results for Q1/24 as well as for Q1/24 include special items. These concern: revaluations of biosimilars contingent purchase price liabilities, expenses associated with the Fresenius cost and efficiency program, transaction costs for mAbxience and Ivenix, costs in relation to the change of legal form of Fresenius Medical Care, the transformation of Fresenius Vamed, legacy portfolio adjustments, special items at Fresenius Medical Care, and expenses PPA equity method Fresenius Medical Care. The special items shown within the reconciliation tables are reported in the Corporate/Other segment.

Analyst conference call and Audio webcast

As part of the publication of the results for Q1/24, an analyst conference call will be held on May 8, 2024 at 1:30 p.m. CET (7:30 a.m. EST). All investors are cordially invited to follow the conference call in a live audio webcast at https://www.fresenius.com/investors. Following the call, a replay will be available on our website.

[1] Organic growth rate adjusted for the divestment of the fertility services group Eugin and the hospital stake in Peru.

Group sales and earnings development

Group revenue increased by 4% (6% in constant currency) to €5,704 million (Q1/23: €5,546 million). Organic growth was 6%[1] driven by an ongoing strong performance of our Operating Companies. Currency translation had a negative effect of 2% on revenue growth.

In Q1/24, revenue of the **Operating Companies** increased by 5% (7% in constant currency) to €5,216 million (Q1/23: €5,039 million).

Group **EBITDA** before special items increased by 13% (13% in constant currency) to €924 million (Q1/23[2]: €828 million).

Group **EBIT** before special items increased by 15% (15% in constant currency) to €633 million (Q1/23[2]: €554 million) mainly driven by the good earnings development at the Operating Companies and the continued progress of the groupwide cost savings program. The EBIT margin before special items was 11.1% (Q1/23[1]: 10.0%). Reported Group EBIT was €559 million (Q1/23: €526 million).

The **Operating Companies** showed an 9% increase of EBIT before special items (9% in constant currency) to €631 million (Q1/23[2]: €581 million) with an EBIT margin of 12.1% (Q1/23[2]: 11.5%).

Group **net interest** before special items increased to -€115 million (Q1/23[2]: -€87 million) mainly due to financing activities in a higher interest rate environment.

Group **tax rate** before special items was 24.5% (Q1/23[2]: 24.4%).

Net income[2] from deconsolidated Fresenius Medical Care operations before special items increased by 25% (33% in constant currency) to €60 million (Q1/23[2]: €48 million).

Group **net income[3]** before special items increased by 10% (11% in constant currency) to €429 million (Q1/23[1]: €389 million). The increase was driven by the operating strength which outpaces higher interest.

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[1] Organic growth rate adjusted for the divestment of the fertility services group Eugin, the hospital stake in Peru, and accounting effects related to Argentina hyperinflation.
[2] Before special items
[3] Net income attributable to shareholders of Fresenius SE & Co. KGaA.

Group net income[1] before special items excluding Medical Care increased by 8% (8% in constant currency) to €369 million (Q1/23[2]: €341 million).

Reported Group net income[1] decreased to €278 million (Q1/23[1]: €346 million) Negative effects from the Purchase Price Allocation (PPA) and other negative special items at Fresenius Medical Care as well as the Vamed transformation had a negative impact on the Group net income income[1].

Earnings per share[1] before special items increased by 10% (11% in constant currency) to €0.76 (Q1/23[2]: €0.69). Reported earnings per share[1] were €0.49 (Q1/23: €0.61).

Group Cash flow development

Group **operating cash flow** was €2 million (Q1/23: €32 million). The first quarter is usually the softest in the course of the year. In Q1/24 the soft operating cash flow was mainly driven by temporarily higher working capital, in particular due to nursing budget related receivables built ups at Helios Germany. Group operating cash flow margin was 0.0% (Q1/23: 0.6%). Free cash flow before acquisitions, dividends and lease liabilities decreased to -€194 million (Q1/23: -€180 million). **Free cash flow after acquisitions, dividends and lease liabilities** improved to -€103 million (Q1/23: -€258 million).

Fresenius Kabi's operating cash flow increased to €157 million (Q1/23: €21 million) with a margin of 7.7% (Q1/23: 1.1%) mainly driven by an improved working capital management.

Fresenius Helios' operating cash flow decreased to -€117 million (Q1/23: €108 million) and was impacted by higher working capital in particular driven by temporary nursing budget related receivables built-ups at Helios Germany. The operating cash flow margin was -3.7% (Q1/23: 3.5%).

Fresenius Vamed's operating cash flow improved to -€10 million (Q1/23: -€68 million) with a margin of -1.8% (Q1/23: -11.7%).

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[1] Before special items

For a detailed overview of special items please see the reconciliation tables at [Financial Results | FSE (fresenius.com)]

The **cash conversion rate** (CCR), which is defined as the ratio of adjusted free cash flow[1] to EBIT before special items was 1.0 in Q1/24 (LTM) (Q1/23: 0.9 LTM). This positive development is due to the increased cash flow focus across the Group.

Group leverage

Group **debt** decreased by 8% (8% in constant currency) to €14,504 million (Dec. 31, 2023: €15,830 million) mainly related to the repayment of debt. Group **net debt** increased by 2% (2% in constant currency) to €13,485 million (Dec. 31, 2023: €13,268 million) which is mainly related to the cash flow development at Fresenius Helios, particularly driven by temporary receivables built ups related to the nursing budget at Helios in Germany.

As of March 31, 2024, the **net debt/EBITDA ratio** was 3.75x[2,3] (Dec. 31, 2023: 3.76x[3,4]), a further reduction compared to Q4/23 and mainly driven by the good EBITDA development. Compared to Q1/23 (3.96x[2,3,4]) this is a 21 bps reduction.

Fresenius expects the **net debt/EBITDA[4] ratio** to be within the self-imposed corridor of 3.0 to 3.5x by the end of 2024. This is expected to be driven by reducing net debt and by the operational performance at the Operating Companies.

ROIC increased to 5.5% in Q1/24 (Q1/23: 5.2%) mainly due to the EBIT improvement. The Operating Companies improved ROIC to 5.8% (Q1/23: 5.5%).

Cost savings program fully on track

The groupwide cost savings program progressed is fully on track. Under the program, Fresenius realized ~€25 million incremental structural cost savings at EBIT level in Q1/24. In the same period, one-time costs of ~€15 million incurred to achieve these savings.

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[1] Cash flow before acquisitions and dividends; before interest, tax, and special items
[2] At average exchange rates for both net debt and EBITDA; pro forma closed acquisitions/divestitures, including lease liabilities, including Fresenius Medical Care dividend
[3] Before special items
[4] At expected average exchange rates for both net debt and EBITDA; pro forma closed acquisitions/divestitures; excluding further potential acquisitions/divestitures; before special items; including lease liabilities, including Fresenius Medical Care dividend

For a detailed overview of special items please see the reconciliation tables at Financial Results | FSE (fresenius.com)

Fresenius expects to achieve annual sustainable cost savings of ~€400 million at EBIT level by 2025. So far, Fresenius reached ~€305 million of cumulative structural cost savings. To reach this target, one-time costs between ~€80 and €100 million are anticipated between 2024 and 2025.

For 2024, total cost savings of ~€330 to €350 million are expected. This corresponds to incremental cost savings of ~€50 to €70 million in 2024 compared to 2023.

The programs continue to target all business segments and the Corporate Center. Key elements include measures to optimize sales and administrative costs, fostering digitalization as well as improve procurement processes.

Operating Company Fresenius Kabi

Revenue increased by 9% in constant currency (3% reported) to €2,051 million (Q1/23: €1,991 million). The reported revenue growth is mainly driven by negative currency translation effects related to the US dollar and the hyperinflation in Argentina. Organic growth was 9%[1]. This strong performance was driven in particular by the Biopharma business as well as by Nutrition.

Revenue of the **Growth Vectors (MedTech, Nutrition and Biopharma)** increased by 4% (14% in constant currency) to €1,089 million (Q1/23: €1,051 million). Organic growth was outstanding at 13%. In Nutrition, organic growth of 8% benefited from the good development in the US and was driven by many other international markets. Whereas China continued to be impacted by indirect effects of the government's countrywide anti-corruption campaign and direct effects of the soft economy. Biopharma showed excellent organic growth of 117% driven by successful product launches in Europe and the US, as well as licensing agreements. MedTech showed organic growth of 1% given the high prior-year level.

Revenue in the **Pharma (IV Drugs & Fluids)** business increased by 2% (4% in constant currency; organic growth: 5%) and amounted to €962 million (Q1/23: €940 million). The solid organic growth was mainly driven by the positive development across many regions including the US.

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[1] Organic growth rate adjusted for accounting effects related to Argentina hyperinflation.

EBIT[1] of Fresenius Kabi increased by 7% (8% in constant currency) to €310 million (Q1/23: €289 million) mainly due to the good revenue development, the EBIT break-even result of the Biopharma business, and ongoing progress of the cost saving initiatives. EBIT margin[1] was 15.1% (Q1/23: 14.5%) and thus within the structural EBIT margin band.

EBIT[1] of the **Growth Vectors** increased by 29% (constant currency: 17%) to €124 million (Q1/23: €96 million) due to the EBIT break-even result of the Biopharma business and the good revenue development. EBIT[1] margin was 11.4% (Q1/23: 9.2%).

EBIT[1] in the **Pharma** business increased 4% (constant currency: 6%) to €206 million (Q1/23: €197 million) due to the very well-progressing cost saving initiatives and the good revenue development. EBIT[1] margin was 21.4% (Q1/23: 21.0%).

Operating Company Fresenius Helios

Revenue increased by 6% (5% in constant currency) to €3,184 million (Q1/23: €3,066 million). Organic growth was 5%.

Revenue of **Helios Germany** increased by 4% (in constant currency: 4%) to €1,903 million (Q1/23: €1,828 million), mainly driven by solid admissions numbers and favourable price effects. Organic growth was 4%.

Revenue of **Helios Spain** increased by 10% (8% in constant currency) to €1,281 million (Q1/23: €1,170 million) driven by ongoing strong activity levels and positive price effects. Organic growth was 7%[2]. The clinics in Latin America also showed a good performance.

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[1] Before special items

Growth rates adjusted for Argentina hyperinflation

For a detailed overview of special items please see the reconciliation tables at [Financial Results | FSE (fresenius.com)](https://www.fresenius.com)

[2] Before special items

EBIT[1] of Fresenius Helios increased by 14% (14% in constant currency) to €353 million (Q1/23: €311 million) with an EBIT margin[2] of 11.1% (Q1/23: 10.1%).

EBIT of **Helios Germany** increased by 32% to €205 million (Q1/23: €155 million) with an EBIT margin of 10.8% (Q1/23: 8.5%) in particular driven by the phasing of the Government relief funding for higher energy costs as well as the good revenue development and the progressing cost savings program.

EBIT[1] of **Helios Spain** decreased by 6% (7% in constant currency) to €149 million (Q1/23: €157 million). EBIT[1] was impacted by the phasing due to the calendar variation related to the Easter week and related lower activities and mix effects as well as a high prior-year level. Despite the Easter effect, the EBIT margin[1] was 11.6% (Q1/23: 13.4%).

As part of the portfolio optimization, the sale of the fertility services group Eugin was completed on January 31, 2024. The divestment of the majority stake in the hospital Clínica Ricardo Palma hospital in Lima, Peru, was completed on April 23, 2024. The sale marks Fresenius' exit from the Peruvian hospital market.

Fresenius Vamed

Further progress was made in Q1/24 with the far-reaching restructuring program to increase Fresenius Vamed's profitability which was initiated in 2023.

Revenue from continued business was €514 million in Q1/24. Organic growth of the continued business increased 1% driven by the positive development of the Services business offsetting the negative effects of the Project business. Total revenue of Fresenius Vamed was €561 million (Q1/23: €583 million) and declined by 4% (-4% in constant currency).

EBIT[2] was at €2 million in Q1/24 (Q1/23[2]: -€27 million), thus showing a significant year-over-year improvement and making it the third consecutive quarter of positive EBIT. The EBIT margin[2] in Q1/24 was 0.4% (Q1/23[2]: -4.6%).

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[1] Growth rates adjusted for the divestment of the fertility services group Eugin and the hospital stake in Peru.

For a detailed overview of special items please see the reconciliation tables at [Financial Results | FSE (fresenius.com)]

[2] Before special items

The ongoing transformation resulted in negative special items of €47 million in Q1/24 mainly related to cessation of activities, asset re-evaluations and restructuring costs resulting in write-downs and provisions. The negative special items were predominantly booked as non-cash items.

Following the exit from Vamed, the company will no longer be a reporting segment of Fresenius as of Q2 2024.

Group and segment outlook for 2024[1]

Fresenius raises its outlook for FY/24 based on the excellent first quarter and improved prospects for the ramainder of the year.

For 2024, **Group organic revenue[2]** is now expected to grow between 4% to 7% (previous: 3% to 6%). **Group constant currency EBIT[1,3]** is expected to grow in the rage of 6% to 10% (previous: 4% to 8%).

Fresenius Kabi now expects organic revenue growth in a mid-to high-single-digit percentage range in 2024 (previous: mid-single-digit percentage range). The EBIT margin[1] is now expected to be in a range of 15% to 16% (previously: around 15%) (structural margin band: 14% to 17%).

Fresenius Helios expects organic revenue to grow in a low to mid-single digit percentage range in 2024. The EBIT margin[1] is expected to be within the structural margin band of 9% to 11%.

The adjustment of the Group outlook also reflects the fact that the outlook is now provided without Fresenius Vamed, i.e. only for the Operating Companies Fresenius Kabi and Fresenius Helios. Following the announcement of the planned sale of Fresenius Vamed's rehabilitation business, Fresenius has initiated its structured exit from its Investment Company Fresenius Vamed.

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[1] For the prior-year basis please see table "Basis for Guidance for 2024"
[2] 2023 base: €20,307 million
[3] 2023 base: €2,266 million

Basis for Guidance for 2024

in € million	Q1-4 actual	Portfolio adjustments	Vamed exit	Q1-4 Base for guidance 2024
Fresenius Kabi				
Revenue	8,009			8,009
EBIT[1]	1,145			1,145
Fresenius Helios				
Revenue	12,320	-368		11,952
EBIT[1]	1,232	-42		1,190
Fresenius Vamed				
Revenue	2,356		-2,356	0
EBIT[1]	-16		16	0
Corporate				
Revenue	-386		732	346
EBIT[1]	-99		30	-69
Fresenius Group				
Revenue	22,299	-368	-1,624	20,307
EBIT[1]	2,262	-42	46	2,266

[1] Before special items

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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 the 2023 fiscal year, Fresenius generated €22.3 billion in annual revenue with its more than 190,000 employees. Fresenius offers solutions to the social challenges posed by a growing and ageing population and the resulting need for affordable, high-quality healthcare. The Fresenius Group comprises the operating companies Fresenius Kabi and Fresenius Helios as well as the investment companies Fresenius Vamed and Fresenius Medical Care. With 140 hospitals and countless outpatient facilities, Fresenius Helios is the leading private hospital operator in Germany and Spain, treating around 26 million patients every year. Fresenius Kabi's product portfolio includes a range of highly complex biopharmaceuticals, clinical nutrition, medical technology, and generic intravenous drugs. Fresenius was established in 1912 by the Frankfurt pharmacist Dr. Eduard Fresenius. After his death, Else Kröner took over management of the company in 1952. She laid the foundations for a global enterprise that today pursues the goal of improving people's health. The largest shareholder is the non-profit Else Kröner-Fresenius Foundation, which is dedicated to advancing medical research and supporting humanitarian projects.

For more information visit the company website at www.fresenius.com.
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