Transcript
Conference Call Q2 2026 results

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PRESENTATION

Fresenius: Q2 2026 Results Conference Call

Nick Stone: Thank you, Valentina. Hello, everyone. Welcome to our Half Year and Q2 '26 Earnings Call and Webcast. The presentation was emailed to our distribution last night following the ad hoc announcement and is available on Fresenius.com.

On slide 2 of the presentation, you will find the usual safe harbor statements. Unless stated otherwise, we'll comments on our performance using constant exchange rate, or CER.

Today's results show Fresenius is delivering from a position of operational strength with another excellent quarter, upgraded full-year guidance, and clear evidence of the structural setup in earnings quality that we've been building towards.

I'm very pleased to be joined by Michael and Sara, who will take you through the results and what they mean for the continued delivery of #FutureFresenius.

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

And with that, I'll hand over to Michael to explain how today's results reflect a stronger, higher-quality Fresenius with greater strategic flexibility.

Michael Sen: Well, you said it all. Thank you, Nick, and welcome to everyone joining us today.

I'm very pleased to report another excellent quarter for Fresenius. We delivered strong operating performance, high-quality growth, continued earnings progression, improved margin expansion, and higher returns.

From this position of operational strength, we are raising our full-year core EPS growth guidance to between 10% and 15% at constant currency.

Sara and I will take you through the key operational and financial highlights in a moment, but let me start with the main message from the quarter.

Q2 is another clear proof point that #FutureFresenius is delivering. We are converting operational momentum into earnings growth, higher returns, and stronger financial and strategic flexibility.

Importantly, this is not simply about 1 strong quarter. It reflects the consistency of execution we've built across the Group and -- this is important -- the structurally higher-quality profile of Fresenius today. Compared with 2022, Fresenius now has a stronger earnings base and more resilient cash-generation profile. Kabi's growth vectors are scaling and contributing more visibly to earnings, while Helios continues to demonstrate resilience in a changing regulatory environment. Together, this is improving the quality and durability of our performance.

This is exactly what our REJUVENATE Agenda was designed to achieve: a more focused Fresenius, with a higher-quality business mix, disciplined capital allocation, and increasing exposure to innovation-led growth. When we talk about a structural step-up, this is visible in measurable outcomes: double-digit EBIT and core EPS growth, improving margins, rising returns, and leverage at the lower end of our target corridor.

So the message today is clear. Fresenius is stronger, more focused, and better positioned than it was at the start of our transformation. We are delivering better outcomes for patients, creating long-term value for shareholders, and gaining greater strategic flexibility for the future.

Our second-quarter performance shows how operational momentum is translating into financial results.

Core EPS increased by 14% at constant currency, significantly ahead of topline growth and reflecting continued earnings strength across both Kabi and Helios.

EBIT increased 10% at constant currency, while Group EBIT margin improved by 60 basis points to 12.3%.

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Our return profile continued to strengthen, with ROIC reaching approximately 7.0%, around 200 basis points above the RESET level in 2022, when we started the transformation journey.

At Kabi, our growth vectors delivered 12% organic growth and reached a margin of nearly 18%, demonstrating that scale is increasingly translating into profitability.

What we started in 2021 with Vision2026 is turning Kabi into a higher-quality healthcare business with more visible innovation-led and stronger future earnings contribution. Importantly, Fresenius now has multiple platforms delivering -- Biopharma, Nutrition, and MedTech -- contributing growth, scale, and margin improvement simultaneously. Together, these platforms now represent a meaningful and increasingly important contributor to earnings growth and future value creation.

At Helios, margins remained firmly within the structural target range at 10.6%, demonstrating the resilience of our Care Provision platform despite continued external uncertainty beyond healthcare regulations. This is also a function of our systems being the market leader. Against this broad-based performance, we decided to raise our full-year core EPS growth guidance. This upgrade reflects the breadth of the performance and the improved earnings profile of Fresenius today -- this is #FutureFresenius at work.

The quarter shows clear operating leverage across the Group and strengthens our confidence in the full-year outlook. Across Fresenius, we are turning disciplined execution into sustainable value creation.

Now let’s move to our businesses. Let’s start with Fresenius Kabi.

We continue to strengthen our position as an increasingly innovation-driven healthcare company, moving into higher-margin growth areas while expanding our pipeline, capabilities, and future growth opportunities. A key enabler of our progress is the increasing strength and deep domain expertise of our business leaders -- a core pillar of REJUVENATE.

In Pharma, we further strengthened our pipeline through 7 new in-licensing agreements signed during the first half of this year, enhancing our future product portfolio.

Let me briefly address the recent routine FDA inspections at our US manufacturing sites. While our Grand Island and Wilson plants received Voluntary Action Indicated, VAI status, our Melrose Park site has received Official Action Indicated status. We are working closely and constructively with the FDA to address the observations and implement the necessary corrective actions. The facility remains fully operational, and based on our current assessment, we do not currently expect any material impact on production, supply, or our full-year financial performance.

In Biopharma, we are increasingly demonstrating what investors have been looking for from Fresenius: a repeatable, scalable growth platform with strong commercial performance, successful launches, expanding market shares, and rising profitability across multiple molecules and geographies.

And this quarter, we achieved another important milestone with the US and EU regulatory submission acceptance of vedolizumab, a biosimilar candidate for the treatment of moderate to severe ulcerative colitis or Crohn’s disease. We now expect a regulatory decision next year.

In addition, this week’s FDA approval of our rituximab biosimilar further expands our US biopharma portfolio; these developments support our long-term growth ambitions.

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Commercially, performance in Q2 was driven by continued momentum from our in-market molecules, particularly Tyenne, and the strong pick-up of our denosumab biosimilars following their launches last year. This reflects the intense effort of Sang-Jin and his leadership team around the world, particularly in the US.

In Nutrition, we are accelerating our focus on innovation and evolving our portfolio toward higher-value solutions. We launched the Pedismof range in Europe, a new ready-to-use 3-chamber bag for neonatal and pediatric parenteral nutrition, supporting some of the most vulnerable patient populations. We also opened our new Nutrition Innovation Center at our headquarters, strengthening our capabilities and supporting the development of next-generation therapies. Congratulations to Marc, Sebastian, and the team on their important step for this Nutrition business.

In MedTech, we accelerated the commercial roll-out of our Ivenix smart pump in the US, delivering strong execution with installations at leading healthcare providers, including Mayo Clinic and SSM Health.

At the same time, we enhanced the capabilities of our Conox anesthetic depth monitor, a noninvasive brain activity monitoring solution, with improved Wi-Fi connectivity and system integration capabilities, further expanding its value proposition and commercial potential. Thanks to Matthijs, who hit the ground running, and the MedTech team for building a more differentiated platform for growth. So you see, strong team, great outcome.

Now let's turn to our Biopharma business. As our fastest-growing platform, Biopharma is playing an increasingly important strategic role within Kabi and Fresenius. The strong momentum we continue to see across all major regions further validates our investments and reinforces our confidence in the significant long-term growth opportunity ahead. This progress is clearly reflected across our in-market portfolio.

Tyenne, our tocilizumab biosimilar, continues to gain market share sequentially, reaching 44% in the top 5 EU countries and 30% in the US, highlighting clearly our commercial strength and capabilities.

Otulfi, our ustekinumab biosimilar, has now launched in 18 markets worldwide, further expanding our global footprint.

With Bomyntra, we have established a leadership position in several key European markets and reached a market share of 11% across the EU5. We have also seen encouraging early uptake in the US, despite the competitive market environment. This represents another successful launch and demonstrates that our Biopharma platform is gaining scale and delivering repeatable launch success across multiple molecules.

Turning to our Care Provision platform Helios, in Germany, the approval of the GKV Stabilization Act provides a constructive framework now for continued reimbursement growth. I will share our perspective on this one in a moment.

Across Helios, we continue to invest in innovation to improve patient outcomes and to strengthen our clinical leadership. At our Leipzig Heart Center, a 15-year research program has demonstrated how enhanced recovery protocols and innovation can meaningfully improve patient outcomes after cardiac surgery.

In Spain, Quirónsalud continues to strengthen its position as a leading research platform, with almost 1,500 active clinical trials and more than 400 new studies initiated in 2025.

We also established a new Chair for Robotic Surgery together with Universidad Rey Juan Carlos, reinforcing our commitment to research and education in advanced surgical technologies and helping generate evidence on improved outcomes, patient experience, and healthcare efficiency, all embedded with artificial intelligence. Quirónsalud continues to invest in innovative technology that delivers measurable value for patients. Under now Christian Pawlu's leadership, Helios will continue to advance our clinical leadership and innovation agenda.

Now let's stay with Helios for a moment and provide our perspective on the GKV Stabilization Act and its implications for our German hospital business in 2027.

We know that investors continue to focus on the future of reimbursement, of the reimbursement environment in Germany. The key message today is straightforward: Our outlook for our hospital business remains unchanged.

The approved act provides a constructive framework for continued reimbursement growth and is more favorable than the earlier draft proposals. While the temporary surcharge expires at the end of October, we expect the impact to be substantially mitigated through higher reimbursement rates, continued volume development, operational improvements, and accelerated cost and efficiency measures. As a result, we remain committed to Helios' structural EBIT margin ambition of 10% to 12% and continue to expect EBIT growth in 2027. Through Christian's leadership, we will continue to improve the operational performance of our Care Provision platform. He and his team are fully committed.

The first half of the year confirms that Fresenius is executing consistently across the Group. Our growth vectors are scaling profitably, Biopharma is becoming a more significant earnings contributor, and Helios continues to demonstrate resilience and operating leverage. These developments give us confidence to raise our full-year core EPS growth guidance and reinforce our conviction in the medium-term trajectory of the businesses.

And with that, I'm happy to turn it over to Sara.

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

Q2 was an outstanding quarter for Fresenius. The key message is clear: We are consistently converting operational momentum into earnings growth, reflecting the structural step-up in our businesses.

Organic revenue increased by 6%, also a nice quarter-over-quarter acceleration. This converted into 10% constant-currency EBIT growth, supported by strong operating leverage and continued productivity gains across the businesses.

EBIT margin expanded by 60 basis points year-on-year to an excellent 12.3%, with both Kabi and Helios contributing to this improvement.

The tax rate of 24.8% was lower year-on-year and in line with our full-year expectations.

Our significant deleveraging in recent years continued to benefit the interest line, supporting 14% core EPS growth at constant currency. This underscores our consistent execution and durable earnings momentum.

Operating cash flow was strong, and I will discuss this in more detail shortly.

Finally, leverage remained stable at 2.6× net debt to EBITDA despite the dividend payment during the quarter.

Turning to Fresenius Kabi, Q2 was a strong proof point that #FutureFresenius is delivering durable results. Organic revenue increased by 7%, at the upper end of the structural growth band. This was driven by the continued scaling of the growth vectors with a 12% organic revenue growth. Within the growth vectors, Biopharma continued its momentum with organic revenue growth of 38% in the quarter, demonstrating the increasing importance of biosimilars as a sustainable growth engine for Kabi and Fresenius.

In MedTech, organic revenue increased by a strong 11%, reflecting Ivenix large-volume pump installations at several leading hospital system providers. This brings organic growth to 7% in the first half of '26, which is also a reasonable assumption for the second half of the year.

In Nutrition, organic revenue increased by 5%, driven by all regions outside of APAC. Q2 was still partly impacted by the overall soft economic environment in China and the remaining Keto volume-based procurement effect. This effect will fully annualize next quarter.

Pharma organic revenue increased by 1% with strong commercial execution outside the US and good volume growth partially compensated by pricing pressure in the US.

The strong topline led to an excellent 17% EBIT margin at Kabi, reflecting strong operating performance and further productivity gains.

Growth vectors delivered a margin of 17.9%, up 360 basis points year-on-year and for the first time within our upgraded structural margin band. As Q2 benefited from some favorable mix, including milestones and phasing, the first-half margin remains the better proxy for the current underlying level.

The Pharma EBIT margin this quarter stood at 18.9% and reflected some costs associated with manufacturing adjustments. Year-to-date, the EBIT margin was around 20%, which remains a reasonable assumption for the second half of the year.

Turning to Helios, organic revenue increased by 5%, with a strong EBIT margin of 10.6%, fully in line with our structural ambition for the business.

Helios Germany delivered 6% organic revenue growth, driven by positive pricing and inpatient admission growth, partly offset by case-mix developments. EBIT increased 16% at constant currency, with the EBIT margin up 80 basis points to 8.3%, supported by continued cost management and the surcharge for publicly insured patients.

At Helios Spain, organic revenue increased by 3%, supported by increased activity levels, positive pricing, and continued growth in our occupational risk prevention centers. Reduced activity levels in Colombia weighed on top-line growth. EBIT increased 5% at constant currency, with a 14.0% EBIT margin reflecting continued positive operating leverage.

Q2 operating cash flow was strong at €344 million, driven by excellent cash conversion, particularly at Kabi. On a last-12-month basis, operating cash flow from continuing operations reached €2.8 billion, more than €500 million above the prior-year level. It demonstrates the focus and structural step-up in cash generation.

Free cash flow for the last 12 months amounted to €1.6 billion. This includes the dividend payment made in Q2 and around €290 million of proceeds from the pro rata sale alongside Fresenius Medical Care's share buyback.

Cash conversion remains excellent, with the last-12-month cash conversion rate at 1.2, once again above 1.

Stepping back from the quarterly numbers, Q2 further reinforces a key message: Fresenius performance is now translating into stronger earnings, higher returns, and a stronger balance sheet, leading to a structural step-up in our financial metrics.

ROIC reached 6.9% in Q2, an improvement of around 200 basis points since we launched RESET in 2022. It is the highest level achieved this decade.

Our CapEx assumption of around 5.5% of revenue reflects targeted investment in future growth under REJUVENATE while maintaining our discipline on capital allocation.

We remain firmly committed to a strong balance sheet and our investment-grade credit rating. Our leverage target corridor of 2.5× to 3.0× net debt to EBITDA supports that commitment. The successful €1 billion bond issuance in early July demonstrates our strong access to capital markets and the proactive refinancing approach.

Strong earnings, robust cash conversion, and a strong balance sheet give us the strategic flexibility to invest in profitable growth. Any optionality related to our Fresenius Medical Care stake is incremental to this position.

We will continue to invest with a clear focus on returns. We remain committed to our 6% to 8% ROIC ambition, and we expect further improvement over the mid to long term as we strengthen our growth vectors.

Let me conclude with our guidance and outlook. Based on strong broad-based performance and the excellent contribution from our growth vectors, we are increasing full-year core EPS growth guidance at constant currency from 5% to 10% to now 10% to 15%.

The updated guidance reflects the strong first-half delivery and our current view of second-half phasing.

For Kabi's EBIT margin, we now expect to be at the upper end of the 16.5% to 17.0% range. We are also updating our interest expense assumption, which we now anticipate being slightly below the prior year.

If exchange rates remain at the spot rate of 30th of June, we would anticipate a slight positive impact of less than 1% on reported revenue, EBIT and net income for the full year.

Looking ahead to the second half, the usual detailed phasing assumptions are included in the appendix, but let me highlight 3 points.

First, at Kabi, we expect to see consistent topline development and the Keto effect fully annualizing from Q3 onwards. Second, at Helios, we expect the usual Q3 seasonality in Spain. Q4 faces a tough comparison, particularly in Spain. In Germany, remember, the surcharge for publicly insured patients runs from November '25 to October '26. And third, a more technical comment: Share price performance until 30 June may create potential catch-up effects in long-term incentive plan accounting as we move through the year.

Overall, we see a step change in performance. Q2 is another proof point and reinforces the strength and consistency of our execution. We are raising core EPS guidance on the back of a strong first-half delivery.

And with that, I hand it back to Michael.

Michael Sen: Yes, thanks, Sara. Look, REJUVENATE is translating into measurable operating and financial outcomes: stronger growth, higher margins, improved returns, and a healthier balance sheet.

Investors rightly want continued evidence, clarity, and consistency, and our objective remains straightforward: to keep delivering quarter after quarter and create sustainable long-term shareholder value.

Over the last years, Fresenius has fundamentally repositioned itself around 3 powerful healthcare platforms: Biopharma, MedTech, and Care Provision. We have moved beyond managing individual businesses and/or dispersed geographies; we built focused platforms capable of capturing long-term structural growth opportunities.

Much of our growth acceleration and profitability improvement has been driven by the growth vectors. We have pivoted. These businesses are no longer emerging opportunities; they are becoming material contributors to Fresenius's growth and margin profile.

In Biopharma, we have demonstrated our ability to successfully build, derisk, and scale a platform. We have established a strong foundation and management team, delivered proof points, and created a business that is positioned to participate in the next generation of biologic therapies.

Looking ahead, our ambition is clear: to double sales and reach an EBIT margin of around 20% by 2030. Exceeding our ambitions will require further R&D investment in the early-stage pipeline and potential business development.

In Nutrition, we're accelerating growth through differentiated products and innovation that address evolving patient needs.

In MedTech, innovative solutions such as Ivenix and the Plasma Nomogram bring differentiated technology to customers and are strengthening our position in attractive, expanding markets.

Put simply, our portfolio is increasingly aligned with higher-growth areas of healthcare.

Importantly, we're not managing these businesses around today's products only. We are positioning Fresenius to benefit from secular growth trends and to proactively address paradigm shifts, including next-generation modalities such as antibody-drug conjugates (ADCs), bispecifics, and other advanced technologies.

At the same time, healthcare is becoming increasingly consumer driven, with patients playing a more active role in treatment, prevention, and healthcare choices. The patient is gaining agency. Across our platforms, we are aligning our portfolio with where healthcare demand is moving, not where it has been.

We are also broadening our access to innovation beyond existing businesses. Our recently announced Fresenius Venture initiative strengthens our healthcare ecosystem, expands our access to emerging technologies and business models, and creates additional avenues for long-term growth.

Our capital allocation priorities remain clear. First and foremost, we continue to invest in the business, strengthening the growth vectors, which can generate sustainable profitable growth and create long-term value.

At the same time, we have significantly enhanced our financial and strategic flexibility, with leverage reduced to approximately 2.6× net debt to EBITDA, with additional optionality from the value embedded in our FME stake.

We have earned the right to play by transforming Fresenius into a more focused company with stronger platforms, deeper expertise, and a healthier balance sheet.

We're now reinforcing our ability to win -- not only in today's healthcare, but in tomorrow's -- by building scale in attractive healthcare markets and investing for the next decade.

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

Q&A

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

Nick Stone: Thanks, Valentina. Can we take the first question, please, from Hugo at BNP Paribas?

Hugo Solvet: Hi, hello. Thanks, Nick, for taking my questions. Hi, Michael and Sara, and congrats on the prints. Just a quick question on the updated, upgraded EPS growth guidance, that implies a wide range of outcome for EPS growth in H2 from +5% to +15%. Can you maybe discuss phasing in Q3 and Q4 and whether you see either Q3 or Q4 coming below or above that 5%, 15% range, and given we've seen performance nicely compounding since the beginning of the year, to what extent you see EPS growth carrying into 2027?

And then my second question, just a quick clarification, Michael, you mentioned that you continue to expect EBIT growth and EBIT margin within the 10% to 12% range for Helios in 2027. Am I right to also understand that you expect Helios margin to progress year-on-year in 2027? Thank you.

Michael Sen: Well, thanks, Hugo. I could make it short and say '27, we'll get there when we get there. We didn't even have the budget. I think we gave you very directional, clear data points on how to think about '27, and that is against the whole discussion we had in the last couple of months. But since we are nice, maybe, Sara, put some light on the Q3, Q4 EPS development for the full year, and therefore, for the half, it should be already clear.

Sara Hennicken: Yeah, happy to do so. And look, I think, as you know, I'm not a huge fan of quarter-on-quarter because there's always some phasing in between. And as I look at Q2, sometimes I much more prefer to look at H1, and I think you read that or you listened to that in the comments I just made.

And so if I look for the second half, there are some distinct quarter descriptions, and I think the seasonality in Spain is certainly one to pick up in Q3. And outside that, if I go now for Kabi, we will see consistent or we expect to see consistent top-line development, as we have seen throughout the first half of the year. You will see the Keto effect fully annualizing. You will see more launches and ramp-ups to come.

If you look at Helios -- I already touched on Quirónsalud and the Q3 -- then I think it's there on Helios, the Q4, but that also holds for Kabi. Q4 for us was a very strong quarter last year. There was a lot of stories nicely aligned on the Q4, and so Q4 will be a tough comp on a year-over-year basis.

However, for me, it’s more important to see the momentum we have operationally in the businesses currently running, and I think the first half gives us a really nice kind of optimistic perspective for the full year, which is why we upgraded the core EPS guidance.

Nick Stone: Super. Thanks, Sara. Can we take the next question from Hassan, please?

Hassan Al-Wakeel: Hi, good afternoon. Thank you for taking my questions, a couple, please. Firstly, a follow-up on guidance, just a high-level question, Michael, can you talk about what has positively surprised you the most in the first half to allow you to raise guidance in such a substantial way? What are the key assumptions for the top end of guidance? Appreciate the strong top line at Kabi, but on an unchanged margin assumption for the year, should we think of this is more of a floor?

And then secondly, it does continue to look like the Fresenius SE and Fresenius Medical Care performance is continuing to diverge. Do you have any updated thoughts on your investment post the second quarter and the revenue dynamics and really better utilizing the capital and reinvesting it into your growth businesses, which are doing better than expectations yet again? Thank you.

Michael Sen: Thank you, Hassan. Let’s start with the second one. Vis-à-vis our stance towards FMC, nothing has changed. This is just an investment, nothing else. Don’t manage that one. Operationally, it’s not in our core numbers, guidance, and so on, so forth. It’s an investment, and obviously, like any investor, we follow how the investment is doing. We also heard, let’s say, the operational deviation in the last quarter. So if this is operational, there’s also things to be done, but you heard Sara and myself also talk that it is more or less a cash and cash equivalent, but that is always a function as to what is the value on the other side but also a function -- and there, maybe our tone is becoming more confident because I always said it depends on the maturity also of our company as to when and how we deploy capital.

We started REJUVENATE two years ago, going into innovation-led growth, starting more on the organic front, investing in R&D, starting investing into in-licensing, and the big message today is this is a structural shift. This is a step up. The growth vectors, the platforms are scaling, by scaling, contributing.

Why are they contributing? Because they are leading in the marketplace. They are picking up share. They are being very well receptive by customers, and therefore, whenever we see opportunities to scale that even more -- that was almost my last chart -- then we have, let’s say, several routes to do that. Obviously, we will be disciplined, but the balance sheet alone allows for things to do, but that is not the only route, and then we need to see what our ticket size is and the like.

I think, on the outlook, Sara alluded to the Q3, Q4. Look, at the end of the day, what is really encouraging is that broad-based performance across, in this case, all 6 businesses -- and even if I take the Pharma business, then I take that first half, and then it’s also completely in line.

We were actually not -- how should I say -- surprised in the sense that we didn’t expect things to happen, but at the beginning of the year, when we were discussing -- and you guys were telling us whether we are too conservative on guidance or not -- we told you a few things need to happen, and if they happen, they will contribute. But we also said it is predicated on sales, i.e., we always said this is a volume game this year, and that volume game is working.

If you look at the Biopharma, the 38%, told you at the beginning of the year that there will be competitors coming into the market in this calendar year, which they are. We have a backyard to defend, but it’s not only a backyard to defend. We can play offense.

In the UK, we have 75% market share. EU5, we mentioned the market share. What is then unfolding very nicely is denosumab. Also here, we told you that we have a differentiated product in the oncology space, primarily on Bomyntra, with a prefilled syringe.

Now we may have that, but does the customer also buy? It takes two to tango. Obviously, we see we are tangoing. That's why these things are working. But a couple of months ago, you always make a weighted average kind of thing, and here, many things have worked, and the momentum made us materially shift the 5 to 10 to a 10 to 15. And now to Hugo's thing, it's still 500 basis points between 10 and 15, but it's also a shift to the upper end of the other guidance.

So in there, it is again a function -- and Sara alluded to already Q4, maybe tougher comps, but it is also a question of the dynamics of the market. Currently, we see this thing is going on engines. By the same token, we may also decide maybe to also invest into even future growth, and this is what we're balancing.

Nick Stone: Super. Thanks, Michael. Thanks for the question, Hassan. Can we take our next question from Graham Doyle at UBS, please?

Graham Doyle: Hi, afternoon. Thanks a lot. Thanks a lot, Nick. So maybe just, Michael, on Biopharma, a nice sequential improvement there. It's really good to see. I'm just thinking Tyenne's obviously been a great driver of growth and kind of caught the franchise for a while now. How diversified do you think this is going to be in 12 months' time when you think of denosumab and vedolizumab? Have you got a sense as to how much more diversified it could be maybe in sales split?

And just following up on that then, given the talk around where balance sheet leverage is, could you be more -- maybe aggressive is not the right word, but could you be a bit more frequent in terms of some of the deals you do to really bulk out what's a super exciting portfolio?

Michael Sen: Goodness, someone is listening. Look, on the Bio, we probably have, let's say, a plan or a makeup even for beyond next year. That's why we came to this -- what was this capital market education exercise in December, where there must have been some basis for us telling you we're going to double in revenue and going to go to the 20%.

So we now currently have 11 products on 8 molecules in the market. Rituxi is coming. We now can commercialize this in the US. Now again, same kind of thing, how is the pickup? How is the market responding?

Then others are on the regulatory approval. We'll see when they come how long we can ride also, let's say, the very strong market position of Tyenne as to, when do we believe there's peak sales, which we will not tell you, obviously.

But it is encouraging that the first couple of months of denosumab is really, really, really picking up, and in the US, we are actually only at the beginning, and this is already a market where more people are in the very segment. So we're going to build on that one.

And yes, this was my last message. And even when I said Q4, we're not going to gear that whether we're going to get to the upper end of the guidance. We're going to gear that what is good for the business, and how do we invest?

And yes, we have means now to maybe go beyond what we have been saying, but that is also a question of opportunities.

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Nick Stone: Super. Thanks, Graham. Sorry, Graham, go on. All good? I was going to say I appreciate the focus on the next leg of growth. I think that's super encouraging. Can we take our next question from Oli Reinberg at Kepler, please?

Oliver Reinberg: Thanks so much for taking my questions, also two from my side. First, thanks so much for the color on the margin band for Helios that this was reiterated. I just want to discuss Spain a bit. If we look at the margin performance of Spain over the last years, there hasn't been much progress. We are starting even below the prepandemic level. I fully appreciate there have been many moving parts, but I just wanted to get the understanding of the confidence of margin improvement potential in Spain. And is it fair to assume that the margin improvement at Helios over the next, let's say, 2 or 3 years is more geared to Spain than for Germany? That would be question number 1.

And secondly, on this OAI status at Melrose Park, any chance to get a bit of more color what that means? I know that you talked about no major financial impact in 2026. Does it also apply for 2027, and is there a certain risk that this may impair your ability to launch your products? Thank you.

Michael Sen: Shall we start with Spain or Helios?

Sara Hennicken: Let me give you some color on Helios and more specifically on Spain. I think, look, they delivered a 14% margin in Q4. I think that's a very strong margin overall, and I think we have all been very satisfied with the margins Helios has contributed and printed very consistently over the last quarters.

What we said on the Capital Market Day is that, on the hospital side -- and now I'm more on the hospital in general. That includes Spain and Germany. It's a 4% to 6% top-line growth and that we will grow EBIT at that level or slightly above that but that the margin potential is not like with the growth vectors, where we do see that upside, where we do see that next leg. It is more making sure that those 2 businesses run as resilient and as stable as they are.

And as such, I like and appreciate the stability and the level at which the Spanish colleagues are pushing their margin through the quarters. So also to your question on the 10% to 12%, which is and remains our kind of Fresenius framework margin ambition, you see where Germany stands today. You, I think, have seen the bridge we work through, and I think that gives you an indication to where the medium-term potential could lie.

Michael Sen: And maybe to add, the way we have always been portraying our businesses, the Care Delivery but also the Pharma business, which we and now others also call the base business, these are very resilient, robust, predictable businesses. These businesses are not geared for eternal margin expansion. They are more geared towards -- they need to have the highest margin in the sector because they're market leader.

Earnings, if they grow organically, will thereby grow automatically. If the margin is stable and you grow, then earnings will grow. Earnings will equal cash earnings, and that one gives you the stability in the balance sheet for then the other growth vectors to really scale. That is the logic of that one.

And maybe on the OAI, look, as I said in my script, first of all, we know that many FDA inspectors are out in the sector. There's a backlog to be worked after COVID, so many companies are getting visits. We have had that OAI status, which means there is work to do. There's upgrades to be done, which we, by the way, also welcome because it gives us an opportunity to embed new technology when it comes to automation, digitization, using data for predictive decision on a factory shop floor because that reduces the, let's say, error probability of human errors.

But what is more important is that we are broadly based in the US. We have a manufacturing network in the US. So if 1 factory with a few lines has some homework, we can still play within the network. And that's why, for now, we said, '26, there is no impact to be expected. '27, it's the same with any other business. This has nothing to do with the OAI. We need to do our budget first, and then we know what the numbers in total are.

The third thing I would want to mention -- and this is important -- this is not the Fresenius of a couple of years ago, which is largely predicated to generics in the US. Generics plays a big role, and that's why we said we still have a manufacturing network to play with.

We have solutions now in the US with Wilson picking up. I didn't mention it in the speech, but we are still picking up market share here. We have a Nutrition business in the US, which has been growing very nicely. And we want to again see launches in Q4 in the US. And we have the Biopharma business. So the makeup is a totally different one to put it into perspective.

Nick Stone: Super. Can we take the next question, please, from Veronika at Citi?

Veronika Dubajova: Thanks. Good afternoon and thank you for taking my questions. I'm going to keep it to 2 as well. The first one is on the biosimilars business, and tell me if my math is wrong, but looking at the performance in Q2, it does seem to me like we are fast approaching the midterm 20% margin target in that business. Just curious if you can sort of talk to whether my math is correct and how you feel about the profitability from here and maybe just the balance that you see for investments versus margin accretion on a go-forward basis. That would be my first question.

And then my second question is on the really impressive growth rate in MedTech and whether you feel that that double-digit growth is durable, or is there some phasing here that we need to consider through the remainder of the year? Thank you, guys, so much.

Michael Sen: You want to take MedTech?

Sara Hennicken: Yeah, happy to. Hi, Veronika. So on MedTech, I think I already alluded to in my speech, right, the MedTech growth in Q2 was nicely driven by substantial installations around the Ivenix pump. And if I look at the full year of 2026, I think that the first half growth number is a better kind of approximation for what is ahead of us for the rest of the year. But I think what it shows you -- and let me reiterate that -- is what the Ivenix pump is doing, and it's the installation, but then it continues, right? It's a continuous business and a continuous revenue stream. And so it's really nice to see those installations happening and driving Q2.

Michael Sen: Yes, and even if you take what Sara just said, the first half is an impressive number. This is 7.2%, so if they can get to the 7.2% in the second half, which again means selling a few Conox, if you so wish, and sets and everything and keep installing the pump, but what you see with those 2 examples, slowly but steadily, it's shining through the numbers what our strategy is.

Having that smart pump, great customer reception, now doing the job on the installation, and building out the installed base, over the course of the next quarters and hopefully years, we will then report to you how the installed base is growing because the installed base is then the precursor for the recurring revenue of sets and software. By the same token, we're going to work on bringing down the cost per pump. I think IR also spread the news from recently a scientific paper where they were comparing infusion pumps across the board, across the market, and Ivenix really stood out because it reduces the cognitive workload of nurses and reduces the error.

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Now to your point of biosimilars, while this has been an extraordinary great quarter with a 38% growth, but in absolute terms, Q3 and Q4, they need to deliver and even, in absolute terms, may have to step up, which we see good momentum with the molecules we have in the market.

As it stands, it is out in the open, what we said, doubling the revenue and getting to the 20% margin. But what I also said, coming to more Graham's question is we also need to think beyond. So then that means thinking about what drives value. And that is obviously a function of pipeline, of maybe further investment into capacity, maybe having another molecule in an adjacent therapeutic area, like with aflibercept, it is ophthalmology.

So we will also talk about investment. This is not a margin-maxing game for the next 3 years, and then we get to 22% margin and then go home. This is more or less what comes beyond, and how do we create sustainable value until 2035.

Nick Stone: Super. Thanks for the question and also for the great answer. Can we take the next question, please, from Anchal Verma at JP Morgan? Anchal, over to you, please.

Anchal Verma: Hi, good afternoon. Just 1 left for me, please. This one's on Pharma. Pharma took a dip in margins in Q2 on manufacturing adjustments. Just wanted to clarify, is this related to the Melrose Park situation? And maybe could you expand on what's going on there, and how should we think of margins from here?

Sara Hennicken: Yeah, happy to take that. Look, I think, taking the second piece first, if you think about margins, I would focus again on the first half. And that is what I would look for if I go into the second half and look at the sustainability of the Pharma margins throughout the year.

I think we made that comment on Q2. As Michael just said, we have kind of a manufacturing network, and in Q2, we have some kind of small manufacturing adjustment, but was on the European manufacturing side, has nothing to do with regulatory topics but with more demand-driven adjustment in one of the lines.

Nick Stone: Super. Thanks, Sara. Can we take our next question, please, from Oli Metzger at Oddo, please?

Oliver Metzger: Yes, good afternoon. Thanks a lot for taking my questions. First one is a clarification because you said, for FY '27, you expect EBIT growth at Helios. Would you say the same also for Germany in isolation?

Second question is on Pharma. So you added some 7 molecules in the in-licensing deals. So first part, can you remind us about your overall pipeline in Pharma and, second, when the 7 additional molecules are expected to be commercially relevant? Thank you.

Michael Sen: Yes, commercially relevant, they're going to be in the next coming years. This is the in-licensing. We said for this year, I think, roughly a double-digit, low double-digit number on molecules we launched, a little less than the year before.

By the way, in Q2, we didn't launch in the US. We didn't launch any molecule, which will come now in Q3 and Q4, which will support Q3 and Q4 in Pharma. That's why, as Sara said, the proxy is take the first half and take a ruler for the second half on Pharma.

And Oli, look, on Helios, everything has been said. This is a sector. We have sector margin bands. This is a company to be managed with all assets, and this is the outcome.

Nick Stone: Super. Thanks, Michael.

Oliver Metzger: Okay. Thank you.

Nick Stone: Thanks, Oli. I'm conscious of the fact we've got about 3 minutes left, so if I can ask the remaining analysts to keep their questions short, we'll try and do the same to try and get it all done within an hour. So James, if we can come to you with Jefferies, please.

James Vane-Tempest: Hi, thanks for taking my questions, 2, if I can, please. Firstly, you've highlighted on returns, obviously, there's been 5 quarters of improvement. You're now at the midpoint of that 6% to 8% target range and now at the lower end of your leverage range. So you talk about ROIC improvements over the mid to long term, but can you describe what the business needs to look like for you to be doing 8%? Because the reality is hospitals are capital intensive, which will act as a drag to what you can achieve in Kabi, and you're making other investments. So when would there be a natural ceiling until you then actually have to prioritize returns? And I've got one quick follow-up if I can.

Michael Sen: Well, I'm not sure whether I would follow your assumption. Yes, hospitals are capital intense, but they also have operating contribution because, in the operating cost, there's mostly personnel costs and the like. And by the way, there are also other funding mechanisms, which we also talked about, funds in Germany, how you can help on investing CapEx.

So taking the entire portfolio as such, this is the ROIC bandwidth, and don't forget that we also disclose without the goodwill. I think this is then what you see as the operational improvement.

So we don't see anybody holding back the other one in cap. Look at for the first half CapEx for depreciation. I think this is at, I think, even below 70% or something. So for a 6% growth company, there's enough room.

Nick Stone: James, we're going to take your follow-up as well, please.

James Vane-Tempest: Yeah, thanks. So second one is just the -- so the 11.5% Group margin, that mathematically can be delivered at the lower end of the Helios and the Kabi guidance. So I guess, with raising Kabi to the upper end, so just curious why you'd leave that unchanged and not perhaps say 11.5% to 12%, given you have a 0.5-point range for Kabi. So are there any higher corporate costs, and perhaps specify the main reasons for the higher EPS guidance in case I missed it. Thank you.

Michael Sen: Thank you. It's very easy because we don't manage like that. We manage from business all the way to what then people consider the bottom line, which is the EPS growth. The EBIT corporate margin was just as a reference point to help you guys because we went to core EPS guidance here for the first time.

It is very clear. The business happens transactional in the market, in the business. This is why we then have margin bands for the businesses to help you model that one and to understand how we manage. And then on top, we manage the entire company, and that's the bottom line. Anything in between is random. I can shift corporate costs from left to right, from up to down, but view it as a kind of a floor, and then we're going to get there.

Nick Stone: Perfect. Thank you.

James Vane-Tempest: Thank you.

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Nick Stone: Take the next question from Aisyah at Morgan Stanley, please.

Aisyah Noor: Hi, everyone. Thanks for taking my questions. I can be quick. So the question was just on China. Just wondering, as you annualized the Keto VBP headwinds this quarter, how do you feel about the risk of potential VBP in the remainder of your Nutrition portfolio in China? And maybe equally, how did your China Nutrition business ex-Keto develop in the quarter? Thank you.

Michael Sen: Well, Q3 will be the first clean -- cleanest -- quarter. There was some spillover last year going into Q2 because those who won the tender couldn’t deliver. So we deliver it. And so Q3 will be the first kind of very clean quarter.

On China, everything remains what we said. China, as important and big as it is, as in the market, also in the mid to long term, doesn’t move the needle for us in the entire Group.

We do not expect growth in China out of many reasons: The volume-based tendering is there to stay. I said in the last call they are even making it stricter, volume-based tendering 2.0, that there is no arbitration between or kind of arbitrage between national and regional. There is, again, budgetary constraints from the hospital. They call it yellow lining. But we’re not dependent on that one, thank God, like other companies who got their performance moved by China.

So on Nutrition, we expect growth in China, if at all, in 2027, with out-of-pocket payment products. This is where we are banking on in China to get away from the budgetary constraints, segments which are out of pocket, so China, flattish development for the second half.

Nick Stone: Super. Two questions to go. So Anna, Bank of America, over to you, please.

Anna Ratcliffe: Hi, thanks for taking the question. I’ll try and be quick. I wanted to ask on the Kabi margin, which was obviously really strong in H1, and now you’re pointing to the upside of the guide. Just what are the potential moving parts that could drive that performance into H2 to above the guidance, maybe any areas you’ve been conservative?

And then secondly, shifting to Helios Germany, I really appreciate that bridge that you guys laid out into 2026 margins. I wanted to ask, on that volume and price step, it looks like 20 million to 30 million, is that helped by growth and efficiencies from the clustering initiative? Is that something that you could have ongoing every year? Just any more color on how to think about the sustainability of that would be super helpful. Thanks, again, for squeezing me in.

Sara Hennicken: Look, I think, on the Helios, I think we said to that bridge what we wanted to say, and it was not -- we didn’t put a ruler on to give you a 30 million up or down in 2027, right? I think what was true is that that system of incremental price increase will continue to persist and will be there.

And what’s also holding true is that volume remains for us a key focus and that, through initiatives, we want to attract and retain more patients into our clinics. We have the right network. We have the right referral system, and we will continue working on that to make sure we get the volume in, in ‘27.

Michael Sen: Yeah, don’t forget, as the largest network, as a network, you have totally different effects you can -- levers to play with than individual hospitals, procurement power, network effect. If you automate something, if you standardize something, you can scale it immediately through your network.

On the guidance, look, this is not about us being conservative. And then one thing I said, we will not gear it that we get to the upper end at the end of the year. This is running a business. We have great momentum in the businesses. So if the businesses continue to deliver great momentum, great top line, great earnings conversion, then we will see how much we get to the upper end of that thing.

By the same token, if we read the newspaper, there are a few topics which are also not getting easier with regards to input costs, the secondary effects of the Middle East war or oil prices, so derivatives of that one, feedstock, granulates, and so on, so forth.

That is, by the way, all baked in. This is not additionally, and these are things which maybe are for many other companies headwinds to rather adjust the guidance to somewhere else. We have baked that one in, and that's it.

Nick Stone: Super. So last question from Falko over at Deutsche Bank. Falko, over to you please.

Falko Friedrichs: Thank you. I'll keep it to 1. It's on the rituximab approval news. Could you add some color on how financially meaningful this could potentially become for your biosimilar business and whether you see this as a potentially larger opportunity? Thank you.

Michael Sen: Yeah, well, Falko, I think we need to put Rituxi into perspective. First of all, I think it's not a secret to the market that we are a little later -- E-R -- than expected because this is not an inbound molecule. This is with a partner, and they also had to work on getting the regulatory approval. That means there are some folks already out there on rituximab. So it will be a more crowded space. But nevertheless, if you have a platform and have another additional molecule, this is an advantage vis-à-vis the customer, but I see this more in 27, late and beyond.

First of all, we have the approvals. Then we need to get the J-code, by the way, the HCPCS code, in order to charge and everything. So there's a few steps still to be taken before you then commercialize.

And on the commercialization, I would always do some sort of an incremental costing. But what we see in the US with our Biopharma team has tremendously achieved under the leadership there is that we changed our go-to-market on a key account management basis and on a, let's say, pricing and terms and condition basis.

And with a key account, you always talk about what is the breadth of your portfolio. A key account management is always different to individual transaction because it's based on deeper relationships and trust. So therefore, it is an important thing, but it is coming a little later than expected, but it's now there, still a few steps to go, and it will add value.

Nick Stone: Super.

Falko Friedrichs: Okay. Thank you.

Nick Stone: That was our last question. Thanks, Falko. We very much appreciate it. And given that there are no further questions, we can conclude today's call. So thanks to everyone for their participation. And obviously, with Michael and Sara, we'll look forward to meeting you in the coming days and weeks. And with that, we shall bid you all a very good day.

Michael Sen: Thank you.

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