FRESENIUS

Press Release

Stefan Schmidt
Corporate Communications

Fresenius SE & Co. KGaA
Else-Kröner-Straße 1
61352 Bad Homburg
Germany
T + 49 6172-60896378
stefan.schmidt@fresenius.com
www.fresenius.com

November 2, 2023

#FutureFresenius continues to provide positive momentum: Fresenius delivers strong third quarter performance and improves operating earnings outlook

- Excellent Group revenue growth of 6% in constant currency to €5.5 billion; driven by Operating Companies and Fresenius Vamed
- Group EBIT increased 10% in constant currency, reflecting strong performance of Operating Companies; Fresenius Vamed with operational improvement
- Fresenius Kabi with strong organic revenue growth of 7% at top-end of structural growth band; EBIT margin remains within structural band at 14.3%
- Fresenius Helios with strong organic revenue growth of 5% at top-end of structural growth band despite usual summer effect in Spain
- Fresenius Vamed transformation progressing
- Deconsolidation of Fresenius Medical Care effective by December 2023
- Divestments advancing: exit of hospital operations in Peru
- FY/23 structural productivity savings target of ~€200 million excluding Fresenius Medical Care already achieved in first nine months
- Group revenue outlook confirmed, Group EBIT outlook improved
- Application of IFRS 5: Fresenius Group financials for the first time presented excluding Fresenius Medical Care

Michael Sen, CEO of Fresenius: *"Fresenius had a great 3rd Quarter 2023. We made progress on every part of our #FutureFresenius program, including simplification of our corporate structure, and achieved cost savings well ahead of our targets for the full year 2023. At the same time, we are moving ahead with the divestment of non-core businesses. The focus on our two Operating Companies, Kabi and Helios, is paying off, with strong revenue and earnings development. Both businesses again announced important innovations, new products and strong partnerships to improve patient outcomes. And this gets a lot of recognition even beyond the industry. Given our strong performance throughout the first three quarters of the year, we are improving our operating earnings outlook for 2023 and expect constant currency Group EBIT to remain broadly flat year on year. This momentum will allow us to continue to build trust, deliver consistent performance, and stay focused on our purpose: Advancing Patient Care."*

Fresenius Group – Business Development

Group revenue increased by 2% (6% in constant currency) to €5,518 million (Q3/22: €5,386 million). Organic growth was 6%. Acquisitions/divestitures contributed net 0% to growth. In total, currency translation had a negative effect of 4% on revenue growth. The Operating Companies increased revenue by 1% (5% in constant currency).

Group EBITDA before special items increased by 9% (11% in constant currency) to €821 million (Q3/22[1]: €755 million). Reported Group EBITDA was €661 million (Q3/22: €691 million).

Group EBIT before special items increased by 8% (10% in constant currency) to €519 million (Q3/22[1]: €480 million), mainly driven by the good earnings development at the Operating Companies. The EBIT margin before special items was 9.4% (Q3/22[1]: 8.9%). Reported Group EBIT was €346 million (Q3/22: €416 million). The Operating Companies achieved an EBIT increase of 8% (10% in constant currency) and an EBIT margin of 10.3%.

Group net interest before special items increased to -€109 million (Q3/22[1]: -€67 million) mainly due to financing activities in a higher interest rate environment. Reported Group net interest was -€100 million (Q3/22: -€67 million).

---

[1] Before special items

The Group tax rate before special items was 24.1% (Q3/22[1]: 22.5%). Reported Group tax rate was 37.0%. The higher tax rate in Q3/23 is mainly due to the negative net income at Fresenius Vamed for which deferred tax assets could not be recognized (Q3/22: 23.5%).

Group net income[2] before special items decreased by 7% (-5% in constant currency) to €344 million (Q3/22[1]: €371 million). The decrease was driven by rising interest costs and a higher tax rate as well as lower net income from operations to be deconsolidated (Fresenius Medical Care). Reported Group net income[2] decreased to -€406 million (Q3/22: €321 million). The negative net income is due to the Fresenius Medical Care valuation effect according to IFRS 5 of €594 million. This effect has no cash impact.

Earnings per share[2] before special items decreased by 8% (-6% in constant currency) to €0.61 (Q3/22[1]: €0.66). Reported earnings per share[2] were -€0.72 (Q3/22: €0.57). The negative net income is due to the Fresenius Medical Care valuation effect according to IFRS 5 of €594 million. This effect is without any cash impact.

Group operating cash flow increased to €648 million (Q3/22: €598 million), mainly driven by the good cash flow development at Fresenius Kabi. Free cash flow before acquisitions, dividends and lease liabilities remained broadly stable at €376 million (Q3/22: €375 million).

As of September 30, 2023, the net debt/EBITDA ratio was 4.03x[1,3] (Dec. 31, 2022: 3.80x[1,3]). This is a reduction of 15 basis points compared to Q2/23.

The groupwide cost savings program progresses significantly ahead of plan. Under the program, Fresenius realized ~€200 million of structural cost savings at EBIT level in Q1-3/23. With that, all savings originally expected for 2023 are already realized. In the same period, one-time costs of around €90 million incurred to achieve these savings. This is well below what the Company initially accounted for and testament that our one-time costs are tightly managed.

---

[1] Before special items
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[3] At LTM average exchange rates for both net debt and EBITDA; pro forma closed acquisitions/divestitures, including lease liabilities, including Fresenius Medical Care dividend

On Group level including Fresenius Medical Care, the savings in Q1-3/23 amount to ~€430 million. In the same period, one-time costs of ~€190 million incurred to achieve these savings.

Operating Company Fresenius Kabi

In Q3, revenue decreased by 2% to €2,021 million (Q3/22: €2,071 million), driven by negative currency exchange effects (increased 7 % in constant currency). Organic growth was 7%. The largest contribution to revenues came from the Pharma (IV Drugs & Fluids) business. There, revenue decreased by 5% (0% in constant currency, organic growth: 1%) and amounted to €941 million (Q3/22: €995 million). Organic growth was mainly driven by a robust development across the regions. The Biopharma business recorded the strongest increase in revenues of 74% (99% in constant currency, organic growth: 71%) to €111 million (Q3/22: €64 million), which is mainly driven by the successful product launches in Europe and the U.S. as well as by licensing agreements.

EBIT[1] of Fresenius Kabi increased by 3% (6% in constant currency) to €289 million (Q3/22: €280 million) due to the good operating performance and the well-progressing cost saving initiatives. EBIT margin[1] was 14.3% (Q3/22: 13.5%) and thus within the structural EBIT margin band. Net income[1,2] increased by 3% (7% in constant currency) to €189 million (Q3/22: €184 million). Operating cash flow increased to €380 million (Q3/22: €301 million) with a margin of 18.8% (Q3/22: 14.5%), mainly driven by strong business performance and improved working capital management.

For FY/23, Fresenius Kabi expects organic revenue[3] growth in a mid-single-digit percentage range. The EBIT margin[4] is expected to be around 14% (structural margin band: 14% to 17%).

Just recently, Fresenius Kabi announced the European market launch of Tyenne®. This is the first tocilizumab biosimilar to be launched in the European Union for the treatment of a variety of inflammatory and autoimmune diseases such as rheumatoid arthritis. The growing portfolio of biosimilars for inflammatory and immune diseases and oncology is further evidence of Fresenius Kabi's successful Vision 2026 growth strategy. In this context, Fresenius Kabi and Lupagen Inc. have

[1] Before special items
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA.
[3] FY/22 base: €7,850 million
[4] FY/22 base: EBIT margin: 13.8%, before special items; FY/23 before special items

signed a development and supply agreement for technologies designed to bring the delivery of cell and gene therapies to the bedside. Cell and gene therapies have shown promise in the treatment of a variety of diseases, including cancer, hematological, autoimmune and rare diseases.

Operating Company Fresenius Helios

In Q3, revenue increased by 4% (5% in constant currency) to 2,953 million (Q3/22: €2,829 million). Organic growth was 5%. Revenue of Helios Germany increased by 4% (organic growth: 4%) to €1,800 million (Q3/22: €1,731 million), mainly driven by increasing admissions and positive price mix effects. Revenue of Helios Spain increased by 5% (5% in constant currency) to €1,088 million (Q3/22: €1,037 million), driven by ongoing high activity levels despite the usual summer effect in Spain. The clinics in Latin America also showed a good performance. Organic growth was 5%. Revenue of Helios Fertility increased by 3% (11% in constant currency) to €64 million (Q3/22: €62 million) driven by positive mix effects. Organic growth was 10%.

EBIT[1] of Fresenius Helios increased by 8% (8% in constant currency) to €239 million (Q3/22: €222 million) with an EBIT margin[1] of 8.1% (Q3/22: 7.8%).
The strongest increase was recorded by Helios Germany, where EBIT[1] increased by 11% to €157 million (Q3/22: €141 million) with an EBIT margin[1] of 8.7% (Q3/22: 8.1%). The EBIT development was supported by the well progressing cost savings program and the Government compensation for higher energy costs.

Net income[1,2] decreased by 4% (-4% in constant currency) to €132 million (Q3/22: €138 million). Operating cash flow decreased to €208 million (Q3/22: €353 million), mainly due to phasing effects of receivables in Spain and the very good cashflow in the prior year.

For FY/23, Fresenius Helios expects organic revenue[3] growth in a mid-single-digit percentage range. The EBIT margin[4] is expected to be within the structural margin band of 9% to 11%.

Digitalization is an important topic in the healthcare sector, and Fresenius Helios is pushing ahead with it. For example, the Helios ENDO clinic in Hamburg is piloting

---

[1] Before special items
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[3] FY/22 base: €11,716 million
[4] FY/22 base: EBIT margin: 10.1%, before special items, FY/23 before special items

the use of Artificial Intelligence (AI) in building automation with a so-called “digital twin”. As a pioneer in the use of AI in hospital building technology, Fresenius is thus taking an important step towards its goal of becoming climate neutral by 2040. The Spanish hospital chain Quirónsalud has also continued to develop its activities: a state-of-the-art medical center with 18 specialties was opened in Madrid during the reporting period. Such investments pay off: five Quirónsalud hospitals have been recognized by a renowned U.S. news magazine in its "World's Best Specialized Hospitals 2024" ranking.

Deconsolidation of Fresenius Medical Care

The deconsolidation process of Fresenius Medical Care is on track. The competent Higher Regional Court in Bamberg has fully approved the application for release that Fresenius Medical Care had filed with regard to the legal actions brought against the change of the legal form into a stock corporation. Accordingly, the change of the legal form can be registered with the commercial register. Fresenius expects the deconsolidation to become effective by December 2023. From then on, Fresenius Medical Care AG & Co. KGaA will operate as Fresenius Medical Care AG.

As a result of the approval of the change of legal form by the Extraordinary General Meeting on July 14, 2023, Fresenius Medical Care is for the first time in Q3/23 presented as a single item in the financial statements of the Fresenius Group. Fresenius Medical Care is now classified in accordance with IFRS 5 as "Operations to be deconsolidated” and presented in a single line item in Fresenius’s balance sheet, the P&L and the cash flow statement.

IFRS 5 requires the valuation of Fresenius Medical Care at fair value. As of September 30, 2023, the market capitalization of about €12 billion was below the consolidated shareholders’ equity of Fresenius Medical Care of about €14 billion. This results in a valuation effect of €2 billion, of which ~€0.6 billion are attributable to the shareholders of Fresenius SE & Co. KGaA. This effect is reported as a special item without any cash impact.

Transformation Fresenius Vamed

In Q3/23, further progress was made in the transformation of Fresenius Vamed. The company has started a comprehensive strategic assessment of its business activities and initiated a far-reaching restructuring program to increase the company’s profitability. With a positive EBIT of €10 million in Q3/23 (Q2/23: -€20 million), Fresenius Vamed is ahead of its originally expected target for Q3/23. The encouraging development was especially driven by the High-End Services (HES) and Health Facility Operations (HFO) businesses. For Q4/23, a further solid development is expected.

In Q3/23, negative special items mainly related to closing down activities, asset re-evaluations and restructuring costs resulted in write-downs and provisions of €109 million. The negative special items were predominantly booked as non-cash items. In Q1-3/23, negative special items of €441 million were incurred.

By 2025, Fresenius Vamed is expected to reach the structural EBIT margin band of 4% to 6% set out in the #FutureFresenius Financial Framework.

FY/23 Group earnings outlook improved

Based on the consistent performance of the Operating Companies through the year, Fresenius improves the 2023 earnings outlook and now expects constant currency Group EBIT[1] to remain broadly flat compared to FY/2022 (previous: EBIT[1] expected to remain broadly flat to decline up to a mid-single-digit percentage rate). Group organic revenue[2] continues to be expected to grow in a mid-single-digit percentage range.

Fresenius expects the net debt/EBITDA[3] ratio excluding Fresenius Medical Care to be below 4.0x by the end of 2023, therefore further improving from 4.03x[4] as of September 30, 2023 (December 31, 2022: 3.80x[4]). This assumption does not include potential divestment activities. The self-imposed target corridor for the leverage ratio remains unchanged at 3.0x to 3.5x.

# # #

Fresenius is a global healthcare group. We offer system-critical products and services for leading therapies for care of critically and chronically ill patients. The Fresenius Group comprises the Operating Companies Fresenius Kabi and Fresenius Helios and the Investment Companies Fresenius Medical Care (in accordance with IFRS 5) and Fresenius Vamed.

For more information visit the Company’s website at www.fresenius.com.
Follow us on social media: www.fresenius.com/socialmedia

[1] FY/22 base: €2,190 million, before special items; FY/23: before special items
[2] FY/22 base: €21,532 million
[3] At LTM average exchange rates for both net debt and EBITDA; pro forma closed acquisitions/divestitures; excluding further potential acquisitions/divestitures; before special items; including lease liabilities, including Fresenius Medical Care dividend
[4] At LTM average exchange rates for both net debt and EBITDA; pro forma closed acquisitions/divestitures; before special items; including lease liabilities, including Fresenius Medical Care dividend

This release contains forward-looking statements that are subject to various risks and uncertainties. Future results could differ materially from those described in these forward-looking statements due to certain factors, e.g. changes in business, economic and competitive conditions, regulatory reforms, results of clinical trials, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings, the availability of financing and unforeseen impacts of international conflicts.
Fresenius does not undertake any responsibility to update the forward-looking statements in this release.

Fresenius SE & Co. KGaA
Registered Office: Bad Homburg, Germany / Commercial Register: Amtsgericht Bad Homburg, HRB 11852
Chairman of the Supervisory Board: Wolfgang Kirsch

General Partner: Fresenius Management SE
Registered Office: Bad Homburg, Germany / Commercial Register: Amtsgericht Bad Homburg, HRB 11673
Management Board: Michael Sen (Chairman), Pierluigi Antonelli, Dr. Sebastian Biedenkopf, Helen Giza,
Sara Hennicken, Robert Möller, Dr. Michael Moser
Chairman of the Supervisory Board: Wolfgang Kirsch