

# Transcript Conference Call FY 2017 results

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## PRESENTATION

Markus Georgi: Good morning, good afternoon to everyone, and welcome to our full-year conference call. With us today are Stephan Sturm and Rachel Empey. Stephan will start with a strategic business update, and Rachel will cover the financials in detail, followed by a Q&A session. After the call, a replay and the transcript will be available on our website.

The forward-looking statements and the disclaimer are on Page 2 of the presentation. With that, let me hand over to Stephan.

Stephan Sturm: Thank you, Markus. Good afternoon and good morning, a warm welcome. As always, we appreciate your interest in Fresenius.

Before I lead you through our highlights of 2017, a quick word on the elephant in the room. I will obviously comment on Akorn. Just bear with me, please. I will also try to answer all questions to your satisfaction, but I'm asking for your understanding upfront that I probably won't be able to.

But first, I'd like to present our financial and strategic review of 2017. So let's move to Page 3. Fresenius is firing on all cylinders. With a strong Q4 and the 14th consecutive record year, we have delivered on all our targets, even those we have raised over the course of last year.

An outstanding 21% earnings growth allows us to again propose a dividend increase for the 25th year in a row. Over the past three years, we have increased our dividend with a 19%

CAGR. And given our earnings-linked dividend policy, this CAGR nicely reflects our substantial earnings growth. On the back of these strong financial results, I'm happy to say Fresenius is stronger than ever and will continue to grow this year and towards 2020. And from that position of strength, we have used 2017 to prepare ourselves for the next decade, to sustain our growth momentum, and to bring continuous improvements in care to ever more people.

Quirónsalud was definitely one of our 2017 highlights. We successfully closed the acquisition and integrated the company flawlessly. Right away, our new colleagues made a significant positive contribution to Group earnings. So we're very happy with this acquisition. Even before expected synergy effects, Quirónsalud is clearly shaping up to be one of the most successful acquisitions in Fresenius's history. Moreover, we successfully entered the highly promising biosimilars market. Also, this acquisition is developing fully in line with all our expectations. We are convinced that we have the right cost culture, the right skill set, and the right access to acute care hospitals to play a very meaningful role in the dynamic biosimilars space.

Fresenius Medical Care successfully pursued its strategy with both organic and nonorganic growth initiatives. What stands out is the acquisition of NxStage, which will strengthen our position in home dialysis, where we expect superior growth. At the same time, FMC has proven with a substantial year-over-year margin improvement that its North American care coordination business is well on track. All of those initiatives will strengthen the company's vertically integrated dialysis business.

Finally, Vamed strengthened its strategic posture with two small but attractive acquisitions. The growing weight of high-end services will add stability and will support Vamed's margin. So while we are enjoying consistently attractive organic growth across all our business segments, we're laying the foundations for the medium term and the next decade.

Onto Page 4 with an update on the US injectable generics market. Since last summer, we've been exposed to persistent concern over increasing price pressure in the US, a theme weighing on the entire sector. At the same time, we have not only achieved but exceeded our ambitious outlook for Fresenius Kabi North America. This strong performance throughout 2017 and again in Q4 probably won't silence the eternal doom mongers, but should at least weaken their case. So I'd like to reiterate that we have not seen and are not seeing any abnormal price developments and fail to see a catalyst for a near-term change. So what do we expect for the US IV generics market in 2018? Nothing out of the ordinary, nothing that we haven't seen before.

I'd like to come back to that important distinction between forming and mature generics I was talking about on our Q3 call. Yes, for some important molecules, such as neostigmine or daptomycin, on their way towards maturity, we were exposed to more competition and, accordingly, more price pressure in 2017. But this is the normal lifecycle of IV generics, from market formation, with relatively few competitors and attractive price levels right after launch, towards a maturing market, with a growing number of competitors and declining prices. And given that we have successfully managed to grow those molecules to significant size, the subsequent declines were also more pronounced, but not representative and thus blurring the picture for the general pricing trend across our portfolio and, in particular, our large base business.

And there, we have experienced and continue to expect price erosion in the low single digits. A bit more competitive pressure in a relatively small number of forming generics is anticipated also for 2018, but overall very much in line with our experience over the years.

And at the same time, our volume growth more than offsets that price erosion, and that despite the other issue causing concerns recently, FDA's increased focus on accelerating generic drug approvals. So do we see more competitive ANDAs approved? Yes. Do we fear those ANDA holders in competitive GPO tender processes? No, we don't. Why not? Because we keep on offering competitive prices for one of if not the broadest drug portfolios in the market, plus our reputation for quality, reliability, flexibility, and fairness.

On that basis, we believe our GPO relationships are stronger than ever. A record number of service awards received in 2017 is tangible evidence for our strength here, as well as the increase in SKUs on contract over the last 24 months. So we're not getting picked off in individual situations, but rather continue to play to our strength. We have also embraced the GPOs' private label programs. These contracts typically have longer terms, and they are less subject to price challenges. Only vertically integrated manufacturers like Fresenius Kabi can manage the complexity of having multiple versions of each product with the associated planning and inventory challenges. In addition, we are diversifying away from flip-top vials. So the revenue share of what we call ready-to-use products, namely our prefilled syringes and our FreeFlex bags, that is consistently growing. And these products are harder to copy, and hence, we're competing a smaller set of manufacturers.

A traditional strength of Fresenius Kabi has been and remains our drug development. We were a bit light relative to our expectations in terms of new approvals last year. It happens. That meant, however, that we loaded more ANDAs into the pipeline than we got approved. So right now, we're looking at a record 56 ANDAs waiting for FDA approval. And that also means that we're even more optimistic for new product launches in 2018. We're targeting a number of 15 plus, and Rachel will provide a few more details later on. One of the more visible launches last year was borteomib. But as you know, our version of the drug is approved for IV administration only, while the standard of care is a subcutaneous administration. Given that, I'd like to caution your expectations for that particular drug.

At the risk of being repetitive, but this continues to be very important to us, we strongly believe that generic medicines like ours will increasingly be seen as a solution to rising healthcare costs in the US and around the world. Generic drugs in America represent 89% of the prescriptions, but just 27% of the costs of pharmaceuticals. Generic prices go down each year, while branded drug prices typically increase. We are convinced that we are part of the solution to keep medicine affordable.

Onto Page 5 and an overview of how we are preparing Fresenius Kabi for the next decade. We are convinced of the long-term growth opportunities in the North American injectable generics market and Fresenius Kabi's leading position to capture them. And in order to sustain and ideally extend our position, we are investing massively in the expansion and the quality upgrade of our US manufacturing facilities, particularly in a higher level of automation, actually not so much to enhance our cost position, but rather as part of our constant drive to improve quality and reliability, reliability of supply for the hospitals that quite literally depend on us.

The investment program for our US plants comprises a 10-year, more than \$300 million project in Melrose Park, and a more than \$100 million investments in each Grand Island and Wilson, North Carolina. In Melrose Park and Grand Island, we are installing dedicated equipment that will enable us to manufacture high-value drugs, such as cytostatics and monobactam antibiotics, on segregated lines. And that is clearly a milestone to achieve the next level of aseptic manufacturing of generic injectable medicines. So we keep on investing to stay ahead of regulatory requirements rather than having to play catch up. The growth and the expansion of our product portfolio, that is another key element of our growth strategy.

Take prefilled syringes. Since the acquisition of the Simplist business from Becton Dickinson at the beginning of 2016, we have seen a dynamic ramp up. The business is exceeding our expectations, and we've more than quadrupled sales under our ownership. We are also very pleased with the progress in parenteral nutrition in North America. We have launched our most modern lipid emulsion Smoflipid in the US and received very encouraging responses from clinicians. Smof stands for a unique combination of soy, medium-chain triglycerides, olive oil, and fish oils. In just over a year since launch, we have both expanded the market for parenteral feeding and taken market share. Several leading teaching hospitals have adopted Smoflipid as their standard of care. And we remain convinced that our safe and convenient three-chamber bag concept will find acceptance in the US, and we're working on new formulations that will better fit the prescribing practices of US clinicians. For IV solutions, we decided some time ago to enter the US market. We applied for and received in 2017 FDA approval to sell sodium chloride and dextrose solutions, as well as sterile water for injection. To further help address the shortages, Fresenius Kabi has worked closely with the FDA's Office of Drug Shortage. In 2017, we began importing solutions manufactured at FDA-approved plants in Europe. And we also have begun to supply our partner Becton Dickinson with products from our FreeFlex standard solutions range. However, making a truly meaningful contribution to the North American market, that in our minds requires local manufacturing presence. So you will see a Fresenius Kabi multilocation manufacturing presence on US territory in the medium term via existing Fresenius Kabi facilities, but also in collaboration with Fresenius Medical Care's manufacturing and logistics footprint.

Another initiative to further strengthen our position in North America is the completely new type of compounding center we're building with the Partners Healthcare System in Canton, Massachusetts. It boasts high levels of automation and industry-leading quality assurance. We expect manufacturing to start in the next couple of months. And we will supply leading local hospitals, like Massachusetts General, with ready-to-administer doses in a highly reactive fashion. We believe that this is a scalable model that can be rolled out to other US cities in the future. And in any case, it brings us closer to our customers.

In parallel, we're making good progress with our medical devices business. In transfusion technology, we saw solid sales growth. And our efficiency improvement initiatives, they start to translate into lower product cost, increasing our competitiveness. We have launched our Agilia range of infusion pumps in both the US and in Canada, currently have an installed base of several thousand pumps, and that is growing steadily. Our plan is to introduce a Wi-Fi-enabled version of this pump in North America. That new Agilia connect will offer the latest IT-connectivity interfaces to hospital data management systems. And that means better documentation of patient treatments and safer operation of the pumps. This state-of-the-art infusion system is currently rolled out in Europe and certain other international markets. In Canada, it is already registered and launched. And we're seeing initially a very good reception. This bodes well for the planned launch in the all-important US market. Also during 2017, we also introduced our INFusia pump range to the US veterinary market, and early sales are very encouraging.

But we're not only investing in the US. We're investing in all our markets. Take Portugal just as one example, where we have added two new production lines for antibiotics, primarily for the increasing demand in the European markets. So you can see we are continuously evaluating our portfolio and are assessing potential extensions.

Another great example in that respect is our enteral nutrition business. Traditionally, we sold enteral nutrition products virtually exclusively to hospitals. But in the last few years, we've successfully intensified our retail strategy and launched initiatives to also serve outpatients, not only in Europe, but also in Asia.

In China, our large and growing hospital-based business gives us a strong starting position to capture those patients starting to buy EN products upon being discharged from hospital. Our product pipeline for this vast market is already defined, and registrations are under preparation. And we're also in the process of increasing our local manufacturing capacities. Moreover, in China, we have launched propofol in prefilled syringes. Even though not huge in absolute terms, at least not for now, it is a nice example of our filling-the-blanks strategy.

Onto biosimilars, where we're making good progress, we filed adalimumab in the EU in November last year, and continue to expect the launch early next year. Our US regulatory strategy is developing as planned. And we're confident of its merits and future success. For pegfilgrastim, we have initiated the pivotal studies for EU and US approval on time. And also, progress to date is much in line with our expectations. Now those are the two molecules we had confirmed being in our portfolio so far. Today, I will add to that tocilizumab, a biosimilar of Actemra, another autoimmune drug. Also here, our Phase 1 studies for EU and US approval have been initiated. And also here, timing is in line with our expectations. Not only is our overall timing consistent with our business plan, we also feel comfortable with our earlier assumptions for drug development expenses. And at the same time, we continue to see price increases for many of the underlying biologics, in particular in the US, a factor we had expected but conservatively refrained from modeling in our business plan. And in addition, we are encouraged by the, from our perspective, steadily improving regulatory environment for biosimilar drugs. So in essence, we'd like to reconfirm everything we said when announcing the transaction with Merck KGaA, now with even more conviction.

Onto Page 6 and an update on Akorn and HES. So let me briefly summarize the facts on Akorn. We have received information which originated from an anonymous source alleging deficiencies and misconduct regarding the product development process for new drugs at Akorn. In the interest of our shareholders, we need to take these allegations seriously. And we are thus investigating them thoroughly with the support of independent experts.

I'd like to reiterate that the due diligence undertaken prior to signing the merger agreement was the most intensive and comprehensive that I have experienced during my time at Fresenius, and I'm here now since 2005. We have examined and audited as intensively, carefully, and conscientiously as possible. However, when you wish to acquire a competitor, there are restrictions, especially if it's a stock-listed company. There are areas where you simply are not allowed to look, including product development and drug approval processes. So how do you protect yourself in those areas? You ask the seller for assurances, representations in warranties, to use the legal term, on certain key facts and issues. The task now is to verify whether these assurances provided by the seller actually hold true. I do not want to prejudge the outcome of the investigation, but will say that our management and supervisory boards will take decisions based on the findings. And should the allegations prove to be of a nonmaterial nature, then we will complete the acquisition, as planned, and together make it a success, as we have done so often in the past at Fresenius.

If, however, the allegations are proved and prove to be so serious that we must question the very basis of the takeover agreement, then in the interest of our shareholders, we may use our rights to withdraw from the transaction. At the same time, I must once again stress that the strategic rationale behind our offer for Akorn remains absolutely sound. And I can assure you that we are determined to pursue the strategic goal of expanding our liquid pharmaceuticals product offering in North America. We have concrete, detailed plans on how to complement the acquisition of Akorn or how to move forward without Akorn. We're well prepared to reach our goals and to continue the successful development of Fresenius Kabi.

I'm sure you will have question. As I said at the outset, I will answer them as I'm able to. And for good order, I can't comment on Akron's Q4 results today, as I understand their 10-K is still a work in progress. Please bear with them.

Over to another topic of current relevance HES. HES solutions are blood volume substitutes provided to patients with acute blood loss. You may recall that, at the end of 2013, the EU Commission restricted the use of HES products for certain patient groups, in particular sepsis patients. The labels on the HES products were changed to reflect these restrictions. That controversy led to meaningfully reduced demand also visible in Fresenius Kabi's P&L at the time. HES manufacturers, including Fresenius Kabi, were required to perform drug utilization studies to verify adherence with the restricted labels. The final study reports now seem to indicate a surprisingly high level of so-called off-label use. And on that basis, two committees of the European Medicines Agency, EMA, recommended suspending the market authorization for HES in Europe, against the majority opinion of their own medical expert group. Now that's a recommendation so far, not an actual suspension. And very importantly, there is no evidence for patient harm in accessible larger safety databases, neither in Fresenius Kabi's own database, nor in that operated by the EMA. Rest assured, if patient safety was in doubt, we would've acted decisively already. From our perspective, the risks of off-label use can be countered effectively by additional safety measures, in particular, warning notices. These manageable risks don't justify depriving patients in need of access to HES products. And a broad array of renowned medical experts share this opinion and support us in public statements. We remain confident that, at least in the proceedings now pending before the EU Commission, our meaningful arguments will be heard. At the same time, we have made clear that we reserve the right to seek legal remedies. So a financial impact is by no means a given, but we also feel it is prudent to include a meaningful risk adjustment in Fresenius Kabi's outlook for 2018. And Rachel will provide a few more details on that later on.

With that, over to Page 7 and an overview of how we have positioned Helios for the next decade. Helios has laid the foundations for continued international growth. The new holding company Helios Health combines our German and Spanish clinics under one roof. And whilst we've picked quite some low-hanging fruit already, we believe that this new organizational structure will much better facilitate the identification, the capturing, and the management of cross-border synergies. It will also leverage the transfer of knowledge more effectively. Thus, Helios Health will be our hub for joint quality management. Also, consider Helios Health as the prerequisite for a potential next internationalization step. However, as discussed on numerous occasions, don't expect us to enter a third country in the short term. For now, we'll focus on capturing the expected synergies from the Quirónsalud transaction.

Onto the German hospital market, where minimum nursing staff levels in hospitals have been a hot topic during the German federal elections. Now that theme found its way into the coalition contract. Even though quite some aspects of the respective regulatory framework aren't defined yet, we have to work on the assumption that implementation would be rather to our disadvantage. Even if we received our fair share of a sector-wide financial compensation, the political parties have publicly committed, we stand to lose part of our competitive edge, which we paid for. In fact, such a regulation penalizes hospital operators investing into efficient buildings and processors. But nurses' scope of work can differ materially between hospitals. And in state-of-the-art facilities, nurses can focus on their core responsibility, namely taking care of patients.

We strongly believe that crude regulatory measures won't achieve better results for patients. Much rather, hospital operators should have the freedom to decide what serves their patients best and, in turn, should be measured by and paid for the medical and service quality they deliver. So from our perspective, quality of care ought to become a if not the

key criterion for reimbursement. Here, initial and halfhearted steps have been taken through the German Hospital Structures Act. And Helios, given its clear focus on quality and transparency of medical outcomes, is ideally prepared for a pay-for-performance remuneration. But whilst we'd like to believe that superior treatment and medical quality should result in a growing number of admissions, unfortunately, I guess we'll have to be patient before we see the benefits of our various quality initiatives. For now, it seems geographic proximity remains the number one hospital selection criteria applied by patients. But we will keep on encouraging also the new government to force enhanced transparency of medical outcomes. And that should at least over time turn into a clear competitive advantage for us.

Let me get to two core initiatives to further increase the quality and efficiency at Helios Germany, digitalization and clustering. We are looking at digitalization and automation in administration, diagnosis, and inpatient care. Our hospitals will be increasingly geared towards becoming truly paperless from the back office to patient flow management and to electronic medical records. In the inpatient setting, we are implementing quite a number of novel technologies, for instance, tracking and tracing of beds and medical devices. At the same time, Helios is intensifying its clustering strategy. Clustering means that highly complex treatments are not performed in each and every hospital, but rather are centralized at one facility within a certain geographic area. These center locations then have a superior level of very specific expertise, raising the quality of medical care and patient safety levels. Clustering also facilitates focused CapEx, meaning indication-specific, cutting edge, no pun intended, infrastructure and equipment for those locations commanding the expertise and the volumes to utilize it. We view clustering as a targeted investment initiative because we're keen to concentrate case numbers already now, ahead of any regulations stipulating minimum quotas. So we'll be clearly visible once smaller hospitals have to refer their patients elsewhere. But even though we're deeply convinced we're acting in their best interest, we may lose those patients valuing geographical proximity over medical expertise. If we can't prevent that, we'd still expect to be rewarded by incremental volume growth later on.

Let's move to Helios Spain, where our positive view of the market remains unchanged. Spain has attractive market fundamentals and offers bright growth prospects for private operators in general and Quirónsalud in particular. Key differentiation criteria remain the very short waiting times attracting patients to our private hospitals. And given the growth potential that we see in this market, we will continue to add capacities to our existing facilities and also go after greenfield projects. Let me remind you of the projects that we already announced: the greenfield construction of the 115-bed hospital in Córdoba and the 106-bed hospital in Alcalá, just outside Madrid, both with state-of-the-art medical equipment and care. Another great example for the expansion of existing facilities is the Madrid University Hospital in Pozuelo. We very much expect those projects to contribute to our growth in the coming years, just as much as the proton beam therapy center that we informed you of last year and where construction is progressing as planned. Besides organic growth opportunities, we're certainly open to pursue consolidation opportunities as they become available. As we already alluded to at the time of announcing the Quirónsalud acquisition, we would very much expect and drive consolidation in the Spanish market.

I would like to remind you that we will hold our Capital Markets Day in early June, representing Helios Germany and Spain. We will provide a deep dive on the relevant aspects of our hospital operations. And I'm looking forward to meet many of you in person at this special event.

Let's turn to Slide 8 and our ambitious midterm targets. Given that our 2017 financial results came in slightly ahead of our expectations 12 months ago, we feel comfortable to confirm

our midterm growth targets. Mind you, the absolute numbers we were talking about are obviously subject to currency volatility and changing accounting rules along the way. So what we're focusing on are the underlying adjusted growth rates. And here, we continue to target substantial growth over the coming years. From our 2017 base, we are expecting to grow sales with a compounded annual growth rate in the range of 7.1% to 10.3%. And net income is expected to grow even stronger with a CAGR in the range of 8.3% to 12.6%. These targets assume the exchange rates prevailing 12 months ago, when we announced the midterm targets, and they reflect the IFRS regime from that time. Thus, the adoption of IFRS 15 is not reflected. Rachel will explain more on our 2018 guidance in her prepared remarks. In summary, I'm convinced that Fresenius is well positioned for continued reliable and profitable growth, even in a volatile economic and regulatory environment. And my colleagues and I look forward to delivering on our commitment.

With that, let me hand over to Rachel. Thank you.

Rachel Empey: Thank you, Stephan. Good afternoon, good morning, or good evening, depending on your time zone, a warm welcome to everyone. As you heard from Stephan, we are very pleased with the fourth quarter and our full-year results.

So let's go straight to Page 10 and our key financials. I believe our results show few surprises. We've met or exceeded all our guidance and outlook ranges. So I'll keep it short on the first slides. For clarity, just as I did last year, a guidance is a commitment for us. We measure on a like-for-like basis, meaning guidance-relevant KPIs should be comparable and consistent with the scope of our original guidance. Thus, guidance figures for 2017 are adjusted on this slide and my comments throughout in my presentation. So they are excluding expenditures for the further development of Kabi's biosimilars business, and they are before special items, namely those acquisition-related expenses, the one-time book gain from the US tax reform, and the FCPA provision at Fresenius Medical Care. Growth rates are on a constant currency basis. And I will explain the guidance basis for 2018 and the principles later in my presentation.

So if we now turn to the numbers, we delivered strong sales growth of 16% in 2017 and 17% in the fourth quarter, nicely in our guidance range. Adjusted EBIT growth was healthy with 14% in Q4 and 15% in the full year, a touch below sales growth. That's mainly due to the significant sales contribution from Quirónsalud this year, thus a mix effect. But net income growth at 22% in the fourth quarter and 21% in the full year substantially outpaced the top line. So we are at the upper end of our guidance range. As anticipated, Kabi had a strong finish to the year. As I flagged during the Q3 call, Kabi had a soft comp due to the extended US plant shutdowns in Q4 2016. But even leaving that base effect aside, Kabi reported a very strong quarter in absolute figures. We delivered on our targets. And here, also as expected and well flagged, Quirónsalud returned after the softer summer quarter to a quarterly run rate on the level of Q2.

So let's have a look at the Group P&L, which you find on Slide 11. As before, in addition to the reported figures, we are showing EBIT and net income on an adjusted basis to be consistent with the scope of our original guidance. And as additional information, we are providing EBIT and net income before special items, since those will be the like-for-like figures and bases for our 2018 full-year growth expectations. Growth rates on this slide are also shown at constant currency for ease of comparison.

So sales growth was 17% in the fourth quarter. As I said, the main driver was Kabi's strong finish to the year and Quirónsalud returning to a similar run rate as in the second quarter, 16% sales growth in the full year, right in the middle of our guidance range. Adjusted EBIT growth was at 15% for the full year.



The net interest was €152 million in the fourth quarter. The year-on-year increase of 8% in constant currency is primarily due to the Quirónsalud financing. Sequentially, net interest was more or less flat. And with €636 million for the full year, we're even a touch below our guidance range of €650 million to €670 million. The main reasons here are lowered debt and, of course, our successful refinancing activities. The underlying run rate of Q4 2017 should be a pretty good proxy for the quarterly run rate in 2018. So based on current exchange rates, we aim for between €590 million and €610 million for 2018. To be clear, that is before the effect of the pending acquisitions of Akorn and NxStage, as well as before any potential new acquisitions. That's a nice year-on-year decrease. The main drivers behind that are positive refinancing annualizing plus new refinancing activities planned for 2018, as well as some planned debt reduction.

So Group tax rate, excluding the effect of the US tax reform, was 28.5% in Q4 and 28.2% in the full year, in line with our expectations. In 2018, we will see a lower tax rate due to the US tax reform. Of course, the final implementation guidelines and interpretations are not yet available. However, I wanted to share with you our estimates. We expect our tax rate to be roughly 5 percentage points lower compared to the tax rate before the US tax reform. That means we aim for a tax rate between 23% and 24% for 2018, down from last year's range of 28% to 29%.

Moving on to net income, adjusted earnings growth was 22% in the fourth quarter. That took us to 21% in the full year, and as I said, at the upper end of our guidance range.

If we move to Page 12, we can see the momentum of our four business segments. For ease of comparison to our individual outlook ranges, sales growth rates on the left are organic. EBIT growth on the right is at constant currency and before acquisition-related expenses, before expenditures for the further development of Kabi's biosimilars business, and before the impact of that FCPA-related provision. I think the slide clearly illustrates the high degree of consistency of growth across the Group as well as our reliability, given that we achieved and sometimes even exceeded all our outlook ranges.

Fresenius Kabi ended the year with 7% organic sales growth, at the upper end of the outlook range. And EBIT growth was a strong 8%, also at the upper end of the increased outlook range. As I will show you later, this was fueled by great growth across all regions.

Helios at 4% organic sales growth in Germany, in line with our expectations. Combined sales across Germany and Spain with €8.7 billion. That was even a touch above our outlook range. EBIT growth of a massive 54% obviously reflects the first-time consolidation of Quirónsalud. Excluding this effect, EBIT growth on a standalone basis in Germany was at 6%. Total EBIT of €1.052 billion was nicely in line with the outlook range.

Vamed had a strong Q4, as expected, and contributed nicely to sales and earnings growth, fully in line with our expectations.

So let's go to Page 13 and look at a review of Kabi's organic sales growth by region. So in a nutshell, Europe in line with expectations, North America with an outstanding Q4, and the emerging markets also with a good finish. And let me emphasize that we've seen year-over-year accelerated growth in nearly all of our product groups, showing the strength and diversity of the Kabi portfolio.

We are particularly pleased with 11% organic growth in North America in Q4. With 8% growth, we ended the year even above our outlook. In Europe, we've seen 3% growth in Q4 and 5% in the full year. Hence, we ended the year, as expected, at the upper end of our

outlook range. So continuing with the emerging markets, we're pleased to report that, yet again, we saw healthy double-digit growth rates in Q4 and 11% in the full year, again, in line with our outlook.

So let's turn to Slide 14 and Kabi's regional EBIT development. Total adjusted EBIT, at the bottom of the page, came in at €318 million, up 9% at constant currency in Q4. That took the full-year rate to 8%, at the upper end of our increased outlook range.

So let's take a more detailed look at those regions, starting with North America. As mentioned in the Q3 earnings call, we anticipated a stronger fourth quarter, given last year's shutdowns at our Grand Island and Melrose Park facilities. And indeed, we've seen a massive 25% growth in the fourth quarter and also in absolute terms a strong performance. All in all, that took the full-year growth to 8%, even above our expected range. And as we mentioned, it is clear that the market for injectable generics is not comparable to orals.

Moving on to Europe, 10% growth in Q4. The sequential acceleration was mainly triggered by product mix effects and a strong sales figure, which was in absolute terms the highest throughout 2017. With 5% EBIT growth in the full year, we were in line with our expectations.

So the emerging markets with rather soft 2% growth in the fourth quarter. As I said during our Q3 call, we've chosen to invest into an expansion of our salesforce in Asia, excluding China, and that impacted the fourth quarter. However, overall, we are pleased by the robustness of Kabi's emerging markets business. With 10% EBIT growth in the full year, we are in line with our expectations.

With €130 million corporate and R&D costs, those are clearly higher than in the prior-year quarter. However, adjusted for the biosimilars expenses, we are, as expected, broadly flat year-on-year.

So moving to Slide 15 for Fresenius Kabi's regional outlook, North American organic sales growth and EBIT development are notoriously hard to predict, given the volatility of the IV generics business. Our best estimate at this point is mid-single-digit organic sales growth and EBIT growing at least at the same rate as sales.

As Stephan said, we are broadening and diversifying our business with specific initiatives. Thus, growth in 2018 will be driven by an increased number of new drug launches, a ramp up of prefilled syringe business, and standard IV solutions and parenteral nutrition. For some of our larger drugs, we've experienced competitor launches in 2017. Therefore, our outlook assumes more competition for some key molecules. However, and that is very important, this is not representative of the general pricing trend in our overall business.

A brief update on IV drug shortages: At the end of Q4, 24 Kabi IV drugs were designated in shortage, up from 20 at the end of Q3. This increase is mainly triggered by supply interruptions at some competitors. Since our model and outlook assume a gradual easing of drug shortages, this was a small tailwind for us. We are, however, well aware of the new focus by the FDA on accelerating generic approvals to ensure strong generic competition. Accordingly, our model still assumes a further gradual easing of drug shortages going forward. I'd like to confirm that we are anticipating a very strong IV drug launch schedule this year, with more than 15 new product introductions.

So over to Europe, for 2018, we expect, consistent with last year's expectation, low to mid-single-digit organic sales growth. We assume the excellent growth of our enteral nutrition business to continue in the coming quarters.

Moving to Slide 16, we see the emerging markets. So in China, we are seeing an evolving healthcare environment with lots of growth opportunities. We will continue to capitalize on them. And we're continuing to expand our product portfolio, for example, in clinical nutrition. We now expect that the introduction of the new tender policy will be completed in most provinces by mid-2018. Due to the new tender process, we now expect low to mid-single-digit price reductions as a full-year 2018 impact. At the same time, we anticipate continued double-digit volume growth. And that will translate into sustainable, very significant organic growth in this key market.

Looking at Asia-Pacific, excluding China, we see a very positive sentiment here. And we expect to see an even accelerated growth momentum in 2018. Moving on to Latin America and Africa, here, we see no major change from 2017, meaning continued strong growth despite a difficult situation for some local economies. So in aggregate, organic sales growth in the emerging markets will likely be in the double-digits in 2018.

So let's turn to Fresenius Helios on Slide 17. So bottom left, 3% organic sales growth at Helios Germany in Q4, a bit softer. In December 2017, we had two working days fewer than in 2016. So the softer top line is mainly due to a very tough comp. 4% organic sales growth in the full year, though, right in the middle of our outlook range. As you heard from Stephan, there are some specific topics for Helios that will have an influence on our business in 2018. And I will elaborate in more detail on what they will mean for our financials.

Firstly, we see a lack of privatization opportunities. If you have a relatively mature portfolio, that means obviously there are only a few new hospitals where there is a significant possibility to increase sales or EBIT in the coming years. And as you are probably well aware, for Helios, we haven't seen any new acquisitions for almost two years.

Secondly, the DRG inflator. As in the past year, the 2.97% price increase for hospital services in 2018 looks very attractive at first glance. However, the final price increase trickling through to us is lower and is subject to negotiations at the state level, and surplus treatments continue to be reimbursed at a discount.

Thirdly, we are expecting some additional so-called DRG catalog effects in 2018. That means we see some additional downgrades within the classification of case severity that can lead to negative mix effects in 2018.

And that brings me to Helios Spain, which continues to perform excellently, meeting and even exceeding our expectations. 12% sales growth in Q4, with roughly two-thirds organic growth. In the full year, the company showed strong 10% sales growth, roughly split half/half between organic and inorganic growth. EBIT growth in the quarter and in the full year nicely exceeds our sales growth, driven by general operating leverage, as well as by synergies from the merger between IDCsalud and Quirón.

As you heard from Stephan earlier, the company has bright growth prospects, whether greenfield, via the expansion of existing facilities or via acquisitions. And the company is progressing well, in line with our growth strategy.

Onto Slide 18 with an overview of the EBIT development at Fresenius Helios. Total Q4 EBIT came in at €283 million, up 61% year-over-year and also margin-wise a solid improvement at 12.6%. Total full-year EBIT, bottom right, was €1.052 billion, about the midpoint of our guidance range.

With €176 million, Q4 EBIT for Helios Germany was on the prior-year level, which was a tough comp to beat. Going forward, we see the themes from the top line recurring here, i.e. a lack of privatization opportunities, no recently acquired hospitals, and that additional DRG catalog effect I mentioned. On top of that, and that purely affects the bottom line, we see specific regulatory requirements regarding minimum staffing levels.

So as we said in previous calls, all in all, the times of very significant EBIT growth at Helios Germany are over. Nevertheless, the business is nicely and steadily growing, and we do not expect that to change in the future. However, as I said, Helios Spain is performing very well, an excellent €107 million contribution from Quirónsalud in Q4, actually the strongest quarter in 2017. With €327 million, the company ended the year even slightly above the outlook range of €300 million to €320 million.

So over to Fresenius Vamed on Slide 19, here, we showed the expected strong finish to the year. Organic sales growth was strong with 14% in Q4, bringing the full year to 6%, in line with our outlook. An excellent EBIT growth of 16% in Q4 lifted the full-year growth to 10%, the upper end of our outlook range. We've been successful over the last couple of years in expanding our service business, which continues to be less cyclical, less seasonal, and higher margin. From a two-thirds project/one-third services split in 2011, we've grown the service business consistently, so that it outstripped the project business in 2017 for the first time, despite continued project business growth. We're optimistic for 2018. The nicely diversified record order intake in 2017 of €1.1 billion, for example, from Germany, Oman, and Equatorial Guinea and many other countries around the globe, gives us confidence when it comes to sales development in 2018 and beyond.

So let's move to Slide number 20 and yet again a solid cash flow quarter with a Group operating cash flow of €1.1 billion. My highlight here is Kabi's Q4 cash flow, €370 million, top left, and an extraordinary margin of 23.2%. That took the full-year cash flow to a record €1.010 billion and at a margin of 15.9%. Helios had a solid operating cash flow of €173 million in Q4 and a margin of 7.7%. That took the full-year margin to 8.5%. With €35 million, Vamed showed a healthy operating cash flow in the quarter. So for the Group, the full-year operating cash flow margin was a strong 11.6%. Deduct Group CapEx of 5% in the middle column, and you'll arrive at a free cash flow margin, bottom right, of 6.6%.

As Stephan said, we've initiated substantial investment programs for our worldwide production facilities. Hence, you should assume investments to be a touch higher, particularly in 2018. That is testament to our organic growth abilities. And those investments have a nice low-risk/high-return profile.

We've seen meaningful progress in delevering post Quirónsalud. We finished 2017 at 2.84x net debt to EBITDA, so well within our target corridor. Pro forma Quirónsalud, we were at 3.1x at the end of 2016. And we expect to further delever in 2018, excluding the pending acquisitions of Akorn and NxStage and under current IFRS rules.

With that, let's turn to Slide 21 for the 2018 outlook by business segment. To start with, I would like to set the scene around how we are guiding for 2018. The 2018 guidance, which we will put out today, excludes our pending acquisitions of Akorn and NxStage. And to get a like-for-like basis for the Group's top line, we have adjusted the 2017 basis for the earnings-neutral adoption of IFRS 15.

In 2018, we are including the expenditures for the biosimilars business, but are excluding acquisition-related expenses. Accordingly, the 2017 basis for guidance-relevant KPIs is before special items and, thus, as we explained earlier, excludes acquisition-related expenses, the book gain from the US tax reform, and the FCPA provision. To give greater

transparency, we are also showing, for information purposes, Kabi's EBIT growth and the Group's net income growth, excluding biosimilars expenditures in both 2017 and 2018.

So, Kabi's organic growth first, where we project 4% to 7% growth in 2018. That's the blend of the regional contributions I mentioned: Low to mid-single digits for Europe, likely double digits for emerging markets, coupled with mid-single-digit growth for North America. As Stephan already said, this outlook reflects a risk adjustment for HES. Onto EBIT, we project a 3% to 6% decline. So where does the difference from the expected top line growth come from? Firstly, biosimilars costs: We expect biosimilars expenses of roughly €160 million in 2018 compared with €60 million in 2017. This effect alone makes up for 8 percentage points of growth. As the biosimilars business has been consolidated since September of last year, you should also reflect that when thinking about phasing of growth in 2018. And secondly, HES, as Stephan said, we are deeply convinced that HES should remain on the market. Nevertheless, we obviously have to take a commercially prudent approach when it comes to the outlook. Thus, Kabi's outlook reflects a meaningful risk adjustment for HES, including truly one-time noncash items. Hence, if we exclude those biosimilars expenses, we aim for around 2% to 5% EBIT growth. Nevertheless, we are maintaining our midterm expectations of 6% to 10% EBIT growth in constant currency.

Over to Helios, where for the 8th consecutive year, we made our 3% to 5% organic sales growth guidance in 2017. For 2018, we expect Helios Spain to grow at the upper end or even above its historical organic sales growth range of 4% to 6%. And I gave you the reasons why we expect Germany to show a bit softer growth. Given the relative weight, that brings us to the 3% to 6% for the combined entity. For EBIT, we project an aggregate 7% to 10% growth this year. Here also, we expect Helios Spain to outperform versus the German business. And EBIT growth in constant currency includes a bit of a positive base effect from the additional month of consolidation of Helios Spain.

And Vamed, I already mentioned Vamed's well-diversified order intake and order backlog as a factor giving us confidence. We therefore see no reason to amend our traditional guidance ranges of 5% to 10% for both sales and EBIT growth.

So taken all together for the Group, and that's on slide 22, starting with sales growth, where we expect 5% to 8% in constant currency. And even though we are guiding in constant currency and not organically, you will see that we only have a minor inorganic effect baked into the expectation. That is the additional month of consolidation for Helios Spain in 2018 compared with last year. I would remind you that we are excluding our pending acquisitions of Akorn and NxStage for guidance purposes. As to the currency translation effect, if current exchange rates prevailed until the end of the year, we would see a headwind of 4 to 5 percentage points, mainly coming from the US dollar.

So moving to net income, we are projecting 6% to 9% growth. Also here, we have a slight positive year-on-year effect from the additional month of consolidation of Helios Spain. Excluding biosimilars expenses, which account for around 4 percentage points, that would bring you to around 10% to 13% growth.

With regard to currencies here, we expect a headwind of 4 to 5 percentage points. So at 7.5% growth, the midpoint of the guidance range, our simulation results in Group earnings will be approximately €1.870 billion.

One word to the phasing of growth in 2018. We expect to see a softer Q1 and Q2 this year, and a stronger second half of the year. Not triggered by the underlying operational performance, much rather due to technical effects. We have a tough comp coming from

2017. We acquired the biosimilars business in September 2017, and the positive effect from the VA settlement also occurred in the first half of last year.

So when you are comparing this guidance with our midterm growth targets that you heard about from Stephan, you should of course remember, firstly in revenue, that we only have a minor inorganic effect in 2018, but our midterm growth for small- and medium-sized acquisitions. There is a similar effect on net income growth, and thus, we see this guidance as completely consistent with our midterm target.

Just as in previous years, this 2018 is an operating guidance, thus excluding any special items. From the current perspective, we only see acquisition-related expenses as below-the-line items in 2018. So in the absence of any other large one-time items, we feel very comfortable with our earnings guidance.

Many thanks for your interest. And with that, Stephan and I are happy to take your questions.

Operator: [Operator Instructions] The first question is coming from Lisa Clive with Bernstein.

Lisa Clive: Hi, thanks very much for the comments. Could we just start with the HES potential withdrawal? Based on the public statements you made back in 2013 and 2014, I estimate that the revenues ended up being in the range of around €150 million after the drop off you saw. Is that a reasonable ballpark for the business in Europe today? And on the profits, it implied that there was a very high EBIT margin, probably more like a branded pharmaceutical product at even sort of 40%, 50%. Is that a fair assumption?

And then second question on Akorn. In this process that you've entered into, is it fair to assume that you have full cooperation from Akorn and that they will be turning over all the data that these external investigators need? And is there any FDA involvement directly at this point, or could there be in the future?

Stephan Sturm: Lisa, it's Stephan. And I'm going to take your Akorn question first, and Rachel is going to answer your HES question. On Akorn, look, these are internal processes at Akorn. And therefore, we very obviously can't do this investigation without their support. We rely on the information that they make available to us. At the same time, it's very important for me to point out that this is our own independent investigation of the data that we do receive.

I was asked over the course of the morning on numerous occasions how long I would expect the investigation to last. And I would say we're certainly not talking about days, but at the same time, I'd be hoping that we rather talk about weeks than months. But the answer to that question is very much driven also by the availability of the information that we need to come to a conclusion.

It is not for us to alert the FDA. And we have not done that. As of now, I'm working on the assumption that this is an investigation that we are conducting with the support and with the cooperation of Akorn.

Rachel Empey: Hi, Lisa. Thanks for your question. So I'm sure you'll understand I don't want to give very detailed numbers on a particular product. But I can hopefully give you some helpful pointers in terms of the situation with HES.

Clearly, we have some uncertainty in terms of how the situation may develop. And you heard some of those details from Stephan earlier. And as I said earlier, we need to take a

reasonably prudent view when we're taking that into account for the guidance and outlook ranges for this year.

I think it's fair to say there is clearly some effect on sales expected. But the effect on EBIT and earnings is obviously more marked. And this is a product with a reasonably good margin for us. And there are within our expectations some clearly true one-off noncash effects also considered within 2018. And it clearly is one of the key explanations as to why, excluding biosimilars, we see a different growth rate in Kabi EBIT year-on-year. So I hope that helps you, Lisa, in terms of giving you some direction.

Lisa Clive: Okay. Thanks. And just to the slower Kabi EBIT growth versus revenue growth, excluding biosimilars, can we just interpret that that is mainly around the items that you pointed out and Stephan pointed out on the call around capacity expansion and ramp up of I assume salesforce associated with the nutrition and infusion therapy businesses in the US?

Rachel Empey: I think, Lisa, finally, the key driver here is HES. There are, of course, some other topics, but the key driver year-on-year in terms of evolution, excluding biosimilars, is HES.

Lisa Clive: Okay. Thanks very much. I'll jump back in the queue.

Operator: The next question comes from the line of Michael Jüngling with Morgan Stanley.

Michael Jüngling: Yes, good afternoon. Thanks for taking my question. I have three. Firstly, on Akorn, you mentioned very specifically that the investigation may affect, in quotation mark, the consummation of the transaction, but you did not mention in the press release talk around price. Is that an oversight, or is the word consummation a very deliberate word?

Question number two on Kabi USA, you mentioned the number of ANDAs that you may get approved for in '18. I think more helpful would be, can you comment on whether the revenue opportunity from the ANDAs that you expect in 2018 is greater, smaller, or equal to what you had in 2017?

And then finally, on Helios guidance, can you split the guidance between what you would expect for Germany and also for Spain, meaning organic growth, and perhaps also a little bit of comment about margin development for Germany and Spain? Thank you.

Stephan Sturm: Thank you, Michael. And no, it was not an oversight. We were very specifically talking about consummation. But frankly, I neither want to speculate on the outcome of the investigation, nor about its potential consequences.

All I want to say is that we need to investigate whether reps and warranties that were made to us at the time of signing the contract hold true, whether if they were not true are material, and then we would also decide whether -- even if they were material, whether really our strategic aim to get to a broader product offering in the United States is in jeopardy or could still be pursued. That is all going to be evaluated by the Fresenius management and supervisory boards.

Consequences to be drawn from the findings, I'm asking for your understanding that we will really only come back to you with once we have concluded the investigation and have seen the full breadth of the findings and their relevance.

As far as the ANDAs are concerned, I think 15 plus, yes, that is an ambitious target that, again, I want to reiterate. Michael, we all know this is a matter of being a few weeks, maybe

even days late or early to market formation. And that is why we're always struggling a bit to publicly at least talk about the underlying revenue opportunity.

Asking also here for your understanding, we're trying our best to give you fairly specific guidance, not only for the individual business segments, but also for the regions underneath that. And that is a fairly reliable guidance. But leave us a bit of wiggle room on the next level deeper from that. We firmly stand behind what we said for Fresenius Kabi North America. But as far as revenues for individual drug products are concerned, I really like to shy away from that for now.

Rachel Empey: Michael, your third question, so relating to the Helios guidance and what comments I can make regarding Spain and German evolution, so I think you heard in our prepared remarks, both from Stephan and from I, some of the reasons why we see some headwinds in Germany, both on the top line, but also at a profitability level. And that is clearly reflected in what we have put into the assumptions for the guidance that we've given you for Helios this year.

If I start with sales within the 3% to 6% organic growth for the Helios business, within that, you can clearly assume an outperformance of Spain versus Germany. Historically, Helios Spain has delivered organic growth somewhere in the range of 4% to 6%. And for 2018, we expect to be at the upper end of that range or even slightly above. And then if you look at the range of 3% to 6% and you take the weight of Helios Germany and Helios Spain into account, you can clearly see that that is implying a slightly lower growth rate, given those headwinds that we discussed earlier for the German business.

When you look at EBIT, that's a constant currency growth rate guidance we've given for the Helios business in total of 7% to 10% growth. It does benefit from one additional month from Quirónsalud. And clearly here, we also expect the Spanish business to quite significantly outpace the German business in terms of growth. And again, if you look at the relative weights, that implies clearly a significantly lower growth rate for the German business to come to that average that we expect of 7% to 10%.

But you specifically asked also a little bit of commentary in terms of margin. Clearly, the Spanish business continues to outperform the German business in terms of margin due to some structural effects that we've discussed previously. And we continue to expect to see some gradual margin expansion in Spain. And clearly, I'm sure you've understood from some of our earlier comments that we think the days of significant margin expansion in Germany are clearly behind us. And thus, that balancing effect within the two businesses is also reflected within the guidance that we've given overall. Thank you.

Michael Jüngling: That's very helpful. Thank you.

Operator: The next question is from the line of Tom Jones with Berenberg. Please go ahead, Mr. Jones.

Tom Jones: Good afternoon, and thank you for taking my questions. I have two. The first, Stephan, I wondered if you could give us a little bit more color on the retail strategy that you are looking to deploy to enteral nutrition business, a bit more color on where, what kind of sales contribution do you expect, and particularly the costs.

And also about some commentary around the fact that it does mark a little bit of a departure for Fresenius as a group, who have historically focused very much on the healthcare professional and not the consumer. And pushing into the retail enteral nutrition market



would take you into direct competition with, for example, a certain cat food company we know well that has a lot more experience in dealing with the consumer in that space.

Stephan Sturm: No idea who you're talking about.

Tom Jones: So just some general commentary there would be helpful really just to kind of at least give us a vague idea of where that might go. And then second question was just a clarification. You mentioned the adalimumab launch is on track. Just to confirm that's a European launch, and if there's anything you can add on a potential US launch, that would be helpful, if at all possible.

Stephan Sturm: Thanks, Tom. And there's retail and retail. And what you are referring to or what you have implied is truly retail-retail. And I would not want you to work on the assumption that we're going to fight over shelf space at Walmart or Aldi. That as a matter of fact is not our business.

When we're talking retail, then it is on the one hand homecare, direct delivery to patients that have been dispatched from hospital, or it is really specialized pharmacies, drug stores. That is what we're talking about.

And there, I will agree with you it marks a certain departure from our past practice. And I was very curious to see how we fair, but frankly, the initial experience exceeds my expectations. And we are very encouraged by the experience so far in certain target markets.

As I mentioned, we are doing this in some of the European markets, but also in Asia. Hong Kong, Taiwan are selected examples. I was in my prepared remarks talking specifically about also inroads into the Chinese market, where on enteral nutrition specifically, we're also looking at expanding our manufacturing capacities.

So don't work on the assumption that the US market entry is planned anytime soon. But pretty much elsewhere, we will on a country-by-country basis see whether we also want to endeavor beyond the hospital.

Tom Jones: Great. That's very helpful.

Stephan Sturm: Adulimumab, yes, we launched -- excuse me, we filed in November. We do expect an approval in the first quarter of 2019. As far as the US is concerned, no, we have not filed yet, but are in our late-stage preparations.

Tom Jones: Perfect. And then just one very quick follow up more broadly. Your balance sheet, you've done a good job of deleveraging it. Obviously, it will go up a nudge with your NxStage acquisition and also obviously with Akorn if that concludes. But how are you kind of thinking about M&A more broadly generally at the moment? Is everything on hold while we wait to see what happens with Akorn, or are there assets out there that could potentially come to fruition if Akorn doesn't, much like you did with Fenwal when the Rhoen thing didn't initially work out so well?

Stephan Sturm: Look, we are, as far as I can see in the meantime, very well established in the BBB-minus category, with rather upward pressure than downgrade risk. And that is fully taking onboard the NxStage and the Akorn acquisition pro forma effects.

So from my perspective, appetite for acquisitions is not constrained by our financial resources, but as I said over the course of last year, much rather constrained by the availability of our management resources.

And so it was with a reason that we really did a full circle. Now all of the four businesses really got very major projects to get them into an even better position for the next decade. All of them are busy with the integration. You heard me talk about Quirónsalud and that I really wanted to see tangible synergy benefits first. So that is to a certain degree weighing on our appetite. I don't see us financially constrained.

Tom Jones: Perfect. That's all very clear. Thank you very much.

Stephan Sturm: Thank you, Tom. I believe we have time for one more question because we all want you to be on time for the Fresenius Medical Care call.

Operator: Yes, sir. Thank you. The final question comes from Hassan Al-Wakeel. Please go ahead with your question.

Hassan Al-Wakeel: Thank you for taking my questions. I have a couple, please. So firstly on Kabi, you talked about a good ramp up in the Simplist business. Could you please help me with a quantification here of the current size and the potential for this business compared to Becton's expectations of \$100 million to \$200 million for 2017 in revenues?

And secondly, on Helios, I know you were somewhat skeptical around the true magnitude of synergies from international hospital businesses going into this transaction, and I wonder if this has changed. Thank you.

Stephan Sturm: Hassan, I'm afraid, on Simplist, as in also many different individual product ranges, we really prefer to be a bit reserved. I can confirm that the potential is clearly triple digit, and we are on a fairly steep ramp up curve to get there. And once again, performance to date has exceeded our expectations quite meaningfully, and we're very happy.

As far as the Helios cross-border synergies is concerned, you heard me talk about the formation of the international holding. That is really meant to institutionalize us going after synergy benefits. I'm in particular keen to use this vehicle to harmonize how we go about quality and eventually get to a higher level, both in Spain and in Germany. That to me, frankly, is the endgame, is the decisive criteria. I really would like us to make progress there. That to me would be the ultimate proof that cross-border synergy benefits do exist.

Hassan Al-Wakeel: Excellent. Thank you very much.

Stephan Sturm: Thank you, Hassan. Thank you for joining us on this call today. I do appreciate that our prepared remarks have been a bit longer than usual. I hope you view that as instructive, given that we had a lot of ground to cover.

Rachel and I will be on the road from now on. We'll meet many of you individually. Our Investor Relations team is also available now and in the coming days, of course, to answer any questions that couldn't be answered on today's call.

Thank you for now. And see you soon and many of you hopefully in Berlin in the summer. Take care.

Operator: We want to thank Fresenius and all the participants for taking part in this conference call. Goodbye.

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