

Transcript

Conference Call Q4 2025 results

February 25, 2026

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)

Bank of America, **Anna Ratcliffe**
Barclays, **Hassan Al-Wakeel**
Citigroup, **Veronika Dubajova**
Deutsche Bank, **Falko Friedrichs**
Exane BNP Paribas, **Hugo Solvet**
J.P. Morgan, **Philip Omnou**
ODDO BHF, **Oliver Metzger**

PRESENTATION

Nick Stone: Thank you, Valentina. Hello, everyone. Good morning, good afternoon, wherever you are. Welcome to our full-year and Q4 2025 earnings call and webcast.

Presentation was emailed to our distribution list earlier today and is available on [Fresenius.com](https://www.fresenius.com).

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

Today, I'm pleased to welcome Michael and Sara, who will present another competitive performance, followed by an overview of the full-year '26 guidance and the underlying components.

As usual, the call will last approximately 1 hour, with the presentation taking between 35 to 40 minutes and remaining time for your questions. To give everyone the chance to participate, please limit your questions to 1 to 2 in the first instance, and we can always come back for a second round as needed.

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

Michael Sen: Yes, very well. Thank you, Nick, and welcome to everybody joining us today.

Sara and I will review our 2025 operational and financial highlights. We will also go into more detail on our individual businesses within Kabi and Helios.

2025 was a great year for Fresenius, a year in which we delivered an excellent operating performance despite significant macroeconomic headwinds. 2026 will be all about accelerating performance and ultimately creating sustainable value. 2025 has been a pivotal year. We launched the next phase of our #FutureFresenius strategy Rejuvenate, and it kicked off with really great momentum. We have sharpened our strategic paradigm: upgrade our core, scale our platforms, elevate performance.

Over the past 3 years, we have fundamentally reshaped Fresenius, becoming a stronger, simpler, and more resilient company. We've taken meaningful steps to enhance our position as a relevant player in the healthcare ecosystem of the future. This is now paying back in a highly volatile macroeconomic and geopolitical environment. Fresenius is in great shape, and we will continue to take the right steps to have the company in its best form to seize future opportunities.

In 2025, we delivered another year of strong and consistent execution. Our businesses contributed strong organic growth. Core EPS grew double digit for the second consecutive year, clearly outpacing topline growth; demonstrating nice operating leverage.

Our balance sheet is now significantly stronger. With net debt-to-EBITDA at 2.7x, we are now well within our self-imposed and improved leverage corridor, more than 100 basis points better than 2022. This gives us enhanced strategic flexibility in a challenging macroenvironment.

All in all, 2025 reflects sustained progress quarter after quarter, year after year. We closed the year on a really strong note, achieving our upgraded guidance with 7% organic revenue growth and 6% EBIT growth at constant currency.

Our #FutureFresenius transformation continues to deliver meaningful value for all stakeholders. We have made the organization faster, leaner, and more resilient. Return improvement and deleveraging remain central to value creation. Importantly, the transformation is energizing our teams across the company. Engagement is rising, and our shared sense of purpose is stronger than ever.

I'm also pleased to announce that we are proposing a 5% increase of our dividend to €1.05 per share for 2025, a clear token for our improving financial strength and commitment to delivering long-term value to our devoted shareholders.

Our focused assets are delivering tangible results and position us very well for 2026.

Across Kabi, we are advancing a strong wave of new product launches and innovations, leveraging our globally leading market positions.

At Pharma, pipeline delivery remains a priority, supported by the ramp up of our Wilson, North Carolina site, further strengthening our IV fluid supply and US operational footprint. In a rapidly changing world order, we double down on our More in America campaign, exemplified by our new partnership with Phlow Corp. to establish a fully domestic, end-to-end supply chain for essential medicines.

We are fully focused on getting the business right. The trend towards a, let's call it, certain deglobalization means that we are also looking at our global value chains, and we will set up our supply chains for the future.

Our nutrition business earns attractive, highly accretive margins, supported by innovation and targeted investments into attractive growth opportunities outside the VBP tender business in China.

In Medtech, we are looking for sustained momentum from several contributions, one of them being our Ivenix rollout, the most innovative pump in the market, which we expect to be a meaningful driver of incremental growth in 2026.

Biopharma remains a powerful growth vector, where we expect to remain on a double-digit growth trajectory, building on a strong finish in 2025. Our focus will be on commercial execution, with continued rollout of our recently launched products, in particular, tocilizumab, ustekinumab, and denosumab.

At Helios Germany, we benefit from our solid progress on our cluster strategy. Supported by volume growth and positive pricing effects, we are focusing on further efficiency improvements and optimizations to sustain profitable growth. Helios Germany needs to step up in this regard.

In Spain, growth is driven by occupational health and positive volume and pricing effects backed by our ongoing digitization efforts.

We enter 2026 with real momentum, strong drivers across the portfolio, and a clear path to continued growth and value creation.

However, macro volatility persists, highlighted by last week's US Supreme Court ruling. Tariffs remain fluid, but Fresenius is well positioned, with 90% of group revenues unaffected by US tariffs and 70% of our US medicine produced domestically.

We saw a structural organic revenue growth acceleration over the last 3 years driven exactly by what we labeled growth vectors at Kabi and our rigorous strategy execution. Looking at 2026, we anticipate continued dynamic organic revenue growth, and we expect continued operating leverage with EPS growing significantly faster than the topline.

Rejuvenate is about innovating our portfolio, about keeping our portfolio young and relevant. The progress of our Kabi portfolio demonstrates this impressively. More than €0.5 billion of fiscal 2025 revenue already comes from new products.

If you look back some years, you clearly see how far we've come in reinvigorating an innovation mindset in Fresenius. I am convinced that innovation is paying back, and the new products are impressively demonstrating that by being accretive to Kabi's structural margin band.

Let's turn to Biopharma, a core engine of our Rejuvenate agenda and a key catalyst of our performance acceleration. We continue to see excellent momentum in our portfolio of in-market molecules across all regions despite some anticipated competitive pressure, closing the year on a very strong note.

Tyenne, our first-to-market tocilizumab biosimilar, is charging ahead as the fastest-growing product in its class. Uptake continues to accelerate month after month, proving the strength of our first-mover advantage and the durability of demand.

We continue to see nice market share growth, with 37% market share in EU4 + the UK and 17% in the US, which is supported by multiple PBM and health plan contracts, many of them exclusive.

Our ustekinumab biosimilar Otulfi delivered incremental uptake in Q4, supported by the launch of our 45-mg single-dose vial, which provides dosing flexibility for pediatric patients. Adoption continues to build, strengthened by our exclusive US distribution agreement for our unbranded ustekinumab with CivicaScript, under which we completed first deliveries in December. In addition, we just recently received a positive EMA opinion for our ustekinumab autoinjector presentation. This is, all in all, excellent news.

Our denosumab biosimilar is progressing as planned. In the US, we have signed more than 100 contracts since launch, with all major hospital and clinic GPO contracts now executed. In Europe, we closed the year with solid commercial progress, including the launch of our denosumab portfolio, where we continue to differentiate with our unique prefilled oncology syringe, a key competitive advantage validated by exactly the contracting momentum I've been mentioning.

Looking ahead, we expect this momentum to continue into 2026 and beyond, as existing contracts increasingly convert into prescriptions and the broader tailwinds behind biosimilar adoption continue to strengthen. The performance of our recent launches gives us confidence in exactly that trajectory.

As highlighted in our Biopharma Meet the Management event, our marketed portfolio and pipeline put us on a clear path to double revenue by 2030 while progressing toward an EBIT margin of around 20%. This will be driven by further launches, deeper penetration, and continued cost efficiencies across the portfolio. And beyond this ambition, we see meaningful additional upside supported by our early-stage pipeline and our ability to bring new molecules to market with speed, quality, and global scale.

Let's turn to our care provision business Fresenius Helios, where we are elevating patient care with next-level digital tools and AI. Investing in digital and connected solutions are central to our strategy, driving better outcomes, higher efficiency, and staff satisfaction and ultimately an improved patient experience.

With the two largest private care networks in Germany and Spain, we are uniquely positioned to shape data-driven, patient-centric, and cost-efficient healthcare. During Rejuvenate, we are steadily expanding digital technologies across our hospitals, leveraging our distinctive strengths: direct patient access, rich clinical data, and deep medical expertise.

A prime example is Casiopea, our digital health ecosystem in Spain, now serving roughly 9 million active users and capturing nearly all medical activities to create what we would call a seamless and connected patient journey, leading to positive results for patients in terms of medical outcomes and experience.

Beyond this, we are rolling out AI-supported diagnostics, including rapid stroke and colon cancer detection. These initiatives make care smarter and more patient centric, improving outcomes and reducing treatment times.

Our systems consistently deliver medical quality above market benchmarks. In Germany, for example, we improved yet again with now 92% of cases in 2025 exceeding market-average quality performance.

Combined with best-in-class clinical teams and state-of-the-art hospitals, Fresenius Helios continues to be the top choice for patients seeking exceptional care.

Our strategy of upgrading the core and scaling our platforms is moving Fresenius into higher-growth, higher-value segments, unlocking new profit pools, fostering innovation-led growth, while lowering exposure to price pressures.

For Fresenius Kabi, this is exactly what Vision 2026 set in motion. Over the past 3 years, Kabi has delivered meaningful topline expansion and substantial margin improvement, enabling us today to raise our EBIT margin ambition to 17% to 19%. This progress has been fueled by a stable and resilient Pharma business and the increasing contribution of our three growth vectors: Biopharma, Nutrition, and Medtech.

Biopharma continues to scale rapidly, Nutrition is contributing accretive growth with targeted new product launches, while MedTech is benefiting from continuously improving margins and strong demand for our innovative products. Together, these businesses are expanding our mix towards more specialized, higher-value segments with structurally strong underlying economics.

At the same time, our care delivery platform Fresenius Helios provides predictable, stable cash flows that strengthen our balance sheet and support disciplined investment in our growth areas.

That being said, Helios needs to step up even further to set up the organization for sustainable long-term operational excellence and success. While Kabi is leading with structural enhancement and margin expansion, Helios is not yet delivering in line with our expectations. Closing this gap is a clear management priority for 2026 and beyond.

Rejuvenate is now fully underway, and when you look at where we began our #FutureFresenius journey just over 3 years ago, it's clear how far we've come. We continue upgrading our core, modernizing our operating model, streamlining our footprint, and lifting execution across all businesses. It's the principle of keep doing what we are doing but doing it even better.

But equally important is how we scale our platforms. This is where Rejuvenate truly will unlock value. Across our Biopharma, Medtech, and care provision platforms, we see opportunities to step into new value pools that build directly on our strengths in critical and chronic care. Our anchor remains the patient, often the patient in the ICU, the OR, the ER, or in other high-acuity settings. And we are exploring selected adjacencies -- that means expanding to what lies left and right of that core -- broadening our impact along the care continuum.

This includes strengthening and renewing our portfolio, pursuing selective in-licensing, expanding geographically -- such as the US rollout of our Parenteral Nutrition portfolio -- and exploring high-value adjacencies in specialized injectables, next-wave biosimilars, nutrition innovation, and connected Medtech solutions.

These measures are elevating our performance and position Fresenius for being stronger, more innovative, and more relevant also in terms of growth and value creation in the years ahead.

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

Sara Hennicken: Thank you, Michael. And a warm welcome to everyone joining today's call.

We closed 2025 with an outstanding fourth quarter. Our performance accelerated across all relevant KPIs. Q4 delivered an excellent topline with 9% organic growth, driven by both operating companies.

EBIT grew by 13% at constant currency, fueled by Kabi's continued powerful operating performance and the expected strong acceleration at Helios.

Our bottom-line momentum further accelerated with 16% growth in core EPS. This reflects the combined effect of consistent operating strength and substantially lower interest expense.

Q4 saw a sequential increase in tax rate due to provisions in income tax liabilities. For the full year, the tax rate was well in line with our expectations.

My highlight of the quarter is our operating cash flow, which exceeded €1.3 billion.

Our strong cash conversion supported further deleveraging, bringing us well within our self-imposed target range of 2.5× to 3.0× net debt to EBITDA.

Overall, we are looking at a very successful financial year 2025. We have delivered an excellent operating and financial performance in times of rising geopolitical uncertainty and despite meaningful macro effects.

Our results and phasing also played out just as we set out at the beginning of the year. I am very proud of the entire #TeamFresenius for this achievement.

Kabi delivered their strongest quarter in terms of absolute revenue in history, achieving 10% organic growth. Growth vectors were up 16% in Q4.

With 97% growth, Biopharma continues to be the main driver here, fueled by further ramp up of Tyenne and the uptake of Otulfi.

Nutrition grew 5% organically. Strong underlying growth in European and international markets more than offset the impact from Keto volume-based procurement in China.

Medtech delivered 5% organic growth, showing a consistent performance across all regions and segments.

In Pharma, organic growth of 2% was driven by Europe, with good volume and price mix. In the US, volume growth more than compensated for pricing pressures.

Argentina hyperinflation and the resulting price effects benefited the topline in Q4 but significantly less pronounced than in the previous year.

Kabi's EBIT margin for the fourth quarter reflected planned investments and year-end effects, as expected. Against these effects and despite the Keto impact in China, Q4 margin remained on prior-year level, demonstrating the underlying strength of the business. This was driven by ongoing growth vector margin expansion, reaching 15.4% in Q4, as well as by a meaningful improvement in operating leverage and productivity gains.

Q4 was an outstanding quarter for Helios, in line with the phasing we had laid out. Organic growth was very strong at 8%, significantly exceeding the structural growth band. EBIT margin stood at an excellent 11.7%, at the top end of the structural margin band, also here as expected in our phasing.

Helios Germany grew 6% organically, driven by good admission growth and positive pricing. EBIT growth significantly accelerated, both on a sequential and year-over-year basis.

This was due to several well-flagged effects: the significant ramp up of the performance program during Q4; the 3.25% surcharge for publicly insured patients in November and December; and a softer prior-year base, as Q4 represented the first quarter in 2024 without energy relief contributions to EBIT.

Helios Spain reported excellent organic growth of 11% driven by increased activity levels and year-end payer settlements. The EBIT margin of 15% reflects some year-end effects as well as the good topline development.

Our excellent operating cash flow performance stands out as a highlight for me for the quarter but also for the full year. Both operating companies maintained strong cash conversion during Q4, with Kabi continuing their disciplined approach to CapEx and net working capital and Helios very successfully driving receivables collection. As a result, our cash conversion rate for the full year stood at 1.1 for the second year in a row, a direct outcome of our stringent cash focus. Helios's cash conversion rate of 1.2 in financial year 2025 underscores its characteristic as a reliable cash generator for the group. Kabi, at 1.0, was also perfectly in line with our cash conversion ambition.

Last-12-month free cash flow includes proceeds from the FMC divestment in Q1 2025 as well as from the pro rata sale alongside the FMC share buyback. In total, these proceeds amounted to around €560 million over the last 12 months.

We enter 2026 with strong foundations and remain focused on our priorities. This is what we have on our financial agenda for the year: As in the past, we continuously review our ambitions, building on a stronger, more agile and innovative Fresenius. A more mature organization allows us to leverage financial flexibility from our sustainably strengthened balance sheet. We will do all of that while maintaining a strict focus on returns and bottom line.

The Fresenius Financial Framework is a living framework that evolves with our business and that provides a yardstick to measure our performance against our ambitions. Twelve months ago, we raised and narrowed Kabi's structural EBIT margin band. Today, we are further raising the bar to 17% to 19%. Consistent margin expansion over the past years, the rigorous execution on structural productivity, and the overall increased level of maturity give us the confidence to do so.

Looking ahead to 2026 and beyond, we expect continued progress, driven by several key factors:

First, further margin improvement in our growth vectors as our strategy unfolds. In 2025, they expanded their margin by another 130 basis points.

Second, Kabi's ability to innovate and successfully launch new products across all business units will provide the basis to drive the next leg of profitability.

Third, we remain focused on enhancing our operating leverage and are targeting further productivity gains across the business. The Pharma segment will continue to provide a resilient foundation, and we expect it to maintain a margin of around 20%. For 2026, we expect an EBIT margin of 16.5% to 17% based on our strong operating momentum.

Fresenius has made remarkable progress in strengthening the balance sheet. In 2 years, we've reduced net debt by around €3 billion, representing around one quarter of our net debt. This has been achieved primarily on an organic basis, driven by a stringent focus on cash and a strong earnings performance.

Having regained financial flexibility, we now have strategic optionality as we advance our Rejuvenate agenda. What does that mean in terms of capital allocation?

Firstly, we remain committed to investing for long-term profitable growth, upgrading our core and scaling platforms. This includes, for example, enhancing production capabilities, strengthening our digital infrastructure, fostering R&D and innovation, while also investing strategically in our pipeline and portfolio. This is guided by strict return and disciplined capital allocation requirements. Our CapEx outlook reflects that with around 5.5% of revenue for 2026, up from 4.4% last year.

Second, we remain committed to delivering attractive shareholder returns and propose a dividend of €1.05 for full-year 2025. This represents a 5% increase year-on-year, with distribution at 37% of core net income, towards the upper range of our policy.

Last but certainly not least, our priority is maintaining a strong balance sheet, keeping our leverage well within the target range of 2.5× to 3.0×, and staying fully committed to our investment grade rating. This means strong discipline on capital allocation and cash conversion.

Rejuvenate sets us on a clear path for future profitable growth to generate value for our stakeholders. Two KPIs which nicely complement each other to measure this are EPS growth and return on invested capital. On EPS, we continue to see strong momentum, delivering another year of double-digit bottom-line growth, with core EPS increasing 12% for the full year.

Three things are driving this:

First, during Revitalize, we have built our muscle of operational excellence and efficiency, which we continue to exercise. In 2025, the organization again delivered substantial EBIT savings. At Kabi, productivity gains have become part of the DNA. Helios also delivered on its performance program in 2025, which was initiated just 12 months ago.

Second, with Rejuvenate, we are further building our muscle to identify and leverage growth opportunities. This also explains our resilience in 2025 against a tough macroeconomic backdrop.

And third, our focus on cash and deleveraging reduced our net interest expense by more than €100 million last year.

Regarding return on invested capital, this is deeply embedded in our Financial Framework, financial steering, and beyond. It introduces a long-term perspective, given its slower-moving nature.

In the last 2 years, we've seen a 140-basis-point improvement, demonstrating that we have transformed Fresenius into a return-focused organization. This focus will not change. Despite increased financial flexibility, we will carefully evaluate all investment opportunities with the same rigor, ultimately with a view to delivering long-term value creation.

Now turning to the guidance for 2026: We expect 4% to 7% organic revenue growth for the group. Core EPS growth at constant currency is expected to be within the range of 5% to 10%. Core EPS is defined as earnings per share before special items and excluding any contribution from our stake in FMC. Given we have structurally strengthened Fresenius's earnings base and have become a more mature organization, we believe the time is right to move from EBIT to a core EPS growth guidance. This change demonstrates our commitment to shareholder value creation while aligning with how the market values the company.

Before I finish and as an additional help, let me share the building blocks of our outlook and indications for the segments: Kabi will continue to build on its strong operating momentum in 2026. We are expecting a ramp up over the course of the year, as rollouts and launches are being executed.

The Keto effect in China will annualize from Q2 onwards.

The 3.25% surcharge for publicly insured patients will benefit Helios until end of October '26.

Throughout '26, we will continue to make targeted investments aligned with our Rejuvenate agenda.

We are operating in a rapidly changing geopolitical and macroeconomic environment that is giving rise to a new world order. This shift is driving greater complexity in global regulation, supply chains, and trade frameworks. We are closely evaluating the potential implications of the recent Supreme Court ruling on tariffs, but since the situation is still developing, this cannot be fully reflected in the current guidance. Our focus is proactively preparing for the future while managing short-term uncertainty.

Thus, for Kabi, we expect mid- to high single-digit organic growth and an EBIT margin of between 16.5% to 17%. For Helios, we expect mid-single-digit organic growth and an EBIT margin of between 10% to 10.5%. As a result, EBIT margin for the group is expected to be around 11.5%.

Based on a much stronger balance sheet and with some refinancing needs in mind, we expect that interest expenses remain in line with the previous year.

Our tax rate is expected within the range of 24% to 25%.

FX effects will have an impact on our 2026 results. Assuming spot rates as of December 31st remain unchanged, this would have a negative effect of around 1% on reported revenue, EBIT, and core EPS.

As the year continues, we look forward to keeping you updated on our progress.

And with that, I hand it back to Michael.

Michael Sen: Yes, thank you, Sara.

Now let's take a step back and look at healthcare systems and the dynamics of healthcare systems more structurally.

Globally, healthcare systems are under increasing pressure. They were built for a bygone era. The structures that worked well in the 20th century can no longer fully address the challenges of the 21st, from demographic shifts and rising chronic disease to workforce shortages and a more fragile supply chain environment.

In this environment, healthcare is increasingly recognized as critical infrastructure. Reliability, security of supply, and resilience are becoming just as important as efficiency and cost, a shift that strongly supports Fresenius's positioning, and we need to continue to invest for future success.

We play a system-critical role through essential medicines, generics and biosimilars, and healthcare infrastructure that expands access to high-quality, affordable care and supports healthcare system sustainability.

Our diversified portfolio and local-for-local operating model provide meaningful resilience and flexibility. Our global footprint and production network help limit exposure and strengthen healthcare security, particularly in key markets like the US.

At the same time, innovation is key. Building a digitally enabled operating system is essential to improving both efficiency and outcomes. We're investing in digitalization, AI, and next-generation capabilities to enhance clinical decision-making, streamline workflows, and give time back to care teams, enabling systems to do more without proportionally increasing cost.

We also believe in a pragmatic approach to innovation, rooted in an ecosystem: trying new models, scaling what works, and embedding successful solutions into everyday care. This mindset allows us to modernize the operating model while staying focused on quality, reliability, and disciplined execution.

As we look to 2026 and beyond, our focus is on building a resilient healthcare franchise for the future, leveraging scale, innovation, and resilience to deliver sustainable profitable growth and long-term value for patients, partners, and shareholders.

And with that, we're happy to take your questions.

Q&A

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

Hassan Al-Wakeel: Thank you. Good afternoon. And I have a couple of questions, please. So firstly, on Helios, your guidance assumes around €100 million to €150 million of incremental EBIT at the midpoint of the range in 2026. And on our math, this is less than the incremental benefit from the surcharge. So can you help us understand the offsets, associated costs, as well as how you think about the margin trajectory excluding the surcharge in 2026 but then also in 2027 as this rolls off?

And then secondly, for the group, your flat margin guidance sees much of the expansion at Helios and Kabi eroded by a corporate cost line, which is increasing quite significantly again at the midpoint. Can you talk through some of the projects that you have planned here and the duration of some of these projects and where you see the corporate cost line approaching over the next 2 to 3 years? Thank you.

Michael Sen: Yes, thank you, Hassan. I'll start with your second question and then lead to the second one, and Sara can give you the details then on the Helios as such, but this will be an embedded part of an overall answer because I guess your especially second answer is on many people's mind.

Let me, first of all, start by really the big picture. We had a very strong finish in Q4, and we are very confident going into 2026 and beyond with everything we have in place. And I'll go into detail on that one, but that one is the base case.

Then we are operating in an environment which is facing unprecedented change. We had the Supreme Court ruling last week. We see other regulatory topics in the US, PBM reforms. Don't forget, when there is, let's say, a new geopolitical world order, other geographies are also taking measures. So there's a lot of uncertainties out there, but still we feel very well positioned. But this uncertainty obviously needs to be also somehow encountered, not in terms of money or a number but as the sentiment going with our very strong business into '26 and '27.

Now when I look at '26 -- and I get your math on Kabi is there, Helios is there, what is on the corporate cost line? I think this is way too much a technical view. We need to come by the business, and then we'll see how that translates into a technical model.

When I start with Kabi -- and by the way, we didn't guide. These are indications, or these are numbers from our Financial Framework, which is a performance management tool. The outlook is on the group.

So when we say 4% to 6% and 16.5% to 17%, if they were to achieve that -- and they have plans and measures and actions behind that ambition -- you need to consider we are now in an innovation-led phase.

So a lot is dependent on the topline development, not like a couple of years ago, the IV generics and solution business only, we have parallel shifted the growth trajectory 200, 300 base points to 6%, 7% in the last couple of years. So that means innovation needs to come, and the sales needs to be done.

In Kabi, I would say -- if I would choose a header, this is a volume game. The volume needs to come, the volume which will then turn into operating leverage, and the volume comes through launches. The volume comes through working and converting where we have frame contracts into pull-through. The volume comes by implementing the supply chain, which then can cater the contracts.

So a lot of things need to happen. We'll probably go business by business later on. Biopharma, Nutrition is coming with 12 launches during the course of the year. We have increased our capacity in generics and in Nutrition. Now that capacity is ready to cater the markets, but it still needs to hit, let's say, the accounting books until we need to journalize revenue.

So when it then does hit the revenue, then you will see operating leverage. Now let's assume -- which is not our base case -- the revenue is only moving up slowly. Then this management team is ready to take cost management items and go into the cost. That would be not the desired outcome, but we are ready to do that. And depending on that one, we will see where Kabi lands, and we could do the same story on Helios. And then you get to a corporate cost line which either is also reflecting, let's say, the challenge which they have and back on the operational business, and then we'll take it from there. On the Helios maybe?

Sara Hennicken: Yes, and on the Helios, let me try and also give you a little bit of a more comprehensive answer on this one and maybe ground you in where our jumping off point for 2025 was, right?

If you look at the DRG and pricing-related jump-off points for 2025, that was a roughly 5.9%. Now going into 2026, that DRG inflator is set at 2.98% -- from 5.9% to 2.98%. However, then comes the surcharge for 10 months of 3.25%.

So if you calculate that roughly, we're landing at around the same level in terms of price tag compared to 2025, with one exception -- and that's more a technical effect -- that part of that price increase will sit under other income, i.e., just below the revenue line. Then if you look into 2026, you assume the price tag roughly the same.

And then you look, obviously, our cost base is going to increase as well. There's nothing out of the ordinary and nothing out of the kind of exaggerated. So what you will see is some wage increase. We will also need to cater for the increase in activity by increasing some of the staff levels in pockets here and there. And you will also see, on the other side, on the complement to that, that the company program obviously is also yielding

some benefits, that there is a company program 2026 where we continue to seek structural productivity also on the Helios Germany side.

So overall, that for me is a very balanced perspective going into 2026. There is one other topic which, if you look at it, there is hybrid DRGs. They were introduced in 2024. It's fair to say there is another lag of rollout in 2026. There will be shifts between the traditional or classic DRG into that hybrid DRG. But overall, we remain very confident that, with the indications we have given you in terms of margin improvement for Helios overall, we will hit this.

Now obviously, you would also want to know 2027 and how that will all unfold. So we're starting off with the DRG of around 3%. And we know that the 3% for this year, that was a very specific situation. Normally, you have that most favored nation clause, which is always saying the DRG is set as the higher of either the increase in cost in the hospital or what you see in terms of increase in the rates of the public health authority insurance plans.

And for 2027, we expect that most favored nation clause to be reinstated. Outside of that, there has already been the confirmation that the state-based case value will be reimplemented, and that's 1.14%. And if you want, that is a little bit half of the delta between the most favored nation price point for 2025, which was the 3% or precisely the 2.98% and the 5.17%. So again, 2027, I don't expect that there is a lot of disruption in the system itself.

Bottom line, while there may be movements in the buckets of remuneration, we expect to see there is price increases in the system. There will also be some cost increases in the system. We continue to focus onto our company program. And for 2026, I think we have given you a really nice margin expansion perspective on Helios.

Hassan Al-Wakeel: Very comprehensive. Thank you.

Oliver Metzger: Yes, good afternoon. Thanks a lot for taking my questions. The first one is a very quick one. So does the exceptional strong growth of 97% in Biopharma consist of any one-off effects or pull-forward effects, which could mean that Q1 might be softer from an absolute perspective?

Second question is about the growth composition in Helios Germany. So you reported an increase of 4% for the inpatient treatments, which is a great confirmation that you gain market share. But simultaneously, I see that the ambulatory treatments grew just by 1%, which appears to a certain extent counterintuitive to the overall trend to treat more patients outside the clinics.

So it would be great to hear your thoughts about this and also how you think about the ambulatory trajectory for the next year, also in the context of the digitalization and efficiency activities you're doing and also the lower described invasiveness. Thank you.

Michael Sen: Yes, Oliver, hi. I'll start with your Kabi question on Bio. Well, they had a very, very strong Q4, particularly by the US. I was very pleased to see that, under the special distribution agreement with CivicaScript, we did see the first revenue postings. That was very high.

So if you have a higher jump-off point, you already are a little bit -- how should I say -- more uphill when it comes to Q1. In Q1, there may be in the neighborhood of -- I don't know -- €6 million milestone payment year-over-year, which will be lacking from mAbxience, but that is only a Q1 kind of topic.

Overall, the biosimilars business is expected to grow again meaningfully in '26. Obviously, there had been a high growth rate in '25, which was 50%. You can't get to 50% anymore. This incremental high growth -- I wouldn't call it flatten out, but it has a different incremental number.

And there are lots of molecules. We have deno, we have uste, we have Tyenne, and many others. And as I said, the pull-through and everything has to come, yet don't forget -- and this goes a little bit again to Hassan's question -- for example, on Tyenne, other competitors are also now coming to market -- actually two.

One of them, I think, the TPP is inferior, I would say. The other one has a strong TPP. So whilst we have enjoyed exclusivity, now it's more defensivity. And that all has to work. So that one on the biosim. The Helios?

Sara Hennicken: Yes, happy to take the Helios. So I think, for us, if you look at the business and where the revenue come from, the vast majority of that is still inpatient. And so the number I focus on is really the inpatient. And there, the 4%, as you said, is a really nice growth trajectory. You can see that Q4 accelerated in terms of activity in the hospital. And for now and also going into 2026, while we expect hybrid DRG to take a higher share, we expect that the traditional DRG still remains the lion's share in terms of contribution to our revenue.

Now how the hybrid DRG will fold out in terms of how many cases will be moving, I think that we will see as the year unfolds a little bit. There have been, let's say, hernia repair or urology, which have been on the menu already in 2025. They have got some broadening in terms of existing indications. Then there were some new like cardiovascular interventions. But I think, for 2026, what you will see, the main part is coming from the inpatient hospital setting.

Oliver Metzger: Okay. Thank you.

Veronika Dubajova: Hey, guys, good afternoon. Hope you can hear me okay, and thanks for taking my questions. I have two, please, and apologies if I've missed this a little bit, but just want to go back to your comments around what happened in Germany and sort of maybe the slower progress that you're making on the structural works there, if you can maybe talk through what is it that's not going to plan and what you need to do to improve that.

And then just a quick question, if I can ask around the Kabi margin on the corridor, if I look at the 17% to 19%, 80% to 85% of the businesses already -- or given the guidance you've given us, should be operating at 20%. So how should we be thinking about the progression in medical devices? Thanks so much.

Michael Sen: Maybe just to put the statement into perspective, I think that fits very well in what Sara outlined on the overall '25, '26 Helios kind of buckets they are moving. I absolutely get it and that these are really a lot of moving buckets on the regulatory front and will do the utmost that you understand everything where it moves from A to B.

What we were emphasizing in the speech on Germany is that the efficiency program -- which by the way, did not only have cost benefits -- it was an EBIT program, the \$100 million -- was actually executed, we would say, to plan. They brought home what they have been saying.

Now having done a few of these programs myself in the past, I looked at it. I started the first one in 2001. Usually, you also sometimes actually have a buffer operationally, internally. Now what has happened is, with the DRG inflator, what Sara said, there was a change. That's why I call it a wash in San Francisco. They took the lower end, and then

they have the surcharge. So at the end of the day, it would have been the same if they had taken the higher end, but it was a more complicated way of doing things.

But that being said, we want the business to be resilient enough to counter these effects. And therefore, we want them to double down on their efforts to structurally improve the whole cluster strategy, for example, to further build on consolidating the administration things, and then obviously to manage the patient flow in order to manage the case mix because we have not talked about the case mix, or Sara did talk about the BWR. That case mix is also one element which contributes to the margin.

And Kabi, yes, well, it's nice, the math you did with the 20%. I don't know how you get there because you've got the growth vectors, and you've got the Pharma business. I got to say, looking at last year, I'm very satisfied that we saw improvement from all the businesses.

So if you're hinting at there's a culprit with Medtech, which did not -- Medtech over the last 3 years meaningfully improved their margin by a couple of hundred base points, where you maybe may be too aggressive on the optimistic side, maybe on the biosimilars business, because don't forget, this is also a highly competitive business, where once -- it's not a generics, but it's similar to generics. Once you hit the market, it's going to be very competitive, and the prices are contested by competitors. That's why the strategy with being fully vertically integrated. Okay?

Nick Stone: Next question, please.

Hugo Solvet: Hi, thank you for taking my questions, and congrats, Michael, on continuing the journey until 2031. That's great news.

First question on biosimilars, I'm curious to hear what's the feedback from your latest discussion in Washington on biosimilar development timelines and adoption initiatives. Have discussions accelerated as we approach the midterm elections? And what are your thoughts on the risk that significantly lower costs could lead to more competitions or lower the barriers to entry?

And second, maybe more for Sara, but on Pharma, is there any idle capacity cost that we should think about for the Wilson ramp up in 2026? And on price pressure in Pharma, has it been deteriorating a bit more or stable in recent months? Thank you.

Michael Sen: Yes, thank you, Hugo, also for your kind words. Look, on biosim, that's why I was mentioning it. I think all we see, particularly in the US, is headed in the right direction. You had the FTC enforcement, and you have the PBM reforms. At the end of the day, this is the whole intent to have a more transparent, fairer market-driven approach, actually to increase competition so that end customers, end consumers get the lower price.

That does not necessarily mean, when I say get the lower price, that immediately there's incremental price pressure. Today, the whole system via PBMs is based on high list prices and rebates. And the copay of the individual patient in the US is also based on that list price. And the incentive is, the higher the rebate -- I'm talking about part D -- the higher the rebate is, the more business there is for the middleman. If you change that system to the net effective cost or the net pricing, then this will change. And this we've been experiencing already in contracts where we had this direct channel, direct health plans, special distribution deals, unbranded ones, and so on and so forth.

So we feel that is headed into the right direction, also this whole topic about interchangeability and also getting rid of phase 3 clinical trials. That being said, I'm not -- and this is the whole, I would say, deregulation effort of the administration. That being

said, I'm not worried that this will now attract a lot of competitors into the market because, at the end of the day, as I always say, you will only survive if you have a fully integrated value chain and if you have a good pipeline, if you are great in developing molecules, great in manufacturing at the most competitive cost, and great in distribution channels.

So you need to be able to orchestrate all of that one. So if somebody wants and tries to play in that market, you still have some entry costs on patent litigation. On average, people say it's -- depending on the molecule -- €30 million or something like that. So you need to invest already into that one. So I think it's headed into the right direction.

And maybe before I hand it over to Sara, maybe on Veronika's question on the margin for Kabi, what I would also emphasize is that we are investing also in innovation. And that is what you need to do. I was actually surprised when an investor in San Francisco asked me, what is the leakage in the business? And when I asked what is the leakage, she said R&D. R&D is not the leakage. R&D is securing your future. If you don't have R&D and molecules in the next 3, 4, 5, 6, 7, 8, 9, 10 years, you're going to be out of business. So you also see investments going into OpEx.

Sara Hennicken: I'm now happy to take the question on US Pharma. You heard Michael saying it's a volume game, right? And it's fair to say, in 2025, we have seen a price pressure, and 2025 was a volume game. So let me qualify that a little bit.

You also know that we have taken on-stream the extensions in Melrose Park and Wilson. And if you look at Wilson and solutions, for example, we have seen quite a nice ramp up in 2026. And we will continue to see a nice ramp up into -- we have seen the 2025, and we will continue to see a nice ramp up in 2026, adding to that volume ramp up and that volume topic, which we will continue seeing from '25 into '26.

Now if you talk about price pressure per se, Q4 was probably a little bit more pronounced in the rest of the year '25. If you look at Q1, however, we see that price pressure kind of lifting a little bit and being less tense than it was in Q4. Overall, however, we don't expect that to go away, and we believe that it is a, whatever, single-digit, middle-single-digit price pressure point we will be seeing for 2026 as well.

So how can you then be successful? Like Michael said, it's portfolio and pipeline. And in 2025, we have been quite successful with our 15 launches and building on that one. But it's also the reliability of supply. And I think, there, we also struck really nice wins and winning awards from our customers.

So in the end, it's the volume which needs to come and the customers which need to be happy with your supply and your reliability and your portfolio. And that's how you manage the price.

Michael Sen: And by the way, why are we confident on that one? There is market share to be gained. And we have seen market share gains on solutions because we're talking about Wilson and solutions. And we want to pick up more. But again, that then needs to work. If that works, then it gets volume. But market is there to be picked up because, as you probably know much better, many customers may want to diversify their supplier base.

Nick Stone: Next question, please.

Philip Omnou: Hi, thanks for taking my question. Just a quick one on Helios Spain. You guys mentioned seeing some benefit from payer settlements. So just wondering if you're able to share a bit more color on that and perhaps give us an idea of the year-on-year impacts that you saw on revenue and margins. Thanks.

Sara Hennicken: Happy to do so. And maybe again there, let me take a quick step back because, if you look at Quirón in particular, I think it's always worth looking at the full year rather than to go quarter by quarter because what you will see is you have a relatively seasonally weak Q4 -- Q3, sorry. There is a holiday period. People, patients tend to be not around, but also other people tend to be not around, and that is being picked up with high activity levels in Q4. So Q4 tends to be the strongest quarter.

And if you look at the margin in Q4 for Q4 '24, that was high, and there was a really significant growth year-over-year from '23 to '24. And now if you look at '25, again, you see that Q4 is a really strong quarter with a really attractive margin and also on topline. And part of that also in '24 but also in '25 is payer settlement, is final negotiations on topics, so if you so wish, the prior to year-end clean up in many ways. And so you will have in Q4 a little bit more year-end effect on the Quirón side. This is nothing new. I think you can see that has been a consistent theme. And so it's not for me, if you so wish, a one-off. It's something which you see on a more regularly evolving basis.

Nick Stone: Last question, please.

Falko Friedrichs: Thank you. Two questions, please. Firstly, with your leverage ratio now at 2.7x, so comfortably inside your target corridor, and your clear dividend policy, what are your capital allocation priorities for this year, and could bolt-on M&A already be an option for you in 2026?

And second question, could you briefly remind us on how you were exposed to tariffs last year more in general and completely irrespective of whether they're going to increase or decrease now after the Supreme Court ruling? Thank you.

Michael Sen: I'll start with the second one, and then Sara, which I think she already outlined nicely in her speech, but Falko, we'll repeat it again. Not so sure on the M&A we'll answer that one, but the general principle.

On the tariffs, first of all, I'm grateful that you mentioned it because, yes, we also had tariffs last year. We were not completely immune, particularly on the, let's say, Medtech arena. And the Biopharma, Pharma, parts of Nutrition were exempted, but that was also a process of being in a very constructive dialog with policy decision-makers. And therefore, even if you take a like-for-like, then you would have a full-year annualized tariff impact going into '26. Now how that then changes with the new ruling, we will have to see.

Sara Hennicken: And if you look at capital allocation priorities, you already mentioned yourself the dividend and shareholder return as well as the strength of the balance sheet. And it's fair to say, over the last years, we have gained that financial flexibility that, with Rejuvenate, we can now also step up in terms of investing into our own growth. We have more opportunities than we probably have funding for, but I think the important thing is, with Rejuvenate, it's the growing our platform and upgrading our core, and that really means investing into R&D, investing into innovation, investing into our digital backbone, but also investing into portfolio and pipeline.

And the line between organic and small inorganic for me is a little bit blurry because, if you think about pipeline, you can develop yourself the molecules, and then you spend money on R&D, but you can also in-license, and then you spend money outside.

But I think for me, the more important point is that we spend the money in order to safeguard future profitable growth and in order to save that return for the long term. And then we will decide project by project, with a view on those two, whether it makes sense

to invest more into funding our own innovation or whether we go to the outside and insource certain things.

But overall, with Rejuvenate, we have kicked off the next leg, if you so wish, of fostering that investment. It's also reflected in a higher CapEx of 5.5% of revenue. However, just to be clear, it's not only CapEx where we will need to spend and invest. A lot of it is also OpEx going into R&D or going straight into the cost line as well.

Nick Stone: Valentina, can we take one last question? Anna Ratcliffe, Bank of America, snuck in at the very death. So you can go to Anna, please.

Anna Ratcliffe: Hi, thank you so much for squeezing me in. This is maybe a bit of a topic change, but I was curious a little bit about Medtech. I appreciate the commentary that Ivenix is driving a decent amount of the Medtech growth in 2026, but I wanted to see how much share gain is embedded into that estimate, and how do you see Ivenix growing compared to other areas that have been strong, like the nomogram and cell and gene therapy? Just any color on those moving pieces would be great. And thanks again for taking my question.

Michael Sen: Yes, first of all, let's say, the market and the customer feedback is phenomenal on Ivenix, and it is ramping up. Where I always keep the horses a little slow is this is not for the overall company or even for overall Kabi, the, let's say, financial catalyst driving the topline.

But when I look at, first of all, the contracts we won, the quality of contracts we won, this is just amazing, also the customer feedback we received, then the installations, which are ramping up, and then obviously, concurrently, the cost per pump, which is being insourced, if you so wish, this is all going well.

So this is a huge market, and there's a lot of share to be grabbed, but we don't want to be, in brackets, too greedy at early innings to grab too much share whilst we need to still stabilize the rollout.

We have very -- which is good -- luminaries but, by the same token, demanding customers, for example, Mayo Clinics, which means there is a lot of connectivity work into the system, primarily Epic, in their system as well.

The second thing is that, depending on which hospital you have and what kind of procedures they have, for example, if they have transplant, then you need other or more sophisticated sets. So the portfolio sets needs to also follow the installation of the pumps, which is good because that's recurring revenue, by the way.

And this is all -- that's why I'm giving you the qualitative answer -- working well. The nomogram was great. It started Q3, Q4, and we expect that this is one of the drivers for them for '26. I would say even the bigger driver, given that we're talking about once -- exactly as Sarah said -- the R&D was spent, now if we sell that, the larger, bigger gross margin comes in. And we hope to enjoy the nomogram on an annualized basis.

Anna Ratcliffe: Great.

Operator: Ladies and gentlemen, that was the last question. Back over to Michael for any closing remarks.

Michael Sen: Yes, well, thank you. Thank you for your questions, we thought these very fair questions and a very good conversation in these really unprecedented times.

Again, what it means that we go into innovation, into adjacencies, is that what you have seen in the last 3 years. We have shown you how much the growth vectors, which was the innovation of the former years, if you so wish, have contributed in terms of share of EBIT and even on the topline, €500 million, €0.5 billion, with 20% margin.

So in a way, we're trying to move, and that is what scale platform means, get into these new value pools, which then cater exactly this incremental revenue and margin and margin expansion. And therefore, you need innovation and investments in every shape and form, whether it is in-licensing, whether it is partnerships, whether it is R&D, whether it is bolt-on acquisition. And that is what we're playing because we need to be sustainable in the long term.

The second thing is I think or I hope we explained a little bit the moving parts on the guidance. If you have an innovation-led growth and you have increased your capacity, the load and the volume on the capacity for operating leverage needs to come.

We are confident that it will come because many things are backed by contracts. We have great visibility. So the margin for error there is not huge, but it can -- customers pull through when they pull through. Supply chains need to work when they need to work. And this is at the beginning of the year, where we may be having exactly a stance of what needs to come where we will update and upgrade you once we get there. When we are seeing that, on that path, we're making good progress on the topline, we will qualify the outlook even more and/or adjust.

With that, thank you very much.

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