Transcript
Conference Call Q1 2025 results

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PRESENTATION

Nick Stone: Hello, everyone. Good afternoon and good morning, wherever you may be. Welcome to our Q1 2025 Earnings Call and Webcast. Presentation was emailed to our distribution list earlier today and is available on fresenius.com.

On slide 2 of the presentation, you'll find the usual safe harbor statement. Unless stated otherwise, we'll comment on our performance using constant exchange rates or CER.

Today, as usual, I'm joined by Michael and Sara, who will take you through the details of another strong performance. We estimate that the call will last approximately 1 hour, with the presentation taking around 35 to 40 minutes, with the remaining time for your questions. Obviously, to give everyone the chance to participate, please limit your questions to 1 to 2 in the first instance, and we can always come back for an additional round if needed. And with that, I'm delighted to hand the call over to Michael.

Michael Sen: Thank you, Nick. A warm welcome, everyone. I am delighted to report a strong start to 2025, another quarter of excellent momentum across our businesses, and we reconfirm our full-year guidance. As always, Sara and I will review our operational and financial highlights on our individual businesses within Kabi and Helios.

Before turning to our results, the Federal Republic of Germany is starting to have a new chapter, a new important political chapter. And I congratulate our new chancellor Friedrich Merz on his election, and we look forward to working with him and his cabinet. Germany needs strong leadership and a clear growth agenda to improve its competitiveness in a challenging global economic environment. The coalition agreement contains some promising proposals, and it is encouraging to see that the healthcare industry is recognized as a strategically important and leading industry in Germany.

I'd also like to acknowledge the impact of recent global events: trade uncertainty, German fiscal policy change, and more. Fresenius is now well positioned to handle these challenges. This is the result of us charting and delivering on #FutureFresenius. We've simplified our business structure and increased our ability to adapt, enabling us to respond swiftly to a dynamic macro environment. We have created options. With competitive operations and a strengthened balance sheet, we now have increased strategic flexibility.

And the fundamentals that underpin our business -- aging global population, higher prevalence of chronic diseases, increasing healthcare spend, and demand for healthcare workers -- remain intact. Fresenius is a system-critical global provider to patients, healthcare practitioners, and hospitals. Our mission remains to save and improve human lives. We are committed to life.

Now let's turn to the Q1 financial results, where you can see our focus is delivering results.

As always, after our prepared remarks, we will have plenty of time for your questions.

The next phase of #FutureFresenius -- Rejuvenate -- has started strongly. We delivered excellent results across the company this quarter, and we expect this momentum to continue with new products, more approvals, further efficiency gains, and subsequently, earnings growth.

There are lots of highlights, but let me particularly mention our double-digit EPS growth. This reflects all our efforts of having turned around our company, i.e., our businesses delivering growth and earnings expansion as well as our disciplined focus on capital deployment and optimizing our portfolio.

So as we reduced debt, you see this directly affecting core EPS performance, up 12% in the first quarter. This will be a source of value enhancement through the Rejuvenate phase.

Kabi and Helios both delivered strong top-line growth. Kabi's performance was driven by the increasing contribution from our growth vectors, particularly Biopharma, which is moving closer, as I've mentioned before, to Kabi's structural EBIT margin range of 16% to 18%. Overall, Kabi's EBIT margin increased to 16.8%.

Helios also had a very encouraging start to the year. The performance program at Helios Germany is at an early innings, but we see it gradually gaining traction. It's about a deepening of productivity and process efficiencies. This improves our ability to treat more patients and with better outcomes, better patient experiences, while retaining the highest quality in clinical care.

As announced at our full-year results, we've tightened our leverage target corridor to between 2.5x to 3.0x net debt over EBITDA. It continues to be a focus, and it's great we ended the first quarter after a strong year-end finish within the improved range.

Over the past several years, we've been working very hard to make Fresenius better from a structural perspective by selling noncore assets, exiting Vamed, and deconsolidating Fresenius Medical Care.

In Q1, we took the strategic decision to significantly reduce our stake in FMC. And we used the proceeds to enhance returns, lower debt even further, and create value. Again, it's about moving rapidly to strengthen balance sheet flexibility and improve profitable growth and shareholder returns.

I started my remarks by talking about recent global events. And the biggest area impacting the sector are the potential ramifications from recent trade and tariff policies. As you know, this could affect future economic activity this year and beyond. However, we believe we can navigate through this current operating environment. On a relative basis, we don't see the same challenges as some of our peers. We have a broad, diverse, and resilient business with a global footprint. As it stands, we're able to absorb incremental pressure through the profile and the strength of our businesses. Today, we reconfirm our full-year 2025 guidance on the back of 7% organic top-line growth and 4% EBIT growth at constant currency.

Now let's dive deeper into our core businesses within Kabi and Helios, both of which delivered very strong performance in the quarter.

Starting with Kabi, revenues increased by 6% year-on-year in organic terms, fueled yet again by the growth vectors -- Nutrition, MedTech, and Biopharma. Pharma showed its strength, despite a tough prior-year comparison, as a resilient business resulting in attractive earnings traction. Our focus and strategy is obviously paying off.

In Pharma, we have successfully transferred the ownership of our Brazil production site in Anápolis. Hence, we are continuing to reduce complexity and streamline our production network further. In the US, we have secured a significant long-term award with a major GPO, reflecting the competitiveness of our offering in terms of both value and quality.

In Nutrition, we strengthened our local capabilities and footprint in China, which we continue to view as a highly attractive long-term market.

In MedTech, the ramp-up of Ivenix, our smart infusion pump, is progressing as planned. And we're balancing rollout speed and the industrialization of our product manufacturing. We have signed a multiyear contract this quarter with another major US health institution, and we will continue the expansion and rollout throughout 2025. Moreover, we received FDA clearance for our new Adaptive Nomogram software. We expect to distribute this to more than 160 US plasma collection centers by the end of 2025.

In Biopharma, the positive momentum continues with excellent organic top-line growth and profitability improvements, demonstrating very strong incremental margin expansion, which contributes significantly to the overall Kabi margin expansion. The recent launch of our ustekinumab biosimilar Otulfi in the US and EU, along with FDA approval for our denosumab biosimilar, highlights the strength and breadth of our portfolio. We now have 8 biosimilars approved and 7 launched into the market. On a very positive note, the Centers for Medicare and Medicaid Services, CMS, issued a permanent, product-specific billing code for Otulfi, the HCPCS code. This designation is an important milestone for broadening access and use, supporting quality patient care while

concurrently reducing costs. Not at least, the CHMP issued a positive opinion on our mAbxience denosumab.

So a great performance in Q1 enhancing patient access to innovative, affordable treatments for both acute and chronic conditions. We continue to build momentum with advancing the expansion of our growth vectors.

Staying with Biopharma, let me highlight the Tyenne ramp-up, progressing rapidly and in line with expectations, showing dynamic month-by-month growth.

We have launched now in more than 20 countries. Our market share in Europe is supported by incremental tender wins. For example, we achieved an impressive 100% tender win rate in France and are currently winning key regional tenders in the UK. In Germany, essentially all sick funds are contracted, and in Spain, more than 80 accounts are now using Tyenne.

In the US, Tyenne has launched strongly, with consistent and dynamic sequential market share growth, now at 8%. Our strategic approach, enhanced market access, and payer coverage efforts continue to drive these substantial gains. We now cover around 70% of the IV and 100% of the SC market with our contracts. In the second half, we will continue to advance the tech transfer to mAbxience and expect a further improvement in market share as payer-client agreements translate into scripts and patient administration.

Now let’s move to our Care Provision platform Helios, which delivered good results and an encouraging start to the year.

In Germany, we believe the coalition agreement will be positive for us. For Helios, it emphasizes a key part of our strategy, the clustering and specialization of hospitals. We are already well advanced in that regard and are in a good position to benefit from that development. While details remain to be defined, it is also a very encouraging sign that the special infrastructure fund will enable investments and support the transformation in the healthcare sector, especially for hospitals as critical infrastructure. This and efforts to reduce bureaucracy are clear positives.

Our uncompromising quality focus crystalized yet again with an impressive number for medical outcomes. Helios outperformed the German national average in more than 90% of our medical targets.

Moving to Spain, Quirónsalud’s outstanding patient care has again been recognized externally, with 13 of our hospitals ranked among the World Best Hospitals in 2025. So congratulations to the team. This is an impressive achievement. It really reinforces our commitment to highest quality in clinical care.

In addition, we’re also making significant advancements in digitizing our network. The Quirónsalud clinics now offer this comprehensive digital patient journey, now having 7.5 million patients registered, and all of them are benefitting from our digital hospital and this very patient platform, which we call Casiopea.

Let’s discuss the dominant topic for the sector: tariffs.

From an exposure perspective, Fresenius has a diversified portfolio with around 90% of group revenues not exposed to US tariffs. This is underpinned by the exceptionally strong European hospital businesses, which contribute around 60% of group revenues.

In the US, we previously launched our More in America manufacturing and supply initiatives. This means that we currently produce around 70% of the medicines we sell in the US domestically, including sourcing a significant proportion of high-value active

pharmaceutical ingredients. Our strong local presence includes over 4,000 dedicated employees and nearly $1 billion invested in US manufacturing and logistics over the past couple of years. Overall, we believe this strategic position is a significant differentiator relative to our competitors, many of whom manufacture their pharmaceutical products outside the US.

A central element of our global manufacturing strategy is a long-term perspective, maintaining a strong and resilient supply chain for essential medicines and other products. As a system-critical supplier for patient care in the US and globally, we follow a local-for-local manufacturing strategy for pharmaceuticals, our largest product segment. Significant further investments in the US are planned over the next 5 years, and we aim to increase the number of employees to further strengthen our footprint in this strategically very important market.

We've kicked off the Rejuvenate phase with a strong momentum. I'm excited about how Team Fresenius is moving forward together. This phase marks the pivotal evolution for our company. Right at the start of #FutureFresenius, we defined our core businesses, and you see this focus is now delivering quarter after quarter.

In Rejuvenate, we want to upgrade this very core. We call it upgrading our core, and in short it means, we keep doing what we're doing, but we will do it even better. This is about patient care. This is about customer service and better enterprise processes and operations. This is how we already create value day by day. So essentially, this is about consistency.

As we continue to mature as an organization, our strategic intent will move to scaling our 3 platforms: specialized Biopharma, targeted MedTech, and holistic Care Provision platform. These platforms hold tremendous potential for future growth and innovation. By upgrading our core and scaling our platforms, we're laying the groundwork to elevate our long-term performance. Fresenius is poised to become a more innovative and relevant healthcare company. Our focus is clear: Play to our strengths and deliver meaningful healthcare solutions. Our journey isn't just about sustaining momentum. It's about accelerating and positioning Fresenius as a leader in innovation and relevance in our very industry.

With that, I will hand it over to Sara.

Sara Hennicken: Thank you, Michael. And thank you for joining, everybody.

The Rejuvenate phase of our #FutureFresenius journey is off to an excellent start also in terms of financial performance. Our Q1 print clearly reflects the profound changes we have made over the past 2 years: Focus and simplification are paying off.

We achieved strong organic revenue growth of 7% for the group. EBIT growth was robust at 4%, with Kabi showing continued strong operating performance. As expected, Helios was affected by the absence of energy relief.

Against this backdrop, our 11.6% EBIT margin for the group provides clear evidence of our operational strength and rigorous focus on productivity. I would like to remind you that we are comparing against an already strong prior-year quarter.

Aside from revenue and EBIT, I am particularly pleased with the bottom-line delivery. Here, operating leverage meets focused capital allocation, resulting in a strong EPS growth of 12%. The lower interest expenses are a result of our deleveraging on the back of an excellent operating cash flow in full-year '24.

The tax rate was in line with expectations at 25%.

Operating cash flow in the quarter improved year-on-year. I will go into more detail later.

At 3.0x net debt to EBITDA, leverage was within the new self-imposed target range. The positive effect of the Fresenius Medical Care transaction was partially offset by the cash impact from the completed divestment of Vamed's international project business.

Kabi continued its strong momentum in the first quarter. On an organic basis, revenue grew by 6%, reaching the upper half of our structural growth band. This was driven by the growth vectors, achieving organic growth of 11%. Here, Biopharma once again stood out with a remarkable 40%, largely attributed to the success of Tyenne.

Pharma remained broadly stable in terms of organic growth against a strong prior-year base. We saw positive pricing effects in Europe and a continued competitive environment in the US.

Overall, pricing effects from Argentina hyperinflation continued to support Kabi's growth rates, but the effect was less pronounced than in the previous quarters. We are maintaining our approach of adjusting for effects from hyperinflation accounting, as we did in full-year '24.

On the profitability side, Kabi delivered an excellent EBIT margin at 16.8%, with year-on-year margin improvements across all business units. The significant margin expansion and impressive 16% EBIT growth at constant currency reflect volume effects and continued improvements in our cost base.

The growth vectors were leading the way with a 390 basis points increase to 15.3%, driven on a broad-based positive development and, again, an outstanding performance at Biopharma.

The Pharma margin was also up by a nice 150 basis points year-on-year to 22.9%.

Turning to Helios, a very strong 8% organic revenue growth, driven by strong activity levels and positive pricing effects. From a year-over-year perspective, Q1 also benefitted from the Easter effect falling in the second quarter this year. EBIT margin came in solid at 9.8%. The expected softness due to the absence of energy relief in Germany was partially compensated by excellent profitability in Spain.

Let's take a look at the business units. At Helios Germany, strong organic growth was driven by price effects. Admissions and case mix both showed a positive development as well. While softer year-on-year due to the energy relief, EBIT margin in Germany improved sequentially versus Q4, driven by the strong top line and supported by some first contributions from the performance program. We continue to expect a ramp-up of the performance program with more significant EBIT contributions for the second half of the year.

Helios Spain once again delivered a strong print. Organic growth was driven by strong activity levels and favorable price effects. They achieved a 13.1% EBIT margin and an outstanding 23% EBIT growth at constant currency, also helped by the Easter effect. Congratulations to the team for this excellent operating performance.

While seasonally a weaker quarter, Q1 '25 operating cash flow was a step up to prior year. Helios Germany in particular contributed with strong operating cash flow driven by accelerated nursing budget negotiations and optimized invoicing processes. At Kabi, our capital efficiency focus helped to mostly offset higher prepayments and some phasing effects.

Based on last-12-month numbers, we saw an impressive increase of free cash flow of almost €2 billion, driven by our successful working capital measures and CapEx focus. Please be reminded that the dividend suspension in 2024 is still reflected here.

In March, we took another decisive step in #FutureFresenius by selling 10.6 million shares of Fresenius Medical Care in an accelerated bookbuilding. Concurrently, we issued an exchangeable bond maturing in 2028 with another 10.4 million Fresenius Medical Care shares underlying. The combined transactions generated approximately €1.1 billion of gross proceeds for Fresenius. Only the proceeds from the share sale amounting to around €500 million are included in the free cash flow bridge, while the approximately €600 million from the bond issue are shown as cash flow from financing activities.

Again, great ongoing cash flow delivery. Very proud of our teams driving the stringent cash flow focus.

Our capital allocation strategy is a centerpiece of our financial agenda as we move into the Rejuvenate phase. We will ensure that we continue to deploy capital in a focused and value-accretive way.

Our approach is focused on 3 priorities: first, investing in the business to drive sustainable long-term growth, upgrading the core and scaling the platforms; second, delivering attractive shareholder returns; and third, further strengthening the balance sheet.

The FME transactions align perfectly with these priorities. Let me remind you where we are coming from. Two years ago we were around 4x net debt to EBITDA. Interest expenses were a significant drag to our financials, and we literally did not see net income growth for years. We deliberately did not touch the FME stake but focused on improving our own operational strength paired with rigorous cash focus. This allowed us to delever, making Fresenius structurally and sustainably stronger.

From that position of strength, the FME transaction now allowed us to capitalize on FME's share price gains. The exchangeable bond with a premium of 30% enables us to realize future value creation while providing cost-effective funding at a 0% coupon. Congratulations to the team for the successful execution.

The transactions have strengthened our balance sheet and helped deleveraging further. Refinancing needs for full-year 2025 have been reduced materially. It also provides the basis for continued bottom-line growth. Interest expenses will be improved by approximately €30 million to €40 million on an annual basis, corresponding to around €0.04 to €0.05 on EPS level. For this year, we're talking about a reduction of around €20 million. It clearly underscores the value-accretive nature of the transaction.

Based on the strong start to full-year 2025, we are confirming our full-year guidance. When we gave guidance in February, we acknowledged the fast-moving macroeconomic and geopolitical environment, resulting in a higher level of operational uncertainty. Our guidance continues to reflect current factors and known uncertainties, such as potential impacts from *[Note - Due to audio dropouts during the transmission, the following text was added: "tariffs, to the extent they can currently be assessed. Our guidance does not take account of potential extreme scenarios that could affect ourselves"]*, our peers, and the healthcare sector as a whole.

Although not completely immune to tariffs, Fresenius is well positioned today with its diversified portfolio, underpinned by a strong European hospital business. *[Note - Due to audio dropouts during the transmission, the following text was added*: *"Our strategy has employed a local-to-local approach to respond to this dynamic environment. With regard to phasing, let me remind you: We had the benefit of energy relief at Helios"]* Germany in the first 9 months of the previous year.

Easter effects fall into Q2 this year. And we expect a negative impact from the Keto VBP in China to start in the second quarter. Ketosteril is a nutrition therapy for patients with impaired kidney function. For Q2, on a standalone basis, we currently expect an impact in the low to mid-double digits in revenue and low double digits on EBIT.

I would also like to mention that, while our guidance is given at constant currency, the recent weakening of the US dollar against the euro would obviously have an impact on our reported numbers if it would remain over the course of the year. More broadly, if FX rates would stay on the current level for the full year, we would see a negative effect of roughly 1% on reported revenue and roughly 2% on reported EBIT.

Last but not least, while we do not guide EPS growth, we still want to update you on the assumed level of interest expenses for the full year. Given the expected positive effects of the FME transactions and our lower debt levels, we now expect lower interest expenses in the range of €370 million to €390 million.

This will provide a nice backdrop *[Note - Due to audio dropouts during the transmission, the following text was added: "for further EPS growth. As demonstrated"]* with today's strong Q1 print, we are set to bring our performance to the next level as we move forward with Rejuvenate.

With that, I hand it back to Michael.

Michael Sen: Thank you, Sara. We have started the new phase of #FutureFresenius -- Rejuvenate -- with great momentum. We had an excellent start to the year, and Fresenius is very well positioned to maintain this very momentum and to continue creating value for our shareholders.

Operating in the resilient and growing healthcare industry, Fresenius is well positioned across very attractive markets. We've simplified our structures and increased agility, enabling us to respond --*[Note - Due to audio dropouts during the transmission, the following text was added: "swiftly to a dynamic macroeconomic environment."]*

Operator: Excuse me, just one moment. I believe we will switch to another line. […] Apologies. Please continue, Sir.

Michael Sen: Okay. So everybody on the call, apologies for this. I meanwhile also found out that there was -- obviously, we were breaking up, up to 3 times during Sara's and my presentation. So apologies for that one. I think the numbers speak anyways for themselves, but I think we can catch up on the Q&A.

So my last -- not famous last words but last words will be: Our strengthened balance sheet gives us exactly that option, and we have the flexibility to adapt. Everything we do is essential. As a system-critical healthcare provider, we are part of the solution. With healthcare demand rising globally, Fresenius is uniquely positioned to deliver impact where it matters most.

And now I think, Nick, let's move into Q&A.

Nick Stone: Andrew, over to you please.

Q&A

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

Veronika Dubajova: Hello, Michael, Sara, and Nick. Good afternoon, and thank you for taking my questions. I will keep it to 2, please. My first one is on the biopharma progress. And Michael, thank you for the color to say that the business is approaching the corridor of Kabi.

I guess I'd love to get your thoughts on, when do you think we do get that margin in that corridor, and what is the sort of revenue trigger point that we need to be thinking about to start seeing margins not that are just in line with Kabi but maybe in line with the US Kabi business? That would be super helpful.

And then my second question is on the deleveraging. And congratulations on the progress that you are making here. Good to see that. I guess, to what extent can we anticipate more active balance sheet management from you? That's probably a question for Sara. Thank you, guys.

Sara Hennicken: Sure, happy to start with the deleveraging. So I think, if you think bigger picture in terms of portfolio, I think that one we're done with. At large, you will see us simplifying here and there a little bit, as Michael alluded to what we have seen on the Pharma side this quarter. But on the bigger picture and portfolio, we're basically done.

Now if you think on deleveraging, I think we made the more than 70 basis points last year. That was a tremendous step downward. Don't expect that speed to continue in 2025 because what we have achieved by a clear focus on cash and in particular net working capital management, we have obviously worked on all metrics, i.e., days payable, inventory, and so on. We have optimized all of that.

So there will be incrementally getting better, and the focus on cash will remain, but that step up we have seen in Q4 in terms of additional cash generation resulting in that step down on deleveraging you will not see in 2025. Having said that, we obviously remain fully focused on balance sheet deleveraging, and we have given ourselves a lower range of 2.5 to 3. And we are fully focused on getting within that frame further down towards the mid to bottom end of what we communicated. And the levers are clear: focus on cash and, at the same time, improving our EBITDA further.

Michael Sen: Exactly. And Veronika, hi there. Michael. If this was an attempt to find out whether we would monetize more on the investments, this is not in discussion. We just delivered on that one in Q1.

Now on the Biopharma, look, as much as I understand the eagerness, I think we need to take it step by step. We will update you as much as we can, also with transparency going forward, how this business is progressing. And what you get out of what we've been saying is it will also be progressing nicely going forward.

Last year, last fiscal, it was still an investment case. This was hardly making money. So we were talking about EBITDA breakeven, and we're hitting the EBIT line.

This year, I said they are approaching the 16% to 18%. By the way, the 16% to 18% already was hiked up when we introduced the new fiscal '25 or the new Rejuvenate phase, the reason for that also being that this is a margin band for, let's say, a more midterm profitability pool which then reflects the potential we see in the Biopharma business.

Now great progress we see. We said last time, midterm, it's going to be in the range. Midterm usually is 3 to 5 years. In the last roadshow, I think I said, probably, we think, if everything works, we will work against more on the 3-year horizon. But we will update you step by step.

We also said that, over the course of probably the next 2, 2.5 years, this business can be a $1 billion, €1 billion -- depending on where the parity stands -- business. And it is also a function of the molecules hitting the market and then being executed.

One of the great things you see in Q1 is exactly that we are placing more molecules in the market. We have, as I said, a couple of active molecules in the market, part of them really being already revenue carriers. So this is the way we want to take you along the journey.

Veronika Dubajova: Understood. Thank you, guys, so much.

Oliver Reinberg: Thanks very much for taking my questions, 2, if I may. Michael, in your prepared remarks, you talked about the kind of increased balance sheet flexibility. So I was just wondering if you can provide an update. If you would do future capital allocation, which franchises would be a priority for you? In particular, can you comment whether you would be willing to also do larger capital deployment to Biosimilars and any thoughts if there's any kind of assets around for Nutrition? That would be question number 1.

And the second question, just on German Helios, the margin improved sequentially, but year-on-year, I think we're down by around 3 percentage points. I guess energy relief can probably explain part of that, but obviously, there was also support from Easter. So I was just trying to get a kind of feeling. Is there any kind of other moving parts?

And if Easter is now occurring in Q2, can you just give us any kind of flavor where the kind of German Helios margin may come in, just to get the numbers in the right ballpark? Thanks very much.

Michael Sen: Yeah, Oliver, hi. I'll start with the first one. And first of all, the priorities on capital allocation, particularly from a financial point of view, Sara outlined, I think, quite nicely. And this is exactly the disciplined framework we're working in.

Concurrently, obviously, the flip side of a financial thing is the strategy. And the strategy is clear. Now that we defined our core, we have a lot of businesses which are in attractive markets. And our goal is to scale those businesses. Scaling in today's world means that you need to work in ecosystems. That does not necessarily immediately lead to M&A, but it can also lead to a capital commitment.

So on the Biopharma platform, it is in all of these businesses which Biopharma platform is -- Biopharma. It is the IV generics, and it is Nutrition. This is about innovation. This is about pipeline. This is about new molecules. This is about in-licensing, for example. And then you see capital commitment.

And this is true for all of the businesses. If and when an opportunity like that arises, we look at the risk-reward profile. We look at the individual business plan. So it is a theoretical question and a theoretical answer. But what I'm trying to say is this is exactly where we're going to put our money to scale these platforms also in the Biopharma.

In the Nutrition as well, if you have a great idea for an asset, welcome. There are not too many assets out there. This is the beauty of exactly that market. But there's a lot of dynamic happening there, and that's why we said also, for this year, part of the capital allocation in Nutrition goes to R&D, also increasing the pipeline.

And on Medical Technology, if you look where we are, particularly with the infusion systems, we are in the ER, OR, and ICU. And everything which makes logically sense to attach something to it and is promising in scaling, that is what we are doing.

On the Care Provision platform, it is about digitizing. Don't forget, Casiopea is there already. Last time, I reported 7 million users. This time, I reported 7.5 million users. And this can be further scaled minimally in Spain.

And on Helios, I think Sarah can --

Sara Hennicken: Happy to take it. Look, I think, probably, you want to separately look at Helios Germany and then Quirón because they're currently performing on very different levels.

If you look at Quirón, there, I'd say the Easter effect was more pronounced, and not only this year but also if you look back last year. And then looking at that, they had a very strong Q2 of last year with the benefit of Easter in Q2 last year. Now this year, it's the reversal. And they have had a very strong first quarter with a 13% margin.

If you look at Helios Germany, they have a 7.7% margin. And we always said that they need to run faster to keep the ground. This is one of the reasons why they initiated their performance program, which we always said is going to be more backend loaded.

We do see initial positive signs. We feel we are on track to achieve that performance program, but some of the measures obviously will come to fruition more in the second half of the year.

So you can expect that Helios Germany, you will see an uptick in margin compared to your Q1 performance. And also, there, if you look between Q1 and Q2, the Easter effect is not as pronounced as on the Quirón side.

Oliver Reinberg: Perfect. Thanks so much.

Hassan Al-Wakeel: Hi, good afternoon. Thank you for taking my questions, 2, please. Firstly, on Kabi, great to see some really strong progress on the margin, particularly the growth vectors. As Biopharma enters the range over the coming years and Nutrition remains accretive, as you've talked about, can you talk about what is needed to get MedTech into the range and if anything inorganic is required to your mind to scale this business and get it into the range?

And then secondly, if you could talk a bit about progress on the tech transfer of Tyenne, last quarter, you talked about Tyenne revenues being 90% contracted for the year, but you clearly needed to manufacture and ship, explaining some of the guidance range. So how confident are you on the latter piece today? Thank you.

Michael Sen: Thank you, Hassan. Great questions. Let's start with the latter one. It's actually only a couple of weeks between last time we spoke at the year-end earnings call. So nothing has changed on that one.

We are in the mid of the tech transfer. This is an intense process because there's a lot of documentation and regulatory approval needed for that one.

As I outlined the last time, initially, when we had bought the majority stake of mAbxience, we didn't even plan for having Tyenne on mAbxience. Now that the demand is working that nicely, this is what we are speeding up.

So that's why the message is the same that, first of all, the tech transfer is happening as we speak. We don't see any hiccups, but it will take its time. So therefore, the bigger pickup of Tyenne will still be in Q3 and Q4. So nothing has changed in terms of phasing vis-à-vis what we had last time.

So on your other question, it's a very good question. We always were very blunt that MedTech is below the blended margin band of the blended profit pools we see there. And where it stands on an EBIT basis, it will probably stay below, but the clear goal, which they also committed to in the Capital Market Day, is that it needs to improve.

By that, as such, it is creating value because it is earnings growth, and it's getting to a higher-quality earnings profile. If you would look at it from an EBITA basis, then probably it looks much better because of the past kind of acquisitions we had there.

Hassan Al-Wakeel: Perfect. Thank you.

Sezgi Oezener: Hi, thanks for taking my question. On the corporate restructurings, you seem to have a lot of corporate restructuring this quarter, so impacting just on net income level and not on EBIT. Just wanted to see the nature of these, and what's the outlook for the coming quarters? How much more do you expect, and what are the underlying steps you have taken recently and others that you are still expecting to take?

Sara Hennicken: Happy to take that. Look, I think you are probably referring to the special items below the line. That is basically dominated by the continued exit from Vamed. If you'd be reminded, we have sold our international project business, and we also closed it in Q1, so signed and closed all in 1 quarter, which means it moved into first discontinued, and now it's closing out. And that is the roughly €230 million you see there.

In addition, obviously, there are some smaller buckets on cost and efficiency, IT transformation, and so on. But I would say the largest part is Vamed. Now we have ticked the box on the Vamed topics. The international project business was the last piece -- the last big piece to be sold.

When we initially announced that we're going to discontinue Vamed, we said that, for the international -- for the winddown of the international project business, we calculated a high triple-digit million amount.

Now if you look full-year '24, it was roughly €470 million. And now you can add the €230 million, which brings you roughly at €700 million. There will be some remaining costs ongoing as we really close out and clean up some remaining activities. But at large, we're there.

Sezgi Oezener: Very reassuring. Thank you.

James Vane-Tempest: Hi, thanks for taking my question, just the 1, actually. I guess, you're trending above the top end of the guidance, and you've mentioned momentum is going to continue. So what would you need to see for you to have the confidence to raise guidance the first half? Thank you.

Michael Sen: Look, I understand all the excitement, but all of us read the paper. This is a very dynamic environment. And I think, if I compare and contrast our statements in the current earnings seasons with a lot of companies, we reiterated our outlook.

And it is also the range which we span in a couple of weeks back. So it is on the EBIT side the 3% to 7% growth because there's a lot of moving parts. Already, last call, we said -- and I said nothing changed. There's still things to come in the later half of the year.

Sara alluded to Helios Germany, and I think it was Oliver who also asked. And the question was right. There is the missing energy relief. And if you listen to the tone, we still need our colleagues at Helios to ramp up their efforts so that the real savings hitting the bottom line, hitting the P&L, have to come and have to ramp up during the course of Q3, Q4.

Next quarter -- and we have been very transparent from the outset -- there is Keto, which is a very high margin kind of product in China. So this contribution, not only the revenue but the high gross margin, is not there anymore from Q2 onwards.

Yet if I look at the margin of Kabi last year, 15.7%, and then we said 16% to 16.5%, this is already an improvement. Yes, it's great that we have a great start at 16.8%, but Keto is going to come in Q2.

And then don't forget Q3 is a seasonally weak quarter for the hospital business. So if you take all of this together, I think we get more clarity, and this is without any geoeconomical effects when we go, I think, through quarter 3.

James Vane-Tempest: Many thanks for that.

Victoria Lambert: Thank you. I've got 2 questions. The first is just on your denosumab biosimilar. Do you have the necessary reimbursement codes? I think Sandoz was talking about having a Q Code and that that takes a few months to get that for reimbursement.

And then the second one is just if this tariff situation in the US has impacted your expansion plans for Nutrition. I know you guys were wanting to grow in that market, so just wondering if you're thinking of increasing your local presence, maybe through M&A or partnerships. Thank you.

Michael Sen: Hi, Victoria. Look, on the Nutrition business, we like what we see in the US. This is growing also in Q1, growing and having a nice margin, but we have been very candid that it is from a very low base.

So in the greater scheme of things, it will not move the needle. That has always been the discussion. How can we get to a larger footprint into the US? And if you don't make an inorganic move, which is not on the agenda currently, then this is the slower, maybe less

risky way to do that. So that's not that much from the tariff side on the Nutrition business.

When it comes to deno, you're right. In the process of everything, you need the code. That's why I was so happy to report in my speech that we have the billing code or HCPCS code for ustekinumab. And that always takes some time.

Remember, on tocilizumab, we had the approval in Q2 last year. Then we said, in Q3, we got the billing code. And then you can start commercializing. And also, from a regulatory point of view, you need to comply with these regulations, not starting before you have the code, for example, on market access and the like. And then toci we started selling in December.

That same is true for Otulfi. You didn't ask about Otulfi, but that is -- just to give you a flavor, also, that one is more backend loaded. We now have the code. We can now start commercializing. Now we can talk about market access.

And on deno, this will still take some time. We got the FDA approval. So we need to take the next step.

But everything, as I said to Veronika's question, is actually working like a clockwork. One molecule after the other is hitting the market.

And I never answer a question which has not been asked, but I'll do it anyway. If you look at the margin of Biopharma in Q1, you usually ask us about milestone payments.

Last year, the milestone payments were roughly €15 million to €20 million -- I think €15 million higher than this Q1.

So we are already missing €15 million milestone payments from mAbxience, yet you see this tremendous margin expansion. And this is a function of one thing hitting the market after the other.

Victoria Lambert: Thanks. That's super helpful.

Hugo Solvet: Hi, hello. Congrats on the prints, and thanks for taking my questions. I have 2, please. Maybe, Michael, a big picture on MedTech, how should we think about the importance of (inaudible) contracts for future growth? Are there more one-offs here and there, or will you expect to see more coming through as you build the portfolio?

And second, maybe more for Sara, interest expenses in Q1, you're running well below the run rate implied by the low end of the €370 million to €390 million range, which you have lowered for the year.

Could you talk about staging for the remainder of the year, please? And I think you lowered that range by €30 million at the midpoint, yet you mentioned a €20 million impact from lower leverage. So just can you quickly elaborate on the driver for the €10 million delta? Thank you.

Sara Hennicken: Let me maybe comment on the new interest expense range a little bit. So first of all is obviously driven by the execution on the sale of FME shares, which brings us down to the roughly €20 million, as I had in my script as well.

And then we start at a lower overall debt level this year, and that gives us more flexibility in order to reduce our interest expense further.

When we entered the year, we had €2.3 billion of refinancing ahead of us. Obviously, with the FME transaction, that became materially lower.

We also have a dividend ahead of us in May. However, we have already repaid on the maturities. We have already repaid one instrument. One other is also coming up in May, then a smaller one in between, and then a larger 0% coupon bond in October.

So there are lots of moving pieces. However, we feel very confident with the leverage level we have achieved and what we currently see in terms of interest rate environment that we will be able to deliver within that range.

I hope that answers your question, as it was hard to understand a little bit on where you were driving it, but I hope that was the essence of what you asked for.

Hugo Solvet: Thank you.

Michael Sen: And I had the same thing. There was some noise in the line. I don't know whether you I got you correctly. I heard MedTech one-offs and so on, so forth. Since we're not talking about the charges or cost one-offs, I assume you probably mean the business continuity or sustainability as in gaining contracts.

The first message -- and maybe this answers a little bit the question, where does the margin of MedTech go, or why do we believe they can improve the margin and get into higher profit pools? We're talking about long-term contracts there, long-term contracts where you are very close to procedure growth and then recurring revenue because you sell consumables.

And in the case of Ivenix, for example, but also on the Nomogram on the plasma side, it is software. And then software revenue, as you know, usually has a higher margin.

On the pump business, on the Ivenix but also on the general -- on the pump business, it is about rolling out and building an installed base. Once you have an installed base, it's pretty much an asset where you can sell consumables into and, at some point in time, software and software upgrades.

So very stable contracts, long-term contracts, and building out an installed base, this is the strategy which we have there.

Hugo Solvet: Thank you.

Nick Stone: Given we've got 8 people polled for questions, we'll take another 15 minutes, and we'll try and work through as many of those as we can, but apologies in advance if we don't make it.

Oliver Metzger: Good afternoon. Thanks for taking my questions. First one is on Helios Germany. So you made a comment on positive price effects. The question is, how temporary are they in nature? So should we expect a similar contribution for the next quarters?

Second question is on Biopharma. You also mentioned earlier a strong contribution of Tyenne to the Biopharma growth. Can you give us a little more feeling where the growth

of Biopharma would have been, excluding Tyenne, so for the remaining portfolio? Thank you.

Sara Hennicken: Maybe let me start with Helios Germany. So that pricing is predominantly driven by the DRG inflator, which is set at 4.4%, and that will obviously continue for the remainder of the year.

Michael Sen: Yes, so that is pretty sustainable. On the Biopharma, I'm not quite sure, Oliver, where you're headed. Tyenne is an embedded and integral part. We spent a lot of money in the development phase. So I don't see any reasoning taking out Tyenne in out of our numbers.

If you want to get to how all the others are doing, I think, it is clear. We have always been saying that, especially in the US, Idacio is a different play to adalimumab. By the way, we also said that, on that one, we are going down a different route. We are doing a private label deal and on branded more on adalimumab aacf than maybe on the branded Idacio.

And then I told you on mAbxience, development milestones were missing, but yet they were growing, and they were growing nicely. So on their end is bevacizumab, which is commercialized by a third party.

But also, on Idacio, by the way, on a global basis, we have been growing. And that's what I mean. We have pegfilgrastim with little stuff in the US. We have Idacio worldwide. We have Tyenne. We have bevacizumab. We have pembro from mAbxience. Ustekinumab is coming. Denosumab is coming. We had struck a deal on the biosimilar for Eylea, and this is how it's going to work going forward.

Oliver Metzger: Okay. That's super helpful. Thank you.

Marianne Bulot: Good afternoon, and thank you for taking my questions. The first one on Tyenne, you had a good market share pickup in the US, but Europe stayed a little bit flatter. So just wondering how that translates into growth contribution from both regions for Tyenne? Could you maybe give a little bit more color on the split here and going forward?

And my second question is on the FME stake. So you have lowered your stake into the quarter but still have an important ownership. So just wondering if you would be open to lower even further in the future, and what could be the reason behind this sale of the stake or part of it at least? Thank you.

Michael Sen: Let's make it short, Marianne. On the latter one, there is no intention. We did the transaction. It's only a couple of weeks ago. And we believe it's pretty meaningful. By the same token, we did say -- and this is important -- that we believe in further value creation in that asset. That's why we believe it was a smart transaction with the exchangeable.

We also believe that they can create value, and then we participate also from the upside. Hopefully, it goes beyond the implied price we have in the exchangeable. And on top of it, we still have the remaining stake, which then, as you say, there is no triggering event in terms of there is an arithmetic or something like that.

But opposed to maybe many others, we have that flexibility, and that gives optionality and adaptability, and that makes us feel good.

Then on Tyenne, strong pickup. As I said in my speech, incremental tender wins also in Europe. It's almost, I would say, mushrooming in every country, and you need to see where and how you bid because you want to get to the market share. And we have those -- I think it's in the presentation, the 22 EU countries and top 8 countries. So we just recently won in France. And in the US, we're making good inroads. I told last time that we have good visibility on the contracts. Now I would even say we have complete visibility. Now it's more what Hassan said on delivery.

And obviously, if and when we would need to allocate, we look at our customers and where we have good book of business and also other molecules. This is where we would go first.

Marianne Bulot: Great. Thank you very much.

Robert Davies: Thanks. I've actually only got 1 left. Most of them have been asked. Just on the margins in Helios Germany, perhaps you could just give us a little bit more color in terms of where we are on German hospital utilization trends. I know that was something you highlighted in your Capital Markets Day as a part of your margin expansion sort of strategy.

And I guess, within that question, is there a sort of threshold or level we need to get to, to get margins back into the, I guess, 11% to 12% band beyond this year? And I know you've got the headwinds you've called out already for this year, but I'm thinking of sort of '26 and beyond. Thank you.

Sara Hennicken: Happy to take. So that's very obvious where we see the strongest uptick is if we see that strong activity growth. So whenever we see stronger activity growth, that will clearly have a more significant or material impact, given the infrastructure we have and we operate.

Now I think it's fair to say, while in Spain, you also see us doing greenfields here and there. I think, in Germany, the infrastructure is more stable, and thus, it is about the top-line growth we generate above and beyond the pricing impact to leverage that infrastructure which we have.

I think part of the performance program which we have launched is exactly addressing that, be it on the clinical processes and optimizing clinical processes when it comes to emergency room, ICU, clustering strategy, how we actually manage the patient in the hospital, if you so wish, and how we enhance the patient experience and also the treatment for the patient, that is directly related to our infrastructure.

But then also, in the non-patient-facing, which is the second kind of big bucket of our performance program, which is, how do we optimize all of the processes which are non-client or non-patient facing? And there, I'd probably speak about digitalization strategy, IT infrastructure, and so on.

And all of that, when we get that one right and we deliver on our performance program, that will give -- set us up on a better footing, on a different cost basis also to manage that infrastructure when we move into 2026.

But you will see that, for '25, to come back to this year, you will see that margin appreciation on the Helios Germany side. You know that, Q1, we were at 9.8%. We clearly gave guidance for the year to say around 10% but not below 10%. That gives you an indication as to what our ambition is for this year.

Michael Sen: Yes, and Robert, if I may add next to what Sara said on top, if you think about -- because you were asking about '26 and beyond, it is the clustering strategy, at the end of the day is how you also cluster and specialize your infrastructure, if you so wish, and then manage populations as to, where do we get the biggest bang for the buck at the end of the day? In which hospitals can we do what? Where are we very good? And this coincides also -- if and when the hospital reform is being continued by the new government, this is another structural driver to everything Sara outlined.

Robert Davies: That's very clear. Thank you.

David Adlington: Afternoon, guys. Thank you. One on Helios, one on Kabi, please. So on Helios, I just wondered, given the fall in energy prices and oil back to sub-60 bucks, I just wondered if you were likely to see -- I know you've likely got some hedging contracts, but any tailwinds from falling energy prices anytime soon and if you'd be able to quantify when -- how much those might come in.

And then secondly, on Kabi, obviously, nice strong start on the margin, up 170 basis points in the first quarter. Guidance, I think, was 30 to 80 basis points of expansion. Just wondered if you could give us some help in terms of cadence of margins through the rest of this year with the Kabi business.

Michael Sen: Yes, David, hi. Want to start on the energy?

Sara Hennicken: Happy to start on the energy. So in generally, we do long-term energy contracts, and we hedge quite a significant portion. And so we were in for a longer term, which kind of protected us when energy prices rose materially but which also means we're not that directly linked to shorter-term changes in energy prices.

And I think next to it is also fair to say there is a full basket of other material costs as well as personnel costs driving our overall cost base. And so managing that compared to the DRG increase is one of the key tasks at hand for the Helios Germany.

Michael Sen: Yes, and by the way, I'm not that deep into the energy business anymore, but as far as I know, German base load in the market is not pegged to oil prices. It's rather a function of the merit order and not so much of the oil price.

On Kabi, I think we outlined that already. The 16.8% is really phenomenal. We just mentioned that it's even stronger when you encounter those milestone payments from mAbxience. Q2, again, Keto will be missing.

Sara mentioned this one in terms of growth. I would do the same thing in terms of margin. It's roughly 80 basis points on the margin. So and therefore, from here, you need to go sequentially. So if you got 16.8% and you're missing Keto but you still want to have now a year-over-year Q2-versus-Q2 uptick, this is exactly the challenge they have, they are working on, and this is where we will update you when we get into Q2.

And then comes Q3. This is more on the hospital side, the seasonally weak kind of thing. And then Tyenne kicks in, Tyenne and Otulfi, more because of the billing code and getting the contracts and shipping it and posting revenue, it's more into Q4. So that one will be skewed more into Q4.

David Adlington: That's helpful. Thank you.

Graham Doyle: Hi, guys. Thanks a lot for taking my question. Just on Biopharma actually, there's some helpful slides now on 36 and 37. I suppose, Michael, just to contextualize, when we look at Biopharma, we already had the Humira launch, and now we have the Tyenne or Actemra launch. And they're very, very different. And I suppose people are now looking at working on, how do we case study a launch?

So when we look at Otulfi, is that probably the way you're thinking of what the average launch should look like going forward, and we should now start modeling your portfolio as such and ascribing real value on that basis?

It would be good to get a sense of how you think that's positioned relative to, say, your Humira and then Tyenne, Actemra strategy? Thanks.

Michael Sen: Very good question. And look, the very reason why you see us and IR putting more and more Biopharma charts into the deck with more and even richer information is exactly to help you on that one.

At the end of the day, every molecule is different because it has a different therapeutic area. I'm talking now US. And then we need to differentiate if it's Part B, or is it Part D?

And then which channel are we playing? And I think there has been also an evolution in the market, even when you talk about Humira, where when we started the whole game, everybody was talking about you need to be on the 3 national formularies of the PBMs. And other than that, nothing is going to happen.

That doesn't seem to be the case. Remember, the first couple of quarters, there was not a move in market share on the biosimilars. Rather, the originator was occupying the entire market. That changed a little bit. It didn't pick up to the extent many have -- also other players -- have hoped initially, but it did pick up.a

And also, in our case, I've always said, economically, we're not banking on that one, but we are posting revenue there because we chose different channels.

I was telling you, on the unbranded version, going directly to payers and health plans and so on and so forth, so in essence, driving a multichannel sales strategy, that's Humira.

Tyenne is a little different. It's also a much smaller originator market, and the therapeutic area is a different one. We are first to market in Tyenne. Now I also acknowledge others are coming. We still believe we have a very good position also when it comes to what forms we have, SC, IV, and then vials, pen, injector, and stuff.

Now when it comes to Otulfi, if I say it will be more Humira like, don't get too crazy because Humira was a very special case. But what I mean is also Part B, Part D, and multichannel kind of strategy on that one.

And we already know it will be very price competitive. It will be. Last quarter, we have been discussing of a company -- the one we also work with -- that they had an impairment in their books. We didn't have one, which I told you we are -- maybe have already encountered different prices. So our strategy there is maybe rather going on volume to get the contribution, and then we will update you how it's going to work with deno and so on and so forth, so molecule by molecule.

Graham Doyle: Thank you very much, Michael.

Operator: I would like to turn the conference back over to Michael Sen for any closing remarks.

Michael Sen: No, thank you, operator. I think, since we already extended our time, I thank everybody in this very busy earnings season that you took the time and really also had very, very good questions. See you tomorrow in London. Thank you.

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