

# Transcript

## Conference Call Q3 2024 results

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### **PRESENTATION**

Nick Stone: Thank you, operator. Hello, everyone. Welcome to our year-to-date and Q3 2024 earnings call and Webcast. The presentation was emailed to our distribution list earlier today and is available on [fresenius.com](https://www.fresenius.com). On Slide 2 of the presentation, you will find the usual safe harbor statement. Unless stated otherwise, we'll comment on our performance using constant exchange rates or CER.

Today, I'm joined by Michael and Sara, and the call will last approximately 1 hour, with the presentation taking around 35 minutes, the remaining time for your questions. So please ask 1 to 2 questions so that everyone has a chance to participate. And with that, I will now hand the call over to Michael.

Michael Sen: Well, thank you, Nick. And hello, everyone, from my side. This was, as we call it, an exciting quarter, but even more a defining election in the US. The outcome

brings clarification, and I congratulate the 47th President of the United States Donald J. Trump.

Now first, let me welcome Nick, Nick Stone. He joins us from GSK. He started on October 1st. So, it's been a lot in a short time. But he knows our industry very well, and he is a real addition to the Fresenius team. You will be meeting him in person shortly, I'm sure.

As always, Sara and I have a lot to cover today. I'll do a brief introduction and overview. Sara will give more detail on the numbers, with plenty of space for your questions.

These quarterly results are almost kind of like an anniversary of sorts. And I'd like to emphasize how far Fresenius has come since October 2022. From the outset 2 years ago, we said that, going forward, we will focus on returns and drive structural productivity with rigor, also that we will focus on organic growth, and we introduced margin bands as a means to improve performance and grow earnings. With #FutureFresenius, we've progressed rapidly, simplified the group, and created a stronger, more competitive company. In essence, we put the money where our mouth is. The result: sustained and consistent delivery. The deepened focus is evident in our strong Q3 print. We delivered high single-digit top-line growth, increased margins, grew earnings, and generated outstanding cash flow, all metrics improved versus prior year. And all of this in the service of our key mission: improving patient care and patient outcomes. Fresenius is committed to life.

Turning now to Q3, there's a lot of highlights, but 2 words capture it: consistent and sustained. In a usually seasonally softer quarter, both Kabi and Helios delivered strong results. The new energy and focus is paying off. Across the group, we delivered top-line revenue growth of 9%.

At Kabi, the growth vectors paced our success, Biopharma with ongoing momentum. Product launches coupled with milestone payments at mAbxience again led to positive EBIT. Helios, too, turned strong results in a quarter where summer holidays do slow admissions and treatments.

Our productivity programs have achieved in 9 months what we originally said would take a year. We are more productive and more efficient in everything we do, and margins are showing exactly that.

Consistent top-line growth, sustained productivity gains, these two together have spurred a key part of #FutureFresenius, and cash is and remains king. Fresenius generated more than €760 million in operating cash flow, outstanding results, as I would call it. And this, in turn, means that we continue to lower leverage and thereby increase our flexibility and drive returns. And we see more upside for a sustainably improved leverage profile. More on this to come, probably at the beginning of next year.

As you see, 2024 is unfolding strongly, and as a result, we are increasing our outlook and now expect 6% to 8% revenue and 8% to 11% EBIT growth. This is a strong sign of our confidence in Kabi and Helios for the remainder of the year.

Now let's drill down more deeply into Kabi and Helios. Going deeper into Kabi and Helios, both delivered a strong performance in Q3. At Kabi, revenues were up by a very powerful 11% year-on-year in organic terms, which is clearly above the top end of the structural growth band. And yes, revenues were helped by hyperinflation-driven price increases in Argentina. More on that a little later. The growth vectors continue to drive the financial performance of Kabi. For EBIT, Kabi expanded its margin, reaching a powerful 15.9% of revenues. Here, too, it was the growth vectors are driving improvements, being in the structural EBIT margin band of 14% to 17% for the second consecutive quarter, a

remarkable margin expansion of 470 basis points. Helios showed solid and consistent performance, despite the usual seasonality.

Now let's take a closer look at Kabi, where our growth vectors, since their inception 3 years ago, are consistently enhancing operating performance. Biopharma is standing out. I will focus on the ongoing momentum and continued product successes on the next slide. Great progress also in our MedTech business. A highlight is the contract with SSM Health, which is expected to purchase more than 6,500 Ivenix pumps. Advancing innovation and fostering an ecosystem in cell and gene therapy is another driver for #FutureFresenius. Hence, the agreement between Kabi and Cellular Origins to leverage each company's expertise in cell and gene therapies is a great achievement. Overall, nice growth for our MedTech business, considerable potential for further advancements going forward.

The Nutrition business demonstrated once again steady performance. In Q3, we launched Peditrace Nocum in Europe, our state-of-the-art pediatric trace element solution on an IV basis. And our Pharma business showed a nice Q3 performance on the back of advancements in Europe and the US. With the latest investment decision to further expand the filling capacities for infusion solutions at our site in Poland, we are underlining our long-term commitment to this system-relevant medical product. At the same time, the streamlining of our production network is ongoing. In a nutshell, we are advancing with product innovations, new launches, and enhancements in our healthcare ecosystem, providing more therapeutic solutions to those in need.

Let's focus on our Biopharma business, where we're moving rapidly. We see significant progress in terms of market access and payer coverage in 2024. Just recently, both EMA and FDA approved our Ustekinumab biosimilar. We call it Otulfi, referencing Stelara. We have a global commercialization partnership with Formycon covering key global markets. It is an attractive market with originator sales globally of €11 billion. And we are further growing our Biopharma platform. A couple of weeks ago, mAbxience and Teva have entered a second global licensing agreement for an anti-PD-1 biosimilar candidate currently in development for the treatment of multiple oncology indications. We are further enhancing our strategic network with this new agreement, building on our initial partnership with Teva. By providing affordable and innovative healthcare, we improve and save human lives.

We are very encouraged by the Tyenne launch, which is unfolding in line with our expectations. We're on track to deliver on our ambition. In Europe, the uptake has been dynamic so far, with 19% market share in the EU-5. We see a significant coverage by sick funds -- that's the name we have for Krankenkasse in Germany -- in the markets we launched. Also in the US, the launch is progressing well. We are shipping Tyenne under more than 35 payor client agreements. Beginning of October, CMS issued a permanent product-specific Q-code and passthrough payment status for Tyenne. It enables more efficient billing processes and speed time to reimbursement for providers.

Moreover, through KabiCare, our application, we are collaborating with patients and healthcare providers to address insurance and financial assistance, all of that aiming to simplify the treatment process.

We contracted several large PBMs and IDNs and are continuously adding new contracts as we speak, among them really big names. This is consistent with our messaging that we see a steady ramp up peaking in the final months of this year. Remember that the US launch is still early innings, and we are all excited what is lying ahead of us, especially when looking beyond the current quarter. So, watch this space.

Over to Helios, where I would like to touch on some highlights, at Quirónsalud, we are providing patients with latest cutting-edge technologies. Quirónsalud incorporated more

than 1 million new users into its patient portal in less than 1 year. That means Casiopea has now surpassed 7 million users. Digital tools combined with AI provide a clear path to market success by connecting patients and providers and enhancing care through digital platforms.

Moreover, breast cancer patients who were thought to be at the end of their treatment are finding new hope with a new therapy, the so-called antibody-drug conjugates targeting cancer cells more precisely than other available medicines. A study in Germany has now shown that they significantly increase treatment success, according to initial results. This is yet another example of how we are fostering innovation.

Not at least, the cluster and specialization strategy at Helios Germany is progressing nicely. And we will get an attractive DRG inflator for the next year. We have always been transparent on the energy relief funds. In Q3, we have received the last payment supporting our profitability, and we continue to expect no further support in Q4. Looking ahead, obviously, the Helios organization has to run faster and do their work, starting from a what we would call strong base as Europe's number one hospital provider. The structural setup is poised to benefit from the targeted reforms in Germany, while medical quality in our facilities remains at an all-time high. The dedicated Helios program launched is set to deliver further improved efficiency in our processes to work against the effect of ending energy relief payments. Sara will come back to that one in more detail a little later.

Back to our group performance, 2024 is the year of financial progression, and it is great to see that simplification and focus are driving our operating performance. The strategy is working. We have a very solid and resilient growth base with our Care Provision and Pharma assets. And the boost is coming from our attractive assets in markets with secular growth trends.

Bringing this all together, Fresenius has delivered quarter-on-quarter and year-on-year sustained improvement in revenue, margins, and cash. And there is more to come. Applying these revenue, margin, and cash achievements to some key shareholder metrics, the Fresenius picture gets even better looking forward, EPS moving up, returns on invested capital improving. The only metric which rightfully trending down, our leverage. Again, we are generating shareholder value consistently, and we will sharpen this focus even more intently as we move into 2025.

Now let me hand it over to Sara.

Sara Hennicken: Thank you very much, Michael, and welcome to all participants also from my side. The third quarter was a strong one, with broad-based performance achieving high single-digit organic revenue and earnings growth, excellent cash flow generation alongside strong deleveraging. Fresenius is in a much better position than we were a year ago, with improved financial performance and a structurally stronger balance sheet, saying what we do and doing what we say. It is a great team effort. So, thanks to all our colleagues for their contribution.

Looking at it in more detail, all numbers are in constant currency, unless otherwise specified. Group organic revenue increased by 9% to €5.3 billion, driven by a strong performance at Helios and, yet again, excellent top-line delivery at Kabi. EBIT before special items at €552 million was up by 9%, reflecting our focus on operational excellence and performance.

Interest expenses and taxes were in line with expectations. For the full year, we expect interest expenses at the upper end of the €420 million to €440 million range. On tax, we continue to see a tax rate between 25% and 26%.

EPS increased by 7%, a further proof point of financial progress. Cash flow was really strong at €763 million, showing ongoing strong momentum and our focus on cash conversion. Our commitment to deleveraging means we ended the quarter at 3.24x net debt to EBITDA, in the middle of our target range and a remarkable 52 basis points improvement since the end of last year.

Turning to Kabi, sales increased by an excellent organic 11% to €2.1 billion above the structural growth band, continuing to benefit from hyperinflation-related pricing effects in Argentina. Overall, the growth vectors drove performance, with organic revenues increasing by 16%.

Biopharma had another great quarter, with organic growth increasing 66%, driven by a positive development across the portfolio. The Tyenne rollout is standing out, strong development also at mAbxience, driven by bevacizumab and additional milestone payments. MedTech organic revenue increased by 7% in the quarter, driven by broad-based growth in the US, Europe, and international regions. Infusion and Nutrition Systems stood out in terms of performance. Nutrition, with 11% organic revenue growth, benefited from pricing effects in Argentina. China continued to be soft, and we do not anticipate this to change in the short term. In Pharma, a good 6% organic revenue growth, driven by positive pricing effects, in particular in Europe and international regions. US also had solid growth given improved supply situation. China continued to weigh on the performance.

EBIT was €335 million, equivalent to a margin of 15.9%. This is a significant year-over-year margin improvement of 160 basis points and an impressive 16% constant currency growth rate. Here, you can see operating leverage combined with improved structural productivity at work. The Pharma margin was impacted by the US plant go-live costs. Year-to-date, the margin stands at 20%. The growth vectors were again within the structural margin band, a significant margin improvement of 470 basis points to 14.5%. All three growth vectors contributed. Biopharma was again EBIT positive. We expect not only to be EBITDA but also EBIT breakeven for the full year, despite lower milestone payment expectations in the last quarter.

Turning to Helios, revenue grew by organic 8% to €3.1 billion. This is above the top end of the structural growth band. Despite the usual lower admissions in Spain in the third quarter, we still delivered strong growth year-over-year. In Germany, pricing effects and some volume growth as well as some favorable technical reclassifications supported strong organic revenue growth of 8%. Spain, also with 8% organic revenue growth, showed a very healthy performance on the back of year-over-year activity growth and positive pricing effects.

At €244 million, the EBIT margin was 7.9%, given the seasonally lower admissions. Year-on-year, Helios turned in 6% EBIT growth, demonstrating the relative strength of this quarter. In the first 3 quarters, the EBIT margin stood at 10%, and we expect it to be back in the structural margin band in Q4. Helios Germany delivered another strong quarter, with an EBIT margin of 8.8%, helped by the last tranche of energy relief funding. Year-to-date, the margin is up by 80 basis points to 9.3%. Helios Spain's margin of 6.4% was lower due to seasonal softness and some phasing. Year-to-date, Helios Spain has delivered a strong low double-digit margin of 11.2%.

One cornerstone of #FutureFresenius is structural productivity. In delivering our strategy, we have become a leaner organization with long-term structural improvements. These are not one-time gains but permanent changes in the way we operate. We will continue to drive operational excellence, which clearly improves also our cost structure. In Q3, we surpassed our 2024 target of €400 million cumulative savings. Congratulations to the team for this significant achievement.



So far, Kabi has delivered the lion's share of these savings. Going forward, it will be Helios, as they are rolling out their dedicated efficiency program. As outlined at the Capital Markets Day, they are focusing on operations excellence, including reduction of processes and waiting times and digitalization of processes, resource optimization, and synergies in particular in logistics and procurement. We will update you further on our plans in February next year.

The next two slides are also key slides to me. They show how our ongoing focus on cash conversion and capital allocation led to tangible balance sheet and return improvements. Cash flow in the quarter builds on what we have achieved so far this year. Kabi's operating cash flow was driven by further improving inventory management and optimizing its payment terms and schedules. For Helios, it was an intensified focus on cash and working capital across Germany and Spain. Successful nursing budget negotiations and related cash-ins added to the positive development. What is particularly striking is the powerful and sustained achievement when looking at the last 12 months' progress. Operating cash flow improved by more than €700 million. Group CapEx remains tightly managed, with 4.4% last 12 months, well below the 5% level. The combination of focus on cash conversion and disciplined capital allocation led to a significantly improved free cash flow generation. In terms of last 12 months, free cash flow increased from €45 million last year to an impressive €2 billion this year. Even if you adjust for an around €500 million dividend payment in 2023, this is still really powerful.

As a result, our deleveraging continued to progress nicely. At the end of Q3, we were at 3.24x net debt to EBITDA and, thus, in the middle of our self-imposed leverage corridor. Higher EBITDA and the stronger free cash flow are the main drivers. It helps to reduce interest expense and, of course, drives a stronger and healthier balance sheet. We are regaining strategic flexibility, one of the things I have outlined as a key target back in February 2023. As we continue to deliver, we are, of course, reviewing our target corridor best fitting to #FutureFresenius. Return on invested capital is a main driver of value creation. We have achieved the turning point and see ROIC improving quarter-over-quarter. We ended the quarter at 6.1%, the lower end of our structural ROIC band.

Turning to my last slide, in summary, a strong quarter and an excellent first 9 months of '24. It gives us the confidence to upgrade our guidance on both guidance metrics. We now expect organic revenue growth between 6% to 8%. On EBIT, we expect 8% to 11% growth. This upgrade is despite the ongoing China weakness, lower Biopharma milestone payments in Q4, and the loss of energy relief contribution. Overall, we had a strong third quarter and year-to-date. We have delivered improvements on our financial metrics and achieved major progress, in particular on cash flow and leverage. It is exciting to see how Fresenius is unlocking its true value.

Now let me hand back to Michael.

Michael Sen: Thanks, Sara. We have delivered another excellent quarter. Our rigorous execution drives sustained performance. We remain committed to building value at Fresenius without stopping or slowing down. We reached many financial and operational milestones, which serve as a foundation for sustainable success.

As we've said throughout this effort, starting to 2022, Fresenius is committed to our core mission as a key global healthcare provider. We had the assets and talents to succeed. We are now so much stronger financially and strategically than we were. We are simpler, more focused, and more driven. That also means we are nearing the end of our revitalization and soon are about to enter our rejuvenation phase. This will carry us to the next level of performance. With the flexibility and strength that our reinvigorated cash flow has given us, we are looking forward to growing and to generating value beyond where we stand today. We will end 2024 strongly, and we go into 2025 with renewed energy. We are committed to life.

Now Sara and I are happy to take your questions.

## Q&A

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

Victoria Lambert: Thanks for taking my questions. I have two, please, and both relate to the Biosimilar business. So, my first is just on your Biosimilar launch strategy. And now your Idacio sales start with Blue Shield. Will you use this Blue Shield sales route again for your Biosimilar Stelara product? Second part of my question is just the lessons you've learned and are taking on after Humira and Idacio have been a bit taking share there and how your -- to your Stelara launch.

Michael Sen: Yes, Victoria, hi, it's Michael. I think, for the latter part of your question, you had been breaking up. So, we don't know whether we completely got your question. Look, on Idacio, this needs to be seen in the context what we've been saying from the very beginning that it will be awfully crowded. And economically, we said we don't expect much, so that the very fact that we were not part of national formularies also elaborated on the TPP, the target product profile, maybe not being completely ideal, we started driving a different approach, different go to market on a multichannel strategy. In essence, it's less Idacio. It's adalimumab-aacf, so an unbranded version with a different WAC, where we try to sell it to health plans directly. And this is what you have been seeing at Evio. And this obviously is a route on that molecule, which we will also pursue further because this is the piece of the market which is left. And everything we contract there obviously is contribution to our P&L because it also has a margin and a nice margin. And in the Evio thing, it is a broader umbrella agreement because it encompasses many Blue Cross Blue Shield institutions.

Tyenne, is a different story for obvious reasons. Tyenne, we are first to market. As I said, there, the strategy, the market access strategy is clear that we have direct contacts with PBMs and IDNs. And I mentioned that we already contracted with 35. I can't disclose the names, but I gave you a hint that they're really, really big names among these and really very powerful, for example, IDNs which have world-class reputation. So, the contract is obviously the first base, and then we need to see, based on this contract, what the sell through is going forward, probably more in next year, which makes us confident for next year.

And the latter part was somehow broken up. I don't know whether you were referring to other molecules. We have Otulfi coming up. Otulfi is also not comparable to Tyenne because, Otulfi, we are also in the second group of those who have settlement. It's a little bit less crowded than the other one. And there, we will also given the market dynamics on that molecule and also pursue different sales channels. At the end of the day, it is a function of, where can we get the biggest impact obviously on our P&L? It is not only a function of being listed on national formularies and the list price and then having high rebates. It also depends on, what is the net price? That's the first thing. The second thing on Otulfi, as we play with Formycon, obviously there's maybe step-up plans, but we don't have our own factories. So the volume piece is a different parameter we can play with.

Victoria Lambert: That does answer my question. It was just about with use private label.

Michael Sen: You have been broken up. I only heard private label. The private label is obviously for the adalimumab-aacf. Let's see whether we can get some more questions in the right quality. Sorry, Victoria. We will see each other tomorrow.

Robert Davies: Thanks for taking my questions. I had three. First one was just on the profitability difference between Germany and Spain in the quarter. Just wonder if you could kind of quantify how much the energy relief payments benefited the German profit number. That would be my first question. The second one was just, in terms of thinking about where we are in Kabi profitability, margins have moved up quite nicely the last sort of few years from 13% to 14% to nearly 16% now over the last sort of 6 months or so. As we look forward into '25, '26, do you think about the margin band there needing sort of readjustment? Because we seem to be drifting away from the bottom end of that guidance. So just be kind of curious to see how you're thinking about Kabi margins into '25 and beyond. And then the final one was just you guided, I think, to the upper end of the interest expenses this year. I know there's some bond refinancing coming up as well. I just wondered, what's the risk of any EPS leakage looking into 2025 on higher interest expenses in 2025? Thank you.

Michael Sen: So, number one and number three is for Sara. Let me try to give it a notch on the Kabi. First of all, it's great that we see that trajectory. This is hard work, starting all the way with the top line, with the revenue. So that's why I said the inception 3 years ago, the focus on this 3 + 1, the growth vectors, and obviously, that big business with IV generics, which carries us with highly profitable, is highly cash generative. But on the other ones, it's a different focus on the go to market, customer intimacy, and so on, so forth, and different stages. Biopharma has been in a different stage than MedTech or Nutrition. And Nutrition, we always labeled. We like the business also from an industry structure and the profit pool we see in the industry.

Obviously, two things which have been beneficial for us in the last 2 years is next to the top-line stuff that we have been working diligently on the competitiveness. That's why we are even ahead of the structural productivity. And Sara alluded to, there, they have to stay. They are permanent. So, everything which you gain on the top line falls through to the bottom line. And we saw some pricing power.

Going into next year, it is way too premature to already elaborate on '25. But I think what you can take as an assumption, one of the growth vectors, Biopharma, obviously will see improvements. That's why we are so excited about the Tyenne launch. In fact, actually, for the remainder of the year, it is where we see the trajectory in Europe, and we get the sell through basically on the contracts and the market share, which on the top five, it's 90%. In different countries, it's higher. And we expect, obviously, next year to increase that share and obviously pick up then really in sales also in the US.

So, this is the stuff you can expect. Also, in terms of Pharma, they outlined in the Capital Market Day as you can view it over the course of the next years. And everything else, we will update you. They're not there yet, right? They have a strong print. But if I look at their margin band, they are not there where they are really outside or at the top end. So there is room to work on. And we will update you as to how close they could get to that one when we talk in February.

Sara Hennicken: And happy to take your Helios as well as the interest rate question. Maybe on Helios, getting to Spain first, obviously, Q3 is seasonally a soft quarter for Quirón. And also, given a smaller number, there is normally a little bit more volatility within the quarter. Now if you look at it, Q3 is 6.4% in terms of margin. However, I think you need to take that into the context of an extremely strong Q2. And at the point in time, I don't know if you remember on the last call, I said there can be some phasing from Q2 kind of being softer on the Q3 side. And if you look at it from a year-to-date perspective, Helios is at a strong 11.2%. So, I think you need to take that Q3 a little bit into context.

If you look at Helios Germany, obviously, throughout the year, year-to-date, Helios Germany had a tailwind from energy relief funding. It's the same tailwind they also



enjoyed during the course of last year. I think what we said for this quarter is it's a midsize double-digit last tranche of energy relief support in that number and hence also in the margin for Helios. Having said that, if you look at it kind of in a 2023 compared to 2024 comparison, you will see that, A, this was the last tranche. So Q4, there is no further benefit from energy relief funding. But also, full year '23, we will have received more energy relief funding compared to the full year of 2024.

Robert Davies: Okay. And on the interest number?

Sara Hennicken: Sorry, and on the interest. Yes, so interest, you're absolutely right. And we do have some refinancing upcoming. And it's also fair to say that, if you take the average of the refinancing interest expense, it's more in the area of, let's say, 1.2%, 1.3%, whereas if you look at our average cost of debt at the moment, it's more in the area of 2.6%. So overall, if you do a like-for-like, there will be some downside. I think that exactly eludes the fact of focusing on cash conversion and strong cash flow. And you have probably seen that our overall net debt number decreased by around €500 million to €600 million this quarter alone and a €1.5 billion year-to-date.

So of course, we will use that cash flow to delever with a positive impact on EPS and interest expense, but that was one of the reasons why we are so laser focused on driving cash and with that cash driving that down. At the same time, it's also fair the team works very focused on whenever we do refinance to refinance at effective terms. And we have frontloaded part of the refinancing already. We have issued a Swiss bond in Q3, and that had a 1.6% interest rate attached to it.

Robert Davies: Very clear. Thank you very much.

Hassan Al-Wakeel: Hi, good afternoon. Thank you for taking my questions. I have three as well. Firstly, Michael, a big-picture question to start. The turnaround is clearly bearing fruit with productivity savings ahead of plan and clearly visible in the numbers as well. Where do you think you are in this turnaround? What is left to do from a structural productivity perspective, and what should we expect from the next phase of this program at Helios? Secondly, given the strength this year, how should we think about the trajectory of the business into next, and what are the key headwinds and tailwinds, at least qualitatively, to your mind, given the fallaway in energy relief and consensus expectations of 9% EBIT growth for 2025? And then finally, what are you seeing on the ground in China? Are you observing any deterioration in the quarter and any share shifts towards locals? Thank you.

Michael Sen: Yes, hi, Hassan. I'm not surprised about your last question. Let me start maybe with exactly that one. Sara said it in her speech that we do not expect that China is going to improve. Also, what we had for the remainder of the year now, we do expect further softness in China. I would not get too much distracted by growth rates also in Q4 because last year was a quarter where we already saw destocking or had destocking let go because we were controlling the channels and wanted to have a specific yield in the channels. So, in absolute terms, I even see sequential decrease in China when I would compare and will compare in a couple of weeks Q4 versus Q3.

What we see on the ground is the same story which we started a year ago, exactly a year ago, where we said we expect China to be soft. We reiterated on that one in the half, where initially we thought Q3, Q4 could be a little different. This is not what we see. We still see as all of us the general economic weakness, which is clear. We still see the anticorruption campaign which leads to the so-called hospital budget program or hospital budget exercise where they are very, very tight and hesitating making decisions on, let's say, in Tier 1, Tier 2 hospitals, by the way, on higher, more sophisticated products, and you're right, especially coming from abroad.

Obviously, there's also the volume-based procurement as a change in business model. And with propofol on MCT V1. On LCT, we did not take the tender home. But also, there's actions we can take. We are decreasing our sales force, where it's purely volume based on a national volume base. We are obviously touching the feet on the street, but on the other hand, we see that also, outside NVBP, you can sell. So, it is a question also on how you dissect the market and how you then cater the market. Obviously, what we cannot change is if somebody doesn't order because of, let's say, overall regulation or, let's say, the anticorruption campaign.

Now we have some data points. There were two anticorruption campaigns in the past, I think 2006 and '16, which lasted only for 5, 6 months. This one now is lasting longer. So, at some point in time, you would say this has to recoup. Obviously, the business model is not going to change, but more going beyond '25 and '26, we also have stuff in the market.

In Wuxi, there is a whole line on the Nutrition piece, where we can cater the market with local products. But everything you have said we see. But midterm, long term, we are still positive on the market because the market is a need for healthcare. And don't forget, with whatever we have in our product portfolio, we are much closer to actual procedure growth and are probably from the perspective of a hospital more OpEx than CapEx and an essential product at some point in time you need.

By the way, if I compare competitiveness on Clinical Nutrition, especially on Parenteral Nutrition, we even gained market share in China. So that's why we are not completely dark on China, but just as a reference, also going into Q4 and next year, we don't expect it to recover in the near term. And also, on volume-based procurement, we have been updating you very transparently on Keto, which we thought is going to be part of a volume-based procurement in the eighth and ninth NVBP, which didn't happen. We expect it to be part in the 10th NVBP, which we expect to happen -- to take place in March.

Now what else can we expect? The turnaround is in full swing. And I think it became clear that we want to ride exactly on that swing on that momentum. Obviously, different assets need to be viewed differently. All of the assets – or not all, but primarily all of the assets within Kabi are in a very, very nice swing. MedTech may have a little more work to do. Ivenix rollout will start next year, where it is, do we have the installation capabilities, capacities, and so on and so forth? They also want to improve their margin, not that I already comment on '25, but this is what they said in the Capital Market Day.

So, this whole productivity mindset at Kabi will obviously further take place. And reinvigorating means getting younger in the portfolio. Biopharma will play a different role next year than it plays this year, that also to the point of China. China is not a swing factor in our overall portfolio, if we look at Fresenius. It is an important market. We still are or will be committed to that market, but opposed to other industries or company, it is not a swing factor. And in relative terms, when Biopharma will grow and will grow especially in the US, the relative weight of China even is a different one.

So, you can expect that we want Kabi to be on that further trajectory. Obviously, we will have to talk about innovation. We need to talk about pipeline. We need to talk as we do in Biopharma. And everybody is so interested on the individual molecules. And I think we have a pretty robust pipeline for the next coming years.

The same holds true for Nutrition. What do we have in our pipeline? I just mentioned 3-chamber bags in Wuxi, but we need more. There's a lot of innovation potential there. So, we got a way where we put our R&D money and want to reap the fruits maybe in 2 or 3 years. But the industry is highly attractive. And that's why that's the focus on innovation.

On launches in Pharma, we said that probably next year will be better than this year. That's what they said at the Capital Market Day that '25 will be better in terms of launches than '24. But also, there, we need to look what the market really wants and wants to cater.

On Helios, it's a little bit a different story. As we have shown it, and that's why I deliberately said 3 years ago we started with Kabi. This was work. This needed preparatory work. When you do want to have structural productivity and not tap somebody on the shoulder to say run faster, but really take out costs out of the system, optimize processes, maybe by digitization and so on, so forth, this needs preparations. For Helios, especially in Germany, the focus will be on that structural productivity going forward. And obviously, also on the top line, it is about, how can you be more attractive on the payer mix, on the patients you attract into your hospitals? This is the whole cluster concept which has a ramification on the top line and obviously on the cost side.

So, for '25, I gave you a few things. China is probably soft. Biopharma, obviously, we want to see -- Pierluigi and the team, they have everything in place, first to market with Tyenne. Obviously, we want to see reaping them the benefits on that one, but we still have to work on everything we do. When we come out in February, we will be very transparent again as to what are our assumptions and how robust are the actions in place.

Hassan Al-Wakeel: Very comprehensive. Thank you.

Oliver Reinberg: Thanks so much for taking my questions. Also, three from my side, if I may. The first one would be on US election, the potential risk for higher tariffs. I guess, most what you do is local for local, but just wanted to check if you can share any kind of insights what share of the US business is produced outside the US? And do you see any impact and adjustment requirements for supply chain or production? That would be the question number one. Question number two would be the German healthcare reform. There seems to be some kind of frictions with the state, who now wants to block them. And obviously, the healthcare reform is a kind of carrot-and-stick approach, where the reform also comes with financial help which now could be delayed. So, I was just curious to hear your thoughts, to what extent this is a potential short-term risk factor for profitability? And then finally, just on Helios and the efficiency point, I think, at your Capital Markets Day, you talked about €130 million of targeted savings. Can you just update us what you've achieved so far this year, and what is really the kind of incremented element for next year? Thank you.

Michael Sen: Yes, let me try to start with the first two, and then Sara can take the third one. Look, at the US, I think it is way too premature as to what the agenda of the new President will be. We have all heard the statements on tariffs and the like. I think the good thing where we feel very confident is that the US healthcare market is very important. It is a lead market in terms of how care is delivered to patients.

The second thing is the administration, as they have been in 2016, our key assumptions would be that everybody is interested to ensure high-quality affordable care to the American people and to have access to high-quality medicine. Now with President Trump coming into office again, it will be probably a different path and maybe less onerous than by price setting but more by competitions and markets. And obviously, when I look at our footprint in the US, we are a key local player. We have invested over the course of the last couple of years almost \$1 billion in the US. Your statement of local for local is exactly right because we invested in manufacturing and in supply and delivery networks.

So next to the access of affordable healthcare for the people, if you so wish, it is also about the reliability. And the reliability in this case comes, obviously, with what kind of network, for example, logistics network, warehouses, hubs, do you have in the country?

And we don't have to catch up on that one. We are already there. And therefore, we think this is a good starting point for us, also given that everything we do is essential.

There is still drug shortage in the country, and 75% of the drug shortage list is covered by us with a pretty comprehensive portfolio. In 2023, we actually launched a campaign in the US for Fresenius, Fresenius Kabi in the US, which was called More in America. And the More in America was obviously on manufacturing. It was for more bringing to patients. And now it is about Biosimilars. Biosimilars are an absolute means and tools to really have more people getting access to the latest medicine for really terrible disease patterns. So that is what I would say on the US. And we still believe that, also on the Nutrition side, there is ample opportunity to grab share. Obviously, what will be the framing condition of the administration, I guess this is way too early to tell anything.

Sara Hennicken: And I tackle the savings initiatives on the Helios side. What they outlined is the 130 cumulative savings running up until 2025. So, we have given you surpassing the €400 million of cost and efficiency cumulative savings in Q3. However, the lion's share of these savings -- and we said that all along -- came from Kabi. And that goes exactly to the point Michael made with Vision 2026. Kabi was out the door much earlier.

Now for Helios, we have seen an increase of step up throughout the year of this year. We will see also a good Q4, but then there will be an acceleration coming also in 2025 in order to reach that savings target they have given. And to be very clear, with the energy relief funding no longer presence in 2025, this is one of the building blocks how to mitigate that. But as Helios said also on their Capital Markets Day, it's one of the building blocks. Effectively, it will be growth. It will be additional growth driven by the cluster strategy, driven by attracting patients based on high quality throughout their networks, and so on, so a whole host of initiatives in order to drive admission growth and cost rates. We have seen also on the pricing side favorable big-picture DRG or a key element of DRG at 4.4% being announced. And then obviously, that very targeted program coming to operations excellence, resource optimization, and synergies, which will yield 130 plus cumulative saving target.

They need to run faster in order to hold course. They know that, which is why they started a lot of these initiatives they laid out already. We will update you, and I'm sure we will give you a good update in particular on that company program in February of next year.

Michael Sen: And don't forget there is a lead time. You need to prepare everything of that one. What we will do internally here actually in the next 2 weeks because we have our budget weeks is that we will also go through all the planned actions they have. And we will get a picture as to, how robust are they, and when will they materialize and everything? But again, everybody who has ever done some sort of efficiency program, restructuring program, and the like and even growth programs, there is a lead time there in the midst of preparing everything. So, this is not an arithmetic exercise.

I think, Oliver, you also asked on the German hospital reform. There, it is -- we said we always welcomed that one, but we are not dependent on that one. We always said, basically, they are copying our blueprint. So, whether it comes or not or they ever decide on that one or not, we will drive our cluster strategy further. And this entails the whole piece on specialization, which is embedded in the reform. The whole topic of quality, quality transparency, this we run our hospitals anyways. We would even go much further.

And the other point you mentioned is more or less a funding topic for hospitals in need, which is not attributable to us.

Oliver Reinberg: Thanks so much for the comprehensive answers.

Oliver Metzger: Yes, good afternoon. Thanks for taking my questions. The first one is on Helios. So, there's currently a strong consolidation activity in Germany from observation rather the faster pace than lower pace. Many hospitals leave the market. Can you comment on the volume effect which you see currently from the closing hospitals? And second, a very quick one, Helios Germany, you had the 8% organic growth. Can you about the kind and magnitude of these technical reclassifications? Thank you.

Sara Hennicken: Happy to take both questions, actually. On the volume effect, look, we always said we want to grow above market, right? We believe in the quality we can bring to our patients. We believe in our cluster strategy. So, our ambition is to grow faster than the market growth. And to that extent, we don't see an additional volume effect from that one, and we wouldn't bang on it either.

On the technical reclass, I think, first of all, maybe to give you an idea, that has been booked previously below the top line, and it was a net booking. So, there is no increment impact on our EBIT number, but we basically now got more consistent and more transparent by booking it in revenue and then have the cost line in the cost line items below. And that refers to some cost elements. So, in terms of the overall magnitude, you can clearly see that if you look at the growth rate in Germany. It's high. It's high in Q3. I think, if you look at a more normalized growth rate quarter-over-quarter and then, in particular, also in the third quarter, I would say that, without those technical adjustments, it would rather be a softer quarter for us. We have seen volume growth or admission growth. We have seen some price growth, but without these, it would be more in line with a normal quarter, maybe slightly to the softer side.

Oliver Metzger: Okay. Great. Thank you very much.

Michael Sen: Okay. Go ahead.

Marianne Bulot: Thank you for taking my question, and good afternoon. I'll do just one in the interest of time. On Tyenne in the US, could you provide a little bit of your expectation now that the IV billing code has been activated? Do you feel that, in the setup of the market, you could gain share as fast as you did in Europe, any kind of perspective on US versus Europe? Thank you.

Michael Sen: Yes, thanks, Marianne. No, I will obviously not disclose what our key expectations are on market shares and channel strategies, but you can expect that, if we are first to market, we obviously want to grab the lion's share of the class uptake. The class uptake is now only us, but there's actually another one coming. Europe is actually further advanced. But we will see the pickup as we go into next year in Europe. When I say Europe, we have this -- I said roughly 19%, 20% with the EU five. In Germany, I think we have 20%. In Spain, I think we have 26% and so on, so forth.

So in that space, since we are the only one, our share of voice is big, and this is important when you want to develop a market. It starts with the share of voice, which then hopefully gets into a share of wallet, and that obviously into a revenue. And there, we do expect from the team that they can expand in Europe meaningfully from where they are today and grab share.

And in the US, the ramp up is equally ambitious, but obviously, they are lagging a little bit. But once they pick up, depending on the status of the contracted institutions we have, it also -- do you have the exclusivity, or do you have parity? What's the sales pull through? But we will update you when we go into the next year.

Marianne Bulot: Okay. Thank you very much.



Giang Nguyen: Hey, thank you for taking my questions. I also have just one question, please. Looking at your revised group guidance, as of 9 months, you're already delivering 11% constant currency EBIT growth, and you're at the top end of the new guidance. So, my question is, does it reflect a prudent approach with one more quarter to go or if there is any specific considerations in Q4 that we should take into account? Thank you.

Sara Hennicken: Thanks for your question. I think it goes to the point, as I outlined. We do expect Q4 to fall in nicely with the year-to-date trajectory. But we do have some headwinds we already know, right? We have no longer any support from energy relief funding. We have lower expectations on milestone payments on the Biopharma side, and we have the continued weakness on the China side.

So all in all, these are three headwinds we are seeing. Nevertheless, and I think that points to the strong operating performance and the come through from the rest of the group, we have upgraded the guidance based on where we stand year-to-date. Hope that helped.

Graham Doyle: Afternoon, guys. Thanks for taking my questions. So, Michael, in your effort to make Fresenius great again, you've done a lot of work on Kabi before becoming CEO, and we saw that margin tailwind come in last year. But that felt like a 12- to 18-month job. So, I'm just thinking on Helios, when we're looking at the just the bridge to gap over the next or to gap the bridge over the next sort of year or so, should we expect a little less of a tail within H1 and more of a H2 tailwind? And then could you comment maybe on what you're seeing from competitors? Presumably, to all these questions, there's some opportunities within Germany as well. And then one quick one for Sarah on financing for next year, can you just remind us how much you have to refinance for 2025, please? Thank you.

Michael Sen: Yes, well, Graham, hi. Nice try for '25. But again, look, I already said that there is lead time for productivity ramp up. There's real work to do. You need to prepare it if you want to change processes. Hospital setting, by the way, it is maybe even more embedded into the entire process world and so on, so forth. If you want to touch resources, you better also get prepared. And even if you want to, for example, manage patient flows, you also need the preparatory work.

So, Kabi is an industrial business. And by the way, it has many businesses and has a global footprint. So, these are completely different levers. So, you can't compare and contrast the lead time between Kabi and Helios Germany. But again, it needs a lead time. We have been very transparent from the very beginning, also at the Capital Market Day. They cannot flip a switch and then make up for I don't know how much energy relief payment. The ambition is there. There is now a plan in place. And now that plan needs to be executed. And as it matures, we will update you also on the assumptions, and you will see how it progresses. But one thing is clear. If the energy relief is vanishing as of already now because we're already in Q4, people will feel the impact. You suddenly have less cost base than the number Sara was alluding to. There's hard work to get to the more competitive cost base or to optimize the processes.

And to your point on, what do peers do, we do not have as a strategy that we again want to buy a lot of brick and mortar. To actually Oliver's question, if there is a consolidation - - and a consolidation, I would view differently -- this is not a consolidation, and somebody else is rolling up and building a bigger player. It is more the consolidation that maybe folks go out of the network, if you so wish. The patients need to go somewhere. And this is the whole cluster concept and the bigger optimization or managing the flow between outpatient and inpatient, which procedure needs to be done outpatient.

For example, we always use knee surgery. And knee surgery, you don't have to spend overnight. So that optimization thing needs time. But again, this whole landscape I think rather works to our favor.

Sara Hennicken: And maybe also a word from my side because, if I look at it, we always said Helios is the stable business, right? We always said that Helios, what you can expect in contrast to Kabi, where we see top-line growth and we see margin expansion, we have seen strong margin expansion, we said, on the Helios side, this is more the stable business. This is the business where you will see top line, and that top-line growth also leads to EBIT growth. However, in terms of margin, you cannot expect a margin increase similar to the Kabi side because, as Michael alluded to, these are very different business models as well. If you look at it year-to-date for Helios, you see it's a 6% top line and a 13% EBIT. So, I think, year-to-date, that business performed very strong, if you look at from what we said that business is and will be in terms of progression. They also gave on the Capital Markets Day the upgrades on margin potential of 10 to 12. However, I think it was one of you who also asked the question back then how 2025 looks like and whether that will be a year where, as we said, you need to run faster to stay course, and it will be.

Now maybe back to your question also in terms of refinancing needs, overall, it's €2.3 billion in terms of refinancing for 2025. However, we already frontloaded with the Swiss bond around €240 million. So that's gone already as per October. And then the rest we are really looking to refinance by a good combination of our free cash flow and then instruments across. And I can assure you we will pick those instruments which will make sure we manage our interest expense line well.

Graham Doyle: Brilliant, thanks a lot for the color, guys. Appreciate it.

Sezgi Oezener: Hi, thanks for taking my questions, one on Kabi and Helios, like synergies between Kabi and Helios and your upcoming energy efficiency program for Helios. The numbers you've shared for 10, although it's a small part of Kabi, suggest that you might be enjoying synergies to a certain extent with Spain and Germany market share being higher. But be it on the Pharma side or MedTech side, is there more you can do in terms of synergies between the two businesses to raise Helios returns? That was my first. And the second one, given that the energy payments have ended, and as far as I know, the payments received this year related to last year and would not prevent your dividend payments going forward, what would your strategy in terms of priorities be? We understand your focus on reducing leverage. Would you prefer or prioritize CapEx over dividends, or in turn, would this be due to actually require higher dividends from Fresenius Medical Care?

Michael Sen: Let's give it a try. Look, the synergies, there are synergies. There is more collaboration on the clinical side between Kabi and Helios. But for capital markets, I would not emphasize this one. This is nothing you can put in the model or where you will have a number that Helios is benefiting now in terms of that they share resources or manufacturing footprint or something like that, rather than, on the soft facts that they can learn from Kabi as to how they did it and to approach because, sometimes, with codetermination, you have to also work and work constructively if you want to increase your productivity. These are soft facts, but nothing for capital markets which we would bang on.

The strategy for us is that all of our individual assets need to be attractive in attractive market positions in attractive markets with runway for growth and obviously value creation potential. And the way we then manage them with industrial domain should create value.

One example of collaboration -- and this is still important but, again, not for models -- is, for example, when on Biopharma, on mAbxience, you need clinical studies in order to develop a molecule for that great network we've been alluding to. I mentioned two Teva deals. Then obviously expertise but also time and also the ecosystem of clinical studies plays a role.

Now we have Quirónsalud in Spain. mAbxience is also in Spain. These two putting it together, maybe they have a little bit a head start on producing a clinical study for the next molecule to develop for someone else to commercialize. So these are the topics where they can work together. The other question.

Sara Hennicken: Capital allocation, should I -- yes, capital allocation, if I understood your question correctly, it was one on capital allocation. So, we had to skip the dividend. Obviously, we have a dividend policy in place. And if we are allowed to pay a dividend, which we are, we will pay a dividend according to that dividend policy, which is in line with EPS constant currency growth but at least on prior year. So, you should expect us to pay a dividend.

Then in terms of, how do we look at other kind of capital allocation topics, leverage, as we outlined, is a key topic for us. And thus, we do manage CapEx tightly. However, I think important that, if we want to see innovation and if we want to see organic growth, we also need to invest, right? So there is a, I would say, healthy balance and healthy discussion that we would want to spend money on innovation and on pipeline and on investing in the future.

But for me, it's always it has to fit with our overall strategy. And that €1 spent needs to be spent in the most effective and efficient way. And I think this is what we all should also showed for this year, year-to-date, with a 4.4% CapEx spend, which is well below the 5% we have given you at the outset in February of this year because we've rigorously watched our CapEx spending and ensured that, whatever we do, we do in the most efficient way.

Sezgi Oezener: Thanks very much.

Hugo Solvet: Hi, hello. Thanks for squeezing me in and taking my question. I'll keep it to one. On the Biopharma business and significant progresses that have been made here, congrats on that. What has been achieved this year in terms of close trajectory? And maybe if we look into next year, Michael, you alluded to continued structure in Europe, meaningful ramp up expected in the US. What would prevent the business next year to continue to grow probably on the mid- to high double-digit growth rates in '25 and get closer to that €1 billion mark?

Michael Sen: Yes, Hugo, first of all, hi. I think, again, we will give you some more color in February as to what we expect. I think what is absolutely known is there will be growth. There will be growth. And there will be material growth also from what we see even ending for this year. We have the complete structure in place. There is Tyenne in the US. There's the expansion of Tyenne in Europe. There is even on a small scale multichannel strategy or direct payer strategy on adalimumab-aacf. There is pegfilgrastim in the US. At some point in time, hopefully, we will get an on-body device on peg also for the US.

There is Otulfi coming also over the course of the next year. And we will update you then more when and how in Europe and in US. So, there's a whole range of products hitting the markets. And I guess we will be getting closer to the €1 billion next year. This is all I can say at this point.

Hugo Solvet: Thank you very much.

David Adlington: Hi, guys. Thanks for the questions. Maybe just on Helios, just commented in the call having to run hard in 2025. Just wondered if you were happy to sign off on the 10% to 12% structural range for margins for '25 at this point? And then secondly, just a housekeeping one. I think, geographically, you are underexposed to the Valencia region in Spain, but just wanted to check we shouldn't expect any headwinds from the recent rains there in Q4.

Sara Hennicken: Happy to take it. So, I think, on Spain, luckily, none of our employees was -- impacted, yes, but I'd say we stabilized the situation quite quickly, and the hospitals have had some impact, but we expect them up and running quickly again. And so, I'd say, for now, we don't expect a significant headwind coming from that terrible situation in Spain.

When it comes to Helios overall and the margin range, I think that we have it in our #FutureFresenius financial framework, and that is a means to say this is where we think that business can be performing at, right? It does not mean it necessarily has to perform there every minute of the quarter and every minute of the year. And you see, in Q3, it clearly didn't. However, for the full year, we clearly expect it to be, right?

So, I think, for 2025, we haven't made the budget yet. So, we will disclose our assumptions to you once we have them clearly in February and give you a guidance back then. But what I said is true, and I think we said that on the Capital Markets Day. There are some headwinds which they are addressing, and they need to address them on multiple fronts. It's also fair to say there is a good leeway what they can manage themselves. But there is also a market element and the patient element in there.

But if you look at it, and I wouldn't be too hung up on Germany because Helios is more than Germany, if you look at Spain, and Spain has been performing extremely strong year-to-date and has delivered not only top line but also EBIT growth without further support measures, right? And then it's not even Helios. It's Helios, and then it's Fresenius with the Kabi side attached to it. So, I think it's too premature to now discuss the full year of 2025. There will be some headwinds. There will be some tailwinds. And we will update you in February.

Michael Sen: Yes, that's why we said we're going to go confident into the next year with a lot of stuff in many businesses providing obviously the necessary performance. David, let me use the opportunity also on Spain to say our hospitals are operating without any restrictions. We are helping with direct medical care and also psychological counseling. This is a tireless effort from our folks in Spain. So, thank you very much to the team out there. The Quirónsalud donation immediately also provided funds and matched the various activities. And we are in contact with international organizations how we can help further.

David Adlington: Great. Thanks, guys.

Operator: That was the last question for today. I'd like to hand the call back over to Michael for closing remarks.

Michael Sen: Thank you very much for having us and for all the questions. And for all everybody on the research side, we're going to see you tomorrow in London. And take care. Bye, bye now.

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