

Transcript

Conference Call Q1 2026 results

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PRESENTATION

Nick Stone: Thank you, Valentina, and hello, everyone. Welcome to our Q1 2026 Earnings Call and Webcast. The 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 state harbor statements. Unless stated otherwise, we'll comment on our performance using constant exchange rates.

Today, I'm pleased to welcome Michael and Sara, who will present the results of another quarter of competitive growth. As usual, the call will last approximately 1 hour, with the presentation taking around 30 minutes, with the remaining time for your questions.

To give everyone a 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 if needed.

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

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

I am -- we are -- pleased to report an excellent start to 2026, fully in line with our expectations, building on our great momentum and reconfirming our full-year guidance. As always, Sara and I will walk you through the key operational and financial highlights of our individual businesses within Kabi and Helios in a moment.

Rejuvenate in Action means that our next strategy phase of #FutureFresenius is in full swing, with greater focus, speed, and sharper execution. 2026 is all about accelerating our performance and building a resilient healthcare company for the future by upgrading our core with targeted investments, scaling our platforms, and further elevating our performance. It's about being consistent quarter after quarter, and Team Fresenius is fully aligned. We keep doing what we are doing but do it even better.

The first quarter demonstrates that Fresenius is better prepared than ever, delivering strong results in a market dominated by geopolitical tensions and global uncertainty, which continue to shape the operating environment.

Recent developments in the Middle East are a clear reminder that volatility is no longer temporary; it has become a constant, taking center stage in the boardroom.

Over the past few years, we have fundamentally reshaped our company: simplified our structure, strengthened our balance sheet, and built more agile and competitive operating businesses. Consequently, we have a different organizational and leadership maturity level, which provides resilience and flexibility to navigate uncertainty while staying firmly on course to deliver on our #FutureFresenius ambitions. This is impressively reflected in our Q1 performance, which once again proved we delivered on our commitments.

Core EPS grew by 13% in constant currency, clearly outpacing topline growth, driven by operating strength and nice operating leverage. And we've been achieving this while investing in innovation, if you look at the OpEx development.

Our Kabi business remains a strong performer, with growth vectors moving closer to our recently upgraded structural margin band of 17% to 19%.

Helios delivered a strong EBIT margin of 10.5%, with double-digit EBIT growth in Germany and Spain, a great achievement.

Our balance sheet continues to strengthen, with net debt/EBITDA improving to 2.6x. We are now moving toward the lower end of the self-imposed leverage corridor, which in turn enhances our strategic and financial flexibility in a challenging macroenvironment.

#FutureFresenius is delivering, and encouragingly, this was most recently recognized by S&P Global Ratings, which revised Fresenius's credit outlook from stable to positive. This reflects a lot of hard work over the past several years and demonstrates our commitment to delivering long-term, profitable growth and balance sheet strength while positioning the company for future innovation-led growth. The S&P rating marks the best credit position in our history, which is a testament to the strong progress Fresenius has made.

Acknowledging today's challenging operating environment, I remain confident in Fresenius's resilience and adaptability. Today, we are reconfirming our full-year 2026 guidance with great confidence, based on this quarter's performance, with 5% organic topline growth and strong 13% EPS growth at constant currency.

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

At Kabi, we are accelerating new product launches and innovation to further strengthen our market leadership position.

In Pharma, we continue to expand our IV therapy portfolio in the US, converting our pipeline into commercial launches, most recently with a new premixed, ready-to-use, ready-to-administer solution in our Freeflex bag.

Generic drugs and biosimilars currently remain largely exempt from US tariffs. We continue to double down on our pipeline and launch excellence while further strengthening local-for-local value chains by diversifying suppliers and sources, mitigating risk, and building supply networks to ensure long-term success.

In Nutrition, we are maintaining a strong pace, expanding geographically, and accelerating our innovation pipeline. In Q1, we completed 2 new global launches in Enteral Nutrition to support patients with additional nutritional needs, including those at high risk of malnutrition, and we also launched a new product to address the specific dietary needs of dialysis patients. In Parenteral Nutrition, we continue to gain market share in the US, and within just a few years, Fresenius Kabi has established itself as the leading provider of lipid emulsions. Overall, our Nutrition business continues to deliver attractive growth, with highly accretive margins.

In MedTech, we secured a multiyear contract with a major French GPO in infusion, an important commercial win. And we achieved another milestone in Q1 with Class III CE certification for our blood bag systems under the Medical Device Regulation in Europe.

Now let's turn to Biopharma. We continue to see excellent momentum across all regions with our launched portfolio, broad portfolio, starting this year very strongly.

Tyenne, our tocilizumab biosimilar, continues to gain sequential market share with 40% and 27% in the top 5 EU countries and the US, respectively. Given our early launch, we secured many exclusive contracts in both Europe and the US, giving us a meaningful head start and supporting continued share momentum.

Otulfi, our ustekinumab biosimilar, has now launched in 16 markets worldwide. In France, we see encouraging momentum, including the introduction of autosubstitution and contract wins, including the country's largest retail pharmacy, where Otulfi is positioned as the number 1 product. In addition -- and that is hot off the press -- our US team recently secured a contractual agreement for Otulfi with a large federal buyer.

With denosumab, we are firmly positioned in the top 3 across selected EU markets and have reached 8% market share in EU5. Most recently, we achieved regulatory approval in Canada, further underscoring the strong, consistent progress we are making.

Next, let's focus on highlights in our care provision business Fresenius Helios, where performance was positively impacted by increases in inpatient admissions and pricing. We also continued to speed up innovation and digitalization to improve operations in our core businesses.

In Germany, we are accelerating the adoption of technology and AI through our recently announced strategic partnership with SAP. Together, we invested in Avelios Medical, a state-of-the-art hospital software developer, which will enable us to build an open, interoperable, and AI-enabled digital ecosystem. Through this investment, we are targeting innovative software that will improve clinical workflows, decision support, and ultimately productivity.

At Quirónsalud, we continue to advance medical excellence and quality, with 14 hospitals now recognized in the 2026 World's Best Hospitals ranking, a phenomenal achievement.

In addition, a peer-reviewed publication in the New England Journal of Medicine Catalyst demonstrated clearly that value-based hospital operators consistently outperform traditional public hospitals across quality, efficiency, patient satisfaction, and cost per capita. This demonstrates that you can scale profitability within universal health systems while improving access for lower-income populations, reinforcing our confidence in the long-term resilience of our model.

Let me spend a moment on the current German regulatory environment, which obviously remains a key in investor conversations. And let me use this opportunity to separate the wheat from the chaff.

The German healthcare system is under increasing pressure. Structural inefficiencies, rising deficits in public health insurance, and many hospitals operating at a loss are driving the need for reform. Policymakers acknowledge the challenge and are responding with measures focused on outcome quality, efficiency, and spending discipline, including income-oriented expenditure controls.

So if you think it through, tomorrow's environment favors scale, quality, and excellence, strengths that differentiate Helios. We are further executing our cluster strategy, concentrating complex medical services in centers of excellence, while maintaining strong regional networks. Helios continues to be Germany's most efficient hospital operator. We're utilizing digitalization and AI to achieve additional productivity and efficiency improvements, all while enhancing care delivery and patient outcomes.

The newly proposed regulations accelerate our strategy, enabling Helios to emerge as a long-term champion, delivering quality, scale, and innovation. It's an opportunity for us that reinforces our established competitive advantage. We can work with the current and future regulatory environment. We are part of the solution, and we're going to thrive through it. And our ambition vis-à-vis our business remains and prevails.

As I mentioned, we are operating in a more volatile geopolitical environment, with the situation in the Middle East the most recent example. However, given our resilient operating model, the direct impact on Fresenius remains limited and manageable.

Our balanced portfolio and active measures to create a more agile operating model have proven highly effective, even allowing us to increase R&D investment this quarter while also improving gross margins despite continued uncertainty. On supply and logistics, we have largely maintained operations through proactive rerouting and disciplined inventory management. We're also doubling down on local-for-local manufacturing to further strengthen resilience and flexibility. Obviously, we're closely monitoring the situation, including potential secondary effects such as higher material and input costs, and we're also taking the necessary actions to secure supply chains, providing continuity while mitigating risk. On energy, we are well protected, with an active hedging strategy for 2026 and 2027 that we continue to review, given the dynamic situation.

Overall, this again underscores the strength of our operating model: diversified exposure, resilient supply chains, and disciplined risk management. We remain focused on execution while remaining agile in this operating environment.

Across Fresenius, our businesses -- all our businesses -- are structurally resilient, not just cyclically defensive, but strategically positioned to perform through digital disruption and geopolitical volatility. Our products are system critical and essential, highly regulated, and deeply embedded in healthcare systems and patient care. Combined with our vertically integrated manufacturing footprint and local-for-local supply chains, this creates a strong moat and reliable cash generation.

As Europe's leading private hospital operator, we provide critical healthcare infrastructure. Digitalization and AI further strengthen our ability to drive efficiency while simultaneously improving patient outcomes. At its core, this remains a highly differentiated, nonreplicable business defined by human touch.

Together, Fresenius benefits from 3 layers of protection: a mission-critical role in healthcare, high real-asset entry barriers, and defensive growth characteristics. This resilience reinforces, not limits, growth. Our growth vectors are contributing increasingly to earnings, while our stable cash flows continue to fund investment and transformation. That combination -- resilience and growth -- is central to Rejuvenate as we upgrade our core and scale our platforms.

With this, over to Sara.

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

Q1 marks an excellent start to the year for Fresenius. The print demonstrates the continued operating strength of our core businesses and the resilience of our financial performance, fully in line with our expectations for 2026.

We delivered solid organic revenue growth of 5%, within our guidance range and in line with the expected full-year phasing we outlined.

EBIT grew by 6% at constant currency, with a margin of 11.8%. Both Fresenius Kabi and Fresenius Helios drove this strong performance. I will come back to the operating companies in more detail in a moment.

Core EPS increased by an excellent 13% at constant currency. Three factors drove this: first, operating strength and nice operating leverage in our core businesses; second, a year-on-year reduction in interest expense; and third, a lower Q1 tax rate. A technical remark on core EPS: In addition to Fresenius Medical Care, we also adjust for Vitrea, which was part of the former Vamed and is reflected in the at-equity result. In Q1, we had a substantial positive contribution from a divestment on their end.

Operating cash flow was very strong, especially compared to historical patterns.

On the back of the nice cash conversion, leverage improved further to 2.6x net debt/EBITDA, which is now firmly at the lower end of our self-imposed target corridor.

Turning to Fresenius Kabi, we saw continued strong operating momentum and disciplined execution, with a good start to the year across all KPIs.

Organic revenue growth reached 6%, fully in line with our full-year indication and the expected phasing for 2026. We expect a ramp-up over the course of the year as we continue to execute several launches and rollouts.

Growth vectors delivered 8% organic growth. Biopharma was the driving force here, supported by strong volumes and further Tyenne ramp-up. Nutrition developed in line with our structural growth ambition, despite the Keto effect in China. Importantly, all other regions and product groups performed well in the quarter. MedTech grew against a strong prior-year base.

Organic growth in Pharma at 3% was driven by positive development in Europe, strong volume growth, and lower pricing pressure in the US.

Kabi's EBIT margin reached a strong 16.7% despite deliberate and targeted R&D investments, particularly at mAbxience, as well as the Keto-related headwind and some negative impact from US tariffs.

Beyond topline growth, the strong margin reflects improved operating leverage and continued cost efficiency. EBIT was up 4% at constant currency in the quarter. Growth vectors delivered a 40-basis-point margin expansion year-on-year to 15.7%, primarily driven by significant improvements in MedTech. On Pharma, please keep in mind the elevated prior-year margin also helped by a positive one-time effect, which creates a tough comparison.

Helios delivered a solid topline performance against strong comps in both Germany and Spain. EBIT margin picked up year-over-year to 10.5%, which is at the upper end of the full-year indication.

In Germany, organic growth was at 3%, mainly price driven. The good inpatient admission growth we saw in the first quarter was partially offset by case mix, as expected. As a reminder, the 3.25% surcharge for publicly insured patients is recorded as other income below the revenue line. If we included it in revenue, our organic growth for the first quarter would be close to the upper end of the structural growth band.

EBIT grew an excellent 10% at constant currency. The EBIT margin of 8.3% implies a 60-basis-point expansion year-on-year.

In Spain, organic growth of 4% reflects stable underlying business dynamics, with solid activity levels, positive pricing, and continued growth in the ORP business. Political backdrop in Colombia somewhat adversely impacted the top line.

EBIT growth of 10% at constant currency, against a strong prior-year comparison, was driven by solid topline translating into operating leverage, with additional support from a smaller divestment.

At around €390 million, we achieved excellent operating cash flow in the first quarter, especially compared with historical patterns. This was driven by phasing effects at Helios as well as a strong underlying performance and successful working capital management at Kabi. The strong Q1 helped us achieve an excellent €2.9 billion in operating cash flow over the last 12 months. This clearly demonstrates our continuous improvement as we execute our disciplined and focused cash management approach.

Free cash flow for the last 12 months totaled €1.4 billion, including €280 million in proceeds from our pro rata sale alongside the Fresenius Medical Care share buyback. This is now completed. In Q2, our proposed dividend payment of €1.05 per share will be reflected in free cash flow. Our successful cash conversion continued in the first quarter, with a last-12-months cash conversion rate of 1.2.

Fresenius is now a much stronger and more resilient company, also financially. For me, this starts with a substantially strengthened balance sheet. Since 2022, we have reduced net debt by €3.5 billion, or more than 25%. That's why we can now benefit from a significantly improved interest line. Over the same period, leverage decreased by 120 basis points, firmly placing us at the lower end of our target corridor of 2.5x to 3.0x net debt/EBITDA. Remember, this is before the dividend payment next month.

We remain very comfortable with our trajectory for the remainder of the year and continue to target this range by year-end.

The rating agencies have recently acknowledged our progress and strong commitment to an investment-grade credit rating. S&P upgraded its outlook for Fresenius, resulting in the company's best credit position ever. Our improved leverage provides significant strategic flexibility, meaning we can and will invest in long-term profitable growth by upgrading our core and scaling our platforms as part of our Rejuvenate agenda, even and despite a challenging operating environment.

That's the balance sheet, but our financial resilience equally materializes in our P&L and cash flow performance. Also here, we have paved the way for targeted investments and the seizing of opportunities from a position of strength. Over the past years, Fresenius has become a leaner and more agile organization. In a challenging, dynamic environment, we respond quickly and effectively to changes by focusing not only on risks but also on opportunities.

A key element of this resilience is driving structural productivity. In 2025, Helios overdelivered on their performance program, compensating for the meaningful energy relief headwind. At the same time, Fresenius Kabi did a fantastic job in driving structural productivity improvements across the businesses on their side.

Importantly, these measures are not one-offs. They are sustainable in nature. Improving operating leverage today will benefit tomorrow's performance, and both operating companies are well positioned to deliver business excellence throughout 2026 and in the years ahead.

Finally, we remain highly focused on generating strong and reliable operating cash flows. Cash conversion is a central element of our financial framework. After 2 years with a cash conversion rate above 1, we expect it to be slightly below 1 for the full year, also reflecting our growth trajectory. Our disciplined cash management provides the basis for allocating capital to our strategic priorities of investing in future growth while ensuring attractive shareholder returns and maintaining a strong balance sheet.

So in conclusion, our Q1 performance is fully in line with our expectations, and the strong start to the year underpins our confidence to reconfirm our full-year guidance.

To date, we have not seen a material financial impact from the Middle East conflict. Our direct exposure to the region is limited, and energy supply is largely hedged for 2026 and beyond. That said, the situation is fluid. The duration of the conflict will influence potential second-order effects from the supply and pricing of input materials. As laid out in today's presentation, Fresenius has built operating and financial resilience. We have trained the muscle to drive structural productivity while seeking opportunities, as demonstrated last year, when we had to compensate for significant macro headwinds, proof of what we can achieve.

FX continues to affect reported numbers, and if exchange rates remain as at 31st of March, we would expect an annual adverse impact of approximately 1% on revenue, EBIT, and net income, respectively.

Turning to expected phasing for the full year, we continue to expect a ramp-up at Kabi. The Keto effect started during Q2 last year, but please remember that the full effect will only annualize in Q3.

The Helios Germany surcharge remains in place until the end of October.

As always, our guidance does not reflect any potential extreme scenarios from a fast-moving macro and geopolitical environment. 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. Look, Rejuvenate is well underway, and given the strength and maturity of our organization today, we are well positioned to navigate the current environment. We have repeatedly demonstrated our ability to execute and the resilience of our operating model. For example, in fiscal '25, we twice upgraded our guidance despite significant headwinds.

At the same time, we further strengthened the quality of our portfolio and materially improved our financial profile. Combined with increased performance momentum and renewed agility, this gives us the flexibility to seize opportunities as they arise. We're now operating out of a position of strength. Our excellent results this quarter provide another clear proof point.

More than 3 years ago, our priority was clear: stabilize Fresenius, simplify the structure, and rebuild credibility. That phase is now largely complete.

Today, under Rejuvenate, our focus has shifted. We are accelerating performance and building a business that grows consistently, profitably, and with discipline. We're not looking to be labeled as a compounder today. What matters to us is execution over the coming quarters and delivery against our commitments. I am very confident in this, both in terms of delivery and on our near- and long-term prospects.

Rejuvenate is about innovation-led growth. We are expanding through platforms with substantial growth potential as we continue to scale. Our advantages include unique capabilities such as injectable small molecules and biologics, extensive regulatory access, and deeply embedded hospital relationships.

We are deliberately allocating capital to deliver long-term, profitable growth, doubling down on our attractive biosimilars pipeline ahead of a -- what others label -- golden age of loss of exclusivity and leveraging our expertise in preparation for future-relevant modalities; fostering our leadership in Clinical Nutrition by providing even more targeted, more specialized products to patients globally; adding specialty pharmaceutical products that deliver clear value to patients, providers, and healthcare systems. All of these drive durable, volume-led growth in structurally resilient, nondiscretionary spend markets.

We're not betting on a single product. We are building strategic infrastructure and system-critical healthcare services. At the same time, we also manage our structures. We prioritize clarity over complexity, with every business playing a defined role in the portfolio, without ideology.

We run Helios for margin discipline and free cash flow, with a clear commitment to best medical quality and patient satisfaction. It is not our growth engine, but it will continue to grow steadily in volume and price, contributing to steady earnings growth.

We remain ready to act on structures and opportunities when value can be created. The deconsolidation of FMC is a clear example that this discipline is real and not theoretical. Capital allocation is central to how we operate. Every euro we invest must meet clear return thresholds. If it does not, it is literally returned. This discipline is reflected both in where we invest and where we deliberately choose not to invest.

With our 3 platforms, we are well positioned to deepen our impact and advance our mission to save and improve human lives through affordable, accessible, and innovative healthcare products and the highest-quality of clinical care.

With that, let's move to Q&A.

Q&A

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

Graham Doyle: Good afternoon, guys. Thanks a lot for taking my questions, and obviously, really solid quarter, given the backdrop.

Just a couple. So firstly, just on the guidance and so the trajectory as we go through the year, it is early days, but you've obviously done 13%, and the guide is 5% to 10%. Is there any reason you'd expect growth to materially decelerate as you go through the year, or is it just a case of being cautious?

And then the second question is just around the balance sheet, which is clearly like materially deleveraged versus when you took over in late 2022. Given where the share price is, what sort of flexibility is there to perhaps do something around buybacks? Thank you.

Michael Sen: Graham, thanks for that one. If we start with the latter one, and I got to say, Sara is the guardian, the custodian also of the balance sheet and then capital allocation. And I heard the CFO also encouraging innovation-led growth. So if we think about the use of capital, I would, in the pecking order, probably your option would be way back. But that's what it is because we have much better alternatives.

On the guidance, you said it, it's early days, but I would also like to draw everybody's attention to our tone. This was a great first quarter. Outside world remains volatile. A couple of days after our last earnings call, the war broke out in the Middle East. Nobody saw that coming, and suddenly, we're all confronted with that one.

When we look at what we can control and what we see and where we have visibility, already Q2 is very encouraging already on the growth drivers. You may have heard that I said, hot off the press, this new contract on Otulfi with the federal. So there are many data points which make us confident for Q2. And yet as we said from the outset, that's why we emphasize the numbers are fully according to our own expectations, with the ramp up we wanted to have operationally, obviously, and there is work to do.

But I think we're on a very good path. The first month is under the belt. Also, that one looks good. And as we move on, we would rather compound execution. And once it gets more tangible, then we turn it around. It's much better. It's more comfortable.

Graham Doyle: Okay. Perfect. Thanks a lot, Michael, makes total sense.

Hugo Solvet: Hi, guys. Thanks for taking my questions. I have 2, please. First, Michael, you alluded to that VA contract. When going on the VA website, I can find a \$140 million contract annually for renewal every year for 4 years. Could you confirm this is the contract that you're referring that your teams have secured?

And second, on Helios Spain, there's been a bit of noise recently. Can you maybe expand a bit on the contribution of private-public partnership in Spain? Where do you come from, from a sales and profitability perspective and when or if some of them will be expiring in the distant future? Thank you.

Michael Sen: Let's start with the latter one. Don't expect anything in the near term, midterm, or what have you, that the next couple of quarters, maybe -- not maybe, even years, we will not probably -- maybe even decades -- will not be talking about that one. I referred to noise in Spain. There is a lot of noise. It's not like in Germany, but you have a

socialist government, but you also need to consider there's always the federal level. That's the federal level, and then you have the state level, and then you even have the city level.

So we feel very comfortable. There's some noise on public-private partnerships. We'll see whether it passes at all and what changes is there. And by the way, it's only a fraction of hospitals. We got what, 63 hospitals over there? So it is looking at the number of hospitals, I'm not really worried.

The other one was on the contracts for -- you said VA. I didn't say VA. I said federal. And yes, it's a nice contract. The neighborhood you said is fine. It's a \$140 million. What for me is stunning or very -- let's say, very positive on that one, it's first of all a big contribution to the value driver in the pharma, biopharma business in the US, which is a very important market, on a very competitive molecule because it is Otufla. And that is also a function -- again, Rejuvenate, we have a great leadership team over there, a new leadership team. It's actually a female leadership team on the go-to-market. And we can see that she and her team are really hitting it off.

What makes me even more happy is that, also on the Pharma side, last year, we have been opening up this customer segment, which I would call federal customer segment, whilst primarily in the past, we were very much focused on the B2B hospital via GPOs, which will be the dominant and the lion's share. But this is also Rejuvenate, opening up new channels, new customer segments. And if I look -- by the way, maybe we'll disclose that in one of the quarterly meetings -- what is the uptake in the customer segment federal, it is actually nice. So it works on both ends.

Aisyah Noor: Hi, Michael and Sara. Thanks for taking my question. My first one is on the Nutrition business, which I believe ex-Keto has been doing already closer to high-single-digit growth for a few quarters now. With the product launches that you've planned this year, is there a chance this actually hits double-digit growth in the second half or fourth quarter? And is this kind of assumption perhaps embedded within the Kabi growth guidance range here?

And then my second question is on Helios Spain, maybe a financial one for Sara. I believe you recorded a one-time sale of a hospital asset here. Could you quantify the financial impact of this transaction on sales and EBIT for the quarter, and do you anticipate any more exits in the coming quarters? Thank you.

Sara Hennicken: Sure. Happy to start with that one. It was actually a minority holding we had in more of an investment company. So it was not core to us. And the majority owner decided to sell, and we sold alongside. It was small. If I take it out of my EBIT, I'd probably be in the range of between Q1 last year and Q1 this year in terms of margin, so nothing to be excited. We still wanted to disclose for full transparency.

Michael Sen: And on the Nutrition one, I think that's maybe a little bit too far-fetched, but I would want to reinforce, let's say, the narrative I heard in your question. This is a very strong business, very resilient, very high entry barriers. And you rightfully pointed out we saw the 4.1% growth in Q1 against the backdrop of Keto, which was meaningful because we had the full quarter. Even in quarter 2, Sara alluded to there will still be some Keto effects, yet they want to compensate for that one. And I would expect also their growth rate, particularly in Q3, Q4, to go up.

And this is also a function, first of all, technically out of the Keto effect but also the new product launches. I mentioned in my speech 2 are there. So we're going to ramp them up. You have the integral, if you so wish, of those 2. And then Q3, Q4, 3 more are coming. We said we're targeting 5 new launches in Nutrition. So another 3 are coming to further bolster growth, more towards Q3, Q4, and then obviously, given, again,

momentum going into '27. And I would also expect that Q4 will be stronger than Q3 in terms of growth rate.

Aisyah Noor: Thank you very much.

Hassan Al-Wakeel: Hi, good afternoon, and thank you for taking my questions. So firstly, on Helios Germany, Sara, when we met earlier in the year, you talked about the potential for other measures to help offset the surcharge loss in '27 over and above the 1.14 base rate adjustment, should inflationary pressures persist. As things stand today, this looks to be offset by the 1% discount from the draft bill. So I wonder if you still stand by your comment and whether you view consensus expectations of a small margin decline in Helios Germany in '27 as reasonable, again, based on what you see today.

And then secondly, maybe another one for you on cost inflation. Appreciate you are hedged on energy for this year. Can you talk to the extent to which you're hedged for next year and also the impacts you're seeing on other cost bucket inflation and any mitigating measures you're taking for this year but increasingly into '27? Thank you.

Sara Hennicken: Sure, and I'm happy to start with your last question. So as I said, for 2026, we are significantly hedged on the energy side. For 2027, we also have hedges in place in quite a substantial manner, actually, and that goes across electricity and gas.

I think what is a little bit harder to judge from a current perspective, because also the situation still remains a bit fluid, is those, I would say, second-order effects in terms of supply chain, and that goes to inflation on plastics, like granulates, but also on logistics. If I talk about logistics, of course, we have longer-term contracts in place, some of which give a natural hedge to any shorter-term price inflation, some where we are a little bit more kind of vulnerable.

However, for us, in raw trade, we feel comfortable there. The longer the conflict actually drags and the higher the overall inflationary environment, obviously, we are not immune against both secondary order effects. However, I think what we've done, consequently, since a couple of quarters now, look into that supply chain resilience and stability and double down on secondary suppliers, making sure our supply chains are in order and intact. So overall, let's see how that situation pans out, but I think we tackle it from a position of resilience and strength.

When I talk about Helios Germany, I think you said, for 2027, most likely there will be a wash between what's currently ongoing on regulation in terms of the additional 1.14 versus the reduction of 1.

What I meant back then, and I think that still holds true, and I think the whole hospital reform, maybe less to the extent of the Stabilization Act, but the hospital reform exactly tackles that. We need structural reforms. We need digitalization. And actually, we also would love to see a certain angle of deregulation because, in the end, I think what those reforms will do, they will reward the most efficient and highest quality hospital platforms.

And so I do believe we have measures we can draw on, be it through the clusterization effect, be it through the focus of care we provide through the clusterization, making use of actually the infrastructure we have and, if you so wish, making that more productive, looking also at digitalization efforts across the hospital. And again, I think, in particular, if you look at digitalization, it's a huge difference on whether you run one hospital or you run a hospital system because, as you roll out digitalization, there is a lot you can do for quality but also for efficiency.

And so I do believe we have a lot of levers to pull. 2025 was a year where they set up a company program and delivered more than €100 million of savings. That was on

procurement and so on, but that was also on medical processes and digitalization. That's the route we will, of course, continue going and driving forward.

Michael Sen: Hassan, if I may add to more strategic aspects of both questions, obviously, it's absolutely right what Sara said, but I have been talking a lot about resilience and better quality. These are not just words for the script.

Just to give you a little bit of a flavor, first of all, remind everybody this is not an energy-intensive business. On the hospital side, this is the whole question on which you guys have and others have on the reform. It is very much personnel cost driven. It's a service business. So it's not an energy-intensive business.

Also, Kabi in its manufacturing as such is not an energy-intensive business. There may be input materials. Sara alluded to, for example, where oil is the feedstock, granulates, and the like and obviously freight costs.

Now bigger picture, we also have local-for-local. So the more we build on local-for-local, the more we build on local manufacturing, supplier qualification, supplier base, logistics, warehouses, hubs, obviously, we do not have to go over the ocean. That is one hedge. The second thing is, from what we see today, we can all work with even on our scenarios on secondary effects because the business is growing. And the business is growing with nice gross margins, particularly in growth vectors. And with growth vectors, for example, Biopharma is even less exposed to those whole energy-related things. So I want to remind everybody on the whole Kabi business, for example, that I see we have earnings visibility, and we feel confident with the resilience concurrently being growth. They are reinforcing each other. And then again, what I said, it is essential and system.

And on the German hospital thing, also don't forget Sara alluded to that. We have that network effect. The fact of the matter is that most of the hospitals are in red ink, and the budget, the fiscal federal budget is growing. And that is what they try to tackle with the new law.

And in essence, what is and remains intact is the volume is growing in that business. Procedure growth is intact. Volume growth is there. We just have to pick it up. Whilst others may be struggling with the new regulation since they are underfunded anyways, they may even ultimately go out of business.

So our investments into digitization, networks effect, clustering strategy is all there to then be ready to pick up those patients. And once we optimize the network, the cluster strategy, we can guide patients as to where they need to be in order to get capacity utilization.

The second thing, also the reimbursement, the pricing is intact. Show me one business on the planet, other than maybe grids and utilities, where you automatically, by a regulatory framework, get a price per procedure.

We don't have to fight with no products and no innovation. Now yes, there are few regulatory changes and puts and takes and so on and so forth. I would say, by and large, in the long run, on average, the increase in price in percent matches the increase in costs. By the way, the base is higher on the price, which is already good.

And then we have levers: first of all, as I said, volume, and the second, all efficiency measures. And we can run you through very much detail on all the efficiency measures we can take. So I want to just take off the table that there is any clip in '27 on beyond. Other than that, we would have upgraded our financial framework to the downside.

Hassan Al-Wakeel: Very helpful. Thank you.

David Adlington: Hey, guys. Thanks for taking the questions. They've actually almost all been answered, but maybe just on energy costs, maybe I'll just push you a little bit further, Sara. Obviously, you said it's pretty much fully hedged for '26. But maybe you just quantify the exposure for '27, either your total energy spend, or how much of that is hedged? That would be useful. Apart from that, I'm all out today. Thank you.

Sara Hennicken: I think, as Michael said on the energy bill overall, I think we're not energy intense, let's say. So it is something we look at. It is something -- also maybe on the hedging, to give you a little bit of more perspective there, we talk about advanced purchases, right? And so we're rolling them, and we're rolling them in half up to 36 months and so on, making use of good market opportunity we're seeing.

And if I look at 2027, it's also way above the 50% hedging ratio. So that depends a little bit if you do the double click on electricity and gas, and that depends a little bit between Helios and Kabi, but overall, it's way above those 50%, and it's closer to two-thirds actually.

David Adlington: Perfect. Thank you. And then maybe just on the contracts you secured, the federal contracts you scored, how accretive is that to margins, and were you anticipating that when you gave your margin guidance? Thanks.

Nick Stone: David, can you just repeat that? Sorry, the line dropped out.

David Adlington: On the federal contract that you've won, I just wondered how accretive that was for margins, and was that considered?

Michael Sen: We don't disclose individual contracts, but I can go into the very nitty-gritty details of the fundamentals of cost accounting because, if it's an incremental contract, it will be accretive if you build on fixed costs. So but look, individual contracts we do not disclose.

Nick Stone: We appreciate you trying though.

David Adlington: All right. Thank you.

Oliver Reinberg: Thanks so much for taking my questions. First question would be on Helios, the Q1 margin, which extended in Germany by 60 basis points. I think, if I would exclude this surcharge, it would be probably down by 140 basis points. Now I understand that the pricing ex-surcharge may not fully cover kind of inflation, but you're also obviously ramping up your kind of efficiency program. So I just wanted to get your thoughts on the kind of Q1 Helios margin.

And then secondly, I think, in the US IV generics, you talked about a more friendly competitive landscape. So can you provide some kind of more color?

And finally, just on the German healthcare reform, you talked about the kind of volume opportunity that is going to arise from the consolidation. I wonder, is there also any kind of new opportunities now to strike contracts with healthcare insurance funds? Thank you.

Sara Hennicken: Maybe let me take the surcharge question. For me, the question is not, would the surcharge be there, or would it not be there? The question is, is that topline, or is it other income? And if it were to be a topline, if you look at it compared to last -- if the DRG was there, last year, it was around 6%. If you combine surcharge plus DRG, it's as well around 6%.

So if I look at that, the surcharge being topline, then obviously, my margin drop is not that material if I were to exclude that.

Michael Sen: Oliver, can you repeat your question on IV US? What was that?

Oliver Reinberg: Sure. My understanding from your prepared remarks was that you talked about more friendly pricing environment in US generics, if I haven't misunderstood that. So I just wondered if you can provide more color on that?

Sara Hennicken: So US generics, I think, are you referring to -- so Q4, we have seen quite a bit of price pressure on US generics. And in Q1, we're actually seeing that there is lower price pressure on the US generic side. I think, conceptually, however, we continue to expect for 2026 continued price pressure in the low to mid-single digits. So I don't think that the environment will change per se. However, having said that, in Q1, indeed, we did see a lower price pressure.

Michael Sen: Maybe when you mean competitive landscape, let me highlight another point. According to IQVIA data, last month was the 10th month in a row where we have been the number 1 with roughly 19.5% market share in the US with our broad portfolio. So when we talk about competitiveness, it is that broad portfolio. Geopolitically or from a national policy point of view, we are manufacturing in the US and thereby solving the problem of drug shortage. And we also launched. We talked about launch excellence. We also launched 2 products or launched more products in 2 areas, in analgesia and anesthetics, in these 2 areas.

And by the way, if I also look at the competitive landscape during the earnings season, I think we did pretty good overall in the US. If you look at the growth rate in the largest and most profitable market, it is amazing how we grew 8% year-over-year with the entire portfolio, not IV generics.

Oliver Metzger: Good afternoon. Thanks a lot for taking my questions. One on Helios Germany, so you reported a negative case mix effect, which comes, mind you, from the hybrid DRGs. Is this a trend which you expect to continue for next quarters, or is it a specific Q1 effect?

Second question about in Pharma, you reported a better momentum in Europe. It's a comment on Europe specifically, but can you remind us how big roughly Europe is for you in Pharma, and what are your expectations for the next quarters? Thank you.

Sara Hennicken: Maybe let me start with Helios. I think what -- and we outlined that in the full-year call is the hybrid DRGs, as you mentioned. So I think what's worth looking at, inpatient activity growth was quite strong, 5% actually. But then there is a case mix topic with the hybrid DRGs lowering, actually, the cost rates, which then are crucial to get to the revenue line. And I don't expect that to change fundamentally with the DRGs or with the hybrid DRG rolling on in this year. We see more indications being prepared for hybrid DRG.

However -- and I think that goes exactly to the point Michael mentioned -- using our infrastructure and making sure that we capture a good share of hybrid DRGs and that we capture that strong activity, both which was at 5% in Q1, I think this is what will generate the additional revenue topline in terms of volume.

Michael Sen: On Europe, look, Europe in general did good. We had a 9% growth rate, and Pharma also was good. We always said that the average rate of Pharma is 2% to 3%. Europe was at 4.5%.

Obviously, we are the leader also, not only Pharma; it's Pharma and Solutions. We are the leader, the clear market leader on Solutions. And we are even increasing our footprint and investing in that one. By the way, we also saw some pricing power. It's not only price decreases across our portfolio, depending on the individual product we use. So I guess, also in Europe, our strategy local-for-local is paying dividends.

Oliver Metzger: Okay. Great. Thank you. Just to clarify, so it means Pharma, the Solution business was more supportive in Europe versus the injectable generics. That's correct, isn't it?

Michael Sen: Pharma is injectable generics. We don't differentiate between those 2. This is 1 segment because the customer also buys both. So that segment Pharma and Solutions grew by 4.5%.

Oliver Metzger: Okay. Great. Thank you.

Falko Friedrichs: Thank you. I have 1 question on the healthcare reform as well. And given that it aims to generate further savings beyond 2027, just to clarify, is your statement that you don't see a cliff or meaningful headwind to your Helios margin in 2027 and would be able to launch efficiency measures? Is that also valid for 2028 and beyond?

Michael Sen: Yes.

Sara Hennicken: Yes.

Falko Friedrichs: Okay. Perfect.

Sara Hennicken: I think what we outlined is how we're going to drive with this structure. And so what we do this year will be there next year and will be there the year thereafter. I think it's the leverage we have from the infrastructure we have, which we will continue to invest in, in particularly on the digitalization front, and which will provide the uptick in '27 and beyond, and that includes explicitly '28 and '29.

And also, let me remind you because there is also the hospital reform, and there was that amendment passed in March of this year. And that also includes the €50 billion on the transformation fund. And I think that's an important angle. That's €50 billion for 10 years. So that makes \$5 billion a year -- yes, big numbers -- and it starts this year. And obviously, as you can imagine, it's for project-related CapEx to actually manage that overarching transformation, which the government set out.

Now obviously, our ambition is to launch a number of projects, and we have already applied to a number of projects, which will help to facilitate investing where we think the future on digitalization and procedural growth will go. And obviously, we aim to capture more than our market share.

Michael Sen: And Falko, maybe I think you and some of the colleagues may play even a very special role -- because Germany is also your home country -- in explaining what's happening here. Let me dissect it again. The fact of the matter is there is a need for structural reform, too many hospitals, too many in red ink, too many doing too many things. There is already a law in place, this KHAG, which is, let's say, the smaller version of the Lauterbach law of Nina Warken.

This thing is already in place, and this is targeting a structural reform with quality metrics, Leistungsgruppen -- not everybody is allowed to do everything -- and so on and so forth. All of that works completely in our favor. We're actually even doubling down in

optimizing the structure. So don't forget that one. That law is already there. And that is the primary target.

And then you have the fund, which Sara mentioned -- didn't see that in any report, which will help us one way or the other because it's money.

And then third is now that stabilizing thing for the payers, where in essence, if we make it short, I say we can work with that. We will thrive through that one without being very well positioned. And we don't -- the 2 yeses you just heard is something money can't buy because this was not scripted. Nobody will fall off any cliff.

What we would be loving to have from the German government is more deregulation that, in essence, we could even double down on digitization and AI across our networks because their data security laws and federal laws between Hesse and Berlin and all of these things are still in a way. And I don't give up hope -- hope is not a strategy, but we're also talking to them -- that they will also come to terms that that is the actual kicker to get the cost out of the system, which will again also work in our favor.

Falko Friedrichs: Okay. Thank you.

Nick Stone: So I think that was our last question. So Valentina, saving you a job, maybe Michael, if there's any final remarks you'd like to leave?

Michael Sen: Yes, thank you. Usually, I make it short, but this time I want to reiterate because these were very intense weeks also in the run-up to the quarterly earnings call. I had some investor exposure, and I get the questions and, to some extent, nervousness on the German hospital reform, but that's why we were reiterating and highlighting the facts, the strength, and that we're moving, the ambition -- not change, not in the midterm, short-term, not anyways. We're going with confidence.

Don't forget our portfolio. This is volume led. We said at the beginning of the year, when we talked about the guidance, everything is volume led. On the Kabi side, obviously, the factories need to be full, and on the other one, not factories, but the hospitals need to be full.

We have clear growth vectors in very attractive areas. I was quoting another company which was talking about the golden age of biosimilars with the LOEs, which you see. We do not have, like other alternatives, maybe a one-trick pony. This is a nice portfolio where the logic is always one, is very strong and resilient or free business is actually very highly cash generative and then funds the growth. We are growing.

If you look at the quality of earnings, we did spend year-over-year roughly 150 base points on OpEx, both. It was not only R&D, but also S, marketing and selling. I was talking about new customer segments. So we deliberately invested 150 base points, yet our gross margin also increased by 150 base points, which tells you new products, new innovation are getting traction.

When it comes to the German hospital reform, volume growth is almost a given. The pricing environment is constructive. All those numbers, all those moaning you hear is not about cutting anything. It is about maybe limiting the growth. And I talked about the equilibrium and how that works.

Energy costs, Sara went through it in detail. I think this is very good. And then innovation-led growth, Biopharma, Nutrition -- I liked the question on Nutrition. We talked about the ramp-up, Q2, biopharma, already the good sign with the VA contract.

MedTech, having had a very strong quarter on profitability, Sara alluded to that one, by the way, a lot of rollout installations coming. So with that one, clear capital allocation discipline, we have a very strong balance sheet, very, very strong balance sheet. We know how to drive productivity, productivity now bolstered with growth, which is totally different than what we had 3.5 years ago.

We needed to work for the growth, but we needed to be relentless on the productivity. Now we are as relentless with the productivity, but now we can cater concurrently growth. We have a nice balance sheet. We have room for expansion. And we have even monetary items. With that one, I'll leave you with that.

Nick Stone: Thanks very much. Take care, and we'll look forward to catching you on the road in the coming days and weeks.

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