

# Aide Memoire

## Q3 2024

October 16, 2024

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As a service to our investors and analysts, we are providing a quarterly Aide Memoire ahead of our quiet periods. This document includes a summary of relevant information that we have communicated previously and/or made available to the market otherwise. The Aide Memoire may prove helpful in assessing Fresenius' financial performance ahead of the publication of our Q3 2024 financial results on November 6, 2024. Please note that this release and all information therein is unaudited. Consistent with our general practices, any updates to our guidance will be provided in our external disclosures.

**Please note that our quiet period starts on October 23, 2024.**

## **Statements: Q2/24 Call (July 31, 2024)**

### **On Guidance**

"We are confirming our full-year guidance for our organic revenue and EBIT growth on Group level. Given what we delivered in the first half, we are optimistic to get into the upper half of the EBIT growth range for full-year '24."

"Considering Helios Spain's seasonality in Q3, the lessened effects of Biopharma milestone payments, and energy relief funding in the second half, this is a strong signal of confidence."

"There are also some unknowns out there. China remains softer."

### **On Helios phasing and energy relief funding**

"For Helios, obviously, Q3 will be seasonally weaker. (...)"

"Q3 is always seasonally weak because we have our hospital business. And as we all know, in Germany and in Spain, nobody goes to the hospital in August, at least nobody who doesn't have to."

"So, if I look into the first half of '24 and compare it with the first half of '23, the first thing to realize is, obviously, it's 100 basis point margin expansion between last year and this year. Now energy clearly played a role in that. For the first half of this year, we said we have almost €100 million (...) of energy relief funding, whereas in 2023, we said, overall, across the year, it's more of a €200 million number, which was however tailored towards the second half of the year."

"So, if you now look at it, and you know that, in Q3, energy relief funding will start to fade away, clearly, (...) they will need to run faster to stay that course. [The management team, at the CMD] outlined to you in terms of revenue and in terms of growth with the cluster strategy and all of that how they're going to take that growth and how they want to drive revenue."

"And on the other hand, they laid out €130 million cost saving plan (...)."

## On China

"We have been pointing out China as of Q3 last year that we say we expect a softer trajectory in China on the back of many aspects, the general economic weakness, then the shift in the business model going to tendering, and then the anticorruption campaign."

"We shared our assumptions (...) at the beginning of the year (...) that, in Q3, Q4, we would see an uptick, also based on the technical effect because, Q3, Q4, this is where the weakness started last year, yet we got to say it still remains soft for the coming quarters."

## Statements: Conversation with the C-Suite (October 11, 2024)

### On Guidance

"We didn't raise the **Outlook** in Q2 because there were still moving parts, but we said our clear ambition is to be at the top end, the top half. Basically, it's 8 to 10%. From what I see. We're sailing nicely towards that one, but I would remind everybody, (...) that we are talking about Q3. Q3 has its particularities because it is, especially for the hospital business, (...) the weakest quarter."

"I called out the growth vectors who contributed nicely in the first half, on growth and bottom line. I told you guys that for Q3, Q4 for **Kabi**, think about the print which you saw in Q1, Q2 on margin. Don't get distracted by growth, because growth has a lot of other sensitivities. But if you talk about margin, I said roughly the same print."

### On China

"On **China**: fundamentally I'm not pessimistic about that market. But currently, I don't see any easing there."

### On IV Fluids situation in the U.S.

"Different to the Pfizer plant last year. Complicated situation. Infusion solutions are a critical supply, with the majority of procedures needing it, which is why it is such an important part of the portfolio despite being lower margin than generics."

“In close contact with regulators in the U.S. Looking at how to expand capacity, but the ramp up takes time and needs to be regulatory approved. Discussing with the FDA and government to see what is the theoretical capacity and if there is a pathway to fast track regulatory approval.”

“Elective procedures may have a negative impact on parts of the portfolio such as propofol, but then there could be a tailwind from other parts of the portfolio such as from pre-mixed bags.”

## FY/24 outlook

**Confirmed – Optimistic to get into upper half of EBIT growth range**

	FY/23 base <sup>1</sup>	FY/24 outlook	Fresenius
Fresenius Kabi	€8,009m	<ul style="list-style-type: none"> <li>✓ Mid to high single-digit organic revenue growth</li> </ul>	<ul style="list-style-type: none"> <li>✓ Revenue growth (organic): <b>4–7% growth</b> 2023: €20,307m<sup>1</sup></li> </ul>
	€1,145m	<ul style="list-style-type: none"> <li>✓ Between 15–16% EBIT margin; structural EBIT margin band of 14–17%</li> </ul>	
Fresenius Helios	€11,952m	<ul style="list-style-type: none"> <li>✓ Mid single-digit organic revenue growth</li> </ul>	<ul style="list-style-type: none"> <li>✓ EBIT growth (cc): <b>6–10% growth</b> 2023: €2,266m<sup>1</sup></li> </ul>
	€1,190m	<ul style="list-style-type: none"> <li>✓ EBIT margin of 10–11%</li> </ul>	

<sup>1</sup> Please refer to slide 50 for a reconciliation of the FY/2023 guidance base

## Special items

### FY 2023

- Revaluations of biosimilars contingent purchase price liabilities
- Expenses associated with the Fresenius cost and efficiency program
- Transaction costs for mAbxience and Ivenix
- Legal form conversion costs Fresenius Medical Care
- Legacy portfolio adjustments
- Transformation of Fresenius Vamed
- Remeasurement of the Humacyte investment
- Effects from the valuation of the investment in Fresenius Medical Care in accordance with IFRS 5
- Recognition and amortization from purchase price allocation (PPA) due to the application of the equity method to the Fresenius Medical Care investment

### Q2 2024

- Expenses associated with the Fresenius cost and efficiency program
- Legal form conversion costs Fresenius Medical Care
- Legacy portfolio adjustments
- IT Transformation
- Transformation/Vamed exit
- Discontinued operations Fresenius Vamed
- Special items Fresenius Medical Care
- Impact of purchase price allocation (PPA) due to the application of the equity method to the Fresenius Medical Care investment

## Guidance Base

€m		FY/2023 Actual	Portfolio Adjustments Helios	Vamed Exit	Base for Guidance FY/24
<b>Fresenius Kabi</b>	Revenue	8,009			8,009
	EBIT	1,145			1,145
<b>Fresenius Helios</b>	Revenue	12,320	-368		11,952
	EBIT	1,232	-42		1,190
<b>Vamed</b>	Revenue	2,356		-2,356	0
	EBIT	-16		+16	0
<b>Corporate</b>	Revenue	-386		+732	346
	EBIT	-99		+30	-69
<b>Group</b>	Revenue	<b>22,299</b>	-368	-1,624	<b>20,307</b>
	EBIT	<b>2,262</b>	-42	+46	<b>2,266</b>

Before special items

## FY/24 outlook: other financial KPIs

		FY/23	FY/24 expectation
<b>Profitability</b>	Interest expense	€418m	€420 to €440m
	Tax rate	28.3%	Between 25 to 26%
<b>Capital Allocation</b>	CAPEX % of revenue	5.1%	Around 5%
	CCR LTM	1.0	Around 1
	ROIC	5.2%	Around 6% (previous: in the range of 5.4 to 6.0%)
	Leverage ratio	3.76x	Within target range of 3.0 to 3.5x net debt/EBITDA

Before special items

USD/EUR (average) Q3/24:	1.08
USD/EUR (average) Q1-3/24:	1.09
Average number of ordinary shares Q3/24:	563.24 million
Average number of ordinary shares Q1-3/24:	563.24 million

## Vamed exit

Fresenius has set out its plan to exit the Vamed business.

The exit will be threefold:

1. The **Rehabilitation Business and Vamed's Austrian operations** (around 55% of revenues) are set for sale in the second half of 2024.

The divestment of the rehabilitation business to the international private equity firm PAI Partners has been closed on September 30, 2024. Fresenius retains a 30% minority stake in the business. The transaction, which was announced in May 2024, has received all necessary regulatory approvals and closing conditions have been met.

2. The **High-End Hospital Service Business** (around 30% of revenues) has been transferred to Fresenius (Corporate).
3. The **Project Business** (around 15% of revenues) will be managed for a structured exit which we is planned to be largely completed by the end of 2026.

FY/24 Fresenius Group

### Financial & accounting implications of Vamed exit

	PROFIT & LOSS	CASH FLOW
<b>DIVESTED</b> <b>REHABILITATION</b> HFO <sup>1</sup>   ~40% <sup>2</sup> of revenue <hr/> <b>AUSTRIA OPERATIONS</b> ~15% <sup>2</sup> of revenue	<ul style="list-style-type: none"> <li>▪ <b>Special items of €427 million as per Q2/24</b></li> <li>▪ Divested Rehabilitation stake (70%) to be reported as discontinued operations until closing</li> <li>▪ Result from remaining rehabilitation stake (30%, net income) reported as "At equity" result after closing</li> </ul>	<ul style="list-style-type: none"> <li>▪ No cash impact</li> <li>▪ Cash proceeds from divestments upon closing</li> </ul>
<b>TRANSFER</b> <b>HOSPITAL SERVICES</b> HES <sup>3</sup>   ~30 % <sup>2</sup> of revenue	<ul style="list-style-type: none"> <li>▪ Revenue and earnings contribution to be reflected in "<b>Corporate</b>" segment (mid single-digit EBIT margin historically)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Cash contribution continues to be included in Group cash flow</li> </ul>
<b>STRUCTURED EXIT</b> <b>PROJECT BUSINESS<sup>5</sup></b> HTE <sup>4</sup>   ~15% <sup>2</sup> of revenue	<ul style="list-style-type: none"> <li>▪ <b>Special items in high triple-digit € million amount</b> expected over time, <b>significant portion in FY/24</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Mostly cash-relevant</b></li> </ul>

<sup>1</sup> Health Facility Operations; <sup>2</sup> Based on FY/23 revenue; <sup>3</sup> High End Services; <sup>4</sup> Health Tech Engineering; <sup>5</sup> outside Austria Before special items

## **Financial Calendar**

November 06, 2024

Results Q3/24

Please note that these dates could be subject to change.

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## **Disclaimer / Forward-looking statements**

This release 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. Fresenius does not undertake any responsibility to update the forward-looking statements in this release.