# **F** FRESENIUS



# **Credit Presentation**

June 2022

#### **Safe Harbor Statement**

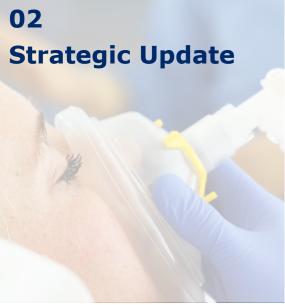
This presentation contains forward-looking statements that are subject to various risks and uncertainties. Future results could differ materially from those described in these forward-looking statements due to certain factors, e.g. changes in business, economic and competitive conditions, regulatory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

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



# **Agenda**









# **Our Purpose and Mission**

# Ever better medicine for ever more people

We improve people's lives by providing high quality and affordable health care



## A Global Leader in Health Care Products and Services



in **sales** (FY/2021)





Global presence in 100+ countries





Strong financial performance and **cash flow** generation



Employees worldwide (as of March 31, 2022)



300,000+

## Fresenius Group: Strong and Balanced Health Care Portfolio





Ownership: ~32%

# **Health Care Products Health Care Services**

- Dialysis services
- Products for hemodialysis and peritoneal dialysis
- Critical care solutions
- Complementary assets to establish holistic treatment approach

Sales 2021: €17.6 bn





Ownership: 100%

#### **Hospital Supplies**

- IV drugs
- Clinical nutrition
- Infusion therapy
- Medical devices/ transfusion technology
- Biosimilars

Sales 2021: €7.2 bn





Ownership: 100%

#### **Hospital Operation**

- Acute care
- Outpatient services
- Occupational risk prevention
- Fertility services

Sales 2021: €10.9 bn





Ownership: 77%

# **Services and Projects for Hospitals**

- Post-acute care
- Project development and planning
- Turnkey construction
- Maintenance, technical and total operational management

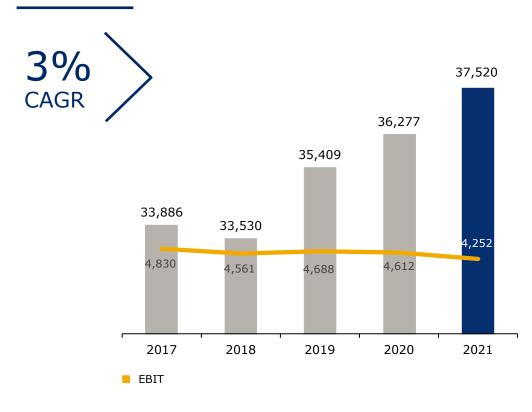
Sales 2021: €2.3 bn

# Fresenius Group: Global Sales Base in Growing, Non-Cyclical Markets

#### **2021 Sales by Region**



#### Sales in € bn



Before special items 2017-2018 excluding IFRS 16



# **Investment Highlights**



Diversified healthcare Group with four strong business segments





# **Resilient business model**

based on megatrends healthcare and demographics

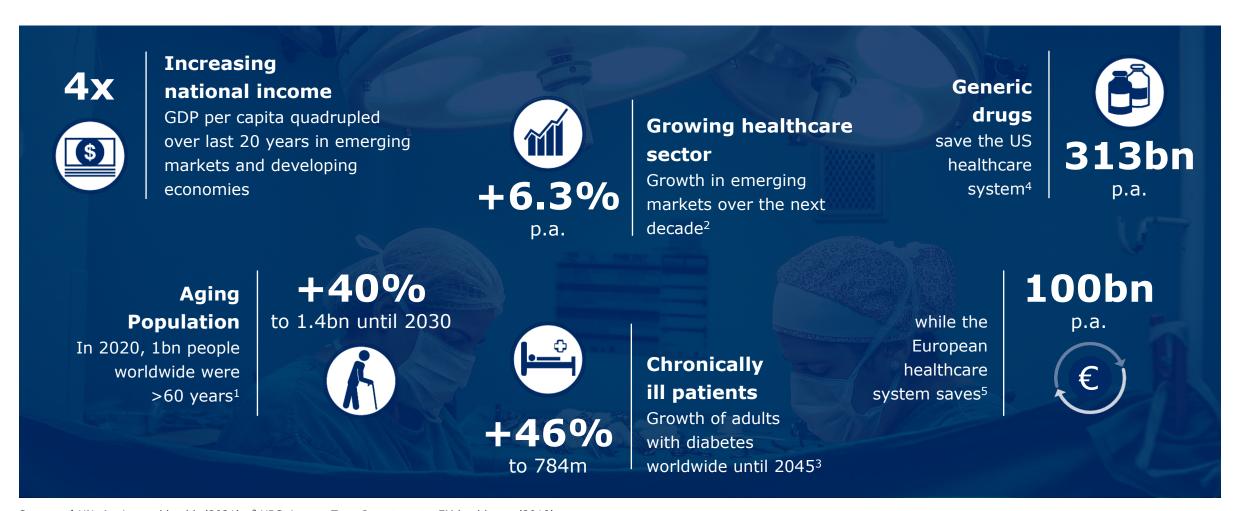




Strong financial performance and cash flow generation



# **Global Trends offer Growth Opportunities for Fresenius**



Sources: <sup>1</sup> UN, Ageing and health (2021) <sup>2</sup> UBS, Longer Term Investments: EM healthcare (2018) <sup>3</sup> IDF Diabetes Atlas (2021) <sup>4</sup> AAM report (2020) <sup>5</sup> UBS, Longer Term Investments: Generics (2018)



# **Agenda**

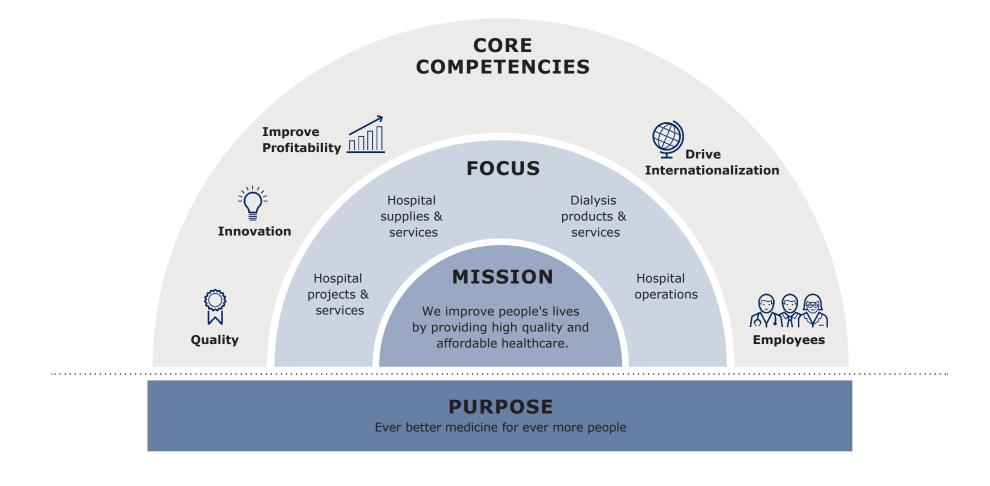






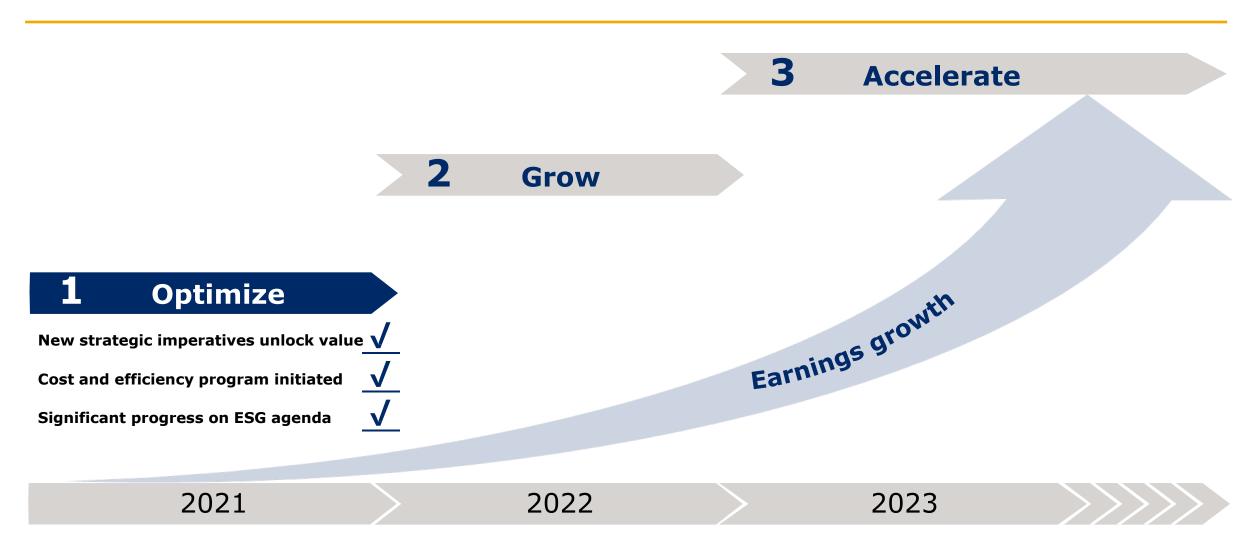


# **The Fresenius Strategy**





**Strategic Roadmap:** Optimization phase successfully completed – set the stage to create significant value for shareholders and society



**Fresenius Group:** All Fresenius segments with excellent market positions and ample growth opportunities; access to sufficient capital remains key to accelerate growth





# **Fresenius Group:** Unlocking value by defining new strategic imperatives to execute on accelerated profitable growth

#### **Advantages of current set-up for our stakeholders**



- Diversification and size offer stability, economies of scale and tax savings
- Worldwide presence and brand reputation
- Attractive debt financing conditions

#### **Constraints on accelerating growth**



- Extensive growth capital deployment to capture incremental growth opportunities in all segments
- Fresenius financing capacity drives need to prioritize
- Fresenius equity issuance unattractive at current valuation

#### **New strategic imperatives**









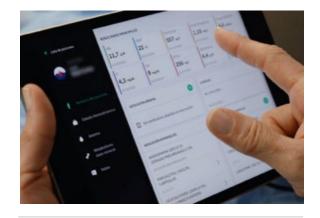








# Fresenius Group: Significant progress on our ESG agenda



# Rating and reporting progress



**Ratings confirmed**: CDP Climate at "B" and MSCI at "BBB". Sustainalytics at "Low Risk" (19.7)

EU Taxonomy: 1% revenue, 49% capex, and 0% Opex is **taxonomy-eligible** 



# **Employee engagement**



**Group-wide survey** to be conducted to better understand employees' concerns and demands

Consolidated results expected in Q4/2022



# Performance measurement



ESG targets program on track: KPIs defined, **15% of Management's short-term incentive** linked to ESG

Strategy and KPI alignment to be **continued in 2022** 

KPIs to be included in **new 2023 Long-Term Incentive Plan** 



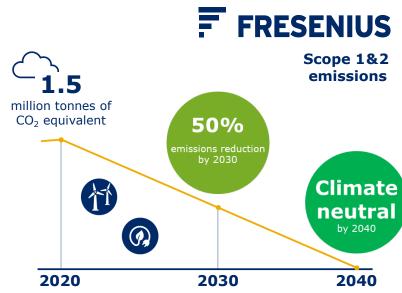
# Fresenius Group: Climate Targets - our Roadmap to Climate Neutrality in 2040



Our scope 1 and 2 targets are in line with a **science-based 1.5°C scenario** 



Continuous assessment of **scope 3 emission impacts** for inclusion in our targets



First priority: Transition to renewable electricity

## **ESG Rating Overview**

# We aim for continuous improvement through reporting and engagement



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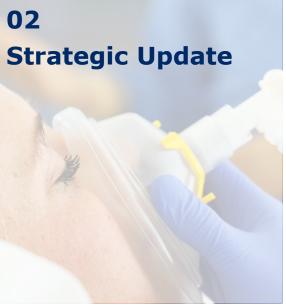
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# **Agenda**









# **Key messages Q1 2022**



Solid start to the year despite macro challenges





Headwinds from cost inflation and supply chain disruptions



Cost & efficiency program on track



Guidance FY/22 confirmed



In line with its expectations countering significant headwinds



Accelerating strategic growth
with acquisition of
Ivenix and majority stake
in mAbxience



Solid growth in Germany based on increased number of admissions; ongoing activity growth in Spain



Continued progress back to normal operations

# Q1/22 Profit and Loss Statement

Sales

+5%

Q1/22: €9,720 m

**Income Tax Rate** 

22.7%

Q1/21: 22.8%

**EBIT** 

**-5%** 

Q1/22: €996 m

**Net Interest** 

-€119 m

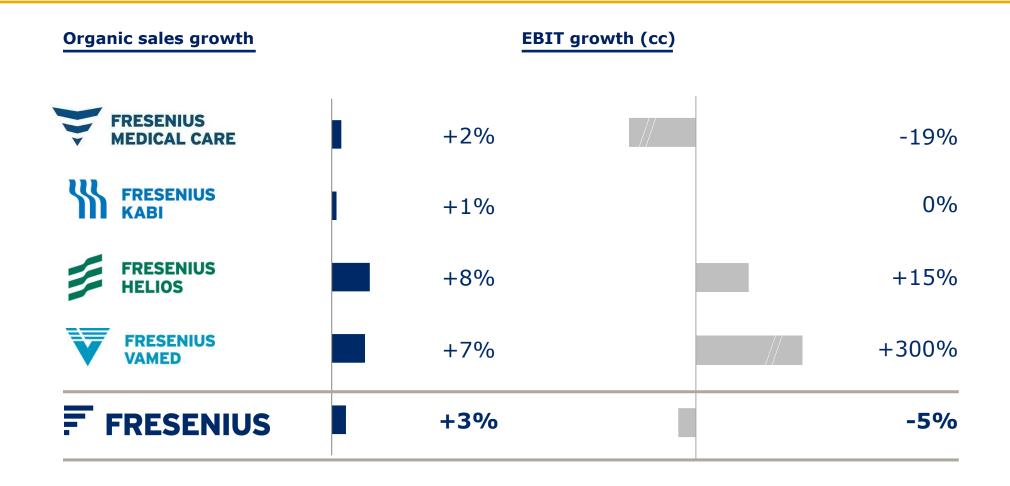
Q1/21: -€137 m



All growth rates in constant currency (cc)
Before special items
Net income attributable to shareholders of Fresenius SE & Co. KGaA



# **Q1/22 Business Segment Growth**



All figures before special items

For a detailed overview of special items please see the reconciliation tables provided on our website <a href="https://www.fresenius.com/results-center">https://www.fresenius.com/results-center</a>.



# **Fresenius Kabi:** Strategic growth strengthened with two attractive acquisitions; macro challenges weigh on financial performance; biosimilar business with continuous progress



#### **North America**

Q1/22 marked by high level of staff absenteeism due to Omicron wave, ongoing competitive pressure and macro challenges

Early indications show that **GPO tendering** progresses in line with expectations

Ivenix acquisition successfully closed

#### **Europe**

**Cost inflation** weighing on financial performance

**Prior year quarter inflated** by positive one-time items

#### **Asia-Pacific**

China more than compensated significant NVBP related price pressure with dynamic volume growth of products not affected by national tendering

**APAC ex China** with good business performance in Q1/22

#### **Biosimilars**

Adalimumab biosimilar continues good sales development in Europe; US approval on track

Pegfilgrastim biosimilar received European Commission marketing authorization; FDA pre-approval inspection expected in Q2/22

**Tocilizumab** progresses in line with expectations

FDA approval for Bevacizumab biosimilar developed by mAbxience out-licensed to Amneal Pharmaceuticals, Inc



# **Fresenius Helios:** Positive trend in admissions in Germany continues; strong quarter at Helios Spain driven by continued activity growth



#### **Helios Germany**



**Admissions** with 11% increase year-over-year

Number of **Omicron** patients in ICUs low and further decreasing; slight increase in normal wards in March

COVID-related **staff absenteeism** normalized end of the quarter

Forsa patient survey indicates increasing patient willingness to have hospital medical treatments



#### **Helios Spain**



Overall strong activity levels

Omicron hospitalization peak in late January, limited financial impact in Q1

**Latin American** operations have also shown **strong results** 



## **Helios Fertility**

Slower than expected **activity** in January due to COVID-related restrictions; since mid-February **picking up quickly** 

**Acquisition** of two IVF clinics in Brazil and one in the U.S.

Further **bolt-on acquisitions** expected in FY/22



# **Fresenius Vamed:** Service business with continued progress back to normal operations; macro challenges at project business weigh on growth



#### **Macro challenges**

- Easing COVID-19 effects remain a headwind
- Supply chain challenges weigh on project business

#### Service business showing good performance

- Rehabilitation business supported by upward trend in elective treatment activity
- Strong contribution from high-end services

#### **Project business – order intake remains at a high level**

- Sales in project business decreased by 5% in Q1/22 due to COVID-19 and supply chain challenges
- Excellent order intake in Q1/22 increased by 91% versus prior year; order backlog at €3.63bn

Major turnkey contract in Q1/22:

• Mother & Child Hospital in Guyana (€144 m; rendering above)

# **Assumptions for Guidance FY/22**

Special items are excluded.

Ongoing adverse effects from COVID-19 expected; extent will depend partly on vaccination progress and potential further virus variants.

COVID-19 case numbers expected to decline from spring 2022 onwards; in line with that elective treatments and staff availability are expected to improve.

Guidance does not reflect any potential further containment measures that could have a significant and direct impact on the health care sector without any appropriate compensation.

Headwinds from cost inflation and supply chain challenges are reflected - however no acceleration of effects vs. current environment expected.

FMC's guidance assumptions also apply to FSE guidance.





# FY/22 Financial Outlook by Business Segment

€m (except otherwise stated)		FY/21 Base	FY/21	FY/22e	
***	FRESENIUS KABI	Sales growth (org)	7,193	4%	Low single-digit %
		EBIT growth (cc)	1,153	7%	Decline in high single- to low double-digit %-range
	FRESENIUS HELIOS	Sales growth (org)	10,891	7%	Low-to-mid single-digit %
		EBIT growth (cc)	1,127	10%	Mid single-digit %
V	FRESENIUS VAMED	Sales growth (org)	2,297	11%	High single- to low double-digit %
		EBIT growth (cc)	101	248%	Returning to absolute pre- COVID levels (2019: €134 m)

Before special items and including COVID-19 effects

For a detailed overview of special items please see the reconciliation tables provided on our website <a href="https://www.fresenius.com/results-center">https://www.fresenius.com/results-center</a>.



# **FY/22 Financial Guidance**

€m (except otherwise stated)		FY/21 Base	FY/21	FY/22e
FRESENIUS	Sales growth (cc)	37,520	5%	Mid single-digit %
	Net income growth (cc)	1,867	5%	Low single-digit %

Before special items and including COVID-19 effects Net income attributable to shareholders of Fresenius SE & Co. KGaA

For a detailed overview of special items please see the reconciliation tables provided on our website <a href="https://www.fresenius.com/results-center">https://www.fresenius.com/results-center</a>.



# Fresenius Group: Medium-term Growth Targets 2020 – 2023 (CAGRs)

FFRESENIUS	Organic sales growth  4 - 7%	Bottom to middle of range
	Organic net income¹ growth  5 - 9%	Bottom of range

Acquisitions have smaller contributions than the  $\sim\!1\%$  additional growth originally expected

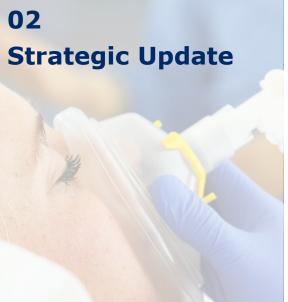


Before special items



# **Agenda**

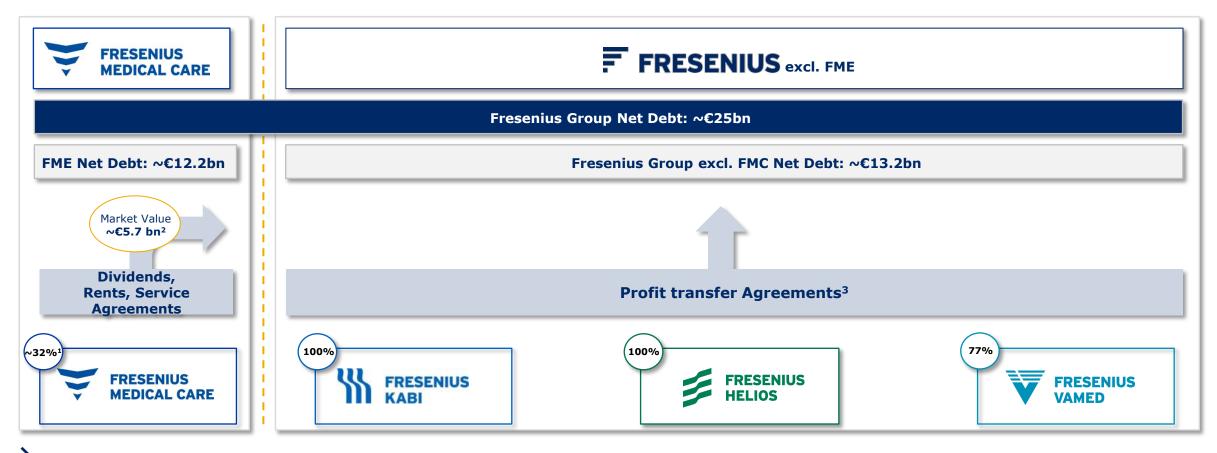








# **The Fresenius Financing Structure**

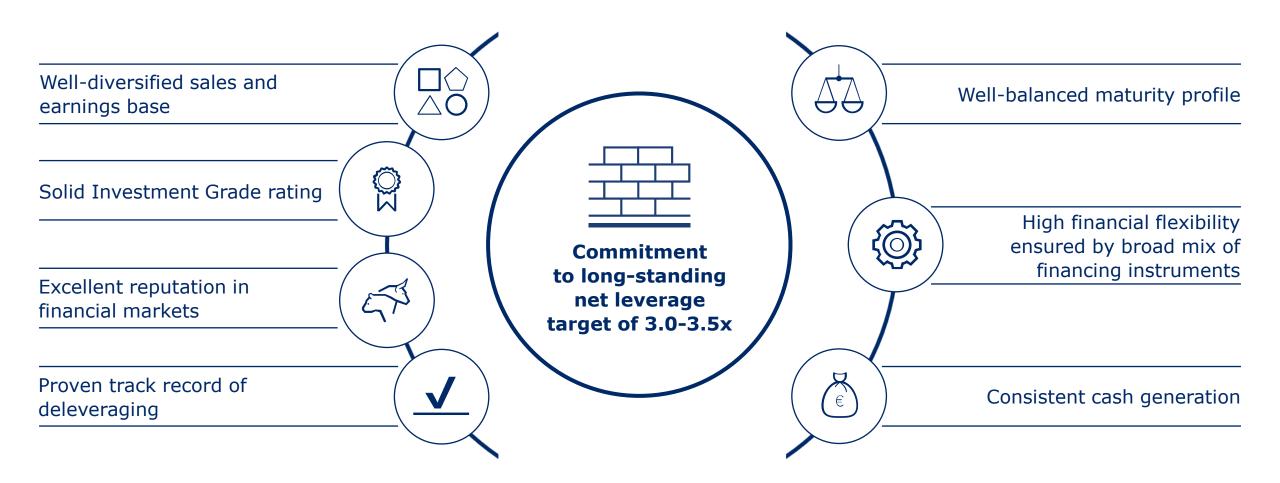


Separate financing of Fresenius SE and Fresenius Medical Care with no joint financing facilities or mutual guarantees Kabi, Helios and Vamed primarily financed trough FSE to avoid structural subordination

<sup>&</sup>lt;sup>1</sup> Controlling stake | <sup>2</sup> FSE stake, based on market capitalization for FMC as of March 31, 2022 | <sup>3</sup> Via German holding entities (Fresenius Kabi AG and Fresenius ProServe GmbH)



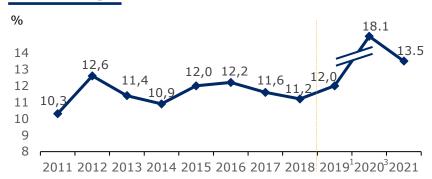
# **Strong Financial Position**



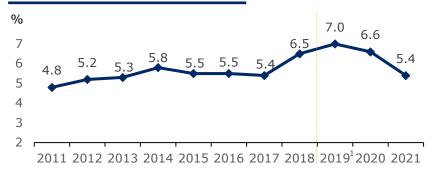


# **Strong Cash Generation**

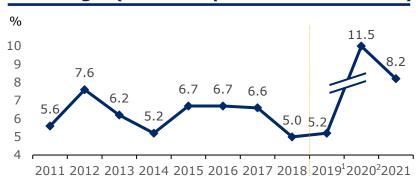
#### **CFFO** margin



#### Capex gross, in % of sales



#### FCF margin (before acquisitions & dividends)



€m	<b>Q1/2022</b> <sup>2</sup>	FY/2021	FY/2020 <sup>3</sup>
Operating cash flow	101	5,078	6,549
in % of sales	1.0%	13.5%	18.1%
Capital expenditure, net	-356	-2,017	-2,366
Free cash flow (before acquisitions and dividends)	-403	3,061	4,183
Free cash flow in % of sales	_	8.2%	11.5%

<sup>&</sup>lt;sup>3</sup> The cash flow development in 2020 was mainly due to U.S. government assistance and prepayments under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) at Fresenius Medical Care in the United States

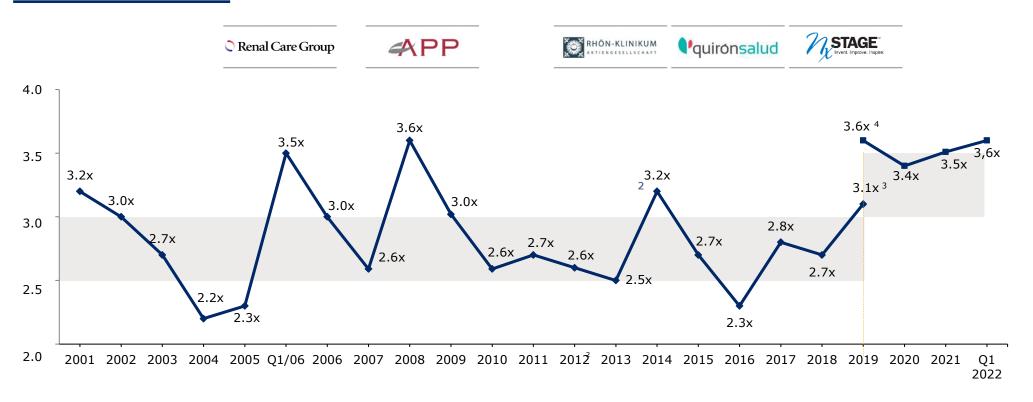


<sup>&</sup>lt;sup>1</sup> From 2019 onwards incl. IFRS 16

<sup>&</sup>lt;sup>2</sup> The cash flow development in Q1 2022 was mainly driven by working capital build-up from higher raw material inventories and receivables, among others, as well as phasing effects

# **Proven Track Record of Deleveraging**

## Net Debt/EBITDA<sup>1</sup>



Standard & Poor's
BBB
Outlook stable

Moody's

Baa3

Outlook stable

**Fitch** 

BBB-

Outlook stable



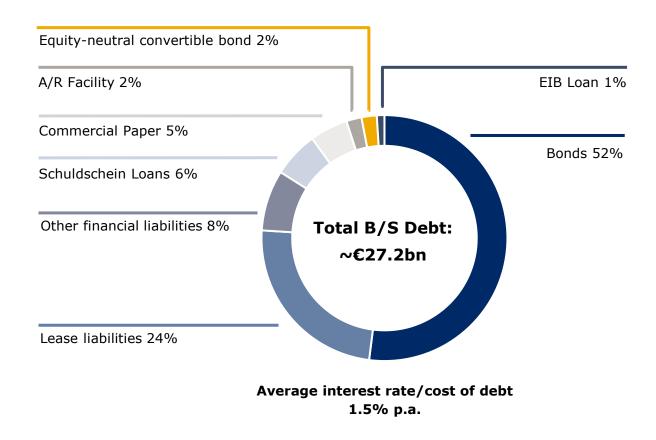
<sup>1</sup> At actual FX rates from 2001 to 2010 and at average FX rates from 2011 onwards, for both Net Debt and EBITDA; before special items; pro forma closed acquisitions/divestitures

<sup>&</sup>lt;sup>2</sup> Pro forma excluding advances made for the acquisition of hospitals from Rhön-Klinikum AG

<sup>&</sup>lt;sup>3</sup> 2001-2019 excluding IFRS 16

<sup>&</sup>lt;sup>4</sup> From 2019 onwards including IFRS 16

# Fresenius Group: Broad mix of financing instruments<sup>1</sup>



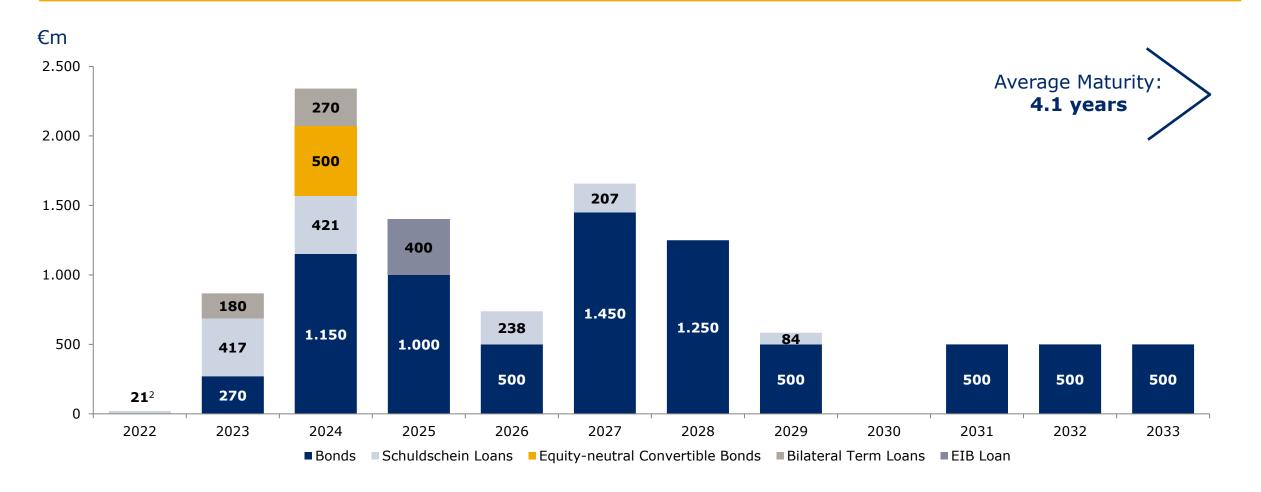


- **Diversified funding mix**
- Strong liquidity position provided by sufficient financial headroom

 $^{1}$  As of March 31, 2022



# Fresenius Group excl. FMC: Well-balanced maturity profile<sup>1</sup>

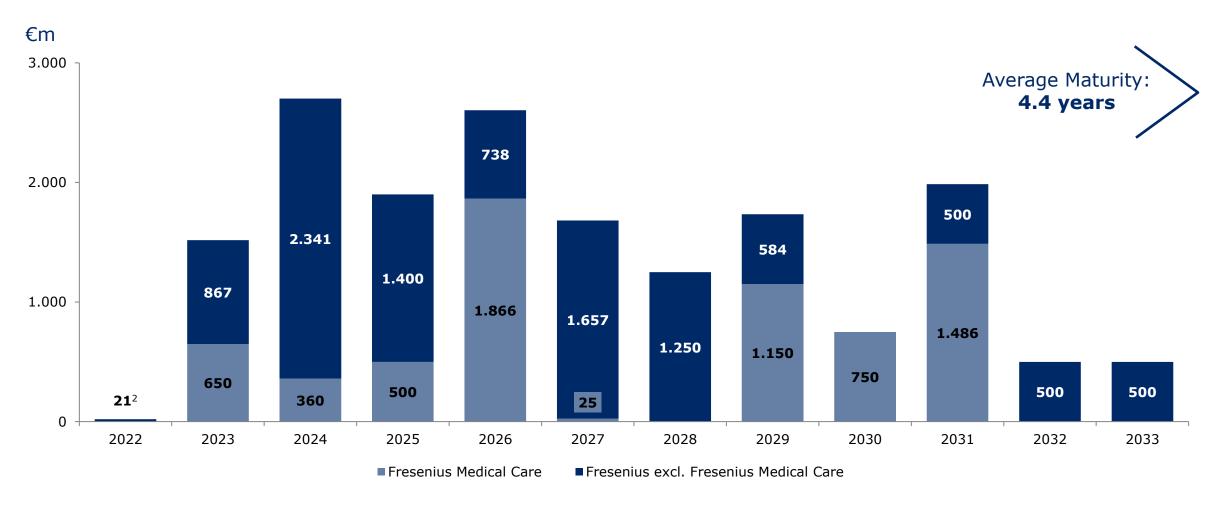


<sup>&</sup>lt;sup>1</sup> As of March 31, 2022, and based on utilization of major financing instruments, excl. Commercial Paper

<sup>&</sup>lt;sup>2</sup> Schuldschein Loan repaid at maturity on April 7, 2022



# **Fresenius Group:** Well-balanced maturity profile<sup>1</sup>

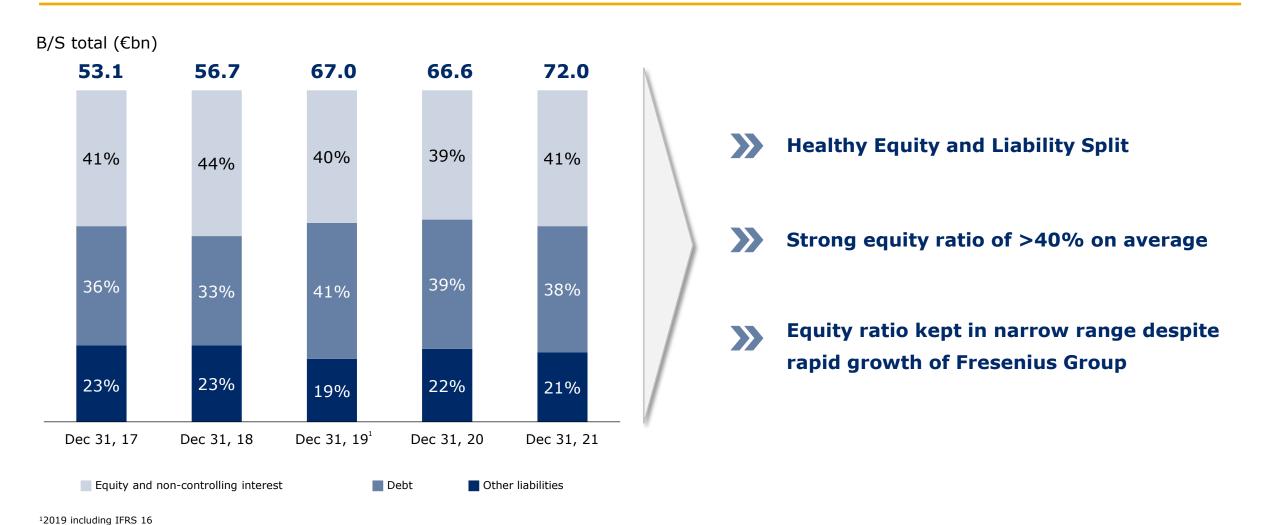


<sup>&</sup>lt;sup>1</sup> As of March 31, 2022, and based on utilization of major financing instruments, excl. Commercial Paper and A/R Facility

<sup>&</sup>lt;sup>2</sup> Schuldschein Loan repaid at maturity on April 7, 2022



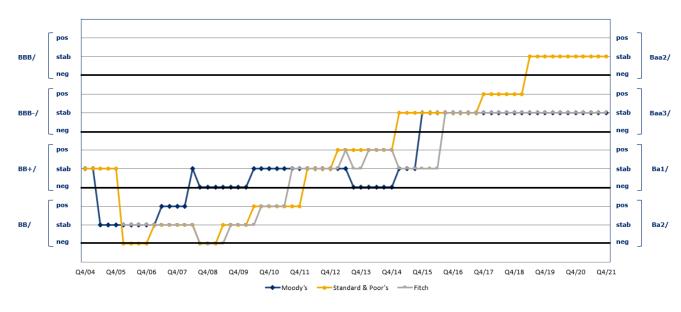
# Fresenius Group: Solid Balance Sheet Structure





# Fresenius SE: Solid Investment Grade rating

#### Rating history



#### **Current credit ratings**

	S&P	Moody's	Fitch
Corporate Credit Rating	BBB	Baa3	BBB-
Outlook	stable	stable	stable

#### **Rating Agencies' key statements**

"We value FSE as one of the world's most diversified and comprehensive health care companies, with leading market positions in diverse subsectors within health care, including dialysis through FME, private hospitals through Fresenius Helios, and medicines and medical devices through Fresenius Kabi."

S&P February 23, 2022

"FSE's Baa3 rating with a stable outlook is mainly supported by (1) the group's strong defensive business profile, underpinned by its large absolute scale; (2) its balanced regional footprint and segmental diversification within the healthcare market, supported by strong positions in all of its four business segments; (3) good fundamental growth prospects of its healthcare services and products, as well as the recurring nature of its cash flow base and a track record of sustainable positive free cash flow generation; and (4) a 32% stake in its dialysis subsidiary FMC (Baa3 stable)."

Moody's May 11, 2021

"The 'BBB-' rating of Fresenius SE & Co. KGaA (FSE) balances its well-diversified portfolio of non-cyclical, growing and cashgenerating healthcare assets with its high leverage. The group's appropriate response to pandemic challenges, stable demand outlook across business lines, and disciplined approach on use of pre-dividend free cash flow (FCF) all support the Stable Outlook, despite projected slightly higher leverage in 2021."

Fitch May 4, 2021



# **Attachments**

















# Fresenius Group: Strong access to financial markets

#### **Major financing instruments**

	2015	2016	2017	2018	2019	2020	2021
Bonds	\$300m		€2.6bn	€500m	€1.0bn \$500m €1.75bn	€750m €750m €1.25bn \$1.0bn €1.0bn	€1.5bn¹ \$1.5bn²
Syndicated Loans		\$1.2bn	€3.8bn \$3.9bn		€100m		€2.0bn³ €2.0bn⁴
Schuldschein Loans	€112m	\$400m	€1.0bn		€700m		
Convertible Bonds			€500m				
Equity			€400m				

¹ April 2021: €500m 2021-2025; €500m 2021-2028 and €500m 2021-2031 bonds issued by Fresenius Finance Ireland Public Limited Company

<sup>4</sup> July 1, 2021: Fresenius Medical Care €2bn multicurrency Sustainability-linked Syndicated Revolving Credit Facility with a maturity of 5 years (+1+1)



<sup>&</sup>lt;sup>2</sup> May 2021: \$850m 2021-2026 and \$650m 2021-2031 bonds issued by Fresenius Medical Care US Finance III, Inc.

<sup>&</sup>lt;sup>3</sup> July 1, 2021: Fresenius SE €2bn multicurrency Sustainability-linked Syndicated Revolving Credit Facility with a maturity of 5 years (+1+1)

# Fresenius Group: Sales by Business Segment – FX, Acquisitions/Divestitures Effects Q1/22

Total	9,720	8,984	8%	3%	5%	3%	2%	0%
Fresenius Vamed	513	477	8%	1%	7%	7%	0%	0%
Fresenius Helios	2,931	2,649	11%	0%	11%	8%	3%	0%
Fresenius Kabi	1,847	1,761	5%	4%	1%	1%	0%	0%
Fresenius Medical Care	4,548	4,210	8%	5%	3%	2%	1%	0%
€m	Q1/22	Q1/21	Growth at actual rates	Currency translation effects	Growth at constant rates	Organic growth	Acquisi- tions	Divesti- tures/ Others



# **Business segments¹:** Performance Indicators 5-year Overview

	Targets 2021 <sup>2</sup>	2021	2020	2019	2018	2017
Fresenius Medical Care						
Sales growth (in constant currency)	Expecting to be at the lower end of the guidance range of low-to-mid single-digit %	2%	5%	5%	4%	9%
Net income growth <sup>3,4</sup> (in constant currency)	Expecting to be at the lower end of the guidance range of high-teens to mid-twenties %- decline	-23%	12%	-2%	4%	7%
Fresenius Kabi						
Sales growth (organic)	Low-to-mid single-digit %	4%	4%	4%	7%	7%
EBIT growth (in constant currency)	Around the top end of the low single-digit %-guidance range	7%	-6%	3%	2%	8%
Fresenius Helios						
Sales growth (organic)	Mid single-digit percentage growth	7%	4%	5%	3%	4%
EBIT growth (in constant currency)	High single-digit percentage growth	10%	0%	-4%	0%	54%
Fresenius Vamed						
Sales growth (organic)	Mid-to-high single-digit %	11%	-8%	16%	16%	6%
EBIT growth (in constant currency)	High double-digit € million amount	€101 million	€29 million	19%	45%	10%

<sup>&</sup>lt;sup>1</sup> Growth rates are based on the assumptions of the respective annual forecasts and are adjusted for special items and, if applicable,

<sup>&</sup>lt;sup>4</sup> Special items are effects (when consolidated at the Fresenius Group: special items), that are unusual in nature and were not foreseeable or not foreseeable in size or impact at the time of giving guidance.



other effects affecting the underlying growth (adjustments to new accounting standards, acquisitions / divestments, acquisition costs, or cost-saving programs).

<sup>&</sup>lt;sup>2</sup> Including estimated COVID-19 effects (updated November 2021)

<sup>&</sup>lt;sup>3</sup> Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA

# Fresenius Group: Financial Performance Indicators

#### Growth **Profitability** Liqudity Capital efficiency Capital management Sales growth **Operating income (EBIT)** Operating cash flow **EBIT** Net debt (in constant currency) +/ - Financial result ÷ Sales Income taxes ÷ EBITDA = Cash flow margin Sales growth - Income taxes = NOPAT = Leverage ratio (organic) ÷ Invested capital - Minority interests = ROIC = Net income **EBIT EBIT** growth Operating assets (in constant currency) = ROOA **Net income growth** (in constant currency)

# **Financial Calendar / Contact**



#### **Financial Calendar**

13 May 2022

02 August 2022

01 November 2022

**Annual General Meeting** 

Results Q2/22

Results Q3/22

Please note that these dates could be subject to change.



#### **Contact**

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