Transcript
Fresenius Capital Markets Day 2024

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AGENDA

Welcome/Opening Remarks	**Markus Georgi** | Head of Investor Relations	**10:30am-10:35am**
#FutureFresenius	**Michael Sen** | CEO Fresenius	**10:35am-11:00am**
Our Care Provision Platform	**Robert Möller** | CEO Fresenius Helios & Helios Germany	**11:00am-11:25am**
Fresenius Helios Financials	**Ralph Böttcher** | CFO Fresenius Helios	**11:25am-11:45am**
Q&A	**Robert Möller & Ralph Böttcher**	**11:45am-12:15pm**
Coffee Break		12:15pm-12:30pm
Focus on Core Operations: Helios Germany	**Robert Möller &** **Olaf Kannt** | Medical Consultant to the Group Management	**12:30pm-01:15pm**
Q&A	**Robert Möller & Olaf Kannt**	**01:15pm-01:30pm**
Lunch		01:30pm-02:30pm
Focus on Core Operations: Quirónsalud	**Victor Madera** | Founder & CEO Quirónsalud **Juan Antonio Álvaro de la Parra** | COO Quirónsalud	**02:30pm-03:15pm**
Q&A	**Victor Madera & Juan Antonio Álvaro de la Parra**	**03:15pm-03:30pm**
Q&A	**All**	**03:30pm-03:45pm**
Closing Remarks	**Michael Sen**	**03:45pm-04:00pm**

PRESENTATION

Robbie (Robot): Welcome to our Fresenius Capital Markets Day in London. My name is Robbie, and in my daily life at Helios, I am accompanying patients to their surgery or help them to find their way around the hospital. I am happy to tell you more about my daily life at the Technology and Innovation market stand during the break. But now let's get the Fresenius Capital Markets Day started, and let us welcome our Head of Investor Relations Markus to the stage.

Markus Georgi: Thank you. Hopefully, Robbie is not going to replace Investor Relations anytime soon. Ladies and gentlemen, good morning, and a warm welcome to our Fresenius Capital Markets Day 2024 here in London. Also, a warm welcome to all who's joining us online. It's my pleasure to have you all with us. It's great to see so many familiar faces.

One and half year ago, we launched our transformation #FutureFresenius and embarked on a new strategic path. Today, you will hear from Fresenius Group CEO Michael Sen and Fresenius CEO Robert Möller and his management team about the attractiveness of our Care Provision platform.

Allow me to give you a brief overview of today's agenda, which is divided into three big parts, each followed by a Q&A session. First Michael Sen will kick off, followed by Robert and Ralph, Fresenius Helios CFO. Then you will hear from Robert and Olaf about Helios Germany. And after their presentation, we have a lunch break out there.

Afterwards, the Spanish business Quirónsalud will be presented by Victor Madera, Founder and CEO of Quirónsalud, and Juan Antonio Álvaro de la Parra, COO of Quirónsalud.

Please note that there will be presentations held in German and Spanish in addition to English. To follow along, please use the headsets in front of you for simultaneous English translation. In addition to today's presentation, we have set up four market places out there, where also lunch will take place later, in the main hall, to give you a firsthand impression and insights about our Care Provision platform.

We aim to conclude today's event around 4:00 p.m. Before we begin, like to mention a few housekeeping items. First, entire event will be recorded and available as a live webcast on our Fresenius IR Website, and a replay will be available later on.

Moreover, be aware that photographs will be made during the event for marketing purposes such as social media activities. Please take a moment to review safe harbor statement and disclosure. And without any further ado, let's get started.

Announcer: We see the world with new eyes, a world in which we no longer just see the patient but a person, in which data are the basis for a better life. We see a company in which we not only work but strive for a higher goal. We see not just medical solutions but a new responsibility for people and society. We see how we support people to live their best lives in the future. We see more than a company. We see a new bond that turns healthcare into lifecare. Fresenius, committed to life.

Michael Sen: So good morning, everybody, and a warm welcome from my side. Welcome to our second Capital Market Day under #FutureFresenius. And welcome, everybody who is watching online. We also love to have you here, virtually here in the room. Unfortunately, during lunch break you will not have the opportunity like everybody else here in the room to really see the showcases we have been alluding up outside. I already had a sneak peek this morning, really interesting exhibitions and examples of the power of our Care Provision segment.

Markus said it. It is roughly 14 months ago that we embarked on a new course, on a journey which we called #FutureFresenius. From the outset, we've been telling you, the market, what we're going to do, what are the milestones we want to be measured against, what are the priorities, what is the direction? And 5 quarters in a row, we have been delivering.

And we have been reaching a point which in our view is very pivotal and important because we have momentum. We have a lot of energy within the company, and therefore, what you've been seeing is our new brand: Fresenius, committed to life.

And the timing is perfect. When you see what we've been delivering in the last few quarters, now #FutureFresenius is becoming more visible. We are a stronger, simpler company -- stronger by focusing on the core and deepening on our businesses, which we have within Fresenius Kabi and Fresenius Helios. Today, it's about the Care Provision platform.

And you see that brand identity is so important because I'm getting questions over and over again from investors and from you. How does it feel within the company? How do our people feel? Is the cultural change happening? Is it taking place?

Yes, it is, and the brand is a visible sign. We changed the font. The font is actually the font which used to be the font of Fresenius Helios Germany. The colors you see is a mixture of Helios, Quirónsalud, Kabi, and group.

So within the company we are really having an identity. We are having a face, and a brand committed to life is a promise. And it's a very bold promise that we are on eyes level with the patient because, when we have been working on the brand, one of our doctors actually said, "A patient is more than a disease."

And therefore, with what we do at Kabi and what we do at Helios, we are part of a patient journey, of a patient life. And this is our promise. And the new promise -- let's see that -- the new promise also is reflected in our mission. #FutureFresenius is having shape, is taking shape, is having a mission which is building on what we've been doing, where we've been good at, which is saving lives and obviously improving the lives of so many people and patients.

But where we are placing much more focus going forward -- and these are the drivers in the market -- is on access, is on affordability, and obviously is on getting innovation closer to the patient.

So this is the mission for all of our businesses. This is the face of the company. And obviously, when we talk about our vision, then the vision is all about trust because, for critically and chronically ill patient, when we talk about Kabi, or when we talk about patient -- and you will hear a lot when you hear today the colleagues from Helios -- patients are entrusting the most valuable thing they have -- their lives -- when they are most vulnerable to us.

And what we want to do is bring innovative technology, by the same token, people and capability and competency with a human touch. And that is what sets us apart, the human touch to the patient, and that is our vision.

Now that may be well known to all of you because this is very much characteristic for the healthcare sector, but the times we're living in so dynamic, so much change around the world, I think it is good to always have in mind that the healthcare sector is a growth sector. And you all know the drivers. I don't need to repeat them, what is on the slide here.

But they are there to stay. These are secular growth drivers, whether it's an aging population, but also the rise of chronic disease. The healthcare spend in terms of GDP is going to increase -- by the way, also in geographies like China because, sometimes, we get the question, what is happening in China now with change of business models and so on, so forth. Midterm, long term, secular, there will be procedural growth in all geographies.

And obviously, one thing -- and you will hear more about how we address this in our Care Provision platform -- is the shortage of the workforce. Ten million people are actually in shortage in the next coming years, and we have levers to mitigate that, or we are so attractive that the best people are going to join our team.

Now this is a growing market -- we know that -- but that market is in transformation. The growth will take place, but there will be structural drivers which change, let's say, the pattern of growth. And those driving forces are exactly fields where our businesses pay into, and they really ride on these trends.

And I only want to depict it today in brief. Whether it's integrated therapies, multimodal therapy options, this is going to be the future, multimodal therapy option, integrated therapy platforms, either centered around a patient, centered around the patient as a person, so personalized medicine, or centered around the patient journey, or centered around the disease. And it's a mixture between products and services. So this is the integrated therapy.

One big, big topic globally, also in developed countries, will be health equity. Health equity is all about affordability. It's all about access. It's all about best clinical outcome with the most efficient resources to be put in -- very well positioned from our end.

AI, one of the major topics of mankind and the biggest bulk of investment, euros or dollars, are actually going into the healthcare sector. And you will hear today we are also obviously having that one deeply evolving into our drivers, into our strategy, when it comes to clinical decision making, digital-backed, data-backed, or AI-backed clinical decision making.

And if you really want to know how it works, outside, there is an example, and you can see how it works. And then obviously, what I said, what will set us apart is that human-to-human touch, human to human with the businesses and the people we have.

Now but let's go back how we started. We actually started by promising and telling the market what we're going to do. And given where we started the journey, we said we need to simplify the business. We need to sharpen our focus, and we need to accelerate performance. And we delivered.

Think about that we said at the beginning we probably will have five assets within our portfolio analysis, which will have to find a different home. You saw what we did. We went out of fertility. We sold Peru. And we took care of Vamed. And I'm happy to report that, actually, yesterday or day before yesterday, we had minority investors in Vamed. You may think this is now plumbing, but we still have to work on the transaction. We squeezed out the minority investors, nothing major to report, only to show you the cleanup is going on, and we are delivering.

The OpCos are performing, OpCos as in Kabi and its businesses and Helios and its businesses. And why are they performing? Because we said we're going to focus on organic growth, and by the same token, we'll take care of the competitive cost position, which everybody is doing -- and you will hear some examples today as well. And if you grow and have a competitive cost position, then you will see minimum earnings growth if not margin expansion. This is exactly what is happening.

And therefore, in Q1, which is only a couple of weeks back, Q1, after the first 3 months, the company decided to already upgrade its outlook. And bottom left, a new management team, a completely new management team, which should showcase and signal to the market that also those who are supervising and overseeing us and with the anchor shareholder, the foundation, all of them together with the Management Board are ready, willing, and up for the change for the better because the entire Management Board is new.

And in conversations with many of you, I realized that not many of you may have on the agenda how much more personnel change we already made, not only the Management Board. You will see today, for example, when the CFO of Fresenius Helios -- he is new, and he will give you his perspective.

In Fresenius Kabi, we have brought in a couple of new managers on the first level, on the second level. And you may have read day before yesterday or last week that, also at Fresenius Kabi, for the Biopharmaceutical business, we have another strong hire, a new manager coming from a large company, which shows us that people want to join us, as they perceive us as a winning team and a company which is on the right track.

Simpler, focused, stronger, these are the operating companies. This is #FutureFresenius. Fresenius Medical Care is an Investment Company. Vamed we solved. And we said all of these businesses are attractive in itself, have a good market position, are in a market which is poised for growth, barriers of entry, and they can grow. They can grow and further develop.

But all of these businesses are wrapped around three therapy platforms, which tells you it's all about an integrated multimodal therapy going forward around the patient. So all of these businesses pay into these platforms. And that's why these are attractive business, and if you manage them in the proper way, they will yield not only the clinical benefit but also the financial benefit.

And in order to do so, we have been disclosing what we called Fresenius Financial Framework to be very transparent to the market as to, where do we see our individual businesses, what do we expect them to contribute in terms of organic growth, in terms of margin, and we derived this from best-in-class benchmark.

By the same token, it's a very powerful tool to discuss with you as to, where we stand, what do we expect for the quarter, what do we expect for the remainder of the year, what do we expect through the cycle.

And if the operations of that work, it will have an impact of so-called balance sheet metrics, whether it's return on capital or the debt level. And only if you look at it, this company now, stronger, simpler, geared for growth.

Look at the bottom part, fiscal year 2023. All businesses are growing, and they're growing nicely because there's focus on growth. And then you see what we disclosed this morning that our care delivery, Care Provision segment, Fresenius Helios, already for this year basically upgrades what they're going to deliver. And then within the Financial Framework, as to through the cycle what we expect from that asset, we believe a meaningful upgrade in top line and also in the margin. In the margin, 1 percentage point up, and cutting the floor is very meaningful. And this is what all these businesses will contribute. And it of course doesn't go without saying. It goes with saying that the entire company is focused also on cash flow delivery and deleveraging.

Today, it's all about Helios, but don't forget we have the Kabi businesses as well. This is just a reminder of what happened a year ago, when Kabi had their Capital Market Day. A lot of transparency was provided. And sometimes, if you ask me, well, simpler company, how do we model it, you have the individual businesses, you have the Financial Framework, you have our statements where we think the businesses will fit within the framework, and that should enable the market to come up with a model, and then you can compare and contrast it to other industry players.

And Kabi, with very attractive businesses, poised for growth with the growth strategy "3 + 1", and they have given you how they believe they're going to develop over the course of the next couple of years. And today, you're going to hear how they will be doing at Fresenius Helios.

And if I talk about Fresenius Helios, we talk about two businesses -- sometimes we call them assets -- but two businesses in two geographies for a start, for a start because those two businesses are in very attractive markets, in Spain and in Germany.

The second thing is those markets are growing. And they are growing organically. So I know that the last Capital Market Day of Helios was 2018, and there was a big hoo-hah about we're going to conquer the world and internationalize. That is off the table. We said we're going to focus on organic growth. And I'll tell you in a minute why this is going to pay off. But the most important point is they are in attractive markets, attractive geographies. The market is growing, and they are the number one in this market.

And they have enough levers to not only defend their position but also expand their position. And if you look at it jointly -- that's why I said for a start, it's those two businesses, but then the management team around Robert will tell you what else you can do on top.

And you see there we got 26 million patients in what somebody from the US once told me in our own system. So in a way, we have our own system, our own IDN, in Spain and in Germany with 26 million patients, the largest one in Europe. And you will hear in a couple of minutes what kind of potential this has in terms of data and data lake.

In order to describe this a little bit, number one, as I said, they are growing. Look at the historical data. This business has been growing, and it has even hiked up its growth rate. So it has a strong track record.

And why is this so? One of the aims of today is to show you these are attractive regulated businesses. And since they are attractive and regulated, these are stable and reliable businesses, stable and reliable in terms of, let's say, the revenue stream, the DRGs, and if you are then managing your cost base, it is stable and reliable in terms of earnings quality. This is one of the goals today to show you that, in these two geographies, these are very stable businesses, top-line growth, delivering earnings, and finally, delivering cash and therefore obviously contributing to the overall funding of the company. And here are the historical track records.

And yes, the key of what both businesses do is patient satisfaction. It's all wrapped around the patient. It's about quality, clinical quality, which drives everything. And there, you see a few facts how this works.

And it is a regulated business. By the way, the regulated business is also some sort of a barrier of entry. But the regulated business also means our two businesses are able to adjust, to adapt. They have this in their genes. And there's only a few examples of regulation changes in the past. And every time, we have been able to not only deal with it but to underscore and emphasize our number one and leading position.

And this is the reason for that one. And therefore, I am pretty sure and confident that, with the scale and the size both businesses have, there is no need for further building on incremental brick and mortar.

The scale, the size, the breadth, the coverage regionally is so relevant that the patient flow, because of what you see in the middle, the superior quality in patient care, the patient flow will go to our hospital or to our system.

And on top of it, we then embed digital and connected tools. And this is how the future will look like. In essence, we have the core businesses, which is the physical world, where we are today already relevant, big enough scope, breadth, with the highest medical quality.

Now think about 26 million patients, a lot of devices, machines, and what have you in the care delivery. That creates a digital layer on top. And that is in essence the future of incremental new care models but also businesses.

And this is not only theoretical. This is an example of how it works. These are examples within the hospital where data is generated. And the team will show you later real examples and a few you can see outside where, with the data which is generated in the workflow with the machines, but more important, with the patients, and we are the only one who can annotate and connotate those clinical data.

Data as such is worth nothing. Only data which is put into context is data which we call -- you see it at the upper right-hand side -- we call then proprietary data assets. And you see examples here where data is collected. And then the teams can do something out of that one. And that is not only futuristic. This will be shown with real-life examples. And that is going to foster growth, volume growth that patients are coming to us.

And therefore, this is a little bit of a map. You will see this over and over again in the next presentation, how it works. And Robert and the team will go into detail. At the core -- this is what I said -- at first, it is about the two businesses with their distinct characteristics in their two geographies, number one in growing markets.

On top, Robert and his team will show you what you can do on top, where you can learn from one another, how you manage it as a system. Yes, there may be different regulatory regimes, but that is only relevant, for example, for revenue cycle management.

But a hip surgery is a hip surgery. A thrombectomy is a thrombectomy, whether it's conducted in Spain or it's conducted in Germany. So what can we learn from one another to even put something on top?

And then we expand. You will see a little bit how they expand from the core, what other businesses are there and then think about the data model where it goes more into, let's say, a Fresenius universe. And this is how we see these two businesses or our Care Provision segment evolving going forward.

We have the right priorities. We are in growth markets. We have levers. We have an operating model. And then it's all about people. At the end of the day, people have to hit it off. We've changed the Management Board entirely. We now act as a team. We know exactly what we're going to do. And you see this is taking rippling effects into the organization.

And here are today's presenters. Obviously, Robert is a colleague of Sara and me. Sara is also in the room with us, our CFO. So from the Board, we have Sara here today, Robert, who will be the master of ceremony in a couple of minutes.

It's already great to have him in the team. This was a very deliberate decision. He comes from inside the organization. He's an MD. It's great to have an MD within the Board of a healthcare company, always good. But not only is he an MD, he also has an economic background. So if you take those two things together, that usually makes it work. He ran -- still runs -- ran Germany but now is taking care in the Fresenius Management Board accountability for the Care Provision segment.

We have Ralph, the CFO. Ralph is new to the company. He comes from a different company which I know quite well, but yet we have never worked together in the past in that company. But he has seen many industries and I would say is a black belt in finance, in operational excellence, a fresh pair of eyes. And I'm very happy to have him in the team. A lot of inspirational ideas are already brought to the table. Wait for more. Very exciting.

Victor Madera, also an MD, Dr. Victor Madera is obviously part of the management team. And I can tell you, when it's all about people, not many listed companies can say that they have a real entrepreneur in their core executive team because Victor is actually the Founder of Quirónsalud. Quirónsalud, if I may say so, is his baby. He made it to what it is. It is getting a lot of international recognition. And it's such a pleasure that he is living the life every day with and for his baby and contributing so much also for really thinking, how can we get to the next level to shape the healthcare system with Quirónsalud.

And then we have Juan Antonio, who has been, I would say, a close comrade of Victor and is the COO of Quirónsalud. And you will hear about the digital platform we or Quirón -- the benefit goes to Quirón -- developed in the last couple of years, a digital platform called Casiopea.

And sometimes I say I don't really know what it really is. Is it a patient portal? Is it an electronic health record? Is it a tool for clinical decision making? You know what? It's all of it. It's actually a digital system and digital layer. And the best thing is we developed it ourselves because we know the domain better than anybody else because we run the best hospitals in Europe. And Juan Antonio is not only the COO. He's also the Director of Casiopea. So wait and be excited to listen to Juan Antonio.

And then we have Olaf, Dr. Olaf Kannt, actually Professor Olaf Kannt. And Olaf you will hear in a couple of minutes is also just great because, of course, he's an MD. I think he's a pediatric MD, but now he is more in healthcare management, in managing hospitals, how to manage hospitals, how to improve them, how to make them better, how to measure them one against another one, and how to build a system -- what we call cluster system -- which is the driver for future growth and for performance.

So with that one and without any further ado, I won't read through all those bullet points. The first couple of bullet points are the basis. The last two bullet points is the future. It's all about #FutureFresenius. We have great momentum. I'm as excited as you are.

And before I hand it over to Markus, because we are in the midst of Q2, and there will be a little more suspension until you get to Helios, I do want to give you some trading update on Q2 because it's important.

You all know that we started the year quite strong with Q1. And after Q1, we decided to upgrade our outlook for the full year, the 6% to 10% on earnings growth. Now Q1 is all unfolding. We already have 2 months in the books. And Sara and myself, we are happy to report that we have a strong 2 months, very strong 2 months. So we are building on that continued momentum we have seen in Q1.

And as Helios is going to talk about their businesses in a couple of minutes, I'm going to rather walk you through the Kabi trading update, what we see in the first couple of weeks. If I look at the top line, top-line growth, what we've seen in Q1 was really strong growth dynamics with high single-digit growth in Q1. I think it was roughly 9%.

In Q2, for the first couple of weeks, we see that great growth momentum continuing. So Kabi in the first 2 months of the second quarter, great growth momentum on top line. Obviously, this is driven by Biopharma. Tyenne is picking up outside the US. We are seeing the first nice kind of activities and even PPO in the US.

MedTech in Q1 was a little bit shy. In Q2, year over year, you will see growth coming back and Pharma actually having nice growth in the first couple of weeks all over the geographies.

Profit, well, Q1 was strong, and if and when that growth, which we already have 2 months in the book, that growth materializes in top line, since they do their homework also on the cost side, we will -- should -- will see earnings conversion, nice earnings conversion, which will even lead to margin expansion minimum year over year.

Sequentially, obviously, we're working on that one, margin expansion, also because I have told you in Q1 that there's a milestone payment in mAbxience. I told you this will be frontend loaded. We see this also -- MedTech improved sequentially their profitability. So for Q2, we feel very comfortable also with the new outlook we've been given. And we expect a nice Q2.

So with that, I now hand it over to Markus.

Markus Georgi: Very cool. Thank you, Michael, for providing us an update where we are in our transformation to #FutureFresenius. Our next speaker is Robert Möller, CEO of Helios and Member of the Management Board of Fresenius Group. Let us welcome Robert Möller on the stage.

Robert Möller: Well, thank you, Michael. Thank you, Markus. And I want to welcome all of you here today. And as Michael managed this conversation through the last minutes and he mentioned, my name is Robert Möller, and together with Michael, I work on the Fresenius management team, setting strategy for the company and making sure that we deliver. And more directly, I'm responsible for the Helios business, our Care Provision platform.

Well, Fresenius as we heard has laid out a very specific and detailed plan #FutureFresenius to make the group simpler to understand, more focused, and geared towards performance.

And last year, around this time, Fresenius Kabi met many of you to share its plan for constant and stable growth. And quarter on quarter on quarter, Fresenius has met and even exceeded expectations.

And in the last month, we've announced a new corporate vision for Fresenius: "Committed To Life". And Fresenius is improving and even saving people's lives every day. And we will continue to do so and even raise up our ambitions.

But today, the focus is Helios, our European hospital network. And you can't get even closer to healthcare than we. And Helios is a key part of the #FutureFresenius commitment to focus and to deliver because the Helios business is a steady and stable and consistent business.

So let's start to get to know Helios better. And I will really be happy to tell you more about what we're doing, who we are, where we want to go, and how we are going to get there.

People are in the center of everything we do, our patients, our people we work with. And I'm an economist and a physician by profession, and I've been working in hospitals for more than 25 years because I really care about patients. I care about the families. I care about the relatives, and I care about the relationships between them and the doctors and the nurses.

And I saw firsthand how patients' lives can be improved when the environment around them gets improved. And that's exactly what we are doing at Helios, improving the medical environment so that the patients' lives can be improved.

Helios Germany has joined forces with Quirónsalud Spain. And together, we are the leading hospital care provider in Germany and Spain. In both markets, in Germany and Spain, we are the number one. And just to give you two numbers, in the last year, 68,000 babies have been born in our delivery rooms, and we treated more than 5.6 million people in our emergency rooms.

In Germany, we deliver an outstanding medical quality with better medical outcome than the national average in almost 90% of our treated cases.

In Spain, we have a double-digit market share. And together, we have a very strong workforce of more than 140,000 people, all passionately committed to life.

Together, we have revenues of approximately €12 billion, and we are best in class in EBIT margin. And just to give you some context, together, we cover approximately 30% of the EU population. And we're talking about 450 million people in the EU and 135 million people in Germany and in Spain.

And all the numbers up here, everything we do, the money we earn, the way we invest it in our people and in our medical technology, all of this success is directly translated into improving patient care.

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And as the CEO of the Helios organization and as a physician, I really take great pride that we are the number one hospital provider in Europe. That means we operate system-critical networks in stable and attractive markets. And what does system critical mean? We care for those 135 million people. And without us, there is no option.

We have a strong long-term record of reliable growth, and we have a clear value creation plan for capital efficient and earnings growth and cash delivery.

€120 billion is a really impressive number, and in the German market, we have a mix of public and private hospitals, and they all are reimbursed by public healthcare insurances. And the market size is huge, and the growth trajectory is attractive. And when I say attractive, I mean 3% to 4% in the years until 2027.

And this is because of the aging population and because of the price increase, which is of course in parts inflation related. And this is not wishful thinking. This is based on the pricing methodology and the development of the population pyramid in Germany.

In Spain, the situation is different but at least equally attractive. Quirónsalud is operating in a €21 billion private hospital market in Spain, as the clear number one in the market.

And this leads to an even more attractive expectation for the growth in the Spanish market. We expect a 4% to 5% growth each year until 2027, and this also because of aging population, because of price increase of course, and because of a readiness of the Spanish people towards private healthcare insurances. We will hear about more of that later from Victor and Juan Antonio.

And what all these numbers mean, we are operating in a stable and attractive market with our system-critical networks.

And as you can see, we've had consistent organic growth, with both segments contributing to overall growth. And I really would like to double click on the growth even in the highly regulated market in Germany.

The thing in the market in Germany is that it was highly regulated for at least 2 or 3 decades in the past. And each and every change of the regulatory framework in Germany has been managed by us in the best way. And this has led us to the position we are now in. We are the number one in Germany.

And the basis for our future development is the strength in our core markets in Germany and Spain. And I would like to lead you through this slide because this is all about us, what we are doing, and where we want to go and how we are going to get there.

You see in the core of our business our two hospital markets in Germany and in Spain covered by Helios Germany and Quirónsalud. And you also see the top three value drivers in these businesses. And we will make a real deep dive in the next sessions about exactly those value drivers.

And you see in this outer circle also our adjacent businesses, for example, ORP networks, outpatient networks, mental health, or clinical labs. And this enhances our core businesses and brings us in the position to develop even further in the future and extend our holistic Care Provision platform.

And by developing, for example, AI-powered medical data engines, next-generation care consulting, tech services and systems, and clinical trials and studies, we will be able to do the decisive steps towards next-level healthcare. And that is exactly our long-term goal for the company and, to be honest, also mine as the CEO of the Helios organization and as a physician.

About performance, cost and efficiency, and cash delivery, we'll hear about more of that from Ralph in several minutes. And I would like to guide you through the medical quality, the digital and data capabilities, and ESG.

Imagine a patient enters one of our hospitals. The hospitals are chosen because of the medical capabilities, because of the medical quality, maybe because of the brand and the market stand, but also because of some reputational aspects. And please notice the very remarkable 60+ NPS and the development, which is really tremendous during the last years.

And this is patients' choice. Patients and physicians choose our hospitals because patients are treated better.

During the treatment, the patients' benefit of the full breadth of our expertise and experience, for example, in our clustered hospital structure, which ensures that each and every patient gets exactly the specialized treatment level led by the top experts she or he needs.

And our medical superiority is backed by our own research activities, the powerful guidance of our 25 chief-physician-led specialist groups. And additionally, we invest a lot of our resources in education of our healthcare professionals, for example, in our simulation and emergency academies, called SiNA.

And with this, we make sure that our doctors and our nurses are best prepared for almost every imaginable emergency situation, and we leave nothing by chance.

And using our expertise leads to a quicker treatment, to a faster recovery, and to an earlier discharge. And our treatments need roughly 1.5 less inpatient days than in common hospitals. And I can remember from my working life as a physician that these 1.5 days really make a difference from the patients' perspective but also from the hospital's perspective.

For the patient, being at home in the social environment 1.5 days earlier is important. And for the hospitals, to be ready for the next treatment, for the next patient 1.5 day earlier is also very important.

And all this leads to a better outcome than the national average. I already mentioned that number in almost 90% of our cases. And the better care you give, the better outcomes you have, the more attractive our hospitals are, and the more attractive they are, the more patients enter our hospitals. And this leads to more process routine. And this leads to better medical quality and to better outcome. It is a virtuous circle.

And let me please give you a very specific and also emotional example why it is so important to work relentlessly on improving clinical processes. This is an example from Spain. It's called the Hope example. And we see it on the next slide.

At our biggest hospital in the Madrid area, the Fundación Jiménez Díaz, we drive an oncology daycare unit where cancer patients receive their chemotherapy treatments. And in the old days, the patients had to bring a lot of time and also literally a lot of patience with them to run through this day treatment because it took a lot of time. It took roughly 10 hours from the start to the end of this day treatment, including process times, waiting times, and so on. And the team in Spain redesigned the whole process. Because of precise online preparation, it's now possible that all checks and sample results can be reviewed instantly by the doctor when the patient checks in, in the treatment. And this has a really strong result. Reducing the treatment time, about by 80% from 10 hours to roughly 2 hours, is a great achievement. And it makes a real difference in gaining time for the hospital but also for the patient gaining time in the situations they are in.

By the way, cost reduction, roughly 24% less, and the most important, more convenience for the patients, more patient satisfaction, and it has an impact on the clinical outcome because the rehospitalization has been reduced by 25% because of very dense monitoring through the treatment and between the treatments.

And as a physician, I feel really compelled to do everything we are capable to improve patients' lives. And this also includes to enhance our medical superiority with our digital and data capabilities. And I want to give you a quick example.

In Spain, we developed Casiopea on our own, what means that we digitized roughly 90% of our clinical processes, which leads to an optimization of the clinical processes on its own. And this leads to better medical outcome. We have a digital appointment scheduling and made already 5 million appointments via our patient portal.

In Germany, we have both. We have AI-based diagnosis, and we have AI-based decision support, as we heard already on the one hand, and on the other hand, we have our unique medical data strategy, which means that we use our giant data pool. We have millions of clinical data and use them to combine them and to bring us in the position to improve constantly our clinical processes.

I would like to give you a quick example of our medical data strategy, and it's called the PCT example. PCT is a laboratory parameter that is used for detection of severe infections. And it is much more sensitive for septical causes than the common parameter CRP, but it's also very much more expensive. And what we did is we collected and analyzed all PCT lab data points and combined them with the clinical data of the corresponding patients to make sure that the PCT is really only used when we have a clear benefit for the patient and to have a look at the cases in which the CRP measurement would have been sufficient.

And the result is that we involved an internal guideline to make sure that the usage of the PCT is now much more targeted than in the past. And this leads directly into a triple-win situation, more convenience for the patients, being less poked, more time for the involved healthcare professionals, and on the other hand, a substantial and relevant saving in the laboratory parameter.

And when I say that this is only the optimization of one laboratory parameter, and this brings savings of about €1 million each year, you can imagine the giant potential that lies ahead of us in the smart usage of exactly those clinical data.

And that's not all. In the future, we will be able, step by step, to have a close look in our guideline adherence. And this, ladies and gentlemen, really sets us apart from the rest of the hospital industry.

And while we are talking about the future, we really want to make a positive difference for our environment and for our society. And completely in line with our overall Fresenius ESG strategy, we have formulated three core targets for our patients, for our people, and for our planet.

And first, our impatient quality indicator, we are very proud that we are able to report that we are completely on track achieving 100% of our medical quality target.

Second, our employee engagement index, we already have achieved a very good 90% plus result, and although this is a very good result, we're relentlessly working on improving the situation, for example, by fostering structured dialogues between our employees and the management or specialized trainings for our employees.

And lastly, our CO2 emission target, in 2030, we will have reduced our CO2 emission by 50%, and in 2040, we will be completely CO2 neutral. How will we manage that? Well, by fostering energy-efficiency initiatives in our hospitals, for example, by using our unique energy consumption dashboard we use for our hospitals to look at each and every hospital.

On the other hand, we increase our renewable usage in energy mix, and this will lead us to exactly these targets. And I would like to bring you two short examples, one from Germany and one from Spain, about our ESG initiatives.

In Germany, we are piloting a project where we have more than 90% of our anesthetic absorbed gases in a recycling process. And considering the fact that are common gas anesthesia produces tons of CO2 per hour, we are able now to save 1.7 kilotons CO2 equivalent emissions in 1 year.

And because of the completely different weather conditions in Spain, we chose another way there and installed 11,000 photovoltaic panels in our Spanish hospitals. And that brings us a reduction of 1.3 kilotons per year in Spain.

And we have a lot of strong further examples in place. You can see it on the right and the left side of this slide.

And now I've shown you a lot of things that we are doing outstandingly well as a group. And let me please tell you why we are doing so much better than the rest of the industry.

We are improving together, using benchmarking and systematic best-practice sharing. And to release this cross-company potential, we transfer our proven Helios benchmark system to the whole Helios organization and will be finished with this process at the end of Q3 in 2024.

And we already have powerful examples in place in the medical, the digital, and the ESG environment, as you can see on this slide.

So once again, we had a stellar year 2023. We had a very strong start of the year 2024 with the strong Q1 results. So we raise our outlook for 2024 to mid-single-digit revenue growth, and we lift up the EBIT margin to 10% to 11%. And our ambition for 2027 is also raised, will be 4% to 6% revenue growth, and we move our structural margin band from 9% to 11% to 10% to 12%.

And this will really help us staying number one in the market. And so we come to some bullet points I want you to know. We are operating in stable and attractive markets. We have a long track record of reliable growth. We deliver superior medical quality, and we have a clear value creation plan. And you see twice the top three value drivers we will talk about in the next session.

And with that, I would like to hand over to my colleague Ralph Böttcher. Ralph, please tell us how this looks from the numbers. Thank you for your attention.

Ralph Böttcher: Committed To Life, this is what drives us every day. In fact, this is who we truly are. I'm Ralph Böttcher. I'm the CFO of Fresenius Helios, and I'm as passionate as Robert and all my colleagues about delivering excellent healthcare.

We drive performance within and beyond the strong core business. You just heard Robert speak about how medical quality is in the core and at the base of everything we do. And then built on top, we have two best-in-class operations, each of them with a proven track record in delivering excellence.

And this is where it all comes together. Quality plus excellence equals financial performance. This is our formula for success and what makes us a strong pillar of Fresenius Financial Framework.

We are Europe's number one hospital provider. And here's our game plan until 2027. First, we will deliver reliable organic revenue growth. At an increased rate of 4% to 6%. That is 1 percentage point more on the top and on the floor compared to our previous ambition.

Earnings will grow at or above that rate. And margins will be within a structural margin band of 10% to 12%, which also is 1 percentage point more on top and floor as compared to our prior ambitions. And we will make sure that earnings convert into cash.

Second, we are in our best shape. Quality is at an all-time high, and costs under tight control. So we will leverage on the position of strength as we now scale and grow.

And third, we know where to make the right investments into our own infrastructure, always with a clear focus on best patient care and return on invested capital.

And we manage performance with data. Just imagine this vast data pool generated from Europe's largest medical operations. And I'm not only talking clinical data here. I'm talking operational data. So there is data on activities, resource usage, expenses, billings. We collect all this data across the network and put it into a central data pool to which then all levels of management have access. This allows us to identify areas of best practice that we can then share within the group and also benchmark ourselves and see how we relate to the peers in the company, and quite frankly, also to stay on the heels of people if we see areas where we believe we can do better.

I brought you one example that I like to look at in the mornings. This is our inpatient dashboard for the operations in Germany. So it's updated daily overnight. So you can see all the data on activity, cases, case mix, bed occupancy, billing rates down to a hospital level or even departmental level within the hospital. So this is just one example how we make the data transparent across our network.

Let me give you some background on our margin ambitions. In 2019, just before the pandemic, we reported 11% EBIT. Then COVID came, cases went down, and Germany also followed by the energy crisis right thereafter, and government support schemes set in to compensate the impacts on the margins.

This allowed us to report double-digit margins all the way through. But of course, we also did our homework and kept improving our cost position so that, now, when the support schemes are fading out, we can replace them by sustainable cost improvements and, from that position, grow profitably and sustainably 4% to 6% organically, with earnings at or above that rate, as mentioned.

Now let's look ahead towards 2027 and the earnings drivers that will take us there. As you can see, it's a good mix of drivers and a balanced mix of drivers. We, of course, have earnings from that additional volume, so more patients choosing us for best treatment and care. And also, you will hear from my colleagues many ways how we can drive and foster that demand into our network.

Within that volume, we generally see a rather stable case mix. So that is the distribution of complexity of cases. Then there's price growth, which goes along with inflation, and I will talk to you in a minute how that is correlated. And then ultimately and also very importantly, we obviously have productivity gains both from managing cost diligently during growth and our cost and efficiency measures that we drive through our productivity program in the company.

Let's go through these drivers one by one. How are we going to accommodate for the additional admissions in our network? First way is by using the available room, the available headroom, if you will, in the capacity that we have. You see that, since COVID, we have returned to a good utilization rate, but there is still additional room that we can use and leverage for more admissions.

Second very powerful lever that also Robert mentioned is managing the average length of stay. Already, our average length of stay is 1.5 days below market average, which is good for the patient because patient can leave the hospital earlier at the same medical outcome, but it's also good for us because we can treat the next patient and therefore increase the throughput in our network.

In Spain, you will hear a lot from Victor and Juan Antonio how the team has found the right ways of retaining the best talent but also making sure that the people who work for us, the doctors and the nurses, can spend as much time as possible on treating patients, which is what they want to do and what we want that they can do.

And also, I would encourage you to look at some of the examples they brought from Spain that clearly show very powerfully how we can reduce process times and maximize productivity of our staff.

And then in Spain, since there is dynamic demand, we also look at interesting capacity growth opportunities by building new hospitals.

So how does pricing work to offset inflation? It's two different systems that we are operating in, in Germany and in Spain. First, in Germany, it's a publicly regulated system, where two public bodies, the hospital union and the health insurance union, determine the so-called base case value, which is the amount for which you can invoice treatments. This is determined yearly, and then it's binding nationwide for all operators.

When making that determination, one of the key ingredients that goes into that equation is the current inflation rate. So for instance, for the current year '24, the increase in the base case value was 5.13%, meaning we apply that increase to all our invoices since 1st of January. So this works to compensate inflation with a certain time lag.

Different situation in Spain. In Spain, it's private operators negotiating individual tariffs with private insurers, but also here, we are the market leaders. So we will not simply be dictated prices, but rather we can have reasonable negotiations with the insurers in which, of course, also inflation rates play an important role.

So one way or the other, at the end of the day, the effects are similar, means that pricing strongly correlates with inflation and helps to offset its impacts.

We fought hard to get to our very competitive cost position, and we'll make sure it stays competitive even as we grow. Fixed and variable costs will be diligently managed so that volume growth will outpace cost growth, therefore allowing us to capture cost degression effects, which is additional margin from that incremental volume.

Let me tell you about our productivity program, which really is our way of continuously improving the company, driving costs down but, at the same time, driving value up because, at the end of the day, a good process is an efficient process and the other way around.

We have captured €130 million worth of cost improvement measures until 2025, and of course, the journey will go on. It's never going to stop. It's continuous.

The measures that we are currently executing are largely distributed in the three categories that you can see here. It's resource optimization, where it's all about making the best possible and efficient use of our own and also external resources. So that can be the mix of internal versus external employees but also optimizing back office and administration activities within the network.

It's in operations excellence, which is actually where most of the value lies because that's also where most of the cost is, obviously, for us as an operator. This is all about process design. The wonderful Project Hope example that Robert shared with us earlier is one that is in this category, and there are many more. So this is cutting process times. This is digitizing. This is automating.

And then of course, we have the classical, if you will, synergies, whether it's on logistics, procurement, or any other auxiliary services.

Now being focused means to say "no" to a lot of things. And as you know, we have divested from a series of noncore operations over the past quarters, and all of these divestments have been executed as planned and communicated.

But of course, we also keep looking into our network and look for further optimization potential. We would ask questions on individual hospitals or small groups of hospitals whether they drive medical excellence, whether they are operating and at the place where the patients need it, whether they meet our expectations for capital efficiency. So if the answer is no, then we will take the proper decisions and act.

Now here's where we say "yes" to. We say "yes" to investing into maintaining and modernizing our equipment. You will always find impeccable equipment at all Fresenius Helios hospitals. And also, these are good opportunities to obtain efficiency upgrades, such as in the case of building automation.

We also say "yes" to investing into state-of-the-art equipment, which underlines our claim for innovation and quality leadership in the market, such as the Proton Beam Center for pediatric patients, which was the first of its kind in Spain.

We say "yes" to innovation and sustainability projects. Actually, one of those, the AI recognition of colon cancer you can also find just outside at the market stand here, to the right-hand side when you leave the room.

So these are very often projects, whether it's with AI or any other field of application, where with a reasonable seed invest, we can launch new ways of doing things. We can look how they work out for us. And if we like what we see and we find the benefits, we can then scale it across the organization.

And we say "yes" to selected capacity expansion opportunities in Spain, which means building new hospitals and building them in the way they operate best, the way we want them to be, and the way they can be most productive, so in the greenfield approach.

5% CapEx over sales is the number, and I love that number because it caters for everything we need, and looking at the past years, we have proven it.

Let's talk cash. Cash for us means managing working capital and, most of all, within working capital, managing receivables. Short-term receivables, which is the steady flow of everyday business, it's about invoicing timely. You remember the dashboard I showed you, so billing, then having good supporting documentation for these invoices so that it runs smoothly through the approval process of the insurers, and then you get paid a couple of weeks after.

On the long-term receivables, you have seen from our Q1 reporting that there is some catchup to do with regards to the nursery budget receivables in Germany. Now the good news is that, end of March, a new law came into effectiveness that stipulates that such payments need to be accelerated and paid to the operators, which is exactly what we see. So we see that money already flowing, and that gives us confidence that we will achieve the bulk of that catchup still within the current fiscal year, which then also sets us up for a very strong cash performance in 2024.

You see that cash conversion rate in the past years has been solidly trending around 1.0x, and it will spike in 2024 due to that catchup. And also, it will, of course, lift ROIC and bring it close to level or to a corridor where we then want to be going forward, which is the Fresenius Financial Framework ambition for ROIC of 6% to 8%.

Now 2023 was a good year for us. And also, '24 was off to a great start. We had strong Q1 results, seasonally strong quarter but good demand patterns, both in Germany and in Spain, bottom line still being supported by some of the Energy Relief Fund, as you know, but again, operationally, a very good and strong first quarter.

We can therefore lift and narrow our outlook for 2024 to mid-single-digit organic revenue growth and margin in the range of 10% to 11%, so in the upper half of our previous margin band. And then most importantly, we lift our ambition for 2027, 4% to 6% organic revenue growth per annum, earnings drawing at or above that level, and a new structural margin band of 10% to 12%.

And I'll never get tired of adding we will keep a strong focus on cash, cash conversion rate, ROIC, CapEx around 5%.

So before we open it up for Q&A, let me briefly summarize my presentation for you. Robert, and also Michael mentioned it in the beginning. Helios is a key integral part of #FutureFresenius, which again is centered around focus and performance. So we have focused, and we are delivering.

We are committed to life. We are leading in our markets by any metric you choose but, most importantly, when it comes to best patient care.

We are committed to progress. We will never stop improving. We just raised our ambition, and we'll make sure that every euro we spend or do not spend takes us closer to our targets.

And we are committed to results. We are laser focused on our financial objectives, reliable organic revenue growth, earnings growth, and strong cash conversion.

Thank you very much for your attention. And now Robert and I will be happy to take your questions.

Q&A

Markus Georgi: Thanks both. Fascinating business. We'll start now our first Q&A session. Since we have a lot of questions, I've seen you already, I would like to ask you to have a maximum two questions per person as a starting point. With that, I would like to open up. Hassan, would you be the first?

Hassan Al-Wakeel: Thank you. A couple of questions from me. It's Hassan Al-Wakeel from Barclays. Firstly, if I think back 6 years ago to the last Helios CMD in Berlin, the

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focus as I remember it was firstly on driving synergies and transferring best practice, reducing average length of stay in Germany in particular. How do you think about the progress on this and where you are in narrowing the gap between Germany and Spain?

And the second was international expansion. And it's clear that this is off the table, but how do you think about consolidation in Spain, given how fragmented the market is, or is there a preference for greenfield?

And then secondly, you talked about reliable and stable earnings at Helios. We have, however, seen some volatility historically when it comes to regulation, particularly in Germany. And I wonder how you think about this going forwards, particularly given the potential for value-based care models or outmigration of care further towards outpatient settings and how you're prepared to adapt to such change. Thank you.

Robert Möller: Okay. I will take the first part of your question. The question is where we stand actually in doing exactly that what you mentioned. Look, we have had a lot of change in the last months and also in the last years. Michael elaborated on that, and actually, we both are a part of the change. And we are now very focused working on exactly that, as I told you, on bringing benchmark systems throughout the Helios organization.

And we see a lot of potential. And we are now really focused to achieve this, what we think we can achieve in the last 3 years. And let me please give you 1 or 2 examples, as I tried to bring across. The Spanish colleagues have very strong digital tools in place. Please have a look outside when you go to the doorway.

And of course, we will do everything to benefit in the German organization to take as much as possible and as we can in our environment to the German organization. On the other hand, we have some very good benchmark topics that are proven for, I would almost say, decades in Germany. And we're talking when we meet, and we meet quite often, Juan Antonio and Victor, about exactly this to doing it in the other way.

So we have a journey, and we are not at the finish line, but on the horizon, we see exactly that finish line.

Ralph Böttcher: And perhaps on the second one you raised, so on, let's say, consolidation in Spain versus greenfield, it's clearly greenfield. We want to have hospitals the way they work best. Nobody knows it better than we do. And actually, the architecture and the inner workings of a hospital are a strong value driver. So we want to use the opportunities to build the hospitals exactly according to our template. So it's clearly the greenfield approach.

Markus Georgi: Next comes from Oliver.

Oliver Reinberg: Thanks very much. Oliver Reinberg from Kepler Cheuvreux. And two questions, if I may. The first will be on volume. You talked about the kind of volume being a key driver of your P&L going forward. I think you talked about the kind of capacity, hence supply, element of it. But can you just talk about the demand side of the equation, particularly in Germany?

I guess the idea of the German reform is to bring volume down. And there's also a trend to shift actually inpatient care into outpatient care. Inpatient care is obviously kind of the biggest business pool today. So what is the assumption for inpatient volume growth in Germany and Spain please? That's question number one.

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And secondly, just a margin question. So I guess when you have this kind of migration from inpatient to outpatient care, I assume that outpatient care has a lower margin. So how significant is this kind of potential negative mix effect? Thank you.

Robert Möller: I agree with you that the idea and the motif is to bring down volume, but in expenditure and not really in the patient volume. In my opinion, the core trajectory of the framework, of the regulatory framework actually, is concentration, concentration and specialization.

And as you will hear in the next hours, we are exactly prepared for this process. And so I really think that politicians and especially our health minister has a brief look at our system and because we do already this. We bring the people and the patient together, where they are treated in the best way. And this is exactly the goal of the actual thoughts about hospital reform.

Yes, this is right. We do not want to bring more and more and more costs in the system. So this is limited, but the volume of the patients will be there. And this will grow because of aging population, as I said before. And then we will be in place and have exactly the structure that is needed and that is wanted by the politicians.

Ralph Böttcher: And then maybe particularly, Oliver, on the margin, inpatient, outpatient, at the end of the day, you need to know when we know how to earn margin on both types of treatments, right? You can also see that obviously in Spain, where there's a lot more outpatient than inpatient. But also, within Germany, we have our outpatient network, which is sort of the circle around the core with the MVZ.

There's then also certain outpatient activity. It's a tiny fraction, but that can be sort of treated in a hybrid way within hospital walls. And if you have the right cost structure associated to each of those cases, you basically can earn a margin on both of them. So that's clearly our way.

Robert Möller: And especially Olaf will elaborate on exactly that point, our outpatient network and how this is combined with our inpatient network. So I would like to postpone this discussion to that lecture.

Well, the inpatient growth will be relevant, but the strength for our future will be our positioning in the inpatient market. The outpatient structure is there for us to treat the patients that have been inpatient in the older times and will be outpatient. We have a network, a really strong network, around our hospitals to serve that wish, but the real driver, the value driver, will be in the inpatient side.

Ralph Böttcher: So essentially, it's both, right? It's the place of treatment, but it's also a channel of referral into our inpatient.

Markus Georgi: Thanks, both. Veronika, would you like to go first?

Veronika Dubajova: Excellent. Hi, good morning. Veronika Dubajova from Citi. Two questions for me. First, on the margin outlook that you've given, if I look at the margin profile of Helios, it hasn't gone up for 4 or 5 years now. I appreciate a lot has happened, but maybe if you can elaborate on what is different as you look forward, and why are you confident now in your ability to drive margin expansion when, in reality, margins have been flat or declining for a lengthy period of time?

And then maybe just a comment on, is that margin potential better at Helios in Germany or at Quirónsalud in Spain, so how you think about that contribution geographically.

And then maybe this is a better question for Victor later, but I'm going to ask it anyhow. Clearly, when I look at your market expectations versus your own growth ambitions, you have a very clear goal of outperforming in Spain meaningfully versus the market. You have a track record of doing that, but just curious how sustainable you think that outperformance is as you kind of think about that high single-digit organic sales growth ambition in Spain. Thank you.

Ralph Böttcher: With the first, right, so on the margins, Veronika, the timeframe you've been referring to had a pandemic in it, right, and then driven through the war just nearby, energy crisis, cost inflation spiking, all of this. And then still, we stayed double digit all that way through.

It's true that we've been paid for this, if you will, or compensated for this, but this is specifically also what these governmental support schemes were destined to do. So that has worked. But now going forward, we need to be strong and sustainable on our own, run faster to make sure that we build on that position that we have today and expand our margins sustainably. So that's really the task that is ahead of us.

But on the other hand, we've given you a glimpse I would only say. Probably, you'll see much more also substance when you listen to Olaf, Victor, and Juan Antonio, where this additional momentum is coming from. You've seen it in my bridge. Obviously, volume is an important driver on the earnings side, but there's, of course, levels behind, right? So there's many ways what we can do, different approach in Germany than from Spain, what we can do to drive this demand.

At the end of the day, obviously, patients always need to choose us. Nobody can force them to come to us. They have to choose us, which is why quality excellence, that for us plays the overarching role.

But I would say let's listen to what the colleagues show you for Germany and Spain. And I'm sure that will sort of meet your expectation in terms of backup. And this is basically where we stand.

And then let's say, between Germany and Spain, you know the margin levels. Germany has also been double digit in the past. So I wouldn't see any reason why it shouldn't be also in the future.

Robert Möller: And let me just add one point you should keep in mind. Thinking about the nursing budget we have since 2020, and this is a big basket and a big bulk that has been taken out of the race in terms of margin. And if you consider this, we are quite happy with the development we made. And to your point, we have a clear plan now for the next 3 years, and we will work relentlessly on achieving exactly that margin. And then we will see where it brings us.

Markus Georgi: Next one from Oliver.

Oliver Metzger: Hi, it's Oliver Metzger from Oddo BHF. Two questions. The first one is about your expected market outperformance in Germany. So the market growth you see somewhere at 3%, but you see some higher growth. Is this purely volume driven, or have you assumed also some better case mix within your procedures?

The second question is about your willingness for M&A. And I don't talk about big M&A, rather some small hospitals. So the consolidation in Germany is ongoing. If you basically see a lot of assets come on the market, primarily small hospitals, is your stance that, right now, you don't see the right hospitals which fit to your structure, or is it just you want to focus more on your operational improvement and pure organic growth?

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Robert Möller: First, your last question. Definitely, we are concentrating on our core markets now, as we heard also from Michael, and that's the message. And the other thing, yes, as I said, it's a mix. It's a mix of pricing development and volume growth. And we are very, very confident that we will play a massive role in the new structure of hospital landscape in Germany because we bring all the structure that is fostered in the hospital reform.

So we are really sure that we will have a relevant volume growth as an additional effect to the price growth. So this is that. I already answered the other question, what M&A is. And maybe Ralph.

Ralph Böttcher: Maybe just adding to that, I think the presentation from Olaf will basically answer both of your questions. The one is, how do we see volume developing in our favor, so cluster referral and so on. I don't want to take that away from the presentation You'll see that. And it will also answer the questions why we are not interested in picking up other smaller hospitals somewhere in Germany or elsewhere. That doesn't really play a role.

Markus Georgi: Next comes left-hand side, third row.

Louise Boyer: Thank you. Louise Boyer from Stifel. I just had one quick question about active portfolio review. And you mentioned also further portfolio rationalization possible. If you were to rate your hospitals, your 140-plus hospitals on a curve, how many of those would underperform the current ambition for the group in terms of top line and margin?

Ralph Böttcher: In general, I would say, let's say, the watch list of hospitals that we're looking at is certainly -- it's not material in terms of perhaps we're looking at the single-digit percent of our overall revenue. It's not more than that.

But also, we always need to differentiate very well. A hospital obviously needs to generate results by its own, but it can also play a role in a network, let's say, or as feeder to other parts of the organization. So we need to look, and obviously with the insights we have and with the data we have and knowing those hospitals, this is the level of detail and also the criteria that we would apply when assessing those hospitals.

Markus Georgi: And the last question comes for this round from Sven, third row, right hand. Okay. Then we take two questions. Go ahead.

Jan Koch: Thanks, Markus. Jan Koch from Deutsche Bank. Two questions on your new midterm ambitions, maybe starting with the hospital reform in Germany, which has not been finalized yet. What makes you confident that there won't be any final changes to the law which could pressure on your new midterm margin guidance?

And then secondly, the Clinic Atlas, the hospital comparison platform, what are your first impressions of the Clinic Atlas, and has your new midterm sales guidance included any kind of future contributions from that, given that it should show patients that your quality is better than the average German hospital?

Robert Möller: What was first, our concept or the hospital reform? Our concept was much more first, and this will be the winning point. So to be concretely to your question, if we will see some change -- nobody knows. Nobody has a crystal ball of us -- but the concept that we provide using clusters, providing better medical outcome, higher medical quality will be the game changer and the winning point.

So maybe our ambitions are fostered by some elements of the regulatory change, but we do not depend on that. We will drive our business in exactly that concept that we will talk about in the next hours.

Please repeat the second part of your question. Clinic Atlas, yes, of course. We had a deep dive, as you can imagine, in the Clinic Atlas. And first of all, we are really happy to make transparency for the market. As you may know, we do that for many, many years and in our own platform, and we are really happy about this initiative.

To be honest, the emphasis could have been in another way, but we are happy. And the drivers that are shown are especially volume, headcount number, and the care. And we are really well positioned in terms of both, and so we are observing the further development of this atlas. And as I said, we are really happy about more transparency. If I may add, we would have wished even more transparency on the medical outcome.

Markus Georgi: Last one comes from Sven, please.

Sven Kürten: Thank you. Sven Kürten, DZ Bank. It's just one question left. What are the main measures, apart from compensation, you take to make Helios a more attractive employer than other hospitals? I think you touched already on 1 or 2, but maybe you can elaborate a bit more on that, please.

Robert Möller: We are attractive. We are very attractive for healthcare professionals because of the opportunities we give to our employees. I tried to say something about that. We have very good educational opportunities. We are widespread, as we will see in the next session, across the nation. We have a really tight relationship to our Spanish colleagues. And the exchange between both companies will even increase.

And on the other hand, we have attractive wages and very well-designed working conditions. And we see that we could hire thousands of nursing staff during the last years. And we're really confident that, when we go on like this, we will be in the top one position also in the future.

Markus Georgi: Robert, Ralph, thank you, both. We now enter into our first coffee break. I will ask you to be back in 15 minutes to start with deep dive in Germany. Thank you.

Ralph Böttcher: Thanks.

(Coffee break)

Markus Georgi: Back from break, and now we're starting our deep dive in Helios Germany, would like to welcome on the stage Robert and Olaf. Olaf has not been introduced by myself. He is Helios Germany Chief Medical Consultant and a medical doctor himself. Please go ahead.

Robert Möller: So welcome back from the coffee break. I hope you had interesting and inspiring conversation with our top experts outside showing our examples. But we will have another break if you have not been able to talk to all of them.

You heard already about Fresenius is setting this strategy for the whole group and giving the framework for the Operating Companies to develop and grow. And following the strong Fresenius guidance, also the Helios organization has sharpened its focus and will make a strong contribution in these, as I said, steady, stable, and attractive markets.

And now you know already this slide. We will highlight this section. It's the German section of our core market, and we will talk intensely -- and Olaf will do this -- about our top value drivers, clustering and specialization, outpatient integration, and emergency care provision.

So let's start with a deep dive into the German organization. And the title of this slide, Helios Germany at a glance, it is exactly that. This is Helios Germany at a glance, and I would like to take you through.

And as you see on the small map on the left side, we cover almost every region across Germany. And with our widespread appearance, we have the opportunity to drive our network nationwide. And roughly 60% of the Helios revenues, the overall Fresenius Helios revenues, are generated in Germany. We drive more than 80 hospitals, and we treat roughly 5.5 million patients each year.

And the locations are widespread, and the size range of our hospitals is also very huge. We are driving very, very small and tiny hospitals. The smallest has only 50 beds. And we have midsize, big hospitals, up to our six maximum care hospitals, which are by the way the centers of the clusters we're talking about in the next minutes, up to 1,500 beds. And the medical scope is also various, with different levels of specialization.

And exactly that makes us strong and movable in the market, and it gives us the position to offer patients opportunities other standalone houses do not have. And we will hear a lot of this now.

Additionally, as you can see here, flying in, we have a strong outpatient network with our 230 outpatient centers in Germany, the so-called MVZs. And we have dozens of further adjacent units we drive in Germany.

And the most important thing is please look at the 96% patient satisfaction. And that shows us that we are driving and offering exactly the needed setup and that we are moving in the right direction.

Once again, we operate in a stable and attractive market with steady growth. This is overall perspective, and this is also the German perspective. We're a system-critical hospital provider treating patients with superior medical quality, and we are prepared for regulatory changes, much better than the market. And we are benefiting from strong positioning of our hospital network. And we have a clearly defined value creation plan, as we heard, to achieve our capital efficient organic growth and steady margin uplift. On the right side, once again, a diagram about our ambitions we talked already about.

And maybe you remember those €120 billion budget I mentioned in the last session. And I would like to offer kind of drill down, what are the buckets in this budget? And roughly, we can divide that budget in four parts, and the biggest part is that blue one: 55% of these €120 billion are dedicated to the German inpatient service. And the so-called DRG revenues, methodology is not that complicated.

From the hospital perspective, it is exactly what we see in the blue box. It's the number of cases multiplied with the relative weight, so the complex level of the treatment multiplied with the base rate. And that's the DRG revenue budget for each and every hospital.

I mentioned the nursing budget. This is exactly a one-to-one reimbursement of the personnel costs of the nursing staff. This is roughly 15%. And then we have two further parts, 20% non-DRG revenues, for example, surcharges for private paid and add-ons. And we have a completely different smaller part of the budget. It's the mental health revenue budget. And it's a complete different methodology. And this is based on the number of treating days.

And in the next slide, you can see these fractions of the overall budget and the development over the last year and the expected development up to 2027. And you can see from 2020 to 2022 also an additional fraction, what have been COVID-19 support payments. And then you can see in the future how these fractions will develop.

And on the right side, the drivers that participate in the development of these fractions, price increase from reimbursement adjustment, demographics, I told you about, driving number of cases, and the aging population that will increase the average case weight. And the way the outpatient shift will impact our business, we will hear about that in a minute.

The absolute numbers of hospitals in Germany is decreasing over the last 15, 20 years, and we expect that this will go on, maybe even accelerate. The funding structure, third private, third public, and third nonprofit, did not change relevantly, and we don’t expect that.

On the right side, you see what is our market positioning in our market. We are clear and solid number one, and we will now hear something more about our drivers and the development of our market from Olaf. And I would like Olaf to come here on the stage. Olaf, stage is yours.

Olaf Kannt: A good day from me. I will present the following slides in German. Now I have been working with Helios in Germany for over 20 years. So I know the company from different perspectives, medical and the like. I myself am also a trained physician. I’m a pediatrician. And all the way up until 2018, I managed the pediatric clinic, our biggest hospital in that kind, in Schwerin. And ever since 2018, I switched side to become a manager for the medical care in our hospitals.

As Robert said, we are the biggest private hospital care provider in Germany. The distance to the next bigger provider is, well, at least 30% when you look at revenue. There’s another key advantage that we have, namely, our average hospital size is 35% bigger than your average German hospital.

It’s also down to the fact that, in Germany, you’ve got a plethora of many small hospitals, which is also, of course, one of the reasons for the regulatory changes that we will look at later. But for us, it is an advantage because bigger hospitals are simply better to run economically and also medically better and easier to run.

But we’re not just big. We’re also having a big width and can offer the full gambit of medical services and treatments. So every day, we treat, for example, 3,000 A&E cases every year, 35,000 children are born in our hospitals, which is equivalent to a midsized city. Then we provide 16,000 patients with a new hip replacement, and we have 400,000 cancer treatments per year. Looking at mental health, our market share is slightly above average at 7%.

Now we have heard a number of times that we are working and moving in a highly regulated market. So are we just another hospital provider like any other? Well, we are not, no. In basic, there’s three USPs that make us stand out. First of all, its quality, its innovation, and it is our network.

Now the quality is, I would say, it’s an older historic USP and has been one from the start because, right from the start of our work, we have really been taking good care of providing medical quality which makes us an absolutely undisputed leader when it comes to medical quality and the results that we achieve.

Innovation is more a topic that will become more important when you look forward into the future. And there’s a market stall out there where you can, for example, look at cancer detection. Cancer detection supported with AI, for example, is used in colonoscopy and the like. And we will therefore be the first provider who, as of 2027, will take every key clinical medical decision with the support of artificial intelligence.

Now the third big change, or should we say the third big USP, that makes us stand out compared to the market is our strong network. We run over 80 hospitals, and as Robert said, we've got smaller, we've got midsized, and we've got big, very big. We've got university hospitals and clinics. We've got specialized clinics that we run. Amongst others, we've got Europe's market leader for artificial joints. That's the Endo Clinic at Hamburg. So we can really cater to every patient with a bespoke and tailor-made treatment.

If it gets complicated, it's no problem. We can provide top-notch medical treatment in our big hospitals. If it's less complicated, we can have treatments offered close by to where the patient lives.

Now all of this is something we do significantly more successful than our competitors. So we are growing in a volume above the market. And above all, if you look at our EBIT margin, we are really far ahead of any other peer.

Now the medical quality is, as I said before, enshrined in our DNA. And we've been looking at this ever since we started. There's a few very logical things that we do and where we simply make the most of our network.

For example, if you've got a complicated case, have him treated works done most often. Anybody who does this frequently does that much better, and therefore, we can centralize and specialize within our network. And that simply makes our quality so much better.

But also, with all the other factors, we've got a very, very thought-through system to meter, to gauge, and to publish and to improve what we do. So with every of our clinics, you can go on the Website, the homepage, and see our results. You can see this also from our entire company. And it's provided in easy-to-understand language. You don't have to go through mountains of tables. You see the current data over the last 5 years in an easy and understandable manner.

So I think we've got the best system of best-practice sharing because, in a monthly meeting, we discuss cases and develop measures for an individual unit and hospital but no measures that hold true for the entire system.

So that's what we call our internal quality system. But of course, we're equally happy to have our quality, well, certified by external providers. So you will find that we've got 135 cancer centers that have been certified by the German Cancer Society.

And when it comes to highly innovative certificates, you see here ERASs, which means enhanced recovery of surgery, something very modern and state-of-the-art. You will find there's a total of just nine such centers in Germany, and 6 out of these 9 belong to Helios.

Then robotic surgery is something that we already offer in 19 hospitals, and they already have covered and provided surgery in 4,000 cases last year. So in 89% of our company targets, our company aims, we are better than the German average.

So of course, some of the questions that were already asked in the first round of Q&As, we are moving and working in a highly regulated market. In Germany, there is no such thing as a price competition, nor is there a geographic competition to tilt. However, we

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have what we call free choice of hospital. So despite all the regulation, a patient can pick and choose which hospital he will go to.

Now in many cases, a patient will probably pick the one that's closest by, but in a number of cases, he might decide otherwise. And now what triggers a patient to, well, bypass a specific hospital and then come into a Helios hospital? It is, well, quality and interpretation but, above all, quality because we have a track record of 30 years of working in this highly regulated environment, and we've shown and proven we can do this well.

So we have proven that we can grow above the market. And so far, we've also been extremely well at handling the regulatory environment, which means our business, our core business in Germany, is one that is stable, reliable, and predictable.

But now -- and this has really been indicated, as I said, in the first round of questions -- we are confronted with a plethora of changes. The entire hospital sector is really facing up to a lot of regulatory amendments and changes. And of course, the question beckons, is this good? Is this bad for us? How do we adapt and adjust to this?

Well, I'll talk you through the key regulatory changes. You have what's called the Hospital Future Act. And with our Hospital Future, the government is spending money on and for digitalization of hospitals. It benefits us, of course, as it benefits our peers and competitors. So there's no risk in there. This is a clearcut opportunity for everybody.

Then the already mentioned Clinic Atlas, the German Hospital Transparency Act, for the last 2 weeks now, you have been able to peruse and check every single hospital and clinic in Germany -- and this has been mandated by the federal government -- to see what services are provided in the hospital, how often are these services provided, undertaken, what kind of headcount do they have. And in future, it will also provide information on the quality of that care.

So the question is, will we benefit from this? Well, obviously, we will benefit from it because we also try to make our quality as transparent as possible, and here, it is being confirmed or shall we say corroborated by an external site. And it's coming into force, and it's not up and running yet, but the government is working on this and getting this really going.

By the way, there's an interesting side effect to this because, if you look and scroll through what we call the Clinic Atlas for Germany and maybe, well, filter this according to Helios, you will find that our care HR, our care personnel, is above average compared to the market headcount. And nobody would have thought that we could provide so much more in headcount when it comes to care.

Now the third big regulatory change -- and this has also been mentioned before -- is the attempt to increase outpatient care. So anything that has so far been done for inpatient care shall now be done, shall we say, on a day case basis as an outpatient service. I'll come back to this in a second in my next slide, but already now, I'd like to say that this is again -- well, is it a risk or opportunity for us? It is clearly an opportunity because, well, we can retain the service and can even expand on the service.

But the biggest lever in the change of the German hospital landscape is what we call the big hospital reform. Now the government, the federal government, has decided -- what was it, 2 or 3 weeks ago? The government has decided -- it has not passed Parliament yet, has not been ratified by Parliament. This will happen before the summer break, but there's a huge debate and discussion at the moment between the federal state and the different federal states. And of course, there's a bit of a lamentation in the market about this hospital reform.

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Robert has alluded to this. So what's the aim? It wants to centralize and specialize this hospital reform and therefore ramp up quality. At the end of the day, this is copy and paste from our concept. So is this not going to harm us? No, on the contrary.

So speaking about increasing our outpatient work, there's two key terms. It's called AOP. It's a German acronym. And the other one is the hybrid DRG, two German terms. So it is a flat rate that is being paid, no matter whether that treatment is provided as an inpatient or an outpatient service.

Now by the fact that we can retain these cases, we don't lose them to the outpatient segment, and of course, we already are catering to large part of that outpatient sector and therefore continue to treat them and can grow with them and ideally also have what we call integrated sectors or cross-sector platforms grow with them. So here again, there is no risk for us. Contrary, it's an opportunity for us.

Then the big hospital reform, that's really working with two key levers or instruments. One is you will have the so-called service groups. That means the planning agency of the federal states will designate to each hospital what it will be allowed to do in future and what not. And it does so according to federally unified standards. Now these standards have not been thrashed in detail, but the direction is already clear.

It will be a number of qualitative criteria by which these services are allocated, but that means there is going to be a number of hospitals that no longer will be allowed to offer certain sets of services. And that means these patients will change hospital. Again, is this good, or is this is bad for us? I already said it before. It's, of course, good for us.

But we can only support this also from the content wise because we have the quality, but also, secondly, we are in fact the only provider -- and we call this the Helios effect -- we're the only provider who, within the clusters, will be able to offer services that a smaller public hospital can offer and therefore will not lose that service within our clusters.

And what's more, the services that the other market participants are losing here can still be provided by us in our cluster strategy I will outline in a minute.

So just to preclude a question, some of the rules and regulations here have not been set in stone yet. They've not being thrashed out which service are you allowed to do or not. That's not yet finalized. But we've driven our simulations, looked at the entire market, and not just our own clinics and hospitals. We looked at the entire market. And it's clear already now we will benefit from this.

Then the second big part of the hospital reform is a change in the reimbursement, not in the amount, not in the level, but in the way in which we are being reimbursed. Part of the current cases or case down payment will in future be paid as a kind of prefinancing budget. Now again, is this a nuisance to us or not? No, on the contrary, it even helps us a little because, with clever and nifty services, we will be able to, well, utilize these budgets, these upfront budgets, much better than our competitors.

So it's a stable, a reliable, and a predictable business. And we're moving in a highly regulated market that serves what we call critical infrastructure. And we've been doing this for 30 years with a proven track record.

And still -- and this was another question -- how do we plan to grow organically? Well, we will grow organically. We plan to do so. And for this, we will simply use three levers. First of all, we'll have a cluster strategy, which means hospitals that are adjacent to one another in a certain geographic vicinity will be amalgamated into bigger units to become qualitatively better and therefore simply more performant. I'll come back to this in a second.

The second and the third lever each serve our patient flows. The second lever simply looks at those patients that have deliberately decided to go to a Helios clinic because they've been recommended by their GP or anybody else to go to a Helios clinic because you've got half a million such patients that come on recommendation or transfer from their GP.

And the third big lever, that's the other half, that's the 600,000 patients per year that come to us through the E&A, the accident and emergency units. And there, we will also grow that volume.

So all of that taken together will mean that both medical quality as well as patient experience and satisfaction will improve and increase but also our volume and, of course, at the end of the day, also our earnings and EBIT.

Now you've seen this already, similar way from Ralph. Will we therefore need -- will this necessitate investments from us? Will we need new beds? Will we need new hospitals? Answer is no, we don't. We don't need that because we simply have a capacity corridor, a leeway.

Why? Because we've become so much swifter and faster. And above all, if you compare to the market, we have so much better process times. We are about 20% faster in our processing time then the German average.

We're still not quite on a peer with some international comparisons, but still we are simply getting our beds vacated a lot earlier to treat additional patients. And well, we actually vacate them ourselves to have them utilized for the next patient.

So coming back to the first big lever, the cluster strategy, here, you can see a rough overview of the clusters geographically. And that means we've got over 80 hospitals, and 75 of these have already been categorized into certain clusters.

Now what does that mean? Well, you take adjacent neighboring hospitals, and in the first step, you will take management under secondary and tertiary services that will then be shared by these cluster sites, which already itself already lifts synergies, but that's not the real aim.

The real aim is the medical collaboration within the cluster, so that the head physician, for example, can decide he's got site A and site B and will take care of it with his two different departments, or he's got a center of excellence that he brings together from the experts of two different sites to make sure that standards of quality goes up, amongst others, also to lift efficiency by better resource allocation.

For example, if there's no surgery capacity on one site, well, you can simply go and switch over to the other site, which is of course a lot more beneficial for the patient. But the final gain is to have what we call centers of excellence, so to have kind of lighthouse hospitals at individual sites that will then be able to offer centralized, specialized services that then already in themselves, through their expertise, will increase the number of treatments provided.

And I've got a concrete example, which you by the way can also double check and look at in detail outside at one of the market stalls.

We have and had up until 2018 three independent hospitals in Krefeld, one of them a very big one, a midsized one in Uerdingen adjacently, and a small hospital in Krefeld borough of Hüls. Now each one of these independent hospitals was, well, providing services according to its size, were all independent enterprise units with their own portfolio.

Then they were brought together in a cluster. And the maturity level of this cluster is already pretty advanced because, here, already the medical treatment is nicely combined and clustered together. And you can see this, for example, looking at that number of cases treated.

If you look at robotic surgery, all of that is provided exclusively in the biggest hospital. Then adipositas, the bariatric surgeries, is done in the midsized hospital. And the hip replacement is done in the small hospital. And if you look at the number of cases treated, you've got very impressive growth rates here.

Now what's vitally important and what drives us is not just the individual growth rates are super cool to look at and the figures are very convincing. No, if you look at the total cluster, and you will find that in the time between 2019 and today, it has grown twice as fast as the adjacent clinics and hospitals. And that shows this is working very well.

Now if you ask us, are you already done with it? Are you finished? No, there's a process to a long game. There's a potential here, and that potential simply means this is part of our organic growth strategy, the potential we still foresee happening because, in step number one, in the maturity level, we allocate about a year time for that early adoption step, meaning management is unified across the cluster and that also the services are shared across the cluster. We give that first step about 1 year to materialize and be implemented.

And we've got 5 of our 25 clusters still in step one. Then in the second stage, in step number two, you will then have what we call the medical amalgamation and collaboration. And here, we give them about 2 to 3 years' time. And the bulk, 15 of the 25, are right now in this second development stage. And only 5 of our 25 clusters are already that advanced that we call them centers of excellence.

And here, we'll have the ability to treat and attract additional patients through this lighthouse character. Not yet in every specialist department, so here, there's still leeway, and there's still room going north to improve that.

So coming to the second big lever, and that is how we simply kind of convince our existing patients still better with the services we provide and that they come to be treated by us, by Helios. So they will come to Helios instead of to the local public provider.

Now how do we do this? Well, we basically do this, first and foremost, through the medical reputation we have. We are a quality leader. And with the GPs that make a recommendation, we can also transport this quite clearly. Our own GPs are geographically very densely spread out over Germany. You can see the blue and green dots here on the map. So there is a lot of acquaintances between hospitals and the GPs, and there's also, of course, well, professional overlap between the doctors and the clinics. And then the other part is, of course, the GPs make their recommendations, transfer their own clients and patients to us. And there, you can see that 80% of these consider us to be quality leaders.

So it's three key mechanisms that we have identified why more patients decide to come to us. First of all, it's superior medical quality. And if I can put this briefly and shortly, if you look at our company targets, we have a 25% lower mortality than the average. We've affected that average ourselves. That's the average on the German market. We've got a 25% lower mortality.

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Then of course, we also try to tie and retain patients digitally: 325,000 patients already use the patient portal. And Robert already mentioned this also. And that's also vitally important. That's patient satisfaction. A happy content, satisfied patient, well, he will spread word by mouth. And that means other patients come in because of this high patient satisfaction.

So coming to the third big lever, that's the emergency care provision. And here, we simply make the most of the weaknesses within the German hospital system. You will find that, in the German hospital landscape, many hospitals have already gone offline from providing accident and emergency units. There's simple reasons for this. Equipment is down, broken, but they may also have too low a headcount, too few care personnel on site for the moment, or simply because they're already ram packed.

That means patients sit in the first responder vehicle, in an ambulance, and are just taken past a hospital because they are all scrambling to find an accident and emergency unit that can take them in.

So once you arrive there, doesn't mean you get a bed in that hospital, by no means. And this is also something that we will use to our own benefit.

How do we do that? Well, we will make sure that our clinics never, ever go downtime and go offline, to have a zero downtime, as we call it. How can we do this? Well, we've built and devised a dashboard, which means we can see at an instant in real time across the dashboard which hospital has gone offline and for what reason.

We can call them and say, "What's happened with you, public hospital? Can we help you? Is this the case more often? Can we help you in the future? Can we, for example, also transfer within our own cluster personnel to make sure none of them goes down?"

So this really opens not just the doors. It opens the floodgates so that we don't just lose existing patients. We even win patients that would otherwise have gone to our competitors.

Once a patient has reached an E&A unit, we've found and have established that the physician has the right to put that patient in a bed. So that physician, the first responder physician, has a right to use any given bed. That's not the case in other hospitals. They often say, the public hospitals, "We can't give that bed to an outpatient coming from outside."

So we will use the emergency units to also help us with our digital medical decision process, which means this is not going to be dependent on the training level or the quality of the physician in charge. No, we will also use additional support, AI-generated support, for the medical decision to be taken on site.

So you can see we've got a very stable, reliable, and predictable core basic business. And we are highly successful in a very regulated market that serves critical infrastructure. And within that core business, we will -- despite all the regulatory or maybe even because of the regulation because, well, we simply -- we are the ones adapting much better, we will grow.

And we will generate additional organic growth through the three levers I've [explained to you], clustering, switching patients, and improving emergency care. That's the three levers that we will use.

So over and beyond, our core business, but very, very closely integrated, we've really created what we would call add-on business units. And they account for 14% of our total revenue. That is our ORP. That's the health and safety medical provision. Then it's the outpatient medicine, pure outpatient care, something where we also have identified growth potential, or should we say here we have also improved and will improve collaboration with the hospitals and you use that so that, in future, outpatient medicine like we have in the hybrid DRG can be simply provided in greater volume.

And then of course, mental health is something that is going up. We have more and more mental health cases being diagnosed. And the behavior towards mental health treatments is, well, changing within wider society. So the number of psychiatric patients is also going up. And these can be catered for and can be provided for very well within our given infrastructure.

And last but not least, the private pay patients because, of course, these are treated in our inpatient facilities with our inpatient capacities.

So let's take a look at the ORP, a young a fresh new market also for us. It is one that's still small, but it has a really very, very impressive growth rate of 25% since 2019, with very attractive margins, double-digit margins. And above all, it's a business that is sustainable and reliable because, once you've won over big corporations as corporation partners, then it's a business that you are set to continue and secure for years.

And so I now would like to ask Robert to come back on the stage to wrap it all up. Thank you very much.

Robert Möller: Thank you, Olaf. I think you can understand now why we are so confident in our growth trajectory for the future for the next years. And we heard a lot of our drivers that we are sure that we will see them.

And to summarize it once again, we operate in a stable and attractive market with steady growth. We heard about a lot of that. We are a system-critical hospital provider treating patients with superior medical quality. We're prepared -- and Olaf elaborated on that -- for regulatory changes, benefiting from strong positioning of our hospital network.

And finally, we have a clearly defined value creation plan to achieve this capital efficient organic growth and steady margin uplift.

And with that, we are very happy to go in the next Q&A session. And thank you for your attention.

Q&A

Markus Georgi: Let's kick off the second Q&A session for today. Please raise your hand and use the microphone. Veronika first.

Veronika Dubajova: Excellent. Thank you. Veronika Dubajova from Citi. Can I ask, first on the hospital reform, you talked a lot about the benefit of clustering, and I think that makes a lot of sense. You haven't touched upon the standby financing rule. And I'm just curious how you're thinking about the financial impact of that as you switch to a more fixed payment structure away from a DRG. What do you think are the financial implications for you as a result of that?

And how much more volume would you need to capture to offset some of that downside from that standby financing? So if you could talk through that, and that's actually the only question I have, so I'll let others ask some more.

Robert Möller: Okay. In terms of -- I call it flat rate reimbursement for the hospital just for being there -- Olaf elaborated on that. There's no harm for us. There's no risk for us.

But on the other hand, we analyze what does that mean for the other hospitals and for those hospitals who are struggling now and have difficulties, economic difficulties? And we are quite sure that this won't help very much for those hospitals who have not that market position than we.

For us, it is a part of the revenue that comes now on another way, but it won't change completely the game for us. And of course, it won't change our EBIT trajectory.

Markus Georgi: Please use the microphone.

Veronika Dubajova: Part of the reason you're more profitable than others is because you're more efficient on each of the DRG. If a portion of the DRG gets apportioned to standby financing, it takes away the opportunity for you to take -- to earn an excess margin. At least that's my understanding of it.

And so I'm confused when you say there is no impact because, just logically, the same way as it was with the nursing when it got stripped out of the DRG and put in at cost, that was detrimental to your margin. So maybe I've misunderstood this, but it'd be great to get some clarity.

Robert Möller: So once again, this flat rate payment won't really touch our EBIT profit margin because we have exactly the same reimbursement now. And we have it then in a different way.

But on the other hand, I think the hospital reform has the goal to make clear that it's not only growth, volume growth, that is decisive. And just to add another part to my question, actually, in the last 10 years, we have also a so-called FDR, a fixed cost degradation downgrade. And the situation, if you transfer that to the new system, is not worse.

On contrary, we have other opportunities -- and Olaf said a little of that -- to make exactly the right movements. So in essence, it does not harm us. Olaf, you would --

Olaf Kannt: That budget, that [nursing] care budget, is a cost reimbursement. It's just the actual costs that are being reimbursed.

What you call the standby financing budget, that is predefined. And here, that means everybody gets the same what we call -- well, you call it standby financing. So our efficiency gains can also, of course, be made from the standby financing budget, unlike the [nursing] care budget.

Markus Georgi: Next one comes from Oliver.

Oliver Reinberg: Oliver Reinberg from Kepler Cheuvreux. I fully follow the logic that the reform is midterm positive for Helios. I'm just wondering if there's short-term two potential risks for an earnings volatility, the first one coming potentially from this kind of further clustering approach. I think when Helios started with the kind of first lighthouse projects a couple of years back, I think this triggered frictions, where obviously certain doctors are told you're not allowed to do this kind of complex procedure any longer. And I guess the kind of further rollout may equate further frictions probably as well. And another dimension is that the states are going to decide how care is being organized under the new reform agenda. So how do you manage this kind of risk? And can you fully exclude that?

And the second one comes from this implementation that's basically a carrot-and-stick approach. Mr. Lauterbach wants to do the kind of stick like the states are not allowed or not required to approve this reform. They want to do it themselves. And the carrot is, if you approve it quickly, you get additional funding by also more inflation offset.

So I guess then, is there a risk that, when you book now €100 million of still government support in the first half, the offset in the second half and moving into 2025 may be this kind of carrot. But if these discussions are delayed or there's more frictions, then there's a kind of time lag where this offset is not going to be coming or providing the additional gap in terms of funding. So any color on that would be helpful. Thank you.

Olaf Kannt: I'd answer that first question. Is there a friction in the cluster formation? This is not a, well, self-propelling agent, so to say, but the arguments are all on our side. And that means that also smaller hospitals that are often driven by fear about their future are now, simply by giving a specific service portfolio, going to benefit from that. That means they will be simply strengthened compared to offering a standalone solution.

Same holds true for the workforce. Of course, it's hard for a head physician to accept that maybe a certain service is now switching to another hospital. And therefore, it might make sense to have the medical management also spread across different sites because then you can stay within your own professional expertise department. But it's now spread out over various sites.

And therefore, you can -- well, services allocate -- resources allocated across different sites. It is -- as you said, this is not something that just will work by itself, but it needs, of course, certain care and attention.

And on the question whether patients are happy to accept further distances to go to the hospitals, well, if we say, in your domestic hospitals, we don't do that anymore, but we can offer the same service 50 kilometers on, yes, we find patients are willing and are perfectly happy to accept that.

And of course, these are the ones that already for the last 5 years in a number of sites -- will be other clusters -- have already been practicing this. And we are very successful here and find that patients are very willing to even go as far as 200 kilometers further afield.

So it is working. But as I said, it is not, well, something that automatically happens, neither with patients nor the workforce.

Robert Möller: -- was do we see a risk in arguing between the Bundesregierung and the Bundesländer, and what is what is pushing the Bundesländer forward to accept things they do not want to accept?

No, we don't see any risks for us. And we are looking at it and analyzing the situation as a kind of spectator. We see exactly the arguing between the different stakeholders, but in our position of strength and being able to react anyway in the right manner and move in the right direction, we don't see an explicit risk on exactly that point.

Markus Georgi: Next one. David.

David Adlington: How are you? David Adlington from JPMorgan. Two questions, please. Firstly, the 25% reduction in mortality is a very strong claim. Has that been verified by third parties? And do you use it in marketing to patients to try and attract them to your hospitals? It seems like a very strong pull point.

And the second one is just on your average length of stay. You're better than your peers, but historically, Germany's been quite poor in terms of average length of stay. How do you benchmark versus other geographies? And what progress has been made in terms of the culture of both the physicians and also the patients in terms of accepting a lower average length of stay?

Olaf Kannt: Let me start with that second question regarding the ALS, the length of stay. It's true. We are 20% faster compared with the average market. And in international comparison, yes, we are still somewhat behind a little slower. And the approximation of our ALS to international ALS is not yet there where we want it.

Holds true for us and the same for the market. So we are, well, 5 years ahead of the market in Germany. That's true. But we will probably therefore reach that international level first, but we're still working with it, yes.

But is everything about that easy actually? Because an international comparison shows that it does make medical sense to keep patients not as long as such in the hospital. And we have found that, in some of our pilot hospitals, it's already possible.

For example, if you look at Europe's market leader for artificial hips and joints here in Hamburg, we are already working on concepts, for example, with prosthetic joints, to have this provided fully in an outpatient model. So we do have ideas and concepts to ramp up that process and increase that ALS.

Coming back to your first question, can you just recap that for me once more please?

Robert Möller: The first question.

Olaf Kannt: Yes, of course, mortality. You asked whether this has been externally reviewed. Yes, it has been. It's something that can be determined from the invoices, from billing data. So there's routine data that is forwarded to the insurers. And these routine data list treatments and cases. So it's standardized data that are then analyzed and read externally. And they are and must be.

For example, you've got what's called initiative quality medicine. And they have over 500 hospitals that feed into that system, that use that same system. So it is indeed an objective externally reviewed and audited figure.

Question is, do we use this for marketing? That's an interesting, very exciting, and a good question. Yes, we will. We will use this even more because we say it is a USP. It's a USP that we can shout home much louder. We just have to do this cleverly because marketing with the figure of mortality is a bit of an odd mixture. Nobody wants to hear about mortality as a patient. None of us wants to die. And therefore, to canvas mortality rates, it's a bit of a tricky issue to bring this into your marketing.

Robert Möller: Especially because we reached an all-time high in 2023, and 2024 even looks better than 2023. And so this is a strong reason for patients to choose one of our hospitals.

Markus Georgi: Good. With that, I would like to stop here. Thanks again to both of you, Olaf and Robert, for your presentation and detailed answers. We are now entering into the lunch break. And before then, after lunch break, stepping into deep dive for Quirónsalud, would like to be back on time 2:30. We'll start here in this room again. Thank you.

Robert Möller: Thank you.

(Lunch break)

Fresenius

Markus Georgi: Thank you. I hope everybody of you enjoyed the lunch break. Before stepping into the next section, and I'm very happy to welcome our colleagues from Quirónsalud on the stage, would like to remind you, use your headphones because Victor will present in English, but the section after, Juan Antonio will do it in Spain. Otherwise, maybe you're native, and then you can leave the headphones on the table. With that, hola, Victor. Welcome to the stage.

Victor Madera: Well, a good day to all of you. My name is Victor Madera, and I've been with Quirónsalud for 26 years now. Well, something I need to admit to you because, last night, during dinner, somebody asked me, "Why have you -- after so many years, why you still with Quirónsalud? Come on, you've reached a certain age of maturity. Why you are you still with Quirónsalud?"

Well, and I already said to Michael Sen, our CEO, beforehand that Quirónsalud for me is my baby. And well, my baby is in best care with Helios and Fresenius. So the best reason why I love going to work at Quirónsalud every morning is for a simple fact because we're working in the best possible industry and sector in which you can actually work.

And our CEO Michael Sen, he said one sentence this morning that makes a lot of sense to me. Michael said we have the trust from our patients. Our patients entrust the highest good into our hands. And that's their life, and they do so in a very, very weak phase of their life. And that, well, requires that we do everything that we can, both on a moral, on a medical, and on what other level. And that's why I am so happy and content to be working in exactly this industry and sector, to make a difference. It's that simple.

And actually, and I'm going to put this in a much bigger context. Look, we are living in the best possible times from a medical perspective. There have been humans around for the last 150,000 years. And let's just ignore the last 100 years when medical treatment was at a competitive level than before.

But the time before, it was witchcraft. It was what have you. It was quacks and so forth. People died left, right, and center in wars, from diseases, from anything. And it was a tough jungle out there. And then we had what I would call a quantum leap 100 years ago. But what's now ahead of us, the threshold that we're standing at is even bigger.

I feel we are really -- we're in the infancy of medical science. And therefore, we are the best of times. We're working in the best of industries. And we've got an industry and a company that, not just from the perspective of the outside observer but from a proactive perspective, can make a contribution, an important contribution. What better good and what better reason can you have than to go to work with joy every day than to do something good?

Well, look, our colleagues are bosses. They already spoke about Quirón early on and how Quirón has been such a perfect match for Helios. Well, let me talk about Quirón. We are based on three pillars. First of all, we've got the hospitals in Spain. They make about 80% of our revenue. We have 50 hospitals and 130 outpatient centers.

And then we've got the second pillar of our business. That's in Colombia, which attributes for 10% of our revenue. And that's seven hospitals and 10 outpatient centers. And then we've got a third pillar that's the ORP centers. That is an area that also is accountable for about 10% of our revenue.

And if you look at our ORP centers, here, we are really making, well, medical treatments and medical examination consultations for some of the biggest and most important corporations in Spain here, Telefonica, Inditex, big banks, and the likes. You see them listed here.

And quite apart from that, we have also a vertical integration, a vertical integration of which we are very convinced. It allows us, amongst others, to be a lot more efficient within our network because we run the biggest medical laboratories in Spain, with 80 million tests conducted on a yearly basis in our clinical laboratories.

And of course, we also have what we call nonhealthcare services. Catering is one of them that we provide for the house. Then the cleaning, the maintenance, and of course, also other office services or what we call here back-office services, centralized purchasing and procurement, that simply allows us to buy the best possible products at a reasonable price.

My colleague Juan Antonio will come to address that later in his presentation, and of course, Juan Antonio is our COO at Quirónsalud. And well, we are basically friends. We are close friends because he's also been with Quirónsalud for 21 years.

And I can tell you, look, I have traveled far and past, but Juan Antonio is the best medical manager that I know. He is actually -- he's the one who really gave birth to Casiopea. He lifted it out of the ashes, if you so want, and many, many other things that he did. He is a really astute good friend and colleague.

So to treat our patience and the best possible way and to put them center stage of all our efforts and works, we shall not lose sight of the people who work in our hospitals. They are our most important asset. Neither Juan Antonio nor myself nor any other manager at Quirónsalud takes care of the patients themselves. No, those who are in daily contact in three shifts, 365 days a year, that's physicians, that's the medical stuff, that's the nursing staff across all our sectors.

And it is they -- they have made it possible to turn Quirónsalud into what it is today. So that means winning over and retaining talent and skilled labor is something that's really deeply embedded in Quirónsalud's DNA. We do invest a lot of time, effort, and money in retaining our workforce, teaching them further, qualifying them further.

And I must say, in the time that I was at Quirónsalud, we've actually bought -- what was it, about 50 different acquisitions and made 50 different acquisitions. And in these transactions buying other hospitals, it was very, very important to develop one company culture, one entrepreneurial culture that really is what we call the Quirónsalud DNA.

And well, you see it here. The merit has been raked in. We are one of the top employers in Spain with a very low level of churn and fluctuation, even though we're working in an industry that has a proven shortage of skilled labor. But I'll come back to that in a minute.

Well, then look at this slide. What I tried to say here is what we want to be. We want to be nothing else but the guardian angel of our patients. So we want to be on their side from the very first moment, from the first medical consultation, right through to the post and aftercare after a treatment or after a surgery. So we take a very holistic approach on the patient journey.

And the fact that somebody today lives longer or somebody suffers more frequently from ailments is down to three key factors. There's what we call a genetic predisposition. Then there's the lifestyle because, of course, there are certain lifestyles that are more conducive to ailments. And thirdly, it's luck. It's good luck. So we hope and wish everybody to have the good luck to come into our hospitals because, with that, they simply have a much better chance to live longer and healthier.

Well, this is another thing that has already been echoed by our colleagues before, speaking before us. We are working in a stable market that is growing, that is growing steadily, something we can all see and witness.

We are a hospital group that, simply looking at the quantities, is the biggest in Spain. But what's more important still is the sites that are hospitals are located in, in Spain, and also the equipment we provide in these hospitals because the biggest and best hospitals in Spain -- any of you who've ever visited a hospital in Spain will know that these hospitals are part and parcel of the Quirónsalud Group because we have a plan how to grow further. We have a plan how to grow our EBIT margin and, with that, also to increase our own cash flow, all of which will enable us to have and realize constant and reliable growth.

So therefore, let me just explain how the Spanish health market is structured. We have in Spain 48 million citizens in total. And every citizen has access and holds a public health insurance. So anybody can just go into hospital to be treated free of charge or go to the doctor to be treated. It's a good system, of course, also with its own problems. And public system attributes for about 80% of the total health market, which means, well, it accounts for about €85 billion.

And then there is an additional to that, another, a second market that is actually really seeing growth right now. And this is where 25% of the population is engaged in. So we're speaking of 12 million people, but soon this is going to go up to 13 million or even 14 million citizens that are in the private health system.

And now this private system is characterized by the following. You have very, very cost advantageous private health insurance in Spain. A private health cover will set you back by no more than €770. So it's actually cheaper to have a private health insurance than it is for a car to be insured in Spain.

But of course, if we have such a generous public health system, that beckons the question, why do 25% of the Spaniards decide to go for private health coverage and additional, complementary health coverage, for example? Well, there's a number of reasons for that.

The public health system is not really able to cover the full demand. And what's more, within the public health system, you can't just see the expert at will. You first have to go to your GP, and he will have to transfer you to the specialist. And then of course, you've got all the additional services, like single bed in a hospital, all of which is only provided for by a private health cover.

So you see it here on this slide how the private health market has grown and also the prospectus, of course, because the private health sector that you see here is also, once again, made up of three different pillars: 50% is what we call private health insurance, 30%, that's contracts that we have with the public health system, and another 20% are the so-called out-of-pocket payers. That's people that just go to a hospital clinic privately and pay for themselves what they're treated with and don't want to go to a public health system.

Now we are convinced that this is going to grow. And as our CEO has already said, we've got aging population, something that's really evident and unavoidable. And we, of course, all know that 80% of all cases that are treated in a health system, all these cases happen in the last stages and years of your life. So demand is doomed or inclined to grow.

And in Spain, 20% of the population is above 65. And in 15 years' time, this is really going to go up to -- what is it, a much higher proportion, 30% at least. It's about 70%.

And then the lifestyle, we have a lifestyle in Spain that is, shall we say, proving to be healthy in many different ways.

And of course, if you look at COVID there, you also saw that, when you go to a doctor much quicker, which of course is also another factor that puts up demand, and of course, as I already said, we have more and more private health insurance cover and policies taken out by the population.

So here, on this slide, you can see how the number of private health insurance policies is set to go up over the next few years and also the reason for that because this is a graph that goes back to 2023. And 2024, you will see that's already 1 million people in the public health system that are waiting for surgery.

And the difference, if you look at the waiting times, between a private and a public hospital is, as you see here, massive. It's a factor of 4.7. So in a private hospital, you have to wait, well, 4.7 times fewer days than in a public hospital to get surgery.

But of course, not everything is just fine and good with us. We also have our own inherent problems, namely, especially we have a problem with the shortage of skilled labor. Here, have a look at this. This is the development of physicians and physician training in Spain. What we can see is, well, it's a flat element that is really hovering around 0% but demand going up by 4% to 5%.

So the number of physicians remain flat while demand increased by 4% to 5%. So what we have here is, of course, an exceeding demand for experts and physicians of about 15 additional percent, which again, well, turns into a clear advantage for Quirónsalud.

We turn this into our own advantage because we started with digitization long, long ago. And Juan Antonio will tell you what we did. We have already optimized our medical resources. And we are therefore in a position to do the same treatment with 10% less staff than our public sector and with a much better outcome for the patient.

What's more, we are the group with the best-rated hospitals and with the best equipment in our hospitals. And that's also why we find it easier to attract fresh talent and why it's going to be harder on our competitors.

Now Quirón is a growth story. It has a track record of growth, and it also, of course, has -- well, that's no doubt. It has a clear future of growth. Quirónsalud is not just looking ahead to 2024, but we are looking ahead to the next decade, the next 10 years. And I keep saying, look at the figures for this year, and then compare that to what we will be doing in 10 years' time.

And we have already proven with our track record we can do it. We can do it in a market that is set to grow. And we will also be able to improve our own margins in that growing market.

So where exactly will you find us in Spain? Well, we are domiciled in 12 different autonomous regions of Spain. Could be fewer, but we are very, very deliberate in where we are. We don't grow for the sake of growth. No, we want to be exactly where we can create added value, where we can make a contribution. And that's where you will find us.

And this is also the sites where we are quite willing to cope with price pressure with a shortage of skilled labor because we are where the patients are to be found and where there is the market where the money is.

And see, here on the map in Madrid, we've got 11 hospitals. And just like our colleagues in Germany, we also arranged them around clusters. And we are therefore in a position and in the advantageous situation to provide our patients with the best possible physicians and experts.

But of course, hey, any expert, any physician also wants to work with adequate volume, or take Barcelona, we’ve got 9 hospitals; in Palma de Mallorca, another two; in Seville, two; in Valencia, we’ve got two. And in Valencia, we are actually at the moment converting a hospital and are building a bigger one in Badajoz. We are also erecting a completely new hospital. So we are exactly there where we want to be by geographic range.

So looking at our revenue, you will find our revenue accounts for the second, third, fourth, fifth, sixth, and seventh, eighth competitor all taken together. We’re bigger than the seven next competitors.

Well, coming to a look at the ORP segment and operations, here, you will also note we are absolute market leader. And here, our revenue is as much as the second, third, fourth, and fifth and sixth competitor all taken together. And so we are therefore also in the position that the Quirónsalud brand can create synergies and can reap and yield from these synergies because we work with quite demanding corporations, but we take good care of millions of their workforce.

With 2 million medical checkups per year, we are quite standing out in that service. And further that, our third pillar, we’ve got hospitals, as you know, also in Colombia. In Colombia, right now, it is four hospitals in total that we operate. And well, we are -- well, we’ve just started in 2019 in Colombia but are already, well, neck in neck and breathing down the neck of the number one.

So you may ask, why should patients decide for Quirónsalud? Well, I think I’ve said as much already in my presentation because we’ve got the best hospitals. We are the biggest private hospital provider in Spain, because we support our colleagues, our workforce in further training, and we attract best talents, which Juan Antonio will tell you also why we have best possible and state-of-the-art equipment.

For us, the patient journey is center stage. And we assist and are on the side of our patients throughout his entire time within our hospitals. But what’s more, we’re very much focused on teaching, on learning, and further education. We want to train them. We want to train our workforce and want to make sure that we retain and keep them.

But if I now, for example, would have to pick out two key characteristics, I would say we do everything we can, day in, day out, to provide best possible quality. It means getting it right, right from the start. It’s that simple. And if I say right from the start, I do it right the first time. Try it. Try that out.

Maybe you’ve got an assembly layer, let’s say, in the automotive industry. And if you’ve got a mistake, if you make an error on the assembly of an automotive industry, no problem. You got your QA department, and you just try it again. You can’t do that in the medical profession. You can’t do this in our industry. You have to get it right, right from the start. So it’s not coincidence. It means efforts, method, logic, and talent.

And so this is one of the key features of Quirónsalud, to do things right from the moment that we go. And a second vital feature of Quirónsalud is to put the patient, as I said, center stage of our organization.

Of course, you probably hear this from many others as well, nothing unusual. But how many of us actually believe in that claim when we hear this? Well, look, here, what’s still missing is the third pillar, namely, how many are actually able to implement this? Look, this is everything but easy. This is a hard ballgame.

Hospitals are not geared towards patients normally, no, much more to those working within hospitals. And we could give you thousands of examples of how this is. But we've really made it clear and crystal clear to ourselves. For us, the patient will become much more a stakeholder. He will be participating more and more. You will have more and more information and will demand and ask more and more of you.

And so the first ones who can actually cater to that need, that will be the winners. And now I would like to ask my colleague Juan Antonio to join me here on stage for his part of the presentation with the even more interesting part of our presentation from Spain. Thank you very much.

Juan Antonio Álvaro de la Parra: Hello, everyone. It's a great pleasure to me to be standing here today in front of you and to show to you what characterizes Quirónsalud. I have been with the company for 21 years, and I've always worked with Victor.

Quirónsalud is not my baby but maybe my niece. A lot of time, a lot of love I've given to Quirónsalud. I fully identify with the company. And why? Because of our goals, working on patient experience, on the human experience, this has always been a leitmotif for us, the reason why we go to work.

Secondly, because we are capable of working in an innovative manner by involving our physicians and the patients. Without our patients and our physicians, all these innovations wouldn't be possible. Everything we do with Casiopea, for example, we're not replacing physicians. We're just allowing them to work more efficiently.

In addition, I am convinced that what we do day by day is serving our goals for the future, namely, growth. And there's been something really important in my life, namely, the pandemic, which has shown that our strategy was the best, the most suitable. We were on the right track. We were capable to get to the patient, to take care of families, to go to those suffering from COVID.

And in addition, we are a team has been working together for many years. We have great leadership with Victor. And we have other managers that we really like working with within our group.

Of course, we need a model, sort of the ideal hospital, something that is attractive for specialized physicians, for the workforce, and for patients. And our model is based on three pillars, first of all, great care; then also training, really important for physicians; and then also research.

Training and research, two very important levers. And we apply these levers also to face this lack in skilled labor in terms of physicians. And as I said, we've got the best hospitals, great hospitals, great technology. That's really important. But you also need to have the best care. And for this you need good physicians.

And we were the first private hospital with a proton therapy center. We have 126 MRIs also for new diseases. This is really top-notch technology. We use that in neurology. We have 23 linear accelerators, all working perfectly well. And we have one resonance scanner used for optimized treatments.

Then we've got eight hybrid operating rooms, and one of these resonance devices is included in the operating room. That allows us to make sure we don't have to take the patient out of the operating room. Then we've got 13 da Vinci surgical robots, three surgical robots for knee and hip surgery, gamma knife. We also have a CyberKnife and 76 multislice CT scans and 16 PET-CTs.

What really matters to us is research, clinical research. That is one of the pillars attracting future physicians. And we are accredited by the Spanish government with our research centers. And we also get funding from the European Union, from other authorities in Spain. We are a big group of specialized physicians. And this also allows us to attract the pharmaceutical industry for clinical studies.

We have over 658 research projects, 1,355 active clinical trials. We have the network to conduct all of these projects. And with our information and digital system, we will be able to work even more quickly in this. And 408 of these studies date back to the year 2023, so a high percentage rate which is very recent.

And we are also the only group with three Phase 1 clinical trial units. This is where we work on the development of new molecules, which is really important for the pharmaceutical industry and for drug development.

So as I said, we have 658 research projects which are all either funded by the European Union or by private institutions. Our physicians are involved in the 274 observational studies. And all of this results in 1,738 publications in technical journals in 2023. And it also results in 19 active patents.

And all of this attracts future physicians. And as I said, training is really important. It's important to also provide university hospitals where we can train the future specialized physicians that we need. And we have our own Quirónsalud University where we've trained over 30,000 physicians. Over 800,000 hours of internal training per year are conducted therein.

We also implement a rotational program for our employees, for example, when we have new technology, and this is also something that attracts talent.

But this is, of course, also important for assistant doctors. We invite them to take part in these trainings, and we have five accredited university hospitals. This puts us in a position to also attract nurses because we also have our own nursing school where we have already trained over 200 nurses. And this also created a network which ties in with external nursing schools.

And we have three pillars that are really important for us. And as Victor said it, with these pillars, we have working for some time already on the future of Quirónsalud. And we really want to position ourselves at the top. When we look back between 2015 and 2019, we saw a quick growth with the merger of idc and Quirón. At the time, we acquired 30 -- we made 30 acquisitions and also had over 10 greenfield projects. And between 2020 and 2023, we have further developed and made sure that patients choose us.

Now looking towards the future, we see great potential for us in the future. We have a clear idea of what we want to do. Since we are the market leader, we need to further shape this sector, also using digital data and AI capabilities because we want to be part of the transformation of this system.

And we have a very clear strategy. In 50 hospitals, a lot of transformation processes have been performed. And we're building now a common strategy for all of these hospitals so that all of our workforce stays within our group and so that we meet the requirements of the health system.

So as I said, three pillars, namely, the transformation of the healthcare sector, the physician value, and network expansion.

And I want to be more specific. As I said, we take care of health. We have one system. For lung cancer prevention, for example, we have treated 4,000 patients, conducted their monitoring, and we reached recovery rate of 60%. And 4 years later, 95% of all patients are still alive. So that's the survival factor.

And what are our levers for the upcoming years? First of all, digital transformation, use of data, also using AI to transform the healthcare sector.

Second pillar, doubling down on the physician value proposition, there is a lack of labor, and we need to propose something to them so that we can retain them, so that they stick with us, and so that we attract new talent, which we then also retain.

And the third pillar will then be investments that will contribute an added value both for patients and also for our employees and maybe also the acquisition of additional hospitals. And of course, we make good use of the capital that we invest.

And then the fourth pillar basically is efficiency. We talked about centralized purchasing, shared operations, which all results in better cost structures. This also means improvement of the medical quality that we provide, improving the patient experience, earning more, and generating better earnings.

We need to further develop our model. We need to go from an activity-based to a process-and-outcome-based medicine also using our AI system, our IT systems. We are sort of externalizing the hospital. This is a true transformation which creates a value added for everyone, the patients, the physicians, and of course, for Quirónsalud as well, because we need to be able to create a triple-win situation.

And we need to prove the quality of what we do. 60% of what we do is actually efficient. 30% doesn't really create or generate a value added. And then there are 10% which might actually be negative for the patient. But we need to make sure that really all three parties are winners within this system.

And how do we get there? We use Casiopea for this. We attract patients because we can treat them more quickly with a better personal experience for the patient. And outside, our market stall, you can see how Casiopea functions, Casiopea mobility. We have physicians out there. You can really see how it works and how optimum use is made of time.

And of course, it's always important that healthcare staff have more time, less admin work, more time for the patient, the human touch we mentioned before. Everything should be more human. And this also creates more flexibility in terms of being able to work either from home or in the hospital, or we could also work from here. We could also take care of patients from here.

What is the value added for Quirónsalud? Able to treat more patients, and the error margin will be clearly lower. And how do we want to achieve all of this? First of all, we will make use of Casiopea. Then we have the patient portal, the new one, and our digital hospital.

Casiopea is a structured system that we developed ourselves. And we adjusted the models that we use to make sure the best practices and the best automation is also applied.

This also allows us to improve the work of our physicians. The communication between physicians and patients totally changes. Why is it different? Because also of the patient portal, with the patient portal, we can have a direct communication with the patient, no matter where the patient is or where we are. We know all of the medical records. We have interaction with the patient. And we can make treatment decisions together with the patient.

Then on the digital hospital, that is something that happens outside of the hospital. It allows for communication between physicians and the patients outside of the hospital. And this has created a true value added for us and also looking at the shortage of labor.

So what are the results as of now? We have already installed Casiopea in 50 hospitals. We want now to also use Casiopea in those where we haven't introduced it yet. And you should also note that about 6 million people have used the patient portal already, so about 12.5% of the Spanish population. That is a really, really good figure.

When we look at patient satisfaction factors, then we see that communication is really, really important for patients. And we have treated 200,000 patients with our digital hospital. There have been over 110,000 consultations within the digital hospital.

So what does that mean? Michael mentioned it this morning. There's a lot of demand. So sometimes, it is difficult to cater to the demand. There are more and more chronic diseases, and life expectancy has also gone up.

We need to adapt to these changes. So there is huge demand and less physicians available. So there's something we need to change. Even before the patient comes to the hospital, we can agree on certain things using our digital devices. We can prepare for the consultation a lot better, can ask questions, provide a questionnaire via the portal.

And patients' answers then allow us to know upfront why the patient is coming to see us. And this also allows us to also prepare blood tests, blood testing. And when the physician then sees the patient, we don't have to react. No, we have been proactively involved before we have the blood results already.

And so we try to automate many clinical processes to sort of industrialize these processes with very clear clinical protocols always adapted to the most recent developments on a daily basis. And when the patient comes to see us also with chronic diseases, we can really provide monitoring care after the attendance without the patient having to see us with the patient portal and the digital hospital. And this really improves medical outcomes, cuts back on the medical consultations.

At the same time, it is very personalized medicine. And what is really good about this is that it's our own system. And we can feed it with our own data, improving processes on a daily basis.

And I have two more examples for you with a few figures. There's a patient who goes to a hospital, needs to find an appointment. That takes a while, and he goes to the hospital for a first consultation. Then blood tests are prescribed. Then treatment is being performed, either surgery or long-term treatment, or maybe it's a chronic disease which needs to be monitored.

And we can save time with our tools and means because, when the patient comes to see a specialist, we know already what the problem is, and we've applied our model already in four hospitals.

And in the past, after one consultation, we were able to discharge only 5% of all patients. After implementing these models, we've been able to discharge 33% after the first consultation. And that means we've been able to treat more patients with the same number of physicians and a very high satisfaction level, better than before actually.

Then second example, chronic disease, patient goes to see a doctor. And there are a certain number off appointments with the physicians several times per year, but once we have a diagnosis, actually, the patient portal is used for aftercare. Instead of having to see the physician 10 times, you only have to go three times.

You get this questionnaire in the patient portal. The patient answers the questionnaire. And then we know via this if the chronic disease has improved or worsened or if we need to prescribe another drug. And nothing but this shows that we've got everything we need. And the patient, if needed, can actually see us more quickly than was the case in the past.

And there is a number of chronic diseases which have to be monitored on a routine basis and which require the relevant treatments. And if it takes a month for the patient to come to see us, then in between, we don't know if he's improved or worsened, or with headache patients, for example, we can also act more swiftly with the new model and correct -- make corrections more swiftly.

And of course, this model is recognized on an international level as well. You can see this here with the publications in international journals. With our automated approach, we've gone to journals and also with the digital journal. It's been published in the New England Journal of Medicine. And then you can see the medical journal publication here. You can see descriptions of the patient experience for infections, for where we have used AI. It's also been published in the American Journal.

And all of this shows that we have a very solid model. And when it's published in the journals, of course, this is also positive for the mentality of our physicians.

Now on our second lever, it's really important to be attractive for physicians. We need to know what is important for physicians so that they like working with us. And of course, it's clear you need to have the best hospitals and university hospitals as well, and that is what we have.

Secondly, what matters to physicians is that they can further develop their career within our group. That contributes to their satisfaction. And we have to provide an offer for them to do so, so that they also have teaching opportunities. That is why it's so important that we also have university hospitals in our portfolio. Or to cooperate with universities and also the public sector so that they can also have a research and scientific career. We also have financing and funding for those who want to go into research. And then it's also about strengthening innovation capacities so that our positions can be innovative.

And with our digital hospital, we can also provide more flexible working models. You don't always have to go to the hospital to see your patients. And then of course, you also need to be attractive in terms of compensation. So Quirónsalud's attractiveness is really important.

But then we also have a third lever that I mentioned. Our network of hospitals needs to be as good as possible, also needs to be attractive for patients. Over the past 2 years, we've opened two new hospitals. And we're in the process of also either expanding or relocating more hospitals.

And we've really diligently selected them. These decisions are information based. For example, we have to replace a certain hospital in order to maintain quality. We need to invest in certain hospitals in order to further grow.

In 2022, for example, the Olympia Hospital in Madrid was opened. In 2023, we opened the hospital in Badalona. And as Victor mentioned it before the hospital in Badajoz is also being replaced by a new one. Our Valencia hospital has been expanded and improved. And there's also an expansion taking place at the Malaga hospital.

So therefore, we are really market leaders. We know exactly what we need to do. And this leading position allows us to benefit from further growth in a stable market. And with this, we'll be able to grow organically in the future as well. Many thanks.

Q&A

Markus Georgi: Muchas gracias, Juan Antonio and Victor. I would like to enter our Q&A session referring to Quirónsalud. In terms of time, I would like to limit once again the questions up to max two without any subquestions. Who's first? Hassan, go ahead.

Hassan Al-Wakeel: Thank you. It's Hassan Al-Wakeel from Barclays. I'll keep it to one. The growth story Quirónsalud has been very impressive over time. I'd love to hear more about how you perceive share dynamics trending since the time of acquisition.

I remember, at the time of acquisition, management then commented about Quirónsalud having a market share of around 14% of the private market. And I wonder if the 12% that you talk about today is at all comparable and how you think about share dynamics. Thank you.

Victor Madera: Well, then our vision is to still grow further. And I would say that's our destination even. And of course, with the corresponding strategy, Quirónsalud cannot afford to be present where we can't create any added value.

And so it's not a matter of size or any other factors. No, we need to make sure, where are the places, where are the sites where we can create added value?

And so what we have also done is to initiate projects, greenfield projects, that is, initiate them because, if you pay a lot to put up a hospital and you have the patients already but still have to make huge expenses to adjust at a given hospital to the modern demands and requirements, well, then we sometimes rather prefer to go for a greenfield project and to start a hospital from scratch.

And so wherever it makes sense for us, we will do that, as is the case in Valencia or in Badalona.

Marianne Bulot: Thank you very much. Marianne Bulot from Bank of America. I was just wondering if you could provide a little bit more color on the network expansion you're planning in terms of budget that is allocated, and is there any risk on the margin in the short term as you expand?

Victor Madera: Well, look, the budget corresponds the aims that Fresenius has given us on CapEx. It's in line with the targets from Fresenius for CapEx. It's the same as in the last year. So there's not going to be any exceptional growth or increase here. And so with that, we comply with the margin bands communicated this morning.

Markus Georgi: Veronika.

Veronika Dubajova: Victor, you know what question I'm going to ask, which is -- it's sort of related to Hassan's question but maybe slightly bigger picture. You have grown much faster than the market for an extended period of time. How much more scope do you think you have to keep doing that?

And if I look at the last few years, it's been 8% to 9%. Is that the right number? Is that too high, too low, if you can maybe talk through that and how you're thinking about your ability to sustain that high single-digit growth rate?

Victor Madera: I was missing you, Veronika. Well, look, I've already missed you, Veronika, yes, you and your question. We have grown, and we will continue to grow, of course. And we got all the conditions in place for that.

The market allows us to grow. And the bottlenecks in the hospitals are usually the beds, the operating theaters, surgery capacities, or the square meters available for the accident and emergency units. And as I already said, for the last 4 and 5 years, we have taken every effort to counter these bottlenecks.

In Badajoz, we will be able to grow further because, here, well, we are already reaching maximum capacity and utilization, while in Valencia, we will be doubling our capacities. In other hospitals, we are also looking at the same development. And so we have not planned that for every hospital because we still see available free capacity in some of these.

But we are, well, looking at about 1,000 or 2,000 -- 1,200 surgeries and operations per operation theater. On average, it's about 600, but that means we still have upside potential. For example, x-rays, we do x-rays almost round the clock. And some patients actually prefer this to come in only in the evening for an x-ray. And so if you make an investment in x-ray equipment, something that will set you back €2 million to €3 million, it must be worth your while. It must pay off.

And of course, others will only open up from Monday to Friday. And so, Veronika, don't you worry. One thing, we've got the capacity to keep growing many, many years with the same rate as in the past.

Markus Georgi: David Adlington.

David Adlington: Great. Thank you. Just some questions on the private pay insurance. That €800 roughly flat fee, is that available to everybody, and is there any age restriction? Is there a sort of maximum age that you can no longer get that payment?

And then the 12 million patients that's covered, how's that evolved over time, and how susceptible is it to any economic downturn?

Victor Madera: Yes, of course, there are limitations to that. And the private insurers also, of course, have their own studies that they've conducted. And patients with, well, multiple illnesses or of advanced age here, these policies are a little more expensive, but these €770 that I communicated is an average price.

And of course, some insurance policies will even exclude certain groups of patients. That's also possible. But of course, at the moment, we've got anywhere between 11 million to 12 million privately insured patients. And that number is going to go up. And that is very competitive indeed, especially when you look at the insurance premium that you're paying.

And as I said, health awareness is on the up, and people don't behave as they did in the past anymore. They're much more conscious. And of course, that means, also with us, you've got four times shorter waiting times. You can see the experts straight away. And since Corona, it's also now possible that people -- or we see that people have a much higher health awareness, that it's good, it's an asset they need to foster and take care of.

So we assume that the number of privately insured people and patients is set to grow over the next few years anywhere between 4% to 5% and 6%.

Markus Georgi: And therefore, would like to ask all presenters for our final joint Q&A session come on stage.

So last chance, if it's about Quirónsalud or Helios Germany or any strategic question, please go ahead. Hassan, you're first.

Hassan Al-Wakeel: Thank you. Hassan Al-Wakeel from Barclays. So you've raised the margin ambitions for the medium term at Helios. Can you talk about how you think about the incremental improvement in profitability and how this splits Germany versus Spain?

And then in particular, in Germany, how many underperforming hospitals do you have from a margin perspective? And how do you think about the prospect of improvement or indeed portfolio pruning? Thank you.

Ralph Böttcher: So 10% to 12%, of course, assumes an improvement in margin in both markets. So that would be Germany and Spain. You have seen it's structurally different markets, and there are obviously also different strategies and levers in place how we will drive this margin increase. But in principle, it assumes an uplift in the margin in both countries.

The underperforming hospitals, we had this question also earlier today. Actually, it's a small watch list, if you will, of hospitals that we look at. It's not a material part of the of the business. And the way we look at it is, of course, we look at the economic performance, the results of those hospitals, but also at their value as a feeder and perhaps even part of a cluster within the network.

So it's that list of hospitals that have, let's say, closer attention. But it's single-digit share of revenues and not material for the overall network. So that's what we would call sort of ongoing portfolio optimization. And then either those hospitals have their place within the network, or of course, we will look for other ways.

Robert Möller: But that's definitely nothing new. We look at our portfolio all times, the last 10 years, 20 years, and we will do it in the future too. And of course, the revenue and the EBIT margin contribution is very important. But on the other hand, you can contribute as a hospital also in medical perspective, being part of a cluster as we heard, and bringing value to the patients. So it's both, and we are looking at our portfolio, yes, with an really open eye, as we did in the past.

Markus Georgi: Veronika, please go ahead.

Veronika Dubajova: Thank you. Two questions from me, sort of both bigger picture. The first one is, obviously, you've outlined a fairly attractive growth and margin improvement strategy. Just curious maybe, Robert, for you, what do you see as the biggest risk to your ability to achieve this? Obviously, we've been through five turbulent years of COVID and Ukraine and all sorts of other things. But as you look forward, what do you think is the biggest risk to you achieving the ambitions that you've put forward today?

And then apologies, a slightly pedantic financial question, but I have to ask it. Obviously, in 2024, you are getting some benefit from the energy payments to margin. And so I'm just curious -- Sara will yell at me later because I'm basically asking you for 2025 margin guidance, but do you think you can grow margin year on year even in 2025 as those energy payments unroll, or is 2025 more of an even keel, and then the margin improvement starts thereafter? Thank you.

Robert Möller: Okay. Thank you for the question, Veronika. I'm looking at the opportunities at first. And I see much more opportunities for us than risks. And as we tried to make clear, we are very, very well prepared for everything that's coming across now in both markets.

We talked a lot about our value drivers. And we really are confident that this will grow. This story will grow. And we have much more opportunities than we have risks, and even in the German market where we have this highly regulated situation, we are really sure that the opportunities are higher and bigger than the risks. And this is also for the now upcoming regulatory change.

We talked about in the last session, about the question of nursing budget and the flat rate. And this situation brings us no harm. And there is no relevant risk. And the opportunities are much, much higher than the risk we are facing now.

Ralph Böttcher: And then on your second one, Veronika, so let me try and answer it like this. So our outlook for '24 is 10% to 11%, right? And then our midterm outlook for 2027 -- but that's also valued for the years in between -- is 10% to 12%. So basically, that already gives you, I think, the elements to see where we see the -- or to have a feeling how we see the trajectory.

And obviously, '24 would still include the portion of the Energy Relief Fund, which has been reported accordingly also in the past. And then this is phasing out. But still our midterm margin band applies of 10% to 12% and is without assuming such Energy Relief Funds. So that's basically the funnel where we will go through.

Markus Georgi: Richard.

Richard Felton: Thank you. Richard Felton from Goldman Sachs. Two questions, probably both for Ralph. So firstly, there was a lot of emphasis on data in your presentation this morning, data to drive results and performance and also data for benchmarking.

My question is, to what extent is that new for Helios? And can you give any specific examples of how that use and data has changed the way you operate or allocate capital?

And secondly, a question on cash conversion and optimization of working capital, just to clarify, should we think about that as a specific driver for FY '24 and a bump to free cash flow this year, or is that more of a multiyear journey to optimize working capital?

Ralph Böttcher: Okay. So first on the data, from what I see, both Helios Germany and Quirónsalud have always been very data-driven companies. So that's really part of the company DNA, if you will, and you see that very clearly also on the clinical side. So all the evidence on the medical quality, which is a system that has been established, I guess, in the past 15, even 20 years or so, that's been fed by data. And I guess it's also similar in Spain.

So the mindset of the company to work with statistically significant data, especially in the field of medicine, of course, that's always been there. Now what we, of course, are adding now is, first of all, we are always getting better and faster -- also, the tools are getting better and faster -- how we can then collect this data and work with it, not only for clinical purposes but also for operational purposes. And we really can get into every branch, if you will, of the organization, both in Germany and Spain.

And then we're adding this additional element of more benchmarking, which Robert outlined earlier today, so where we also look, of course, at medical quality and all of this, but then very specifically activity levels, resource usage. It's the one common thing that we and other providers are facing that need to make the best possible use of resources. So we want to see in which hospitals, in which areas this is handled best and then learn from that across the network.

So in this respect, I think, we're just, let's say, tapping more into the potential of the data that was already there, but now we can collect it in a central place and also have better tools at hand to then use it for different purposes.

You have also not only seen the dashboard that I showed, which is one that I obviously as a finance guy want to look in together with my medical colleagues, of course. But you've seen that for the emergency management. We have that on resources and the type of resource we spent in the network.

So there's a whole set of tools, if you will, available throughout the organization. And now we're adding that layer on top, which really allows us then to extract additional value from benchmarking and also from being very fast and analyzing where things are going into the direction we want and where there are areas of improvement.

Now with regards to cash, so you've seen we expect a strong performance on cash in '24. This is very much linked to this catchup from the nurse budget receivables in Germany, which we expect to happen or the large part to happen in the course of the fiscal year. So that will give a very strong cash conversion rate in '24.

However, our track record on cash conversion also in the past was to be around 1.0, which is a healthy level of cash conversion also on the long term. But of course, we want to achieve is we want to lift the ROIC with strong performance in '24 and then also move into that corridor in terms of ROIC between 6% and 8%.

So that's then for us the long-term goal. So we'll a spike this year driven by this catchup effect, but then we aim to stay in that corridor also when it comes to ROIC.

Robert Davies: Thank you. It's Robert Davies from Morgan Stanley. Had two questions. The first one was on your structural cost saving targets. I think you'd put in some numbers out to 2025 of €130 million. The bar keeps sort of going beyond into 2027.

Within those savings beyond '25, does operations excellence continue to be the dominant part of the savings? Is that the assumption that you just kind of keep squeezing it harder and harder beyond that? And maybe you could just give us some sort of color or feel on where you really think those savings beyond 2025 are coming from. That was the first question.

And then just on, I guess, a couple of topics that have come up around AI, you mentioned a couple of times some of the benefits you can get from that. I'd just be curious in terms of your internal capabilities versus things you still need to bring in potentially from the outside, is there anything from a portfolio standpoint that you think you would need to add in from a technology or software side that you don't have yet? Thank you.

Ralph Böttcher: Okay. I'll go first on the productivity gains. So yes, also going forward, I would expect the operations excellence category to be the most relevant one also because pushing it or squeezing it is one way of looking at it. But it's getting better and better, right?

We had some nice examples I believe also outside, where you really see that this is also very much about clinical processes. This is what physicians expect. This is what medical staff expect. This is what the patient expects. And this is also, of course, what we drive as a company. So that's the core of our business. That's the treatment time that we can dedicate to our patients. And it will always be also for the foreseeable future one of our main responsibilities to make sure we optimize it as much as possible.

And you heard from Juan Antonio. I think he cited that study that, generally speaking -- and that doesn't refer to our network, but generally speaking, in the medical sector, it is said that 60% of processes are value adding, if you will; 30% are somehow neutral; and 10% even adverse.

So there is still a way to go and I guess for everybody and even, in our case, as we are improving year over year, that's really the one area where we should focus on. And I believe then also the productivity gains that come from this will be significant in that category.

Robert Möller: And I would like to add optimizing clinical processes brings productivity. It brings all. It brings also medical quality. It brings better medical outcome. And it brings also cost saving.

I mentioned that on the example of Hope on the oncology day treatment unit. This is exactly the combination you earn when you go in the right direction of optimizing clinical processes. And this is really the core of what we are doing now and what we are doing the next years.

And I would like to combine this with the answer on your other question. Of course, AI will help us doing this and optimizing clinical processes. And we are developing insights, AI processes, and of course, we will be also a customer for use AI solutions.

But as we heard from the Spanish colleagues, Casiopea, it is almost an example for good bringing AI practice in our hospitals, at least digitized patient treatment. And so in my opinion, it will be a mix. We will be able to develop a lot of solutions on our own, but some will be bought from outside.

Markus Georgi: Last one comes from the lady of Stifel.

Louise Boyer: Hello, Louise Boyer from Stifel. I had two. I would like to come back on the example that you gave about the monitoring of treatment where you had like before six consultations in person and now three consultations plus the app. I'm wondering what's the rationale financially to have a patient come to you six times versus three times because I'm guessing you're not billing the patient for the use of the app.

And the second one is regarding the physician shortage. I was wondering if you could share with us maybe a remuneration gap between the average physician in Quirónsalud versus somewhere else in the industry.

Victor Madera: On your first question, the six medical consultations that are now being reduced to three, we have these three consultations digitally. And of course, they are being remunerated. This is about improving the time that is used for these consultations. And we, of course, then pay at least what the competitive pace, but we actually pay more than competition.

And now on what Juan Antonio said, the best tool to reduce cost is increasing quality. And this also applies to physicians. Good physicians are also the most cost-effective physicians. They treat patients best, and patients are satisfied. And the bad ones, even if they're cheaper, at the end of the day, they'll be more expensive.

Markus Georgi: -- presentation of a fascinating business. Thank you, muchas gracias.

Finally, I would like to welcome our Group CEO Michael once again on the stage for his closing remarks. Thank you.

Michael Sen: So we're almost at the end. Before I let you go, let me try to briefly wrap it up. It was, in my view, a very exciting day, a very exciting Capital Market Day, where I have rarely seen also a Capital Market Day where, within the breaks, at the marketplaces, there was so much interest because these were live demonstrations on how we apply and deploy care delivery.

If I have to sum it up, I'll start at the very top because we're talking to investors, owners of the company, those who will and hopefully be potential owners and analysts. So it is about the entire company. It's about the Fresenius share. And behind the Fresenius share, there is a company.

And from what you have been seeing, starting with this calendar year, this is now a stronger, simpler company with a clear direction and with a better quality of earnings and a better predictability because there is a portfolio of businesses, of assets which are wrapped around those three therapy-focused platforms.

And what the management team has been doing in the last couple of quarters, months, 1.5 years is really crafting what is visible now and is also visible with our new brand, this company where we are deepening our focus on the core, which are the businesses of Fresenius Kabi, which are highly attractive, and they are growing in growth markets -- they are growth vectors -- and what we heard today, our service provision business.

And the service provision business is very stable. It is very reliable. And it is a basis for really playing the relevant role in these two geographies and beyond for care provision.

And if I sum it up and mention again the points which were iterated in great details today from a great team as I see it is, in the respective markets, we are talking about growth. All our businesses are growing, and also, these two businesses are growing in their respective market.

Don't be afraid of a regulated industry. A regulated industry is regulated, and that has advantages. Yes, it is also subject to change by regulators, by governments, but we have shown and have a track record that we can adjust.

The second thing is this is system relevant. And in both cases, the businesses have a relevance and a size and a scope that you cannot do without them. And whoever wants to improve the healthcare system in their country, namely, in Spain and in Germany, has to think about levers which we are applying and will apply even with more force and with rigor.

So both assets are in growing markets, are in regulated markets, stable revenue, stable earnings, and then stable cash. And they are market leading, and they have enough levers in their own businesses to even improve an incremental notch on what they're doing today.

On the operations, as they have today, the core for this is the medical and the clinical quality around the patient that you basically own the patient, the patient journey. And you have seen the different nuances between Germany and Spain. On the one hand, it was driven by innovation, technology, and the best people. On the other side, it was about benchmarking, data-driven excellence. And now think about, with a new management team, with a new leadership team and a clear guidance what the group expects in terms of leadership behavior but also in terms of then financial outcome, that they can learn from one another and cross-fertilize.

The second thing is they can grow without investing in brick and mortar. They can grow without investing in brick and mortar because both will be able to attract patients and volume, again, because of the quality and the standard they serve.

Fresenius

Actually, if you think about that a system thinks about, how can I determine a procedure or a standard of care, it is actually our standard of care which they would and should apply. And therefore, we are not afraid from any regulation. We're not afraid from increasing transparency and the like. So patients are going to come.

On top of that, there is the digital world and the data world which is going into the future. And on the digital world, of course, to the question Helios has always and Quirón been data driven, but I think we can all agree we are at a very pivotal point technology wise where technology can help you to expedite on that one, with AI algorithms, with making clinical decisions even better.

And of course, this is a service provision business. You apply the AI which is partly embedded in modalities, in devices, and the like. But the application as such only happens in the clinical practice.

And you saw an example outside, when you talk about, for example, on the colonoscopy and cancer care oncology and when you think about what you can do with AI, it is first of all the detection.

The second thing is the specificity because cancer is not cancer. You can differentiate it. The experts are sitting in the first row. But a couple of years back, lung cancer was lung cancer. Today, I think, Olaf, we have 12 or 14 different specificities, according to what Victor said also, scientific progress on molecular diagnostics and so on, so forth.

So the knowledge you generate with data is tremendous. And now tell me who owns that data. Twenty-five million patients in Europe.

So this is what I take away from the deep dive I've heard today. I'm also taking away and I'm very happy and also talking for Sara and Robert himself, we have a great leadership team, great leadership team as a management board and in the broader executive team who are really passionate about leading and developing their business further.

And if you do that, there are clear financial goals and, obviously, also operational goals, and there's obviously also clinical goals behind that. But there's also financial goals behind that. And what we expect in terms of financial outcome is laid out in Fresenius Financial Framework.

And you have heard the team today where they clearly have the ambition to upgrade over the course of the next couple of years, 3 years, as to what we've been seeing before.

So we crafted a company which is stronger and simpler. We have a clear operating model how we want to run the company. We clearly have a great team. We know what the financial outcome should be. We are changing the culture to the better and have great momentum. And yet we know that we will be busy also for the next couple of quarters, hopefully, years because we are busy delivering.

And I know that it is all about trust because trust is at the core of what we do when we care for patients. But trust is also important vis-à-vis the owners of our company. And we know and we want to earn that trust by continuous delivery. And have given you a little sneak peek on how Q2 is going to evolve.

Thank you very much. Safe travels.

DISCLAIMER // FORWARD-LOOKING STATEMENTS
This transcript contains forward-looking statements that are subject to various risks and uncertainties. Future results could differ materially from those described in these forward-looking statements due to certain factors, e.g. changes in business, economic and competitive conditions, regulatory reforms, results of clinical trials, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings, the availability of financing and unforeseen impacts of international conflicts.

Financial figures on profit and profitability throughout this transcript, especially EBIT, EBITDA, and related margins, are generally reported "before special items". Hence, these figures exclude certain one-time effects. Regarding the definition of financial performance indicators, these refer to the most recent financial publications available on the Fresenius corporate website.

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