Transcript
Conference Call Q2 2025 results

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CORPORATE PARTICIPANTS

Michael Sen, Fresenius SE & Co. KGaA – CEO
Sara Hennicken, Fresenius SE & Co. KGaA – CFO
Nick Stone, Fresenius SE & Co. KGaA – SVP IR

CONFERENCE CALL PARTICIPANTS (Q&A)

Barclays, **Hassan Al-Wakeel**
Citigroup, **Veronika Dubajova**
Deutsche Bank, **Falko Friedrichs**
Exane BNP Paribas, **Hugo Solvet**
Morgan Stanley, **Robert Davies**
ODDO BHF, **Oliver Metzger**
UBS, **Graham Doyle**

PRESENTATION

Nick Stone: Hello, everyone. Welcome to our Half-Year and Q2 2025 Earnings Call and Webcast. The 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 statements. Unless stated otherwise, we'll comment on our performance using constant exchange rates or CER.

Today, I'm delighted to be joined by Michael and Sara, who will take you through the guidance raise and another resilient business performance in these uncertain and volatile times.

As usual, the call will last approximately 1 hour, with the presentation taking around 35 minutes and the remaining time for your questions. To give everyone the chance to participate, please limit your questions to 1 to 2. We can always come back for a second round if needed.

And with that, I will now hand the call over to Michael to kick things off.

Michael Sen: Thank you, Nick, and welcome to everyone joining us today.

#FutureFresenius keeps delivering. Our momentum continues with another quarter of performance driven by resiliency and consistency of strong execution across the individual businesses within Kabi and Helios. Persistent macroeconomic volatility and emerging geopolitical tensions have led to a challenging operational environment in the first half of this year. However, we delivered another strong print, with 8% core EPS growth, reflecting good operational progress and the continued execution of our #FutureFresenius strategy.

Our direction remains unchanged. We've evolved into a simpler, more focused, adaptive, competitive, and performance-driven company. This is supported by a cultural shift that fosters accountability and a strong results-oriented mindset. This change has led to consistent and disciplined execution, with a significantly stronger portfolio and a strengthened balance sheet, providing the flexibility to navigate uncertainty while securing the delivery of our long-term ambitions. We are a relevant, system-critical healthcare company. Across our platforms, we deliver real impact for patients, caregivers, and hospitals around the world.

We're also advancing our sustainability agenda, reflecting in our recently improved ISS ESG rating from B minus to B, a positive step into the right direction. Our mission stands firm: We are committed to life.

Now let's turn to the second quarter and the highlights of the quarter.

Given the excellent performance in the first half, particularly on the strong top-line growth, we are raising our full-year organic revenue guidance from 4% to 6% to 5% to 7%. I am also especially encouraged by the sustained strength of our bottom line. Core EPS increased by 8%, driven by operating demand and a significant decrease in interest expense. In the first half, we have now 10% core EPS growth, and we expect this excellent momentum to continue.

Kabi contributes to our enhanced profitability, delivering a strong 16.4% EBIT margin, within the upper half of our full-year range. This result is particularly impressive, given the expected adverse impact of our Nutrition business in China following the keto tender loss as part of VBP.

Biopharma has once again demonstrated strong year-over-year EBIT margin expansion. At the beginning of this year, we laid out an ambitious rollout plan for Kabi. I am pleased to report that the execution against this plan is well underway, with strong progress across both our IV Generics and Fluids and Biosimilars pipeline, fully in line with expectations.

Similarly, our Performance Program, which we kickstarted at Helios, is advancing as we speak, with further anticipated value expected to be realized in the second half of this year and, obviously, beyond.

Now let's double-click on our core businesses. Starting with Kabi, in Pharma, we launched six new IV generic products in the US in the second quarter, great to see the strong momentum as we aim for 10+ launches this year in this high cash-generative business. Our US IV solutions business continues to grow, supported by the ramp-up of production at our Wilson, North Carolina, site to meet growing customer demand for supply chain security. With supply levels now restored and surgical volumes as well as chronic disease treatments continuing to increase, we see a clear upward trend in demand. I would even say we picked up share. We clearly see how important it is to be a relevant player in essential medicines, a stable backbone for future investments and strong contributor to our balance sheet.

Moving to Nutrition, we are driving innovation through continued investments in R&D to further advance and differentiate our enteral and parenteral portfolio.

In MedTech, our Cell and Gene Therapy segment delivered an outstanding 40% organic year-over-year growth in Q2. This was driven by the continued adoption of our LOVO and Cue Cell Processing System, great progress in a highly attractive and fast-growing market, Cell and Gene Therapy.

In Biopharma, our positive momentum continued with the EU regulatory approval of denosumab biosimilar. We anticipate launching in Europe towards the end of this year. In the US, we launched our denosumab biosimilar already in July. At the same time, our tocilizumab biosimilar Tyenne has gained further market share, achieving 24% in EU5. It has also been approved in Brazil meanwhile, an important and attractive market for us.

Moreover, Fresenius Kabi has just signed an in-license deal to commercialize and market the autoimmune biosimilar vedolizumab, an integrin receptor antagonist used in the treatment of ulcerative colitis or Crohn's disease. This exciting milestone underpins our strategy to bolster our biosimilar pipeline to become an even more relevant player in this attractive field. Congratulations to the entire Biopharma team for this achievement. Overall, these developments demonstrate our commitment to delivering accessible high-quality biologic medicines to patients.

Staying with Biopharma, a market that is not only accelerating in momentum but also holds significant strategic importance for us, with a current global market size of around €20 billion and expected 20% CAGR through the early 2030s, biosimilars represent a highly attractive growth opportunity, particularly in Europe and the US, the two largest markets.

Looking ahead, the global loss-of-exclusivity, LOE, the value of that loss over the next 3 years is estimated at €40 billion, including €17 billion in the US alone. We've structured our commercial organization to be ready and capitalize on this opportunity with an increasingly broad portfolio and vertically integrated clinical development and manufacturing capabilities.

From a market adoption and diffusion perspective, we continue to see dynamic trends. While Europe is an already more established market for biosimilars, the US is catching up meaningfully. Biosimilar penetration there now exceeds 40%, more than double the level in 2020. Even though there are still complexities around market access, we expect this trend to accelerate further and help to significantly reduce US healthcare costs.

For biosimilars already launched in the US, the data we have confirms a strong uptake and broad acceptance across prescribers and payers, despite some of the market hurdles we just mentioned. This continues to be a very exciting space. We're well positioned to capture long-term value for patients, providers, and shareholders.

Let's take a closer look at the recent launch of Otulfi or ustekinumab, a medicine for treating conditions like moderate to severe plaque psoriasis, Crohn's disease, and ulcerative colitis. This is a large and highly attractive market, with a total value of around €11 billion, the majority of which is concentrated in the US. Following the regulatory approval in September last year in the US and EU, we've now launched in 10 markets, leveraging our established commercial infrastructure in autoimmune diseases to drive this early momentum.

Our dual formulations -- we have SC and IV -- enhance flexibility for both prescribers and patients. And in May this year, the US FDA granted an interchangeability designation, which means the medicine can be dispensed at the pharmacy as a substitute for the reference product.

With a well-positioned product offering, we have signed various contracts in the US and expect the ramp-up to accelerate over the coming quarters, including just recently signing an agreement with CivicaScript, who will be acting as exclusive US distributor of Fresenius Kabi's unbranded ustekinumab product, as our customer. Market dynamics are also trending in our favor. Since the first launch of an ustekinumab biosimilar, the class has continued to grow, and we've seen strong and consistent adoption across major European countries. With our strong customer relationships and integrated commercial infrastructure, we are well positioned to capture significant value in this very space.

Now moving on to Tyenne or tocilizumab, we are progressing, and as of Q2, we have already launched in 22 markets in this highly attractive €3 billion market. With our biosimilar, we were first to market and benefitted from so-called first-mover advantage, which is reflected in Tyenne's current market share. We have seen sequential market share growth in key regions, with 24% in the EU5 and encouraging momentum in the US. We expect uptake to remain strong throughout the remainder of the current fiscal year 2025, while in parallel, we continue to advance our tech transfer to mAbxience, where we just recently received the European approval for our Garin site in Argentina.

With the successful completion of the RESET and REVITALIZE phases of #FutureFresenius, we're now seeing the tangible benefits of the structural transformation. The simplification of our business, the enhanced strategic and performance-driven focus, and renewed momentum across the organization are clearly paying off.

Looking at Kabi, our Growth Vectors are contributing more within the business, exactly as we had envisioned when we launched the transformation of Fresenius. The Growth Vectors are not only delivering an accelerated top-line growth but are also significantly enhancing our margin profile. Over the past 2 years, Kabi has delivered an impressive 13% EBIT CAGR, validating our strategy and operational execution. In parallel, we've also made structural improvements to our cost base, which continue to support margin expansion.

Our Growth Vectors are the key engine behind the elevated profitability. Since 2022, the Growth Vector's margin expanded by an outstanding 630 basis points, and our established Pharma portfolio continues to provide a strong, resilient, and profitable foundation.

Looking ahead, we are confident that this positive trajectory will continue, underpinned by increasing contribution from Biopharma, improving profitability step by step in MedTech, and continued product momentum in Nutrition also going into 2025.

Now let's turn to Q2 highlights in our Care Provision platform Helios. In Germany, we are continuing to advance the nationwide rollout of what we call the clustering strategy, strengthening ingrained regional care delivery and driving higher-quality care outcomes through better integration and scale.

In addition, we were encouraged that the government approved a €4 billion financial support for the hospitals as part of their federal budget. For Helios, this should be positive news, as hospitals are expected to benefit from the funding via a surcharge applied for the treatment of publicly insured patients served in November 2025 until October 31st, 2026.

In Spain, Quirónsalud continues to lead in AI and digital transformation. As a frontrunner in healthcare digitalization, our agentic AI tool Scribe was launched in 2024 and has been used for more than 1 million medical consultations so far. Scribe can automatically transcribe conversations between doctor and patient in real time, identifying clinically

relevant elements and generating a structured outcome report, including discharge letters. This process enhances consultation quality while optimizing patient care.

Our proprietary patient portal Casiopea is also driving healthcare digital transformation even further. Today, virtually all performed medical activity is registered on this very platform. The combination of AI and digital tools is creating a seamless end-to-end experience for patients and providers, improving access and health outcomes.

When we look at our two core segments and across all three platforms – (Bio)Pharma; medical technology, MedTech; and Care Provision -- we see structurally accelerated revenue growth as our #FutureFresenius strategy continues to unfold. With more focused business models, we're now delivering sustainable stronger organic and profitable growth.

At Kabi, our Growth Vectors remain the key driver of the Group's top-line acceleration. Since we hit RESET, the Group's overall revenue CAGR has improved from 5% between 2019 to 2022 to 7%, so 200 basis points, in the last 2 years. The Growth Vectors are even showing an impressive 13% CAGR in the same period. And as you heard earlier, we are increasing this year's organic revenue growth guidance.

At Helios, we continue to see solid, reliable organic growth numbers, reinforcing the resilience of our Care Provision platforms.

In terms of capital allocation, our priority remains clear: We will focus on investing in organic growth. With REJUVENATE, we're upgrading our core, scaling our platforms for relevance, and thus elevating our performance for the entire Group.

With that, I'll hand it over to Sara.

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

We continued our good momentum in line with expectations in the second quarter.

Organic revenue growth of 5% for the Group was driven by a strong and consistent top-line delivery at Kabi and a very solid performance at Helios.

The flattish EBIT development at constant currency corresponds to the anticipated and well-flagged Q2 effects. Helios had to work against prior-year energy relief payments in Germany as well as the Easter effect. At Kabi, volume-based procurement in China started to affect keto sales in the second quarter.

Our reported numbers were impacted by exchange rate effects. Organic and constant currency growth account for these translation effects. At Group level, currency translation had an impact of around 2 percentage points on revenue and around 1 percentage point on EBIT. In addition, we saw transactional FX headwinds affecting our EBIT and EBIT margin, in particular at Kabi.

Turning to our bottom line, we are very pleased to see our excellent EPS momentum continuing, with core EPS growing by 8% in the quarter. This impressive performance continues to be driven by a substantial decrease in interest expense, which I will discuss in more detail on the next slide.

The tax rate was in line with our full-year expectation of 25% to 26%.

Operating cash flow showed a very good sequential improvement in the second quarter. Also here, we'll have a separate slide later.

Finally, the slight increase in leverage compared to the first quarter was driven by the resumed dividend payment. We continue to expect to be within our target range of 2.5x to 3.0x net debt/EBITDA by the end of the year. As we've always said: for 2025, we do not anticipate deleveraging at the same pace as in 2024.

In the first half, core EPS has once again outpaced top-line growth, showing an excellent 10% increase. Looking at the trajectory over the past 2.5 years, Fresenius's strong turnaround in terms of bottom-line delivery becomes evident.

This not only demonstrates an accelerated value creation for our shareholders. It is also a strong confirmation of our #FutureFresenius strategy, allowing us to work successfully on both sides of the equation: First, our rigorous focus on the core businesses and structural simplification provide the foundation for sustainable EBIT growth. Second, making debt reduction a top priority is clearly paying off. This has resulted in significantly lower interest expenses, with a year-on-year decrease of more than €50 million in the first half.

Based on our strong progress, we now expect interest expense to be around €350 million in 2025 compared to the previous range of €370 million to €390 million, a nice basis for further EPS growth in the second half.

Let's move to the operating companies, starting with Kabi. With organic growth of 6%, Kabi delivered once again in the upper half of our structural growth band.

We're still seeing some positive pricing contributions from Argentina, which were, however, much less pronounced than last year.

The Growth Vectors continue their good momentum with organic growth of 7%. This was driven by Biopharma, specifically through the Tyenne ramp-up in Europe and the US.

Nutrition saw first impacts of the keto volume-based tendering in China. Due to supply shortages from competitors, there was a delay in tender effects leading to a slightly lower impact for Kabi in Q2. Going forward, we continue to expect a quarterly mid-double-digit million revenue impact relating to keto. Excluding the keto effect, Nutrition was growing healthily in Q2, in line with our ambition range.

Pharma achieved a strong 5% organic growth, driven by a broad-based positive development in Europe and the US.

Kabi's EBIT margin stands at 16.4%, an impressive year-on-year expansion of approximately 50 basis points, despite the FX transaction effects and the keto VBP in China. At Pharma, we saw a very positive underlying year-on-year margin expansion, in particular in Europe, with additional support by some one-timers. Both Growth Vectors, MedTech and Biopharma, increased their margin, while Nutrition was impacted by keto in China. On Kabi level, keto has a roughly 80 basis points margin impact. In absolute EBIT terms, this is a low to mid-double-digit million effect per quarter.

Overall, the year-over-year margin expansion and EBIT growth at Kabi was also supported by the ongoing focus on cost and efficiency as well as structural productivity increases across the business units.

Helios achieved very solid organic growth of 5%, despite the Easter effect, which was more pronounced in Spain than in Germany, as anticipated.

Helios delivered a resilient EBIT margin of 10% in the second quarter. The expected softness in Germany due to the omission of energy relief funding was partly offset by the good profitability in Spain.

Helios Germany showed strong organic growth of 6%, driven by price effects, good activity levels, and case mix. The Performance Program is progressing, and we continue to expect a ramp-up in terms of EBIT contribution for the second half of the year.

In Spain, 3% organic revenue growth include the expected Easter effect. Year-to-date, organic growth was fully in line with our expectations at a solid 5%. Spain's EBIT and margin for the quarter must be viewed against a very strong prior-year base but continues to be well in line with a year-to-date EBIT growth of 7%.

Let's have a look at the operating and free cash flow development over the last 12 months. Our reliable operating cash flow reflects an ongoing rigorous focus on cash conversion.

If you compare the second quarter year-on-year, please keep in mind that Helios's operating cash flow was exceptionally strong in 2024 due to catch-up effects and successful working capital measures. LTM numbers demonstrate our disciplined approach to CapEx, which stands at 4.4% of revenue for the LTM period and at 3.8% in the second quarter. In line with our strategic roadmap for the REJUVENATE phase, upgrading the core is clearly a focus when it comes to how we are deploying capital.

LTM free cash flow was no longer supported by the 2024 dividend suspension. Instead, we distributed €1 per share or €560 million in total in the second quarter of 2025. This is in line with our commitment to provide attractive shareholder returns.

The positive effect of the Fresenius Medical Care share sale in March continues to be reflected in the LTM free cash flow. Following the share buyback announcement by FME, we plan to sell FME shares in parallel to their share buyback program on a pro rata basis to maintain our current shareholding position of 28.6%. The size and tranching of the sale will be determined based on the announced structure of FME's share buyback program. Proceeds will be used in line with our focused capital allocation strategy.

Building on our strong and consistent top-line performance, with 6% organic growth year-to-date, we are raising our full-year guidance for organic revenue growth.

We now anticipate revenue to grow organically between 5% and 7%, supported by ongoing structural demand for our products and services. This is a strong sign of confidence, especially given the current macroeconomic environment. I am particularly pleased that the raise is driven by both the good performance at Helios as well as the positive momentum at Kabi, where launches and rollouts continue to fuel growth.

Regarding EBIT, we reaffirm our guidance and what we have been stating since February about phasing and our underlying assumptions.

At Helios, Q4 will be the first quarter in '25 in which we will not have an elevated prior-year base due to energy relief payments. The Performance Program in Germany will see a ramp-up towards the end of the year and remains on track to achieve the expected EBIT contribution of around €100 million euros for the full year. Please also keep in mind the usual seasonality in the Spanish hospital business, which typically results in a softer Q3.

At Kabi, we are very pleased with the strong year-to-date print and the momentum we are seeing. Kabi is showing good traction in terms of EBIT growth and margin, despite the mentioned FX transaction effect. Q2 was the first quarter with the impact from keto VBP. This is expected to continue throughout the remainder of the year.

In a fast-moving macroeconomic and geopolitical environment, our guidance continues to reflect current factors and known uncertainties to the extent they can currently be assessed. It does not account for potential extreme scenarios.

Regarding US tariffs, as you are all aware, there remains a high level of uncertainty. Fresenius is well-positioned, thanks to its broad-based and diversified business. Yet we always said we are not totally immune to tariffs. Based on the current scope and level of US tariffs, the resulting EBIT impact, which we expect to materialize in the second half, is covered by our guidance for full year '25.

As you are aware, our guidance is provided at constant currency rates, which means adjusted for translation effects. We expect continued FX volatility impacting our reported numbers in the second half. If FX rates would stay on the current level for the full year, we would see an effect of roughly 1 percentage point on revenue and roughly 2 percentage points on EBIT.

And with that, back to you, Michael.

Michael Sen: Yeah, thank you, Sara.

Let me conclude by reiterating the highlights from a strong first half of this year. We have started REJUVENATE positively, I would say, on our front foot, with consistent and strong organic revenue growth, leading to upgraded full-year guidance for Group revenue.

At Kabi, the increased contributions from the Growth Vectors have significantly improved the margin structure of the business, in H1 '25 alone with a year-over-year increase of 110 basis points.

Helios provides a solid -- hopefully rock solid -- foundation, showing resilient margin development throughout the first half of 2025.

So overall, our core EPS growth in the year-to-date has increased 10%, underlining the effectiveness of our #FutureFresenius strategy and our ability to drive consistent bottom-line growth.

All our businesses are now well positioned and geared to grow organically, each with strong competitive positions in attractive and growing markets. We've built the structural and organizational foundation to aim higher, with the right people, a sharpened focus, a solid financial framework, and a performance-driven culture. We're now focused on disciplined capital allocation to deliver increasing returns. We're scaling each of our three platforms, making them more relevant, competitive, and profitable over time. With this setup, we expect compound improvements across the board, ultimately delivering sustained profitable growth as we continue to elevate our performance.

With that, Sara and myself are happy to take your questions.

Q&A

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

Hugo Solvet: Hi, guys. Congrats on the results, and thank you for taking my questions. I have two, please. First on Pharma, a very strong quarter, top line, and profitability. Could you maybe discuss the volume and price mix for this business?

And also, I think, Sara, you called out some one-timer. And into H2, do you see room to move slightly higher to the 4% revenue growth band?

Second question, looking forward into 2026, obviously, improving momentum in biosimilars. Michael, you mentioned some Clinical Nutrition launches and reliable growth at Helios. So from where you stand today, do you think that you should be able to carry that mid- to high single-digit sales growth momentum in 2025 into next year? Thank you.

Michael Sen: Yes. Hi, Hugo. Thanks for your question. On Pharma, we are as happy as you are to see especially Q2 growing nicely. Q1, by the way, was a little weaker. It was good on profitability, but at that time, we said, look, a few things slipped. So we were right. This was not only an argument for the call, but people have been working.

In essence, what we see for Pharma, especially also in the US, it is the Pharma business and the Infusion Therapy business. So we have been growing nicely with the capacity increasing on the manufacturing in the Wilson plant, which also gives you fixed cost absorption.

And then on Pharma, with the portfolio we have, if I had a look at the latest IQVIA data, the June data, we are I think now the third month in a row the number one, so holding our position with the portfolio.

The pricing, there's always competitive pricing on the molecule, but I think we can deal with that. What was really driving it that we had the volume especially in the US, but also in Europe, there was a strong growth momentum.

Everything else, if we can take this momentum into 2026, we will answer that one in February of 2026. But what we try to give you is indications of, what is backing up the growth trajectory and the revenue line in 2026. There's a pretty nice news flow when you go into the middle of July where we had the approvals for denosumab. And then you saw that we, again, in-licensed vedolizumab day before yesterday, and yesterday the news broke. We have been working -- the team has been working very hard to even get that closed before the call. With Civica, which is a special agreement, so there is a nice news flow which backs up the trajectory. This is Biopharma. If we go to Nutrition, we have been reiterating that we are in this year spending into innovation, into R&D. It will start at some point being also commercialized next year.

So these are all, let's say, indications, but the real number next year.

Hugo Solvet: Thank you very much.

Oliver Metzger: Yes, good afternoon and thanks for taking my questions. So the first one is on Helios Germany. So you mentioned the €4 billion surcharge for statutory health insurance kicking in up from November. So if it's a €4 billion for the market and you have a roughly 5% market share, is it fair to assume a tailwind of around €200 million as a full effect up from Q4 -- not Q4, but up from November?

And the second one, you mentioned the tech transfer of Tyenne to mAbxience. First of all, when do you think you have the full production shift over? And second, can you also give us an update on the other molecules, please?

Michael Sen: Yeah, Oliver, I'll try to start with the first question, and Sara can add. We also stated this as a positive sign. I don't know whether you can take just the market share and divide it and then get to the total fund, but if you have nothing else other than this information, maybe this is the first not iteration but approximation.

There are still a few things in the paperwork missing. So there is a decision, but since you are German, you know German bureaucracy. So we don't know when the money will really flow. It will flow at some point in time via a surcharge on the insured patients, the not privately insured patients in Germany. And then we will update you as it starts hitting the numbers. We said what the intention is. The intention is starting somewhere in November until next year. What did I say, September or something? But we'll have to see when it really starts. Anything to add on that one?

Sara Hennicken: Very little to add. Effectively, it's an increment per invoice. So you can almost think of it as an additional on top of your DRG inflator, if you so wish. And I think part of the thinking behind is that, in the current environment, we see a number of hospitals actually struggling with the inflationary environment and so on. And I think that was meant to put another on top on the DRG inflator, if you so wish. So that is per invoice, and that's a nice one for us, obviously. If and when it starts, I think there are still some, let's say, details to be ironed out, as Michael mentioned, but we expect that to be a positive and in particular to be a positive if you look at when it starts and when it ends. Should start November, should end October 2026. So for us, that's in 2026, if you so wish, where we are looking at seeing the bulk of positivity coming.

Michael Sen: Yeah, and on the tech transfer and then other molecules, this could be an answer which takes an hour, but let me try it -- not the tech transfer, but when we go through molecule by molecule. The tech transfer is progressing as planned. I just want to mention that this is not just an easy exercise. You have to file. You have to file a lot of documents. You have to then get a regulatory approval. Then you need batches to get into the right quality. We're doing that, as we are already commercializing. So we rather be careful. This is not, if you so wish, the utmost priority, and suddenly, the supply chain is broken, but it is more that we do this with care. Yes, there is some -- let's say, we want to do it as soon as we can, but there, being careful as we -- again, German, Sorgfalt vor Schnelligkeit, so rather be diligent and not to be too fast because this is a complicated documentary and regulatory approval process.

But we are doing everything according to plan. The site in Argentina which mAbxience has, has already approval for Europe. But we need to cater the entire world, so we have to see which line can do what from which location. But overall, it is on track.

Now when it comes to the other molecules, adalimumab, we have always said it will not make the biggest economic impact, but we see uptake. We did sell not only outside of the US but also in the US uptake because we have changed the sales model. And what I said in the number from 2020 to now -- 2022 to now -- the uptake of biosimilars, like 1.5 years, 2 years ago, the discussion would have been around, is this really a modality which is going to make it in the US? Now we can still discuss whether it makes the super-ambitious plans, but we see the diffusion, the adoption in the US. So ada, when we said we sell that unbranded with not Idacio but adalimumab-aacf, we did make some inroads. We saw that in Q2.

Ustekinumab or our Otulfi, as I said, our commercial structure is and was in place. The first incremental sale -- little but first incremental sales -- was posted in Q2, and now we're going to take it from there. That's why we are encouraged with the Civica, let's

say, special distribution contract, which has a lot of hospitals under management, if you so wish. That's why I call -- it's a special health system. It's something between a PBM and something else. And also, the target product profile is a different one than we have been discussing maybe at that time with Idacio because we have two formularies. We have interchangeability. So we see traction going on there.

And now deno, we have the regulatory approval in the US. And so we are ready to launch. So all commercial activities are starting, especially on the market access side. In Europe, it just was granted. So we've got a ramp up here and then take it from there.

So what I'm trying to say, this excitement will go beyond Q3, Q4 and will have its trajectory into 2026.

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

Graham Doyle: Afternoon, guys. Thanks for taking my questions. Really, really good quarter, given how tough it is out there for a lot of people. Just one question on the guidance and one on mAbxience. In terms of the guidance, so if you think about the midpoint at the EBIT guidance, it sort of implies high single-digit, maybe even better, growth in the second half of this year, sort of Q4. Is that a sensible like stopping-off point, sort of to Hugo's question, but more on the EBIT line? Is that sensible for how we think about next year and your comfort in terms of how the business becoming a sort of higher-growth business on the EBIT line?

And then second point is just -- I don't know how much you're willing to disclose around this, but with regard to the put/call option with mAbxience, obviously, as you guys generate cash and deleverage, which kick in further in the end of the year, one area where clearly it would be quite attractive is to buy out the rest of that stake. So I don't know if you could update us on where you are there as well please. Thank you.

Michael Sen: On the latter one, since everybody's listening in to the call, we will not do it because then everybody can look into our cards. But you know that we are satisfied with mAbxience.

Well, first of all, Graham, thank you for your introductory remarks. And I deliberately mention your introductory remarks because you did highlight that it is tough out there. And by the same token, we're already asking what's going to happen next year. If anybody knows what the status is on the tariffs, welcome. Send us an email, and then we'll put it in our models. So there's a lot of unknown out there. So we will deliberately not discuss next year.

But when it comes -- what is, I think, important for the market on the guidance, let us -- and I guess this will be a question for the next couple of days. Let us try to explain how we think about it, and I'll start that this is the usual mode of operations how we interact with the market.

We tell you what the assumptions are. We tell you what is really already solid and tangible and what may need to happen, and if something may need to happen, it may happen or it may not happen. So you will have clarity on our assumptions, and then you can track against this one. Now when we look at the first half, on revenue, I think it is clear. That's why we upgraded the outlook. On the EBIT, Q2 -- and you mentioned higher growth EBIT, I think the EBIT is pretty nice if not very good.

If I look at what was working against us in the first half and in Q2, there was energy relief funds with the highest number, by the way, in Q2. There was keto. There was an Easter effect, and Sara mentioned FX effects. And FX, the transaction goes right into the bottom line.

So if I take all of these headwinds, it would probably be a headwind a little north of 200 basis points year-over-year on profitability. Yet if I compare Q2 with prior-year Q2, we went from 12.2 to 11.7, by the way, sequentially even increasing our margin from 11.6 to 11.7.

Now when we now go into Q3, Q4, there are a few still, let's say, macro and environment activities where nobody has a crystal ball, starting all the way with tariffs. By the way, when we gave the guidance, the outlook, in February, there was no tariff. The US administration just started. In Q1, there was already the mention of tariffs, and we had something in our models, if you so wish, but we reiterated the guidance. Now incrementally to Q2, there is even more at least news and facts on tariffs, i.e., there will be tariffs. It may change. I don't know whether it's going to be 250% on pharma like said day before yesterday, but the fact of the matter is there is something. Currently, if you look at what the facts say, it's 15%. So even that one, we reiterate the guidance, which was incrementally not there to the prior quarters. So that is a headwind.

And then there is maybe, let's say, call it some hedge volatility because we don't know how this whole thing is going to evolve because it's not only the tariff numbers. There is also then, how do customers behave? What is the buying pattern in the US, for example, on this one? By the way, also, on the big beautiful bill, there's positives, but there's also stress maybe on some hospital systems. So this is one point.

The other point, coming from the business, keto will have the full effect in Q2. We already saw the effect. It was a ramp up. It was an integral curve. In Q3, Q4, we will see the full effect. Sara mentioned the number or at least gave you an indication on the number. And if you -- this is almost, again, 80 to 100 basis points on the Kabi number, which is a headwind in Q3. There will be also, again, energy relief headwinds.

And now comes the thing. REJUVENATE means a totally different earnings structure. That's why I was so hammering on this Growth Vector and their contribution. Biopharma compared to the first half will have to significantly ramp up with everything I told you on the news flow on contracts. It is contract. We have visibility. We have contract. But now we need the sell through. Only if it's sold, we can post revenue. And that needs to materialize in Q3, Q4. And that one is a steep mountain. It is doable. The team is committed. Not only committed, resources are behind that one. But it needs to be done.

Concurrently -- that's why I mentioned every news flow goes beyond Q3, Q4, goes into 2027 and '26 and then '27. So we have also in Q3 an inflection point where there is some OpEx ramp up, where if the sales come, the sales obviously will overtake the OpEx ramp up, and then everything is fine. But it first of all needs to come. So now we shared our full assumptions for Q3 and Q4, and that's why we will be reiterating that range on EBIT is good.

Graham Doyle: Thank you. That is very, very clear. Appreciate it, Michael. Thank you.

Hassan Al-Wakeel: Good afternoon, and thank you for taking my questions, a couple as well, please. So firstly, Michael, following up on your comment earlier regarding biosimilar news flow, we have indeed seen quite some biosimilar launches and strong progress on share dynamics at Tyenne, particularly in Europe. But does this make you more confident in your '26, '27 outlook for revenues for this business? And how are you thinking about upside risk to this number?

And then secondly, if you could please comment on the Nutrition performance ex-keto, maybe across China and what you're seeing here but also in Europe and in the US with the rollout of lipid emulsions in the latter? And then how are you thinking about the potential for further VBP in 2026? Thank you.

Michael Sen: Yeah, Hassan, thank you. Look, for '26 and '27, I think it would be too bold of a statement right now because of everything I've said. And we will reiterate that in the next coming days. You have our thoughts, and the news flow, obviously, will have to and we want them to materialize in real business, but there is work behind it, and it starts with commercializing once the product is there, and we have that -- commercializing, market access. Then you have the contract. Then you need to pull through supply chain reliability. That's why Oliver's question on mAbxience and so on, so forth. So all of this has to work. And then we'll update you as we go along.

On the Nutrition ex-China, actually very good all across the board, also in Europe strong. We came with already hitting the market with new formulation on pediatric, for example. There's stuff coming out on oncology. And the US, I may caution this one. It's a small base. It's a very small base, but every business started small, but very, very good, very good. And I'm glad you asked because what we're going to do going to '26, it's not only going to be lipid emulsions. It's going to be that we're going to go from a product to a more Nutrition portfolio. We're looking to add amino acids and so on, so forth. So rather than having the product where people now get used to three-chamber bags and the like, then expand the portfolio. And again, it was a very high growth rate in the US on Nutrition. Sara, I don't know.

Sara Hennicken: Maybe to add because you're explicitly asked what it would be without the keto impact, right, if you look -- if you clean the keto, so to say, we've seen a nice revenue growth on the Nutrition business in line with our ambition range.

Michael Sen: And on China, Hassan, for '25, we don't expect anything. On the contrary, as we said, because primarily out of keto but also all these other things, like VBP, but also general budget restriction, '25, this is not going to be a growth market. In '26, this may change, as we, as you know, will on the Nutrition side come with a factory, will come online, three-chamber bag. Then it will be there, again, a volume gain, the factory being in China. It will, by the way, not only cater to China. It will cater also neighboring countries, so hopefully getting the volume and having a better cost position because that product currently is being shipped from Sweden to China, so therefore a totally different makeup setup.

We still see the budget restrictions. We have changed also our, let's say, commercialization go-to-market in China, not only reducing the sales force which is not needed for VBP but also looking for not only products but also market segments outside the VBP, which is then -- if you do a tiering model, it will not be tier 1 hospitals. So it will be rather tier 2, tier 3 hospitals. There, you need a special sales force. Maybe the pricing is different, but we're going down that route.

What we did see, at least in IQVIA data that, on Nutrition, the market has been, I would say, stabilizing, not contracting anymore. And we even saw a little bit of market share gains on that one. But this is nothing which will move the needle for this year.

Hassan Al-Wakeel: Perfect. Thank you.

Veronika Dubajova: Hi, Michael. Hi, Sara, and hi, Nick. Thank you for taking my questions. I will keep it to two. One, Michael, I was just hoping if you could elaborate a little bit on how big you think the Civica opportunity could be and maybe just give us a bit of insights into how that relationship came about and if you see other similar opportunities as you look at your portfolio on the biosimilar front. That would be very helpful.

And maybe just comment also on pricing and profitability versus the rest of the biosimilar business when you think about that. I know there's a lot in there, and you're probably not going to say much, but maybe give us a little bit more.

And then my second question is just sort of big-picture question, just looking at the guidance upgrade, obviously, on revenues but not on EBIT. I think you've touched a lot on some of the risks and uncertainties that you see. But just maybe kind of inherently help us understand, what's the reserve that you're building into that EBIT margin or EBIT growth guidance for the year relative to the optimism that you have on the revenue side? Thank you.

Michael Sen: Yeah, hi, Veronika. Look, the first one, that's why I said we're going to come back to that question in the next couple of days a couple of times. There is no reserve. There is real business assumptions behind it. It's different than -- maybe in the past, we said they need to deliver, and then we take a hedge on the Group level. There is no reserve.

There is assumptions of revenue materializing. Yes, we upgraded the revenue growth band, but still it is a range from 4 to 6 to 5 to 7. So you can end up at 5, or you can end up at 7, depending how the sell through, for example, on the biosimilars works or if we get further volume which we are assuming in the Wilson plant on the solution business. And these are the facts which need to work.

Concurrently, as we need to commercialize incremental biosimilar molecules, as one example, there is a ramp up on OpEx, but that ramp up needs to be because we need to commercialize. Once the sale kicks in, we obviously have earnings conversion. This is the way to think about it next to this whole tariff stuff, which I elaborated on.

And on Civica, you gave the answer. There's not much we can disclose, more not because we don't want to, but look, this is now then getting into the competitive intelligence, if you so wish. What I can tell you -- and I would not rule out that there will be more, let's say, contracts or channels like this -- is what we have been reiterating in the last couple of calls that there is not only one way via national formularies of the big PBMs, which was the key or the base assumption, let's say, 1.5, 2 years ago. You can go directly to health plans. In this case, Civica's not a health plan. It's kind of like a health system. It also has, again, other institutions under management, under contract. But again, then they have to place an order. So this is kind of like a frame contract, and then you have to work on that one.

We have had similar things like that also on the ada, where I told you the unbranded one, which was the EVIO contract, where there were a lot of Blue Cross and Blue Shield institutions underneath. So this is the way it's going to work.

Veronika Dubajova: That's helpful. Thank you. I had to try.

Michael Sen: Maybe Veronika, one thing which is an important adjective is we are exclusive at Civica. So they're going to market our stuff only.

Veronika Dubajova: Very clear. Thanks, Michael.

Robert Davies: Thanks. Yeah, I just want to get a couple left. One was just on, I guess, how you're thinking about your manufacturing footprint in light of the sort of pharma tariff kind of numbers being thrown around. Are you considering changing anything on that front? Have you assessed any of the sort of cost implications of doing so?

And then the second one was around the Helios business. Any interest in moving beyond Spain or Germany in terms of sort of assets, or are you happy? I know you sort of went through a retrenchment period. I just wondered if that was something that was at all on the cards over the next few years. Thank you.

Michael Sen: Want to take the Helios?

Sara Hennicken: Yeah, sure, happy to. Look, I think there is a very clear answer, and that is we are very comfortable with Germany and Spain. Moving into a third jurisdiction, into a third geography is clearly not what we envisage to do.

Michael Sen: Yeah, and Robert, great for asking the question because I can give you some more messages on this whole tariff thing. I think it is important you guys know it, but still it's important to know that, if you look at it, 90% of our portfolio is not exposed. So when I take the group revenue numbers, this is the leftover. The 10% is basically the exposure to the US. And within the US, you know that especially on the pharma side, we do manufacture, warehouse, distribute 70%, roughly 70%, in the US.

The second thing is 1.5 years, 2 years ago, we started a "More in America" campaign, which also was about more onshoring but even going beyond us also in the supplier network. One ingredient was that you also source local API as long as there is local API, but there is. So building out the supplier network, having the manufacturing footprint, and then the seamless integration into the warehouses and the hubs of the GPOs or actually of the hospitals, and this is -- I think, in relative terms, we are not immune to tariffs. That's why, again, coming back to the guidance question -- not immune to tariffs, but in relative terms, we feel very well positioned.

And yes, we invested in the US. That's why we're happy that we see the volume picking up on IV solutions in the Wilson plant, and we will further incrementally invest in the US but also because it is a lead market in terms of innovation. And it is one of the largest markets also in terms of volume.

Robert Davies: Understood. Thank you. Thanks, both.

Falko Friedrichs: Thank you. Good afternoon. Two questions, please. Firstly, on Helios, could you tell us how much of the €100 million of savings you have realized in the first half?

And secondly, I guess someone needs to ask that question with regards to your stake in FMC. Could you kindly share your latest thinking on your strategy around that? And does this planned pro rata sale that you've just spoken about, does that change anything at all in regards to your thinking over the next time? Thank you.

Michael Sen: Yeah, Falko, you could ask, why are you asking the question? But anyways, look, on the FMC -- and Sara can explain in detail how that works -- no, it does not change anything. And I know that there will always be the question, but please go one step back and look what we've been doing. We have been starting on #FutureFresenius. Only a couple of months later, we announced the deconsolidation. So these are really important and critical company decisions and not easily taken. We did it. Only -- and then it took almost a year, 1.5 years to deconsolidate because you need an extraordinary AGM and yada, yada, yada. Then almost only a year later, we said we're going to go down with a tangible transaction, the ABB and the exchangeable, which brings us to the 28%.

And then we said we're going to by now or for now stop it at 25 + 1, which tells you there is still some room between 28 and 25. And once we get there, we will see what we're going to do.

Now them having a share buyback program and if they redeem the shares, then obviously it would bring our proportion up again. Now as we already went down to 28, we said, okay, then we're going to go in lockstep and to match, if you so wish, as much as we can or mirror -- not match but mirror whatever they do if and when they do it and then be back at the 28 and then take it from there.

The second thing I would want to say -- and that holds true and did hold true for the also last couple of quarters or 2 years -- we believe there is value creation upside. We also saw what was disclosed yesterday. We saw what was disclosed in the Capital Market Day. And if I take those ambitions and the management working against those ambitions, there is value creation upside.

We believe in this value creation upside because we sold the exchangeable with an underlying of 53 something per share. So if you believe on that one and see where the current trading is, I think that's the answer. Helios?

Sara Hennicken: Happy to comment on the Helios piece. So we said it's around €100 million. We always said it's going to be more backend loaded, as they need to initiate the things and then start execution. That's exactly what we're seeing right now. And as of end of the second quarter, they roughly have achieved one-third of that €100 million.

And I think maybe to give you an idea, for example, on the procurement, I think we've seen really nice negotiations of terms and contracts. And now what will happen is we need to see that pull through. We need to see that volume being bought and then the rebates being given and so on. So you will see that nice ramp up as we continue in the second half.

It's also fair to say there is still a lot of work ahead of them and with the team, but they are fully focused and working themselves through it. And on all the levers we wanted to pull, we have made a good progress so far.

Falko Friedrichs: Okay. Thank you, both.

Operator: We have no more questions from the phone. Back to you for any closing remarks.

Nick Stone: Thank you, Valentina. No further closing remarks on our side. Just a sincere thanks for everyone for their participation in today's call, and we look forward to catching up with you all over the coming days and weeks. Many thanks.

Michael Sen: Thank you, guys.