

Transcript Conference Call Q3 2021 results

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PRESENTATION

Markus Georgi: Good morning, good afternoon, and thanks, everybody, for joining us today. I would like to welcome all of you to our Q3 2021 Earnings Call. As always, with me on the call are Stephan and Rachel. So before we begin, I would like to start the call by drawing your attention to the cautionary language that is included in our safe harbor statement on **Page 2** of today's presentation. And with that, I hand it over to Stephan.

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

Markus has pointed out the safe harbor language to you. So let's move right to **Page 4** and our key messages for the third quarter.

Fresenius has delivered, yet again, a good quarter with healthy sales and net income growth, even above our expectations. The summer dip at Helios Spain was not as pronounced as expected. And on a very positive note, Kabi North America is back to growth. Primarily, these positive performances have offset the COVID-driven weakness at Medical Care which, to this extent, had not been foreseen.

My sincere thanks go out to all Fresenius employees worldwide for living up to our special responsibility as a healthcare group. It took all of us tremendous efforts to deliver this growth in a period which is still heavily marked by significant COVID headwinds.

And as many others, also we face challenges in supply chain and logistics and rising prices, especially for packaging materials and selected medical products. As I said in the Q2 call, we operate in markets with very limited possibilities for short-term price increase passthrough to our customers. And thus, the impact could become more meaningful in the fourth quarter. I am, however, very pleased how well our experts and teams have mitigated the impact of these challenges so far.

Against this backdrop, it is even more important that we continue to make progress with our cost and efficiency program. The concept phase is now finalized, and we have increasingly tangible execution plans. More on that in a minute.

Based on our stronger-than-anticipated first 9 months financial performance, we are raising our sales guidance and improve our earnings guidance. Thus, we are on track to show healthy earnings growth this year, even in the low double digits for the group excluding Fresenius Medical Care.

And so we continue to make progress on the group-wide strategic roadmap. And let me take this opportunity for a comment on the group structure review. Our stance remains unchanged. We are rational, open minded. There are no sacred cows, and we will do what we believe is right for our shareholders, our employees, and the company as a whole in the long term. I will give you an update as part of our Q4 results presentation in February next year.

With that, let's move on to **Page 6** and our cost and efficiency program, which is fully on track. Fresenius Medical Care will provide you with a separate update on the FME25 transformation program as part of their conference calls later today.

And also, at Fresenius Kabi, the Management Board there has developed a far-reaching yet thorough plan to better capture existing and new growth opportunities, a strategic plan going beyond just cost savings. Vision 2026 -- that's the name -- is a comprehensive framework to transform Fresenius Kabi for the medium to long term. Given the sustainable growth potential as well as the already strong market positions, Fresenius Kabi will continue to focus on products and services for the therapy and care of critically and chronically ill patients. And within that overarching direction, three growth vectors have been defined: one, broaden the biopharmaceutical offering; two, roll out clinical nutrition, and three, expand in med tech. In parallel, Kabi aims at strengthening the resilience of its more volume-driven IV businesses. Furthermore, Fresenius Kabi will increase its global competitiveness and advance its organizational effectiveness. One initial step is the implementation of a business-led rather than regional organization. Healthcare is changing rapidly. And with Vision 2026, Fresenius Kabi is acting decisively for continued success. Implementation plans are still being sharpened, and I will provide a more detailed update as part of our full year communication.

We also made nice progress with the core cost and efficiency program during Q3. A couple of examples: At Fresenius Helios, we decided to divest a 40-bed hospital in Germany with about €9 million sales in 2020. In line with our defined cluster strategy and following a best-owner approach, we concluded to transfer that facility. Closing is expected in this fourth quarter. And the transaction is a first result of the ongoing strategic review and optimization of Helios' hospital portfolio in Germany.

At Vamed, we have established management and competence hubs in Africa and the Middle East to leverage efficiencies and to be even closer to our customers while taking some cost out.

And in the Corporate Center, we have initiated first steps to our new IT operating model. The shift from a decentralized IT organization to a functional IT will generate savings over time.

So now, with the concept phase being finalized, we confirm our savings target of more than €100 million per annum after tax and minorities from 2023 onwards with an even higher degree of comfort. Upfront expenses are projected order of magnitude €100 million annual on average over the timeframe of 2021 to '23.

With that, on to **Slide 7** and an update on Fresenius Kabi, starting with North America, where we're back to organic sales growth. Adjusted for a noncash one-time R&D write off, we're also back to growth on the EBIT line. The nice increase is primarily driven by COVID-19-related extra demand. But elective procedures also further recovered in Q3, albeit slowly. US hospitals are highly motivated to perform elective procedures, given the challenging 2020. And diagnostic visits are expected to increase, and elective procedures are hence also projected to continue to recover going forward. We're still facing intensified competition, especially for more mature molecules. And that triggered ongoing mid-single-digit price erosion in our base portfolio. Year-to-date, we have launched 11 new products. And thus, we are fully on track to achieve our expectation of a low to mid-teens number of launches for the full year. Our Melrose Park facility is fully operational, and its expansion further progressed over Q3. We expect a full GMP inspection by FDA any time, and our teams have diligently prepared themselves and continue to do that. Bottom line, we're back to growth. We expect continued growth in Q4, but the pandemic is obviously far from over. And hence, our business is still marked by COVID and associated effects, leaving us with limited visibility of the true underlying trends.

Over to China, where growth unfortunately is slowing down. For one, the Q3 prior-year comp has been much stronger than the one in Q2. You may recall that, in the second half of 2020, China had a strong recovery on the back of a ramp-up in elective procedures.

And in addition, we see the initial effects from national volume-based procurement tenders. And whilst we've been successfully securing volumes, we expect the negative price effects to become significantly more pronounced in Q4, affecting our growth and profitability. Whilst we have already started to foster countermeasures, we have considered that meaningful residual burden in our outlook for the remainder of 2021.

On to biosimilars, with Idacio, our adalimumab biosimilar, we are now present in 25 European countries. And in the course of Q3, we received more market authorizations outside Europe, for example, in Colombia, Hong Kong, and in Malaysia. And we expect further authorizations in other Eastern European and Latin American countries in this fourth quarter. No major tenders this past quarter that we could've won or lost, but on a positive note, the major UK tender we had won, that has been prolonged.

Over to Pegfilgrastim, and as you know, our Peg biosimilar candidate is currently under both FDA and EMA review. COVID unfortunately has created unexpected uncertainty related to the timelines of these health authority reviews. Nevertheless, we remain positive for an EU launch in 2022.

For the US launch, we have reason to believe that the FDA has now resumed working through its mounting inspection backlog. But we have low to no visibility when the required preapproval onsite inspection will actually take place. And as the year progresses, it unfortunately becomes increasingly unlikely that this inspection we had expected for this year will still actually take place.

On Tocilizumab, the biosimilar to Actemra, we've reached a milestone on the road to approval. Our Toci biosimilar candidate successfully met the primary and secondary endpoints in two consecutively conducted clinical trials covering both subcutaneous and the intravenous formulations.

With that, let's conclude on Kabi and move on to Helios, and that's on **Slide 8**. Starting in Germany, hospital operations are increasingly normalizing. Even if we currently see rising COVID-19 patient numbers, the overall level of such hospitalized patients, at least for now, continues to be relatively low in our clinics. Right now, Helios is treating about 500 COVID cases in its 89 hospitals across Germany. And since the beginning of October, the pandemic-related patient bed distancing rules have been lifted, and beds can be used as usual.

Whilst admissions remain below the 2019 levels, we observe a steady upward trend. In the third quarter, admissions were organically about 9% below the pre-pandemic level. In October, we have seen a positive continuation of admission growth. And as I said in Q2, also given the trends towards digital and ambulatory services, we don't expect to fully recover to 2019 levels.

Our network of 230 outpatient centers is continuously enhanced with further service offerings to cater to these trends. And in order to offer an interlinked user experience in that field, we have not only installed a telemedical call center, provide video consultation by our doctors, offer online booking, but we also added just recently a digital symptom checker in our free app Curalie, which connects to the video consultation if needed by the patient.

We continue with our cluster strategy and have successfully acquired two clinics from the German Red Cross with a total of 433 beds and an associated outpatient care center, generating sales of around €87 million in 2020. Together with the local existing Helios hospital, a regional medical cluster will be formed and should be expanded over the next few years. The acquisition is expected to be completed in this fourth quarter.

You may have seen that the DRG inflator for hospital services for 2022 has been set at 2.29%. As in the past, whilst this is a good starting position, the final price increase materializing for us will be somewhat lower, as it is subject to negotiations at the individual state level. And please also bear in mind what I said with regards to cost inflation for medical devices and protective medical equipment.

With that, turning to Helios Spain, where the expected summer dip was notable, though less pronounced than we had expected. Activity levels continued to be above pre-pandemic levels in most areas, and COVID-19 hospitalization continues to decrease. Growth was additionally fueled by a strong demand for ORP services as well as excellent contributions from our Latin American hospitals. At the same time, given ongoing travel restrictions, we've seen a below-normal contribution from treating international tourists in Spain.

We continue to add capacities to our existing facilities and have also developed new greenfield projects. For example, we have opened a brand-new hospital in Torrejón de Ardoz near Madrid and a new, innovative maternal and child healthcare center in Seville.

On to a quick update on our fertility business, where despite COVID-related headwinds, financial performance of the Eugin Group is absolutely in line with our expectations. The business is growing nicely, and besides organic growth opportunities, we continue to pursue consolidation opportunities, such as the recent acquisition of a majority stake in one of the leading reproductive care centers in Canada.

That brings me to **Slide 9** and an update on Vamed, where we report ongoing good order intake. And thus, with an order backlog at an all-time high, we remain optimistic for the upcoming quarters and years and see a strong launch pad for future growth.

With that, I'm pleased to hand over to you, Rachel. Thank you.

Rachel Empey: Thank you, Stephan. A warm welcome to everyone. I am pleased that we delivered a good Q3 2021, despite the increased COVID effects.

Our Q3 '21 results on **Page 11** are shown in our usual fashion, so before special items. The one-time effects under the cost and efficiency program are booked as special items. The low double-digit million-euro savings we expect this year will not be carved out. A comprehensive overview of all special items is provided at the back of our Investor News and in the Results Center on our website. Our financials include COVID effects. In the backup of the presentation, we are providing you with ranges based on our best estimates of the quantitative impact of the COVID pandemic.

So to the numbers. As ever, growth rates on the slide are on a constant currency basis. We delivered healthy sales growth of 5% in Q3. And year-to-date, we're also at 5% growth. The good performance is primarily driven by Fresenius Kabi, where North America returned to growth, and Helios Spain, where the summer dip was noticeable but not as pronounced as expected. COVID had a negative effect on our sales growth in Q3, especially at Fresenius Medical Care.

EBIT with a decline of 6% in Q3 and 5% year-to-date. The decline is driven by Fresenius Medical Care, where the COVID-related excess mortality and elevated unreimbursed costs are weighing on the EBIT development.

Interest improved year-on-year by 18% in constant currency to €126 million in the quarter, mainly driven by successful refinancing activities, lower interest rates, and some smaller one-time effects.

For 2021, based on current exchange rates, we still aim for net interest significantly below the prior year, mainly due to refinancing activities with some contribution to year-on-year group net income growth in constant currency. For the fourth quarter this year, however, interest expense is expected to be slightly above the run rate of Q3.

The group tax rate before special items reached 23% in Q3, in line with our expectations. Year-to-date, we're at 22.4%. And for the full year 2021, we confirm our expectation of a tax rate between 22% to 23%. And as I said in Q2, we have not taken into account any effects from a potential US tax reform. Any impact this year would be considered as a special item.

So moving on to net income, where we've seen solid 2% growth in Q3, leading to strong 6% growth year-to-date. That is despite significant negative COVID effects in Q3 this year and year-to-date. Net income growth in Q3 is primarily driven by Vamed and Kabi, where the emerging markets stood out, as well as the favorable net interest development.

Over on to **Page 12**, which illustrates the Q3 '21 momentum at our four business segments, and here, let's start with Kabi. The company showed strong 8% organic sales growth in Q3, leading to 6% year-to-date. Here, all regions contributed to growth in the third quarter. Europe saw a solid 5% organic sales growth in Q3 on the back of an ongoing recovery of elective treatments. Year-to-date, we're at 5% organic growth. The emerging markets showed strong 13% organic growth in Q3, in particular driven by Latin America, where we see ongoing COVID-related extra demand. As in the previous quarters, inflation-driven price increases contributed to a certain extent to top-line growth rates. In China, growth is slowing considerably in light of increasing negative price effects from the application of the Propofol tender and stronger prior-year comps. Asia ex-China continues to show dynamic growth rates on the back of recovering elective treatments. Over to North America, where we are back to growth for the first time since the second quarter in 2020. The increase was driven by extra demand for COVID-19-related products. With 6% organic growth in Q3, we're now at minus 4% growth year-to-date.

Over to Kabi's EBIT, where we've seen a healthy increase of 7% in constant currency in Q3 and 5% year-to-date.

So in the regions, Europe with a good 7% growth in Q3 over a COVID-driven soft comp. Year-to-date, we're at 15% growth. Emerging markets saw a strong 15% increase in Q3, again driven by Latin America. Here, the negative effects from the tender in China are from a percentage growth perspective more pronounced and will intensify in the course of Q4. Nevertheless, year-to-date, we're at 44% growth for the emerging markets. Over to North America, and with an EBIT decline of 1% in Q3. The return to growth is masked by an R&D product write-off. Adjusted for this low double-digit million-euro effect, we are at mid-single-digit percentage growth and a margin of 30%.

Moving on to Helios, with good 5% organic sales growth in Q3, leading to strong 7% organic growth year-to-date. In Q3, Helios Germany grew 3% organically based on price and case mix effects. There was virtually no further COVID support in Q3. Year-to-date, we are at 6% reported growth with an inorganic effect of 4 percentage points. We have seen strong 8% organic sales growth at Helios Spain. Here, the summer dip was noticeable, but not as pronounced as expected, primarily due to an ongoing strong ORP business, COVID-related extra services such as testing, as well as activity levels above pre-pandemic in most medical areas. Moreover, we saw nice contributions from our Latin American operations. We are pleased with the progress of our fertility business, which performed in line with our expectations.

And then over to EBIT, which was on the prior-year level. And then year-to-date, we are at 14% constant currency growth. At Helios Germany, EBIT increased by 5% in Q3, also here driven by price and positive case mix effects. Helios Spain was down 17% in constant currency in Q3 due to an exceptional Q3 2020 supported by pent-up demand right after lifting the lockdown. We also see sales mix effects and higher costs for specific categories such as personal protective equipment and selected medical products. Nevertheless, year-to-date, we're at 36% constant currency growth.

Over to Vamed, where we've seen a flattish top-line development and a nice EBIT growth. COVID effects in the service business eased somewhat further in the course of Q3 but were still a clear headwind in the project business. We obviously have to watch the COVID situation over the winter months very closely.

Let's move on to cash flow on **Slide 13**. A solid Q3 took the group operating cash flow to €1.2 billion. Kabi posted a good Q3 cash flow of €393 million, which brings us to a strong last 12 months cash flow margin of 16.4%. Helios also saw a solid Q3 cash flow. So for the group, the Q3 performance took the group last 12 months margin to 12.8%. Deducting capex of 5.8% of sales brings us to a group free cash flow margin, bottom right, of 7%.

We ended the quarter with 3.55 times net debt to EBITDA as a ratio. We expect more pressure on group EBITDA from Fresenius Medical Care and some cash phasing effects in the fourth quarter. And on that basis, we don't expect an improvement as we go through the quarter.

With that, let's turn to the 2021 outlook on **Slide 15**. Our guidance includes the effects of COVID and, as usual, excludes the effects of special items, for example, the one-time effects of our cost and efficiency program. With respect to our assumptions for guidance purposes, as you know, we had projected that the burdens and constraints caused by the pandemic will further recede in the second half of the year. Now however, COVID-19 negative effects have increased sequentially in the third quarter this year, mainly driven by significant patient excess mortality at Fresenius Medical Care.

We also expect headwinds from cost inflation, for example, rising commodity and shipping prices, increasing energy costs, as well as supply chain volatility in the fourth quarter. Whilst the risk of renewed far-reaching containment measures in one or more of Fresenius' major markets cannot be excluded, it now appears unlikely. As a reminder, any resulting significant and direct impact on the healthcare sector without any appropriate compensation is not reflected in our guidance.

Having said that, let's turn to the 2021 outlook by business segment, starting with Kabi, where we confirm our outlook range of low to mid-single-digit percentage organic sales growth for the full year. With 6% organic sales growth year-to-date, our projection is to be towards the upper half of that range for the full year. For EBIT, with 5% growth year-to-date, we improve our outlook and now expect to be around the top end of the low single-digit percentage growth range for the full year. As previously discussed, we expect significant pricing pressure from the NVBP in China but do expect growth in North America. In addition, we expect negative inflationary pressure to weigh on EBIT in the fourth quarter this year.

For Helios, we confirm the organic sales growth outlook of mid-single-digit percentage growth for the full year. With 7% organic growth year-to-date, our projection is to end the full year towards the upper half of that outlook. In Q4, we expect admissions in Germany to continue to be below pre-pandemic levels. With an EBIT increase of 14% in constant currency year-to-date, our projection is to end the full year towards the upper half of our outlook of high single-digit percentage growth. We expect Q4 this year growth rates to suffer from a strong prior-year comp, as well as inflationary pressure on costs.

Vamed, with an organic sales increase of 4% year-to-date, we confirm the outlook range of mid- to high single-digit percentage growth for the full year. We expect a significantly stronger Q4. We obviously need to watch the further development and the related knock-on effects of the pandemic very closely. And EBIT, with €35 million year-to-date, we confirm our outlook of an absolute high double-digit million-euro amount for the full year. Also here, we expect a traditionally strong Q4.

Taken all together for the group -- that's on **Slide 16** -- starting with sales, with 5% growth year-to-date, we upgrade our guidance to mid-single-digit percentage growth for the full year.

Over to net income, where after strong first 9 months with 6% growth in constant currency and the initial progress of our cost and efficiency program as well as some improved net interest expectations, we now expect to be around the top end of our guidance range of low single-digit percentage growth for the full year.

Nevertheless, we expect some challenges in the fourth quarter 2021, in particular, ongoing COVID-related headwinds at Fresenius Medical Care, anticipated price cuts at Kabi in China, and the risk of more meaningful cost inflation effects across the group.

In the fourth quarter this year, we will obviously continue to actively monitor any potential knock-on financial impacts of COVID, including balance sheet implications.

As to the currency translation effect, if current exchange rates prevailed until the end of the year, we would see a headwind of 2 percentage points, mainly from the US dollar, for both sales and net income.

With that, Stephan and I are happy to take your questions.

Q&A

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

Veronika Dubajova: Good afternoon, Rachel, Stephan, and team. Thank you for taking my questions. I have three, please, two fairly big picture. One, just curious and appreciate -- and thanks for the update on the various inflationary pressures that you're seeing through the remainder of this year.

Just curious and would love to get your thoughts, Rachel and Stephan, on how you think those continue and play out as you transition into 2022. And in particular, I'm thinking about wage pressures in Helios. And then to the extent that you can talk to Kabi as well, that would be helpful. And I guess, in that context, if we look at the business excess and see, what's your degree of confidence in your ability for Fresenius to drive high-single or double-digit earnings group in FRE ex-FME in 2022? So that's my first question.

My second question is on the savings program. And obviously, given the update from FME this morning on the FME25 initiative, slightly surprised not to see you raise that greater than €100 million savings target. So if you can talk to -- as to whether there are any offsets there that you're seeing in the rest of the business or instead just maintaining a little bit of wiggle room and conservatism.

And then my last question -- and, Stephan, thank you for the preview of the Kabi 2026 Vision. Would just love to get your thoughts on what areas of med tech in particular are of interest at this point in time. Are these adjacencies to the current Kabi portfolio, or would you be willing to go further afield? Thank you.

Stephan Sturm: Thank you, Veronika, for your questions. As to wage inflation, we had flagged that issue early on. At the same time, we would generally work on the assumption that it is a rather temporary phenomenon. As far as wage inflation in particular is concerned, I cannot rule out -- actually, I would rather expect that to make its way also into 2022. At the same time, you have heard me talk about the DRG inflator for '22. When that is set, that continues to be a look in the rearview mirror. And therefore, I actually would be surprised if we didn't see something ahead of those 2.29% in '22 for '23. Obviously, what in particular we've got to watch is whether that temporary phenomenon, primarily via wage inflation, doesn't find its way into an ongoing spiral. I think everybody is acutely aware of that and is trying to prevent that from happening.

As far as -- as I mentioned, our ability to pass those inflationary effects through to our customers is limited in the short term. We would obviously try our utmost to find at least a partial offset over the course of '22. That is work in progress. And therefore -- but I believe you half expected that -- I want to ask for your patience when it comes to statements with regard to '22. We are entering our budgeting phase right now. I would expect that that is an extended process this year, given the particularly high level of uncertainty, and we may easily only reach a conclusion early next year.

Uncertainty is never great for planning. So is in general my confidence level, is in general my visibility higher than it used to be? No, it is not.

As far as Vision 2026 is concerned, yes, I would like to point out that, with that end-to-end organizational structure that we had adopted in our transfusion and cell therapy business, we have made quite positive experience. Ever since, the business has kept on growing above previous expectations, which is why we took a cue from that.

We generally -- not only, but also because of Michael Sen's background are more open towards the med tech area. In my mind, it should, at least at a starting point, be in adjacencies rather than starting something completely new. When thinking about major steps away from what we are already active in today, I would also draw you to Rachel

and her commentary on leverage. As we said in February, as far as our strategic roadmap is concerned, '22, '23 are rather consolidation as far as our balance sheet is concerned, before we could think about any larger move.

Veronika, we had as far as the savings program is concerned already told you that we are now looking at upside in particular beyond the 2023 defined target date. However, it is too early. It is premature to really quantify that. And I also there want to ask for your patience.

Veronika Dubajova: Very clear, Stephan. And can I just ask two quick clarifications? So the fact that you haven't raised the €100 million is not a sign of sort of something not going to plan elsewhere in the business. It's simply that you need more time to give us a more concrete number, correct?

Stephan Sturm: Yes.

Veronika Dubajova: Okay. Perfect. And then on the med tech interest, if I'm reading your answer correctly, this is predominantly for now an organic endeavor?

Stephan Sturm: Predominantly, yes.

Veronika Dubajova: Okay. Got it. Thank you so much.

Stephan Sturm: Thank you.

Tom Jones: Good afternoon. I had two questions, and they were both basically kind of follow ups to Veronika's. Firstly, on the cost inflation side, I think both of you mentioned medical product cost inflation within your Helios business. Now as a med tech analyst, I think that comes as quite a surprise to most of us because most of our companies are making similar comments to you in terms of their ability to pass prices through. So I guess the question is, broadly speaking, which areas are you seeing that cost inflation for medical goods? And I guess this follow on is, what might you be able to do to mitigate it?

And then the second question, I guess, is on Vision 2026. And you sort of partially preempted this question. But I think, for us, what would be helpful is to know, do you intend to kind of lay out some more solid 2026 targets for Kabi at some point? Your current cost saving program defines what you expect to achieve by 2023. But at some point in the next year or two, should we expect you to lay out some more solid cost savings/margin targets for Kabi as well?

Stephan Sturm: Thank you, Tom. To your first question, we are predominantly talking about PPE, where we continued to look at raised volume demand at prices that still have not normalized yet.

As far as Vision 2026 is concerned, as I said, we really first want to go through a bit more detail. But given that we've had a bit of an internal announcement, I wanted to take this opportunity also to share that -- pillars of that program with you. As I said, bear with us. The 2026 is really meant to indicate that it is a medium- to long-term framework that the Kabi Management Board has gone about. I would not rule out but, at the same time, would not confirm as yet that, over time, we are going to report Kabi's numbers in a different fashion. You heard my indication of a more business-led organization. And secondly, obviously, at some point, we will have to give ourselves new medium-term targets. And if we do that -- once we do that for the group, we might as well use that opportunity to become more specific for Fresenius Kabi.

Tom Jones: Perfect. And then with the other question I had was just on the in-process R&D write-off. Thank you very much for giving us some idea of the size of it. And it's largely irrelevant as it stands. But I guess, the question is, what does this write-off,

write-down imply for your R&D operations within Kabi? Is there more R&D that is at risk of being written down for whatever reason? And maybe without getting into the specifics of it, which I'm sure you're not going to, but why did it become necessary at this point in time to write this particular chunk of R&D cost off?

Stephan Sturm: Tom, nothing structurally wrong with that. That is a product that we acquired, brace yourself, as part of the APP acquisition, so more than 10 years ago. And we have kept on working on it. And in the meantime, market conditions for this particular product have changed.

At the time in 2008, we were still US GAAP reporters. The -- that has changed. The rules for that have changed. Most of the products that we felt were at risk were written down at the time of the conversion. This is in my mind -- but I'm at the same time touching with one of the last few possible ones where something like this could arise.

Tom Jones: Perfect. That's perfect. Thank you very much. I'll get back in the queue.

Stephan Sturm: Thanks, Tom.

Hassan Al-Wakeel: Thank you for taking my questions. I have three, please, two on Kabi, and a bigger picture question. So firstly, on Kabi, could you talk about China tenders this year and the quantum of the price cut that you've seen to Kabiven and Propofol in aggregate and your expectation for next year in terms of the impacted drugs and whether this could represent potentially more than half of sales in the near to medium term for China?

Secondly, could you talk a bit about the pricing dynamics that you're seeing at Kabi North America and to what extent any improvement may be sustainable into next year your view? What were the pulls and pushes on the margin in the quarter, and when do you expect to see a normalization here?

And then finally, following up on the question around FY '22, and maybe if you can help with some qualitative comments on the moving parts on the earnings line for next year as you see them, and to what extent could we see catchup and pent-up demand across your business lines driving a meaningful acceleration into next year into the medium-term target range and potentially beyond? Thank you.

Stephan Sturm: Hassan, Rachel is going to help you with the first two questions while I collect my thoughts on your third one.

Rachel Empey: Hassan, thanks for the questions. So let's start in China. So I think you quite rightly pointed out that, for this year, we're talking about Propofol, where that tendering process started to become effective in Q2, and then Kabiven, where those pricing and volume changes will start becoming effective for Q4. So when you start thinking about moving into 2022, I think there's firstly, of course, the full year effects to think about from what we have seen in 2021. And clearly, I'm sure you can appreciate those two molecules are significant for us in China, but at the same time, I think you indicated half of our portfolio. They are clearly not that significant within the size of our portfolio.

Nevertheless, the impact is a significant one. You've heard Stephan and I use that word a few times. We are able to partially mitigate the lost sales by looking at our cost in sales and marketing activity so that we do have a mitigated effect at the EBIT level. But it is still significant to Kabi in China and to Kabi as a whole. And that will accelerate in Q4 as that Kabiven tender effect kicks in. And we will see a full year effect of those two things in 2022. Of course, we don't have perfect visibility in terms of exactly which products will be tendered at what time. And so we are slightly cautious in terms of how that may pan

out. But at the same time, we are not expecting a very significant number of very important molecules of ours to go through such a process in the short term.

Your second question I believe was about the pricing dynamics in North America. And I think there's 2 or 3 things here that I would continue to say. I think, firstly, it has been a very volatile time. If we look back to Q1 of 2020 and we look at the pulls and pushes, as you put it, that have happened since then and up until now, that's been regionally different across Kabi but also even regionally different across North America.

We've seen shortages of drugs as demand has gone through the roof. We've seen some problems in terms of people being able to supply that has exacerbated some of those shortages. We've seen different pricing levels for those drugs that have been in high levels of demand. And we've seen quite different mixes of the products that we would usually sell and the market would usually consume, with elective procedures being somewhat suppressed and obviously COVID-relevant drugs being more prominent.

At the same time, clearly, we've talked many times on this call about overall lower volumes because of those COVID effects and, of course, the somewhat heated price and competitive pressure that we've seen in the recent quarters. And I think, if you look back, all of those pushes and pulls have acted differently on a quarter-by-quarter basis. And that's even more amplified when you look at growth rates and you need to look at all of those moving pieces on a year-over-year basis.

I do think both last year and this year are not a reliable basis to try to extrapolate either in terms of growth, volume, price pressure, nor margin. There's just a little bit too much noise in the system, too many different non -- in our view hopefully -- unsustainable or temporary effects. And thus, I do think it is very difficult to try to do such an extrapolation. I think what's important from our perspective is to continue to work hard in terms of manufacturing quality and reliability, to continue to work on our pipeline, that we continue to launch well-positioned new drugs into the portfolio, and continue to strengthen the overall base that we have in the US. And I think, as we go into 2022, we all hope and expect that, over time, the volatility driven by COVID in the broader healthcare space but also in the IV space will gradually recede. And we will then have to see how the knock-on impacts flow through.

We still believe very strongly in our North American business as being a very strong, profitable business for us and one that is a source of growth for the future. But I'm sure you can understand why exact timeframes and exact specificities are difficult, given the noise and the moving parts we've seen in the last 18 months or so.

Stephan Sturm: Thank you, Rachel. And, Hassan, that is a perfect lead over to me trying to be helpful on your third question. As Rachel was very eloquently pointing out the various moving parts and uncertainties that we're dealing with, at the same time, very obviously, we have got to provide you with a tangible guidance come February. But where I'm coming from is that this process of piecing a budget and a forecast together may easily take a bit longer this year.

A few qualitative comments, and for the avoidance of doubt, in no particular order. When I think about Kabi and then North America, then as we made it clear, the Q3 performance was also helped by some extra demand for COVID-related products. At the same time, as you know, it is our observation that the volume demand with regard to elective surgeries has been depressed, given COVID, and that the breadth of our IV generics portfolio is just targeted at that. We have the Melrose Park issues that arose in 2020 and that we have dealt with in particular in the first half of the year. It's by no means over. It's only going to be over once the FDA has been with us, but -- I hope. But that should rather be a burden that is behind us. But with those various moving pieces for Kabi North America, I hope you will appreciate what Rachel just said about the uncertainty there.

We -- as far as Kabi China is concerned, we were talking about the volume-based procurement tenders and that there is going to be an annualization effect next year that we will have to deal with. Remains to be seen whether there are any additional tenders that we have to participate in. That is going to be intelligence informing us over the latter part of this year and early next.

Ex-China, I would expect Asia to perform well. Coming onto biosimilars, where we continue to make progress, we have made progress, but you also heard me talk about some COVID-related regulatory delays, where -- which clearly aren't a help.

You will appreciate that I will skip Medical Care and leave that to Rice and Helen. Maybe just one comment, and that would be that, obviously, given the hard hit that we are seeing this year and with at least the hope that the COVID situation is going to normalize, I would also hope and expect that we're going to see some catch up from a trough level next year. Same applies to Vamed, which had been particularly hard hit last year, where we're seeing a very strong recovery over the course of this year that I'm very pleased with. And I would hope that that can be extended. As far as Helios is concerned, you heard me talk about cost inflation and the DRG inflator in Germany, not capturing that. I remain positive on the Spanish business, even though, also there, we have to deal with cost inflation and selective staff shortages. I remain positive on our fertility business. So quite a lot of moving parts, where the magnitude of the individual variables is very difficult to grasp and to determine at this point in time. My bottom line is it has been a very good idea to vigorously go about our cost and efficiency program earlier this year. I would expect, of course, that some more cost savings will be kicking in and would help us to show at least a reasonable performance.

An unknown for quite a while, and certainly, that was also an unknown at the time we published our midterm targets, is the reversal of that US tax reform. It remains to be seen what is going to materialize, just as much as it remains to be seen, if COVID lasted a little longer, what government support could look like in our dialysis, in our hospitals business.

Again, in no particular order, but probably there to demonstrate to you that uncertainty is meaningful and that we're dealing with quite a few variables, but we're doing that in a very diligent fashion.

Hassan Al-Wakeel: Very helpful. Thank you, both.

Patrick Wood: Perfect. Thank you very much. I have two questions, please. The first would be on the surgical side of things, on the backlog. Appreciate, obviously, there's a bit of a shift to outpatient and things like that. But I'm curious. You guys do a lot of procedures. How much do you think there is still in the backlog, and what's the mix of those types of procedures that are still there? Obviously, orthopedics, but do you have a lot in cardiovascular and that kind of thing? I'm just curious your general view of the pipeline and the backlog and when that might come through. So that's question one.

And then question two, fertility, obviously, you can certainly see it on the devices and on the therapeutic side, a massive growth area. I'm just curious, holistically. Appreciate that '22 and '23 is about stabilization of the balance sheet -- well, not stabilization, but rebuilding. And beyond that, is this an area that you think could become a substantial part of the group. Given you're already reporting it separately, it seems to me at least like it's an area that you're keen to invest in. Just curious to get thoughts there. Thank you.

Stephan Sturm: Thank you, Patrick. As far as backlog is concerned, in our hospitals business, I think we have seen most if not all of this already been taken care of in Spain.

And we have kept on saying that we do not see that much of a backlog in our German business. At least, we're not relying on one.

Much of the procedures that should've happened but didn't have taken care of themselves in the meantime. And many of them have shifted into the ambulatory area. And therefore, our guidance for the full year this year and in all likelihood also our guidance for '22 is not going to assume any meaningful pent-up demand from COVID-related backlog.

As far as fertility is concerned, thank you for your enthusiasm. We absolutely share that. We have been immediately intrigued once we looked at the opportunities in that particular part of the market. We are one of the larger players but still small in this growing but hugely fragmented part of the market. That leaves us with consolidation opportunities. But at the same time, there is no one single large move that we could make to bring the business to a relevant size for the Fresenius Group as a whole. My near to medium-term target would be to make it a relevant business within the Helios framework. And that is why, there, we remain keen on breaking out those numbers for you separately anytime soon.

Patrick Wood: Very clear. Thank you for the answers.

James Vane-Tempest: Hi, good afternoon. Thanks for taking my questions, have three, if I can, please. Just to come back some of the questions, particularly around China headwinds and North America, I appreciate the need to go through the full budgetary process to go for more formal guidance next year. But just to help frame this qualitatively, what's the risk that Kabi doesn't grow next year at all, just as these kind of headwinds kind of normalize and how material they could be?

Second question -- excuse me -- second question, just thinking about the savings and the cost to generate those savings, even adjusting for the minority element, I'm just wondering if you can comment on more than €100 million cost a year to generate that sustainable net income. Just as a multiple of the savings, it seems quite high. So I'm just kind of curious, when comparing that to other cost savings plans I've seen across the industry, why the cost is so high to generate these savings.

And then my final question is -- and we also heard today from Fresenius Medical, who we'll obviously hear from this afternoon, about their savings plans. But at least in terms of how they've quantified it for 2023, if around half of their, say, €500 million savings are to be realized by then, if my maths is correct, and that's around €250 million, so after tax, it's call it somewhere between €180 million, €190 million, so if you've got a third of that, after minorities, it seems to be around €60 million net income benefit to you. And I think I remember you saying that the FME benefit wouldn't be overproportionate for the €100 million number which you've communicated to the market. So I was just wondering if that maths is kind of broadly correct or if you can kind of comment on the materiality of the Fresenius Medical savings to you in 2023. Thank you.

Rachel Empey: James, I think all of those quite detailed questions land with me. So let me give it a go. So your first comment, coming back I think to the questions I answered earlier from Hassan relating to China and North America, I think 2 or 3 things I can add but clearly can't be drawn finally on any kind of guidance for next year. I think, of course, you know how relevant the North American business is within the Kabi framework. And as I said before, when you're looking at growth rates, there's a lot of volatility in 2021 as the base year, and there are a lot of moving parts around what we can expect there. Clearly, as Stephan was saying earlier, we all hope that we continue to see the elective activities continue to rise and the COVID disruptions continuing to recede and that we can also get fully underway in terms of new launch timetable to help drive growth in North America. But there, of course, remains quite some significant uncertainty

that is beyond our control. Nevertheless, as I said, for the medium term, we clearly see North America as an attractive market that can continue to drive good growth for us.

In China, I think everything is basically said. You have an annualization that you need to see from this year. And I think we've been very clear that that is a significant effect, but we continue to work to offset that as far as we can in terms of our sales and marketing activities and overheads.

And there are, of course, other moving parts that are very relevant in terms of the overall Kabi performance. Stephan mentioned continued accelerated performance in biosimilars, which is of course very relevant in this context as we go through '22 and '23. But also, we've seen very good performance, both in Europe and in the emerging markets outside of China in 2021, some of it COVID related. And we clearly need to see here how we're able to harness the recovery of elective procedures and the fall away of the COVID-related demand and how that balances out over the volatile base that we have for 2021. So there are a lot of moving pieces. And clearly, the Vision 2026 and the changes that Michael Sen and his management team are driving through in terms of driving an even stronger basis for growth and an even stronger basis in terms of cost and efficiency will, of course, reap some early rewards also in 2022. So I can comment on those kind of moving parts for you, James, but obviously, I'm not going to be drawn more closely in terms of commenting on any guidance for Kabi at this stage.

Your questions on the cost and efficiency program, I think 2 or 3 things for me to say. I think, firstly, we have clearly and confidently confirmed our target for more than €100 million of net income positive impact for the group from 2023 with clearly some expectations that there could be some further upsides in the year thereafter -- in the years, sorry, thereafter. And the context in which you should view the FME25 numbers, finally, I think your calculations are not completely wrong that Medical Care is making a good contribution towards those numbers but, at the same time, that we're getting very good contributions from across the rest of the group as well. It has always been a balanced program in all segments as well as expecting some good cost savings over time also coming across the group and from a corporate perspective.

And the ratio in terms of the one-time cost that we expect against the ultimate savings, we don't see it as particularly disproportionate. We've been very clear that we expect for cash-out-related measures a maximum of a 3-year payback and, for noncash items, a slightly longer payback. And that gives us the flexibility to really also make some operating model and structural changes.

You've heard about some of those from Fresenius through their FME25 program today. Stephan has also talked about the organizational shift that we're expecting through the Kabi Vision 2026. So we see all of those as very consistent, very good payback periods, and ones that will give us a great basis to drive both future growth, but also good cost and efficiency, so for me, nothing out of the ordinary and actually some very good activities that will be very sustainable.

James Vane-Tempest: That's great. Thanks for the color.

Oliver Metzger: Yes, good afternoon. Thanks a lot for taking my questions. The first is on Helios Germany. So as you've announced, the DRG inflator has moved down again compared to previous years. We know it's not the only component of the overall compensation scheme, but the trend arises that earnings pressure and therefore cost pressure increases. Do you expect the consolidation pressure to continue with the current momentum? And do you also expect more potential targets to come on the market over the next year? That's number one.

Number two is on the growth factors of Kabi. So it's about the broadening of the biopharmaceutical offering. Do you talk in this context only about your existing biosimilar

pipeline, or do you identify some opportunities apart from generics and biosimilars in pharmaceuticals directly?

And the last one is a follow up. So could you comment on the elective surgeries in particular for orthopedic procedures? So recent comments have suggested that there is an overall low activity, and it would be great how you observe this development.

Stephan Sturm: Oliver, to start with your last one, I'm afraid I cannot specifically comment on individual indications. It has not particularly come to my attention. So I would work on the assumption that, at Helios here, everything is going in line with the rest of the business.

As far as Helios Germany and the DRG inflator is concerned, when you're talking about a downward trend, I view it slightly differently. A number at around 2.5% per annum, that has been the norm and over the years. And therefore, now we're tracking at around 2.3%, and that is from my perspective clearly not the end of the world.

And yes, given the looming cost inflation, we're going to find it harder to make up for that. But at the same time, your question is leading in the right direction. I believe that we're actually in a way superior position relative to many others.

At the very least, I would expect that financial support by the respective owners is going to be increasingly called for, asked for. You heard me in my collection of the moving pieces that one of the items I mentioned was also government support -- not only, but maybe in particular -- in Helios Germany. I'm relying on the fact that whatever regulation would be implemented, there is going to be a nondiscrimination and that we would have a fair share of that as well. I would beyond that expect that, more on an individual basis, the respective owners will be called in to lend financial support. That is going to be possible in my mind for most of the municipality-owned hospitals. Probably the various not-for-profit organizations, including the various churches, will find it a bit difficult to make that happen. Is that going to lead to a massive wave of acquisition opportunities? No, I do not think so. Most of the hospitals that are in trouble, there is a good reason for that. And therefore, we -- I just want to reassure you that we would remain very disciplined and would continue to pursue our clustering strategy. Where it does make sense to come to a larger group of hospitals in an attractive region, we would be interested. If those criteria aren't met, we would in all likelihood abstain.

As far as biopharmaceuticals are concerned, take that as an endorsement in general of what we're doing on the biosimilars front. We do continue to believe that this is a growth area that we should be active in. But you also heard me talk I believe on the Q2 call about peptides as an area that we're spending a bit more time and capital on. But in general, I would say bear with us. Bear with Kabi management. As I said, we're going to be a bit more explicit as part of our full year results presentation early next year.

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

Falko Friedrichs: Hi, thanks very much. I would have three questions as well, please. Firstly, on your raised net income guidance for this year, for 2021, does that assume that FMC needs to hit the lower end of their net income guidance for this year, or did you build a bit of a buffer just in case they were to break through? There's obviously a lot of uncertainty around COVID development in Q4 now for them.

Then secondly, thanks for your comments in your prepared remarks on the restructuring situation. But I think it would maybe still be helpful if you can elaborate a little bit. We're just sensing a little bit of confusion in the market. Couple months ago, there was clearly this expectation for potentially bigger decision with regard to your group structure. Over the last couple weeks, it sounded more like that is rather unlikely, and we almost shouldn't expect any bigger changes at all. With that announcement, your full year

results coming in 3 months, it's not that far away. Can you maybe set the stage a little more and help us a little bit more with regard to what we might expect when you announce that?

And then the third question, please, it's on your leverage standing at 3.6 times, your ratio. You flag no significant improvement in Q4, yet you have all these investments, right? You're restructuring. You mentioned the greenfield stuff in Spain. You flagged potential investments in fertility, into Kabi. If we look at the leverage, how much firepower do you really have? How much wiggle room do you have to tackle all of these points? And how high would you be comfortable going with that leverage ratio? Thank you.

Stephan Sturm: Falko, I'll take the second one and leave the net income guidance and the leverage to Rachel. And, Falko, sorry, but I will not be drawn beyond what I said in my prepared remarks, and that is absolutely consistent with what we have said all along, in February when we raised it, and what I also said in early August as part of the Q2 presentation. I appreciate that you're pushing here and trying, but I will stick to our line. I have told you that there are lots of moving parts, that we're going very thoroughly through a budgeting process. At the same time, we are managing the day-to-day operations of the business together with our colleagues to ideally yet again show you a very solid resilient quarter. Fundamental changes, if they were to come about, require a good foundation. That does take time. It also takes consensus building with the various stakeholders that we're dealing with. And therefore, I can only once again ask for your patience. Thank you.

Rachel Empey: Falko, so two questions in my direction. Maybe let's start with the net income guidance, where we improved the outlook so that we're going to be around the top end of the low single-digit percentage growth range for the full year. Now, Falko, I'm sure you appreciate that we're a diverse group, where every quarter, every year, there are risks and opportunities in each of the segments. And that is absolutely the case for the fourth quarter that we have ahead of us. You know very clearly, and I think we said it a couple of times in the prepared remarks, we've specifically taken account of the latest information we have from our friends at Fresenius Medical Care and the latest headwinds that they are facing from COVID. We've also built in expectations around cost inflation across different parts of the group as well as, of course, the impact from the well-discussed tenders in China. But you can imagine that we've done some scenario analysis across the other moving parts and the size and scale of each of those effects in terms of how they may finally pan out. And we've given the group guidance in the context of the risks and opportunities in each of the segments and the scenarios that are likely to play out.

And that's how it is every quarter, and it's exactly the same as it is for Q4. And clearly here, Medical Care is separate listed. So they give you separate guidance with a separate commentary of the risks and opportunities that they have within their portfolio, and we do exactly the same and clearly don't treat Medical Care significantly differently in those scenarios than we do the other parts of the group.

In terms of the leverage, we were at 3.55 at the end of the quarter. And as you quite rightly said, I was flagging that we are not expecting an improvement in the fourth quarter. And I think, here, particularly important to remember that we fully consolidate Fresenius Medical Care. And thus, actually, in the short term, some of the challenges are coming from the EBITDA impact on that ratio, given the pressures and, unfortunately, the negative growth in EBITDA that our friends at Medical Care are currently seeing. You should also remember, however, that we are continuing to invest strongly across the group. We have capex-to-sales ratio expectation for the full year somewhere around 6% of sales. And thus, inherently already built into the numbers that you see and the numbers that we're expecting is an elevated and very strong amount of investment that we're able to continue to make, both in terms of what you mentioned, driving greenfield

growth, but also in terms of expanding our capacities and making sure that we can grasp the growth opportunities that are there.

So we do not feel constrained in our everyday business in terms of the investments that we can make. But nevertheless, as you've heard from Stephan, given where we are, we intend to focus on organic investments and organic growth rather than significant inorganic growth in the short term. But clearly, over time, we are anticipating that the EBITDA evolution will obviously change significantly. And on the back of that, clearly, the leverage profile will also improve significantly. And that will allow us to further invest in inorganic activities. Thanks, Falko.

Falko Friedrichs: Okay. Thank you, both.

Christoph Gretler: Thank you, operator. Good afternoon, Stephan, Rachel. Still two questions left. The first is just really back to this COVID effect calculation you show on Slide 26. It is down 10% to 14% on net income for Q3. Is this essentially all Fresenius Medical Care, or how would you kind of quantify the impacts from Kabi and from Helios specifically?

And then the second question is just on Kabi North America and on Melrose Park. Actually, I guess, at some stage, we'll see this inspection. Kind of how should we think about the contribution from Melrose Park once it's -- assuming it's a successful inspection -- is that kind of going to be a very meaningful event for Kabi North America? Thank you.

Stephan Sturm: Rachel's going to kick you off, and I will do Melrose Park.

Rachel Empey: Christoph, I think one comment before we talk about any of the numbers. I think we've been very clear that we do give those indications of COVID effects to try to be as transparent and helpful as possible in terms of understanding the different dynamics within our business.

Nevertheless, I do stress the word that they are COVID impact estimates. And I think the longer that the pandemic goes on, I'm sure you can absolutely appreciate it becomes more and more difficult for us to estimate what the business would have looked like 18 to 20 months on if COVID hadn't happened. So I make my comments in that context, please. I hope you can understand that.

You are absolutely right that the most significant negative COVID effect that we see if you look segment by segment is coming from Fresenius Medical Care. Here, obviously, the combination of the excess mortality that they have sadly seen as well as an increased cost burden that has not been reimbursed in the same way that it was under the CARES Act last year, and that means in absolute terms, for this year, the negative impact is more. But also, when you are looking on a year-over-year basis, clearly, that also has a very significant impact on the growth rates.

I think the other place that I would highlight in terms of significant impact for the group does remain at Helios. Clearly, last year, two things as you think about the third quarter, we were continuing to see a very strong reimbursement structure in Helios Germany throughout 2020 for the COVID situation, which has fallen away partly through Q2. So we have seen really no impact of that in Q3 of this year. So when you look year-on-year where cases continue to be below pre-pandemic levels in 2021, clearly, we do have a COVID impact there as another example.

And of course, our friends at Vamed, although their absolute numbers for both revenue and EBIT are the smallest in the group, you know that they were significantly impacted, both last year and this year. They continue to be negatively impacted this year, although to a lesser extent than they were last year, so not such an impact from a growth perspective. I hope that helps you understand the moving parts, Christoph.

Christoph Gretler: Yes, and I fully understand that. And on Kabi, net-net, that would be a positive?

Rachel Empey: From a Kabi perspective, we have seen incremental demand coming from COVID, but we have seen fewer elective procedures, which means the mix of the business has changed. And quarter by quarter, it has sometimes been a portfolio and sometimes been a net negative effect. It was a slight positive effect in the third quarter.

Christoph Gretler: Thank you.

Stephan Sturm: Chris, beyond just my fingers being crossed, I -- as I told you on the Q2 call -- wanted to make sure that we are already -- we are well prepared for such an FDA inspection. Successfully going through that would be important, but it would, at the same time, not be a crucial event. As I said, I think all along, ever since we first talked about this a year ago, as far as the day-to-day operation is concerned, you would hardly notice a difference. The key variable here is our ability to launch new products out of the Melrose Park facility. Given the ongoing price erosion in that market that we also project going forward, revenue and EBIT contribution from these new product launches is not all important, but extremely helpful. And therefore, it could move the needle, albeit only to a small degree. I also want to reiterate what I've been saying all along. And that is that, early on, we have taken precautionary measures to be in a position to have those new product launches being manufactured out of our Grand Island and Wilson facilities. So the longer the resolution of this issue is lasting, the more viable become these alternative manufacturing sites.

Christoph Gretler: Okay. Thank you. Good luck.

Stephan Sturm: Thank you, Chris.

Lisa Clive: Hi, thanks for taking my last questions. On biosimilars, for Humira, can you confirm that your biosimilar is the low-concentration formulation and, if that is the case, whether you have plans to develop a high-concentration formulation, which I believe is the more frequently used in the US?

Also, on the Humira biosimilar, some of the competitors are running interchangeability studies. Is this something that you will be looking to do in order to have maximum commercial impact in the US?

And then lastly, getting to that high triple-digit biosimilars revenue figure in 2024, how much is dependent on a successful US biosimilar Humira launch? And at what point would you be able to disclose biosimilars sales to us separately from the IV generics? Thanks.

Stephan Sturm: Thank you, Lisa. On the first one, I will have to get back to you.

On the second one, the interchangeability, that is currently not part of our plans. As far as I can see, there is only one biosimilar manufacturer -- 1 or 2 -- who've gone about this. Again, not part of our plan so far.

The -- our success in the US market is the key factor to take us to EBITDA breakeven. And within that, yes, absolutely, Humira is meant to play a very important role. We are committed to giving you sales numbers for biosimilars as from next year, Q1 next year.

Lisa Clive: Great. That'll be very helpful. Thank you.

Operator: There are no further questions at this time, and I would like to hand back to Stephan for closing comments. Please go ahead.

Stephan Sturm: Thank you, all. Thank you, again, for your interest, your questions, your support. These are special times. COVID and its knock-on effects remain major challenges. But I believe we keep on demonstrating our resilience, our relevance. And evidence for that is our ongoing top-line growth.

At the same time, we remain determined to make those changes that are necessary to ever better capture any new growth opportunities in our markets and to enhance our profitability, always for the long-term good of Fresenius and our stakeholders.

With that, I'll afford you a brief break, and we will leave you with Helen and Rice today even in a double session. Thank you for now. Stay safe and healthy. Goodbye.

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