Transcript
Conference Call Q3 2025 results

November 5, 2025

CORPORATE PARTICIPANTS

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

CONFERENCE CALL PARTICIPANTS (Q&A)

Barclays, **Hassan Al-Wakeel**
Citigroup, **Veronika Dubajova**
Deutsche Bank, **Falko Friedrichs**
Exane BNP Paribas, **Hugo Solvet**
J.P. Morgan, **David Adlington**
Kepler Cheuvreux, **Oliver Reinberg**
ODDO BHF, **Oliver Metzger**
UBS, **Graham Doyle**

PRESENTATION

Nick Stone: Hello, everyone. Welcome to our year-to-date and Q3 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 EBIT guidance raise and the disciplined execution that drove the continued performance this quarter.

As usual, the call will last approximately 1 hour, with the presentation taking around 25 to 30 minutes, with the remaining time for your questions. To give everyone the chance to participate, please limit your questions to 1 to 2 only. We can always come back for a second round, if needed.

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

Michael Sen: Thank you, Nick, and welcome to everyone joining us on a very, very busy day. Exactly 3 years ago, we hit the reset button and then embarked on a new strategic and transformative journey to deliver a step change in performance with what we call #FutureFresenius.

This transformation was about simplifying our structure, sharpening our focus, and instilling a performance-driven mindset. But it wasn't just about operational changes. It was about rebuilding the portfolio, reshaping our culture, and fostering accountability, a cultural power driving us forward.

Fast forward to today, and we have started the next phase Rejuvenate. This has kicked off with great traction and focus and will guide us for the next few years. This phase is all about upgrading the core, scaling our platforms, and as a result, elevate our performance to deliver profitable long-term growth.

This means, in essence, bringing new products and innovations to market, focusing on the needs of patients and customers, and infusing fresh energy into our leadership and management teams to deliver further value, expand ecosystems, and create more opportunities for the company.

At the start of the year, we committed to delivering incremental revenue and earnings growth through new products and services, and our performance year-to-date demonstrates our continued momentum.

#FutureFresenius continues to deliver. I am pleased to share with you yet another strong quarter driven by the resilience and consistency of disciplined execution across Kabi and Helios.

Despite ongoing macroeconomic volatility and geopolitical tensions, we have maintained transparent market communication. Our adaptive and focused strategy has proven effective in navigating these challenges.

Now let's turn to the third quarter highlights. After an excellent start to the year, I'm pleased to announce that, following the Q2 organic revenue guidance upgrade, we're now raising our full-year EBIT growth guidance from 3% to 7% to 4% to 8%. The upgraded guidance represents the success of our #FutureFresenius strategy and is based on the excellent momentum we have seen year-to-date.

Encouragingly, we see sustained strength in our bottom line, with core EPS growing by an impressive 14%, significantly outpacing top-line growth. This performance reflects strong market position and top-line growth yielding margin expansion, and we expect this momentum to continue.

Kabi is an ongoing key driver of our profitability, achieving an excellent 16.7% EBIT margin. We see broad-based performance across all Kabi segments, with particular strength from newly launched products and continued pipeline progress, particularly in our IV generics and biosimilars. Great job by the team.

Helios delivered another good quarter, maintaining a solid EBIT margin, demonstrating the resilience of its operations. In addition, based on the strong cash flow delivery in the quarter, we're now back in our self-imposed target corridor that we have tightened at the beginning of the year.

Now let's take a closer look at our core businesses, starting with Kabi. In Pharma, we have further focused and simplified the business with the successful divestment of the Calea homecare business in Canada.

In the US, I am pleased Fresenius was recognized for supply and service excellence. These recognitions demonstrate our unwavering commitment to ensuring supply continuity for essential medicines and technologies.

It also recognizes the more than $1 billion we have invested over the several years to strengthen our capabilities and support for the US healthcare system. We will continue with US investment to support the healthcare system to deliver affordable and life-changing medicines for patients.

In Nutrition, we continue to enhance our globally leading portfolio and strengthening our position in this fundamentally attractive market through innovation and differentiation. In Q3, we delivered 3 new product launches in enteral nutrition focused on patients with high energy and protein needs.

In MedTech, we announced our leadership of the EASYGEN consortium, a collaboration with industry and academia aimed at accelerating CAR-T cell therapy manufacturing, reducing costs, and improving patient access across Europe. This initiative underscores our commitment to advancing cutting-edge therapies and technologies.

Now turning to Biopharma. Again, we are increasing sales quarter-over-quarter as more medicines launch into key markets. For denosumab, a key milestone was achieved with CMS issuing permanent and product-specific billing codes, the HCPCS codes. This is an important step forward in expanding access to high-quality biologic medicines while driving broader adoption and ensuring more patients benefit from these innovative cost-effective treatments.

Another major milestone was the first delivery of Tyenne vials to European countries from our mAbxience plant in Argentina. We've now largely completed the technology transfer, delivering a fully vertically integrated supply chain and manufacturing platform to support Tyenne. This marks a step up, upgrading our core, to deliver efficiency and increased capability, showcasing the benefit of a vertically integrated platform.

All these advancements underscore our commitment to patients around the globe to deliver accessible, innovative, and high-quality healthcare solutions. Kabi remains at the forefront of innovation, operational excellence, and patient care.

Now let's take a closer look at our resilient and very strong foundation. Our highly cash-generative Pharma business continues to deliver strong and stable performance. Year-to-date, we have successfully launched 12 products, with a total of 15 launches expected for the full year.

As part of Rejuvenate, we are further optimizing our cost of goods sold, streamlining our network, and strategically investing to further scale this high-margin platform. With a globally leading portfolio and a local-for-local approach, we deliver essential medicines to patients worldwide. In the US, we supply 70% of the FDA's essential medicine list, underscoring our critical role in healthcare in the US.

With stable organic growth, highly accretive margins, and an attractive cash generation, Pharma remains a strong contributor to our balance sheet and a profitable foundation for sustainable long-term growth.

Now double-clicking on biosimilars, we continue to see strong growth momentum, really strong growth momentum. Last year, the business reached EBIT breakeven, marking its transition into a scalable, fully operational platform.

With mAbxience, we have built a robust development and manufacturing platform, demonstrating our ability to quickly advance molecules from development through regulatory approval and into the market. Our Biopharma franchise has now 11 products launched and marketed globally.

As previously outlined, a key advancement of Biopharma is the vertical integration of mAbxience to deliver a dedicated development and manufacturing platform, including contract manufacturing. For Biopharma, we will continue to upgrade the core and scale the platform to deliver further simplification and drive increased efficiencies as we strive to become a global leader.

Now let's look at some of our recently launched medicines or molecules. Starting with Tyenne, our tocilizumab biosimilar, we continue to make great progress, leveraging our first-mover advantage. We continue to see excellent market share growth development, which is supported by multiple PBM and health plan contracts, many of which are exclusive.

Turning to Otulfi, our ustekinumab biosimilar, we anticipate incremental sales in Q4 following our exclusive US distribution agreement with CivicaScript.

As for our denosumab, we already achieved sales -- little sales -- in Q3. This is the only biosimilar to offer a subcutaneous 120-milligram prefilled syringe for oncology indications, delivering a key differentiation from even the originator and competitors. This product profile really strengthens our competitive position.

In addition, we are pleased to have recently received FDA interchangeability designation for both denosumab products. This allows the medicine to be dispensed at the pharmacy as a substitute for the reference product, creating greater access for patients and healthcare professionals.

Also, the FDA's recent draft guidance aimed at streamlining the biosimilar approval process and broadening interchangeability designations in the US is a promising development for patients and payers.

While it may not have fundamentally changed the existing framework, we see this as further support for market growth and expect the US biosimilar landscape to continue evolving positively. For the remainder of the year and into next, we expect the portfolio momentum to continue as contracting agreements convert into prescriptions. So watch this space.

Over the past 2 years, what we labeled as in Growth Vectors, they have delivered an impressive 37% EBIT on a CAGR basis, and year-to-date, we've achieved an exceptional 18% year-over-year EBIT growth. This performance is underpinned by new products and new innovations, which we will continue to upgrade and scale as part of Rejuvenate.

The growth vectors are performing in line if not better than initially envisioned when we launched #FutureFresenius. Not only are they driving accelerated top-line growth, but they are also significantly advancing our margin profile. At the same time, our structural improvements to the cost base continue to support margin expansion.

The growth vectors the key driver behind Kabi's elevated profitability, while our established Pharma portfolio remains a strong, resilient, and profitable foundation.

Looking ahead into 2026 and beyond, we expect this positive trajectory to continue. Key drivers here are the increasing contributions from Biopharma, sustained product momentum and upcoming innovations in Nutrition, the step up in MedTech profitability, all underpinned by our resilient Pharma business.

Now let's turn to the Q3 highlights in our Care Provision platform Helios. Overall, the German reimbursement environment continues to be by and large supportive. However, for 2026, the projected DRG inflator is anticipated to be approximately 3%, which is lower than initially expected due to a methodology change that favored the lower parameter versus the corridor of the 2 parameters previously used. This new percentage is broadly in line with the historical median.

The one-time invoice surcharge of 3.25% for patients with public insurance is an encouraging development. It is effective between November 1st, 2025, and October 31st, 2026, and is a clear positive supporting several years of previous hospital cost inflation.

We continue to remain optimistic about government reimbursement in the coming years, even though recent events would seem to prioritize rather fiscal over healthcare policy.

At Helios Germany, we remain committed to advancing medical innovation and improving patient outcomes. For example, in Berlin and Wiesbaden, lung cancer centers are pioneering the use of innovative robot-assisted bronchoscopy systems. The cutting-edge technology enables earlier and more accurate diagnoses, often unlocking opportunities for lifesaving, curative treatments, marking a true paradigm shift in pulmonology.

In Spain, Quirónsalud continues to demonstrate its strong focus on research and innovation, with 285 new clinical trials initiated year-to-date, including 159 in phase I and phase II. This just reinforces its position as a leader in clinical innovation. With best-in-class healthcare professionals and state-of-the-art hospitals, we remain the top choice for patients seeking exceptional care.

I am excited by our continued EPS momentum. Through structural cost savings, we laid the foundation for transformation. Now in Rejuvenate, we're building on that strong foundation by upgrading the core, scaling our platforms, and elevating performance to drive long-term profitable growth.

Productivity is no longer just about cost side. It's fueled by growth, new products, innovation, and better serving the market.

The results speak for themselves. From minus 13% EPS growth in fiscal '22, we hit the reset button to double-digit growth today. The transformation has been, I would say, remarkable. My colleagues at Fresenius should be very proud, and we are one team, and I would like to say thank you to our entire team.

In the year-to-date, EPS increased by a powerful 14%. This is impressive and has been driven by the continued execution of our #FutureFresenius strategy, further operational progress, and a benefit from reduced interest expenses.

Our strong EPS growth is significantly outpacing top-line growth, highlighting our ability to sustainably improve returns and to deliver shareholder value. We expect this positive trend to continue as we close out the year.

The EPS momentum generated by Rejuvenate is evident as our Growth Vectors continue to deliver further profitability improvement. For example, Biopharma is gaining significant traction, with momentum accelerating going forward.

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

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

Let's start with our financial highlights: consistent strong organic sales growth, sequential increase in EBIT growth, and a meaningful EPS improvement.

Looking at the top line, Q3 was another strong quarter, with 6% organic revenue growth. Our consistent delivery demonstrates the strength of our business as well as the structural demand for the system-critical products and services we offer.

EBIT growth was in line with revenue growth at 6%, a nice acceleration from Q2. Kabi's excellent performance has offset the expected and well-flagged Q3 effects at Helios.

My KPI this year is our core EPS growth. In Q3, we grew EPS by an impressive 14% and achieved another quarter of double-digit growth, making it 2 out of 3 quarters in 2025.

Two effects came into play: our strong operating results combined with a significant year-over-year decrease in interest expense of €35 million.

Following our Q3 financing activities and with a continued focus on interest expense management, we now expect €330 million to €340 million of interest expense for the full year.

Our tax rate for the quarter was 24.7%, in line with our expectations for the full year.

The leverage ratio at 3x net debt/EBITDA was within our self-imposed target corridor of 2.5x to 3x. More deleveraging is expected before year end.

Kabi had a strong quarter with a successful and disciplined execution on launch pipeline and rollouts. This resulted in some contributions already materializing in Q3 that were initially only expected in Q4 of this year.

Organic revenue grew by 7%, placing it at the upper end of the structural growth range, with some additional benefits from pricing effects in Argentina.

The growth vectors remained the primary driver of performance. Biopharma, in particular, stood out with an impressive 37% organic growth. Nutrition delivered 7% growth, demonstrating the attractiveness and structural strength of this business despite the impact of the Keto volume-based tendering in China.

Pharma sales increased by 2% organically, relative to a strong prior-year base.

In Q3, Kabi delivered an excellent EBIT margin of 16.7%. This represents roughly 80 basis points of margin expansion year-over-year, including the absorption of the Keto effect. Three main drivers contributed to the performance: First, the growth vectors significantly expanded their EBIT margin year-over-year to 15.9%, moving close to Kabi's structural margin range of 16% to 18%; second, an excellent profitability at Pharma with a margin of 22.0%; and third, the strong operating leverage due to disciplined execution and further incremental structural productivity improvements across all business units.

Over to Helios, our hospital business continues to deliver strong organic top-line growth at 5%. Year-to-date, revenue grew by 6% organically, which is at the upper end of the structural growth band.

We delivered solid profitability with an EBIT margin of 7.5%, despite the loss of energy relief payments and the recurring seasonal fluctuations in Spain. Year-to-date, the EBIT margin is at 9.1%.

At Helios Germany, we achieved solid organic growth of 4%, driven by strong admission growth and positive pricing effects, balanced by somewhat lower case mix points. This performance also needs to be viewed against the strong prior-year base, which included some favorable technical revenue reclassifications.

From an EBIT perspective, margin stood at 8%. As a reminder, Q3 '24 included the final energy relief payment.

The performance program is progressing and has achieved over half of the around €100 million target year-to-date. Further significant progress is expected in Q4 with potentially some spillover into next year.

Helios Spain achieved strong organic growth of 7%, driven by a favorable mix of activity levels and pricing as well as a strong performance in the Occupational Risk Prevention business.

With operating leverage at work, the EBIT margin in Spain reflects the usual summer dip. Nevertheless, at 6.6% in Q3, the margin shows a 20 basis-point increase year-over-year. Year-to-date, Helios Spain has delivered a strong margin of 11.3%.

Moving to our cash flow, again, a strong performance, especially against the backdrop of a tough prior-year comparison. We continue to deliver on our cash conversion ambitions. Operating cash flow in Q3 was driven in particular by Kabi, contributing approximately €440 million, a great achievement. Helios delivered a robust and reliable Q3 cash flow of around €330 million despite a tough prior-year comparison.

Proceeds from our pro rata sale of Fresenius Medical Care shares are included in the cash flow bridge under acquisitions and amounted to approximately €30 million in the quarter. As of today, we have sold approximately 1.5 million shares in conjunction with FMC's ongoing share buyback.

LTM cash flow numbers are testament to the reliability of our cash generation, with €2.2 billion in operating cash flow. When considering free cash flow for the last 12 months, note that the dividend suspension in 2024 influenced the prior-year LTM number.

Over the past 2 years, we have made significant progress in reducing our leverage by approximately 100 basis points. This deleveraging has been a key driver behind the acceleration of our EPS growth, highlighting the focus we place on cash flow.

Deleveraging remains one of our top priorities within our capital allocation framework. At the same time, we are balancing this with targeted investments, aligned with our strategic agenda and strict return criteria to upgrade the core and scale our platforms and ultimately, to create value and deliver long-term, profitable growth.

On the financing side, we adopted a forward-looking perspective and capitalized on attractive market windows. With the successful transactions in September, we proactively addressed our refinancing needs for 2025 and most of the first half of 2026.

We issued two €500 million bonds with attractive coupons and concurrently repaid early a €500 million bond with a coupon of 4.25% maturing in May 2026.

At the same time, we signed a new €400 million loan agreement with the European Investment Bank, which will be used to support our R&D activities and selected CapEx investments.

These activities demonstrate our commitment to managing within our self-imposed leverage corridor of 2.5x to 3.0x net debt/EBITDA.

With that, let's wrap up Q3 and take a look at Q4, where we expect an acceleration of earnings growth. As mentioned, positive phasing effects have helped our Q3 performance, thereby derisking the expected acceleration to some extent.

At Helios, we expect a further increase in EBIT contribution due to the performance program in Germany. In addition, we anticipate to start receiving the surcharge for publicly insured patients, which came into effect on 1st of November.

At the same time, we expect the usual year-end topics, including reimbursement settlements, which may affect EBIT. The fourth quarter will also reflect a year-over-year comparison without energy relief payments.

In Spain, Q4 is typically the strongest quarter of the year, but this is against a tough prior-year comparison.

Kabi will continue to absorb the adverse effects from Keto as well as macroeconomic headwinds, which includes some effects from US tariffs, particularly for MedTech. However, the strong product launch execution combined with our successful productivity measures has resulted in an excellent EBIT margin year-to-date.

The operational momentum is expected to continue. Given this context, we may deliberately decide to make some incremental investments during Q4, such as in R&D. This aligns well with Rejuvenate, to upgrade our core and scale our platforms.

Taking all of this together, what does it mean for our full-year guidance? Following our Q2 revenue upgrade, we're now also raising our full-year EBIT guidance. Based on the good momentum and disciplined execution in the first 9 months, we now expect group EBIT growth at constant currency to be in the range of between 4% to 8%.

Remember that guidance is at constant exchange rates, adjusted for translation effects. We continue to expect FX volatility in Q4, and if current rates persist, revenue and EBIT will each be adversely impacted by approximately 2 percentage points.

In summary, our disciplined execution and strong operational momentum have provided us well for the remainder of the year. With continued focus on delivering sustainable growth, driving productivity, and maintaining financial discipline, we are confident in our ability to achieve our upgraded guidance and create long-term value.

Thank you for your attention, and with that, I'll hand back to Michael.

Michael Sen: Thank you, Sara.

As we look ahead, Fresenius is very well positioned to seize the opportunities which also lie ahead. With a strong presence in attractive markets underpinned by a robust secular growth trend, we are committed to sustaining our momentum and driving long-term profitable growth and shareholder value.

Global macrotrends, such as rising healthcare spending driven by aging populations, the prevalence of chronic diseases, and the demand for advanced treatments, align perfectly with our strengths.

These dynamics present a unique opportunity for Fresenius to deliver innovative solutions that improve patient outcomes while helping to advance cost-effective healthcare systems. Our strategy remains centered on being a trusted partner to healthcare providers worldwide.

While we are not entirely immune to external challenges like tariffs, our diversified portfolio and our local-for-local approach provide resilience. Additionally, our strong European hospital business, bolstered by Germany's hospital reforms, positions us to capitalize on these favorable developments.

As Europe's leading hospital provider, we leverage clustering and thereby benefiting from economies of scale while optimizing our operations and enhance patient care.

Beyond scale, innovation is central to our strategy. We are investing in AI and digital transformation to enhance clinical decision-making, streamline workflows, and improve patient experiences. These next-generation capabilities will strengthen our leadership in medical quality and innovation.

Our performance in the year-to-date reflects strong execution across our businesses. Fresenius is now a more focused and agile organization, ready to capture the opportunities that lie ahead.

As focus turns to 2026 and beyond, we are committed to leveraging these strengths to deliver long-term sustainable growth, creating value for patients, partners, and shareholders.

With that, ladies and gentlemen, we'll open up for Q&A.

Q&A

Oliver Metzger: Good afternoon. Thanks a lot for taking my questions. The first one is on Kabi and particularly on Nutrition. So surprising was a quite strong performance in Q3. So was the Keto impact just lower than expected, or has the remaining business performed better than thought?

Second question on Helios Germany, so in the market, there's still some consolidation ongoing, and there's always this, say, quarterly volatility, but can you talk about the volumes? Do you see still the typical 2% volume growth, or do you recognize just an uptake due to market share gains as we see plenty of hospitals going out of the market? Thank you.

Michael Sen: Oliver, let's start with the Kabi question. I could make it easy and say, yes, the rest performed and performed much -- not better, but we were able to demonstrate catering underlying demand, and things have to work on all cylinders. This is what happened.

By the way, even in China, outside the national volume-based tenders, there's still some provincial, some regions left where Keto can be catered, but outside of that one, I mentioned in my speech 3 new launches worldwide, basically uptick in Europe on enteral nutrition but also the US, even though it's a low base but a very strong performance. We started with lipids. Last call, I said we are now adding other things, like amino acids, and that all yielded to that great performance which you saw.

Sara Hennicken: Maybe I can take the Helios Germany question. So if you look at the picture in Q3, we actually had a very good activity. Activity growth actually was around 7%. However, we did see some, let's say, less complex cases within that activity, which means that, if you look at it from a case mix perspective and case weight perspective, there was a 4.4% growth for Q3, i.e., above your 2%.

Oliver Metzger: Okay. And regarding the market share gains, do you see more volumes apart from --

Sara Hennicken: Market share gains is difficult to tell from one quarter to another. I think, in general, what we see and what we think should be there is a consolidation in the market. We have overcapacity in the market, and we are underfocused on quality.

So I hope that, with the new regulation, we will get more focus on quality, which brings us to our cluster concept and actually hopefully reduces the overcapacity we're seeing and get some kind of productivity into the system as well.

Michael Sen: And to maybe add to that one, there is no consolidation opportunity for us. First of all, it doesn't fit our strategy. The second thing is, most of the systems or the, let's say, entities which go out of the system are kind of like broke.

Oliver Metzger: No, thank you very much. Thanks.

Hassan Al-Wakeel: Good afternoon, Michael, Sara, and Nick. Thank you for taking my questions. I will squeeze in 3, please. Firstly, clearly your guide implies a significant acceleration in Q4, and that has been your consistent messaging year-to-date, but why the wide range with a quarter to go? What are the key pushes and pulls into Q4 and specifically as you head into 2026 on EBIT growth?

Secondly, on the strength in Nutrition at 7%, what are the key drivers here as well as for the broader growth sectors, given the strength in growth vector margin but also underlying Kabi margin, despite higher corporate costs in Kabi and, of course, Keto?

And then finally, on German hospital reimbursement, the surcharge is clearly one way the hospital sector is being supported, but does the lower DRG for '26 leave you concerned about the possibility of a similar DRG inflator beyond next year with no surcharge? Thank you.

Michael Sen: I think let's start with the last one. I think this is crystal ball. We go one year to the other, and there have been -- how should I say -- this is a very special political situation where the German government and especially the Minister of Health, let's put it in my words, was under some pressure to rather compromise on fiscal priority than, let's say, public health topics. So I don't think this is a precursor for the next years to come.

On Nutrition, we already alluded to it. There's a lot of new products which came to market, and as I said, in China, overall, obviously, the entire numbers have been contracting because Keto was missing, but everything else in all the other regions was firing on all cylinders. Especially the US, again, a small base, but the base keeps growing every quarter, and it will be already a nice base going into the next year. And it has a nice margin conversion with the 3-chamber bags and, as I said, now amino assets. And next year, there will be more portfolio amendments to the solution we have. And maybe I'll share later on even great news which happened in the last couple of days, also positive for Q4, winning a big private research hospital in the US on not only Ivenix pump but Nutrition, dedicated sets, and so on and so forth in the US.

Now on the guide, I think it is -- you mentioned it correctly. It is, I think, important to differentiate between the absolute momentum we have -- and the momentum is just great -- and it will continue from an underlying business dynamics in all our businesses, primarily, obviously, Kabi.

And we can go through each and every individual business, where the underlying fundamental dynamics in the market, us bringing new products, new innovations in the market, rolling out, expanding, will obviously -- we saw it in the first 9 months, will happen in Q4, and will go beyond Q4.

So a Q4 close is a year-end close and is not a cliff. So whatever happens at Q4 does not mean anything in the speed and the dynamics of the underlying momentum is in any way jeopardized. On the contrary, it keeps accelerating.

Yet on Q4, it's a year end, and we need to look at a lot of things. And this will decide whether one thing falls into one side or the other side. And then we talk about -- I don't know -- 10 basis points in the guide. So I would not overemphasize or put too much effort into where exactly we navigate into that guide -- there, we will update you -- but rather look at the underlying trend drivers, and that is positive.

Also, in Q4, there is Biopharma, which is going to expand. Now to which extent, we have to work hard on that one. Q3, Biopharma already was a great uptake vis-à-vis Q2. Q2 was -- what was it, €195 million, and now we are at €228 million or €229 million, and in Q4, even more uptake.

So if it all happens, it happens. If it doesn't happen, it's not falling off a cliff, but it's then pushed out to the next year. So this is the moving parts I would kind of like to frame the guide. I think there's too much overemphasis on the short term finding a data point.

Hassan Al-Wakeel: Very helpful. Thank you.

Oliver Reinberg: Thanks very much for taking my questions. Two from my side, please. First, I wanted to get a bit of color for next year. I understand, obviously, the guidance

will only be provided in February, but I was wondering if you can just talk about the head and tailwinds.

I think there's sometimes a bit of excitement building on German Helios obviously facing a totally more favorable pricing. We're going to see the further ramp-up of biosimilars, and IV Generics, Nutrition also should do well. So can you just talk about what are the kind of headwinds that are to be called out for next year? Any color here would be great.

And secondly, just on AI, there's a lot of talks on workflow you also touched on. I was just wondering, can you just give a flavor, to what extent does AI also provide a kind of cost-savings opportunity in new kind of processes? Is that already playing a kind of larger role today, and how significant could this be going forward? Thank you.

Michael Sen: Oliver, I'll try again with the guidance. I think this will be a recurring theme. But the difference is to -- let's say, the last 2 years, we're not just leaving you with saying we're going to get there when we get out in February.

Obviously, a lot of things can change from now to February. Look at how dynamic not only the end markets are but the whole geopolitical, geoeconomic framework. When we started the year, with our outlook, there was no talk about tariffs.

Then the new administration started, and you had the feeling the world is going to collapse with tariffs. We always try to stick with the facts and always be very transparent with you guys as to where we stand and what the impact is.

Now where we stand today is different than a couple of months ago because, at least there are statements out there that generics and biosimilars may be exempted, but there are still tariffs, which we even absorb in the upgraded guidance.

So what I'm trying to say is there's a lot of moving parts in the regulatory and geopolitical environment. Nobody knows what's going to happen.

Then we need to have our budget, which we have next week. But again, coming to the big underlying momentum, biosimilars, Rejuvenate, Tyenne, working nicely over the course of the first 9 months, we expect more in Q4, we expect more going into 2026.

Into 2026, denosumab and ustekinumab are just being launched. In Q4, this is, by the way, also a factor for Q4 where we land, whether it's -- I don't know -- X million or X-plus million, that doesn't matter because the momentum will come next year.

This is a full commercial focus on the biosimilar team next year really on the market and commercialization because there's no new regulatory approval where we have to work on the documents and so on and so forth.

Nutrition, I said in the US, next to what we have now, there will be more elements as in attachment to the portfolio right now. I can talk about compounding, for example. So things are happening, but they need to be then obviously executed.

There will be, again, launches on the IV generics side. There will be on the Medical Technology side. We're actually very satisfied with what we see on the MedTech side also in margin improvement over the course of the last 3 quarters, and this was driven -- we have said it in the calls before -- by the adaptive nomogram, which is software. Now there will be an annualized kind of impact of the adaptive nomogram going into Q1, Q2 next year.

So a lot of exciting things are happening. Obviously, especially Sara will make sure that the whole organization is disciplined on cost and cash, and then we'll take it from there and update you on the guidance when we go into next year.

Again, because it's the beginning of the year, we'll be very transparent with the assumptions. And obviously, I wouldn't say more conservative but because it's the beginning of the year, and then we'll go step by step.

AI is a topic. Look, we need to differentiate between the industrial side and the hospital side. In the industrial side, I think, like many companies, we are embedding AI and AI functionalities and AI agents with partners into our processes.

Kabi has a big program being implemented on further increasing commercial excellence, better managing the salesforce, data driven. AI plays a role in there.

We talk about having a few AI pilot projects, which by the way are then funded by a central innovation budget, when it comes to speeding up on regulatory approval. That plays a role as we move now having a real development machine on biosimilars, but the same holds true for reg affairs on IV generics. So AI can help you there on the documents and all these kind of stuff.

Also, in tech ops, when we talk about enhancing the manufacturing, these are all -- how should I say -- little pilot projects we have, and so this does not entail huge investment, but we are trying it out, and on these pilot projects, probably we're going to see the benefit.

Where for us it plays a more nuanced role is on the Care Delivery side. There, it is not only about the productivity efficiency as such. With the efficiency, for example, with Quirónsalud, applying AI on doctor-patient conversations, we have a tool called Scribe, we are freeing up resources and thereby are able to increase the throughput of patients and concurrently get to better clinical outcomes.

So we have a few, let's say, functionalities and even agents on that side, but the impact there is obviously one of the key levers to drive also the margin up going forward.

Oliver Reinberg: Very helpful. Thank you, Michael.

Hugo Solvet: Hi, hello. Thank you for taking my questions. I have 3, please. First, maybe, Michael, on the biosimilar, the FDA draft guidance on interchangeability, which you qualified as promising, what could be more concretely the potential impact from lower R&D requirement in the US for your biosimilar business model? Is that a pull-forward of sales, of profitability, or will you be keen to reinvest more to gain scale?

Second, on biosimilar still, we've seen AbbVie cutting prices of Humira in Q3. How do you think this may impact the penetration of non-originator branded products?

And lastly, maybe one for Sara, a quick clarification on the pro rata share sales alongside Fresenius Medical Care share buyback, could you confirm your selling equivalent of what your stake is and what the proceeds from that sales are used for? Is it to lower leverage further? Thank you.

Sara Hennicken: Hi. Maybe let me start with the last one. Straightforward, yes, it's pro rata. So in the end, we will maintain our share, relative shareholding in FMC. And actually, that funding goes into lowering our leverage and into our overall capital allocation. So I think we are fully focused on getting free cash flow up and thereby creating additional headroom for -- be it lowering our leverage or doing targeted investments into our business.

Michael Sen: Hugo, the second one was a little hard to hear or gain. I didn't get it 100%, but on the first one, yes, it is a positive development which we see in the US. By and large, all the developments in the US, whether it's the whole tariff discussion, whether it's deregulation on biosimilars, we're playing exactly into these themes with our portfolio also going into next year.

And it has been already discussed prior, but having enough clinical or scientific evidence so that you don't need to do a phase III clinical study obviously helps to increase the time to market -- that is what it's all about -- and obviously, to speed up the whole process, make it less complex, less burdensome because there's already proof of the data there.

And the interchangeability, it's a good one. I wouldn't overestimate, but it's just another data point where, today, if you want to get interchangeability designation, which we, by the way, have on our denosumab, you need an extra study. So it's an extra burden, a special name for that study. This is also emitted. So that means that marketplace is very, very, very vibrant.

So yes, if there is any change on R&D, we will immediately reinvest it into the pipeline, into the portfolio.

Our strategy is clear to be a fully vertically integrated player. Our biosimilars team calls it a biosimilar powerhouse. And that means you need to have a really robust pipeline, and there is much more coming.

The decisive point is the manufacturing because it is a very also competitive market. The manufacturing process is a complex process. You need bioreactors. You need to be competitive concurrently and so forth. Therefore, you also need to have a nice manufacturing platform.

And then the commercialization, also in the last only couple of 3 quarters, 4 quarters, has seen many, many changes from national formularies on PBMs. Now we were going to direct health plans. We may be going to direct employer plans. We have special deals like the direct distribution deal with Civica, which is a new animal. So we view all of this as opening up the adoption and diffusion of biosimilars.

Veronika Dubajova: Hi, Michael, Sara, Nick. Thank you for taking my questions. I have 2, please. The first one is just on the profitability of the Growth Vectors, which obviously I think is running much better than many of us expected. And I think, Sara, you remarked that you are now very, very close to the 16% to 18% corridor for Kabi as a whole.

I'm just curious if you can elaborate on what has been the source of the kind of upside this year from your perspective. And is this that we're starting to hit better profitability in devices? Is it that biosimilar business that's driving the surprise or anything else, if you can kind of give us some color.

And I guess, as you fast forward, how are you thinking about that Kabi midterm margin guidance, especially for the growth vectors, given the progress that you are making this year in spite of the Keto headwind? So that's kind of my first question.

And then my second question -- you're going to laugh at me, but I'm not going to ask about 2026. I want to ask about 2027. There has been a lot of debate about whether the invoice surcharge creates a meaningful cliff for your Helios profitability as we move into 2027.

So I wanted to give you guys an opportunity to touch up on how you're thinking about the benefit from the surcharge when we move into '26 and then how that unwinds into

2027 and I guess, simplistically, what your degree of comfort is with the Helios expectations that are in consensus right now for 2027. You are welcome to shut me down, but I got to try. Thank you.

Sara Hennicken: Hi, Veronika. Happy to take a go at your 2027 question. I think, first of all, it's fair to say, if you look at the German reimbursement schemes, you have seen that, probably since 2019 or even prior, we always had changes in regulation. We always had -- during COVID, it was gotten to an extreme, obviously, but since then, we have always had different pockets of funding because we are navigating in an industry which is structurally underfunded. (…) hospitals in Germany are actually in the red.

So I think there are always some extra pockets as an add-on. I think, if you appreciate, when the whole topic on surcharge came, it was a surcharge on a DRG inflator, and people assumed DRG inflator to be similar to last year.

Now as Michael alluded to, it was a very particular situation in which the discussion on the DRG inflator came about that it was not between the 2 kind of data points, the 5-point something and the 3 points that they opted for the lower end. I think that was a very -- that was a decision taken in a special situation.

Now where does it leave us? And I only go from a pricing perspective now. Simply, if you take the surcharge and what may most likely become the DRG, you're close to where we are this year around in terms of math.

Now does that leave us with a cliff because the surcharge will go away? I would say that, so far, we have always experienced that, as we operate in a sector which is chronically underfinanced, that there will be new pockets opening.

We hope -- I think that is our institutional expectation -- that we see regulation which gives us more clarity and longer-term perspectives because, obviously, we are navigating an environment which is not helpful to have those pockets shifting year-over-year.

But I think also you can rely on -- if you look at the Helios performance, we have managed that quite well historically. Irrespective of what those reimbursement schemes were, I think we were the ones who were relatively adaptive to it from the start.

So bottom line, am I concerned about a cliff? No, I am not. There will be other pockets of value and funding because they need to be in the structure we currently operate.

Michael Sen: Yes, I think that was a very perfect answer. And Veronika, probably what is also behind the question for your clients and hopefully our investors, are we afraid of the regulatory going up and down and so on and so forth in a business which we actually deem as very reliable and stable? And Sara just gave the answer.

The fact of the matter is that roughly 80% of German hospitals are in red ink. So either they support the whole system via these mechanisms, or they will go out of business, and then we will catch the patients. And we have the cluster concept, and that is why we are hitting so much on driving our program, irrespective of regulatory changes, that we're ready to have the best capacity utilization of our, in essence, infrastructure assets and with the help of digitization, which we see in Spain works, navigate patients through complex and less complex cases.

Now with regards to, where is the Kabi margin band, well, this is also something -- we got to look at that one when we go out next year or maybe the year after or in between. This is an evolvement. I really wanted to remind everybody where we started. We started with a 15% to 17%, and the margin of the overall Kabi business was below that margin band.

If you look at the makeup of the Kabi EBIT contribution today, it's almost half-half, the growth vectors versus the base business, which is also contributing and growing. So that has been the strategy all along and will remain the strategy.

The only point now in Rejuvenate is these new innovative things, which we have worked on for the last 2 years, 3 years even, are now coming to market. Let's go through them one by one.

Medical Technology or MedTech, of course, they have a program, which is a competitiveness program. They call it Above and Beyond. But also, going on new products, like I said, adaptive nomogram. Adaptive nomogram is software and, in part, recurring revenue. And it's a new thing, and it's picking up. And there will be pickup in Q3, Q4. And then we will come up with what lies beyond that one in the end of '26 or '27.

Ivenix, yes, we know that we have, let's say, some homework to do in industrializing that one. But the market demand, the customer demand, the customer feedback is enormous. I just shared with you that we just received a contract from a large private research hospital in Florida on X amount of Ivenix pump together with solutions, together with Nutrition, together with dedicated and non-dedicated sets, which shows you how we can deepen also on customer engagement with the portfolio we have.

Biosimilars has been driven primarily by Tyenne this year and will be driven by Tyenne next year, by denosumab, by ustekinumab, by still adalimumab, by mAbxience, their partners selling bevacizumab, pembrolizumab.

And to some extent, if we really achieve at some point the fully vertically integrated biosimilar powerhouse, then the milestone payments will play a minor role. Already in the makeup of the whole thing today, they play a minor role compared to what the molecules are catering. So thereby, it remains what we said. The dynamics is great.

Sara Hennicken: If you like, Veronika, happy to give you some feedback on your Q3, which indeed was a good one, 15.9% margin. If you look at it, it derives from really the volume of top-line development. We have seen in pieces some nice price development. Overall, it was a good mix.

There were some milestones on Biopharma. And also, don't forget, we do have a very strong cost and efficiency discipline in there as well, which also helped the margin this quarter.

Nick Stone: We've got 3 participants left. So if we can encourage them to stick to 1 to 2, then hopefully, we can be finished in the next 15 to 20 minutes. So I think Graham Doyle at UBS, over to you, please.

Graham Doyle: Thanks, guys. Yes, I can stick to 2. Michael, just on the sequential improvement in Biopharma, just to kind of help us model, you were up kind of €40 million in Q3. Is that sort of what we should be thinking for Q4? Just help us to model as we then ramp into next year.

And then the second question is around the German surcharge. Would next year be a good year maybe to do some of these kind of interesting investments and maybe pull forward something from say '27 to help kind of smooth the numbers through the year? Is that something that you could do? Thank you.

Michael Sen: You want to start with the second one?

Sara Hennicken: So if I got it correctly, on investments, you mean for the overall group? Yes, for overall group, look, I think -- and I wouldn't make it on the surcharge to be very honest because we said, if you take surcharge plus what's currently in debate on the DRG, you're not too far off from what we've seen in this year's DRG.

But coming back to what Michael said is we see a very strong momentum in our businesses. We see a lot of positive momentum on the Kabi side, but with the company program coming to fruition and some annualization effects in '26, there should also be some positive effects on the Helios side.

If you take all of that together, of course, in the context of Rejuvenate, we will step up our investment focus. And I think, on capital allocation, I said deleveraging will remain core, but at the same time, we're balancing that with deliberate investments.

And maybe even Q4, if I look at the momentum we currently see and where we are on the Kabi side year-to-date, maybe we may take some decisions to do some incremental investments also in Q4 because, in the end, it's about fueling our pipeline with a step up in R&D, with step up in CapEx, and with step up in other investments, and we are prepared to do that.

Michael Sen: Yes, and then Graham, I can make it short so that the others have time. The €40 million may be a bit too high-fetched. Already going from Q2, as I said, which was the €40 million, there will be incremental sequential growth, but €40 million may be too high.

Graham Doyle: Perfect. Thanks a lot, guys. Really appreciate it.

Falko Friedrichs: Thank you. Let me keep it to one. It's on the Pharma margin within Kabi, trending around 22%. At the CMD, you said around 20% is a reasonable level for the business. So is 22% the new 20% for this business, or is this just an extraordinary year, and sort of starting next year, we should be eyeing rather the 20% again? Thank you.

Michael Sen: Well, we can make that one short. We said, by and large, take a ruler and take 20%. There can be quarters where it's higher. There can be quarters where it's lower.

The Q3 number was quite strong because we decided to go for commercial batches rather than stability batches. That is what Sara also alluded to, R&D type of things, investments in Q4. So stability batches, as you know, are needed for future launches, products, which is future revenue, which will come in Q4, which we took a deliberate decision to take it into Q4 and rather give the capacity to commercial batches. That is, in essence, like you see in Q3.

Falko Friedrichs: Thank you.

David Adlington: Great, thank you. Maybe related to the last question, really, the year-to-date margin for Kabi is 16.6%, and yet you've kept the 16% to 16.5% full-year range. You've pulled out some needs, some investments, potentially, I'm guessing on the R&D side in Kabi. Is that why you haven't increased the range for the full year, and maybe just some help around how you've been modeling that fourth quarter margin? Thanks.

Sara Hennicken: So I think, if you look at where we stand today, I think Kabi had a very strong performance in terms of margin, but it's the underlying momentum we were seeing which is strong.

Now if you look at Q4, as Michael said, it's a year end. So A, yes, we will take the freedom to take potentially some investment decisions. B, there was some more positive phasing in Q3, where things came earlier than initially anticipated.

And then as the business turns to year end, obviously, there are topics. Whether we post the batch end of December or beginning of January doesn't really change the underlying momentum or the success of the business.

And of course, around year end, you have customers wanting something, not wanting something. You have suppliers wanting something from us or not wanting something from us. You have final settlements, final invoices, and so on. So it's just a quarter which we will diligently work through, but we don't see a change in the underlying momentum.

Nick Stone: Okay. That was our last question. Thank you, David. Michael, if there's anything you want to conclude with -- otherwise.

Michael Sen: No, I would want to conclude with reiterating where also Sara left it. Look at the business. Look at the underlying momentum, which is in each and every individual business. This is a strong momentum which is going to carry also into 2026. And then we'll take it from there.

Nick Stone: Super. Thank you very much. We can conclude the call there, and we look forward to seeing folks in Paris tomorrow.