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# EDITED TRANSCRIPT

FMEG.DE - Full Year 2025 Fresenius Medical Care AG Earnings Call

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## PRESENTATION

### Operator

Hello ladies and gentlemen. Welcome to the report on the fourth-quarter and financial year 2025 conference call. I'm Mauritz, the chorus call operator. (Operator Instructions) And the conference is being recorded. (Operator Instructions) The conference must not be recorded for publication or broadcast.

At this time, it's my pleasure to hand over to Dr. Dominik Heger. Please go ahead, sir.

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### **Dominik Heger** - *Fresenius Medical Care AG - Head of Investor Relations, Strategic Development & Communications, EVP*

Thank you, Mauritz. Welcome everyone to our earnings call for the fourth quarter and the financial year 2025. As always, I start out the call by mentioning our cautionary language that is in our Safe Harbor statement, as well as in our presentation and in all the materials that we have distributed earlier today. For further details concerning risks and uncertainties, please refer to these documents and to our SEC filings.

We will have one hour for the call. In order to give everyone the chance to ask questions, we would limit the number of questions to two. Thank you for making this work as always. We will begin our full year financial results by reviewing key strategic milestones achieved in 2025, which marked the end of our mid-term strategy. Next, we will analyze fourth quarter outcomes and present our outlook for 2026 and different horizons beyond.

Let me now welcome Helen Giza, CEO and Chair of the Management Board; and Martin Fischer, our Chief Financial Officer.

Helen, the floor is yours.

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### **Helen Giza** - *Fresenius Medical Care AG - Chairman of the Management Board, Chief Executive Officer*

Thank you, Dominik, and welcome everyone. It's great to have you with us today. We appreciate your continued interest in Fresenius's Medical Care. 2025 was a milestone year for Fresenius's Medical Care. We delivered an outstanding step up in profitability, having achieved the upper end of our 2025 financial outlook and closing the year with an exceptional fourth quarter performance.

The progress we realized in 2025 and the momentum we have built over the past three years reflects the consistent focus and dedication of our employees around the world. Their commitment is the foundation to our success as we strive to lead kidney care through exceptional care and innovation. And I'm extremely appreciative of the progress we made for our patients and the exciting path we have ahead of us.

Before we delve into the fourth quarter specifically, I would like to take a few minutes to reflect on the key highlights of the past year and how we are positioning Fresenius's Medical Care for the next phase of value creation.

Beginning on slide 4, at our Capital Markets Day last June, we officially launched our New 2030 Strategy, FME Reignite. The strategy is designed to accelerate growth and drive ambitious profitability improvements, aiming for industry leading margins. FME Reignite represents a pivotal step forward for us as we shift our focus toward accelerated innovation and growth.

As part of our FME Reignite, we carved out our Value-Based Care business, establishing our third operating segment. This strategic decision further enhances our reporting transparency and reflects the continued growth in Value-Based Care, which generated over EUR2 billion in revenue in 2025. We not only initiated but accelerated a EUR1 billion share buyback program reflecting our strengthened financial profile, further reduced net debt, and commitment to regularly returning excess cash to shareholders.

In 2025, we marked an important milestone with a successful soft launch of our 5008X CAREsystem in select FME clinics in the US to accelerate to the large-scale clinic conversion in 2026. As we speak, we are rolling out at speed, the 5008X CAREsystem to our US clinics and assessing a new standard of care in the US with high volume HDF therapy.

We accelerated our FME25+ savings program through the end of 2025, achieving sustainable savings above our already increased target. This supported a significant step up in profitability, with a group margin of 11.3% driven by all three operating segments and landing well within our target margin band for 2025.

Turning to slide 5. For 2025, we delivered revenue growth at the upper end of our outlook, leveraging our vertically integrated business model to overcome a difficult market environment and unanticipated headwinds from lower volumes and elevated medical benefit costs. Supported by an exceptional fourth quarter performance, the 2025 operating income growth of 27% reached the top end of our ambitious outlook for the year.

Next on slide 6. At the beginning of 2023, we set demanding midterm profitability targets to 2025 as we began a three-year journey to build a stronger and more resilient company while committing to significant operational improvements. I am proud to say that we have delivered on that commitment. We increased our Care Delivery margin to 13.1%, achieving the middle of our target band for the segment. We more than quadrupled our Care Enablement margin from nearly 2% to just over 8%.

If you recall, at the time of setting the targets, we had just two operating segments with Value-Based Care still part of Care Delivery, this is why there was not a specific target for Value-Based Care. However, the improved performance in that segment is reflected in the group development.

While returning capital to shareholders in the form of dividends and share buyback, we are in a significantly stronger financial position, as we have reduced net debt and improved our net leverage ratio from 3.4 times at the end of 2022 to 2.5 times at the end of 2025.

Turning to slide 7. We also delivered on the committed key strategic initiatives. This execution supported our improved operational performance to date, and importantly has positioned us well as we transition towards the next phase of growth and innovation.

With our FME25+ transformation program, we committed and overdelivered, exceeding our already upgraded sustainable savings target with EUR804 million in realized sustainable savings to date. We executed our portfolio optimization program at pace, focusing our international clinic footprint to 25 core markets across 34 countries, considerably down from 49 in 2023.

A key pillar of our strategic plan announced in 2023 was to unlock value as the leading kidney care company. The launch of our 5008X machine in the US and leadership in renal Value-Based Care are powerful examples of how we are delivering on that ambition while raising the standard of care for patients.

Next on slide 8. Cash generation is an inherent strength of our business model. In 2025, we generated EUR2.7 billion in operating cash flow, clearly demonstrating this capability. This strong cash performance, supported by disciplined capital allocation, provided the flexibility to invest in our core business for profitable growth, while returning excess capital to shareholders.

Through our accelerated share buyback program, we repurchased shares for a total amount of EUR586 million in 2025, completing the first tranche of our initial EUR1 billion program, which supported our EPS growth. In January of this year, we initiated the next tranche with around EUR414 million further accelerating the share buyback program.

For the 2025 financial year, we plan to propose a dividend of EUR1.49, representing a 3% increase to 2024 and corresponding to a payout of 33% of adjusted net income, well aligned with our target payout ratio of 30% to 40%.

Let us now look at our fourth quarter performance specifically, beginning on slide 10. To cap off a strong 2025, we delivered a truly exceptional fourth quarter financial performance. We realized strong organic revenue growth of 8% and earnings growth of 53%, resulting in a margin of 13.9%, a remarkable 430 basis points increase over the prior year. This was supported by our FME25+ savings program with EUR63 million in additional sustainable savings in the fourth quarter alone.

We recorded exceptional EPS growth of 68% driven by our accelerated share buyback program. And in parallel, we further improved our net leverage ratio to the low end of our target corridor.

Let's review some fourth quarter highlights from each of the operating segments on slide 11. Beginning with Care Delivery in the US, same market treatment growth was broadly flat, as volumes remained under pressure from the follow-on effects of the flu-related elevated mortality in the first half of the year and a high level of mistreatment in December.

Our Care Delivery international markets delivered solid 1.7% same market treatment growth. Underlying performance and Care Delivery was positively supported by favorable US rate and payor mix development. In addition to the underlying trends, Care Delivery performance was boosted by around [EUR40 million] higher than expected benefit from phosphate binders that fall into the TDAPA regulation, bringing it to around EUR220 million contribution in 2025.

We shared in our third quarter earnings call, our quality initiative on bloodstream infection prevention by using different types of catheter related bloodstream infection interventions. In the fourth quarter, we made significantly faster progress on the initiative than assumed. Both interventions require a physician prescription, and one of those solutions prescribed by physicians falls under the TDAPA regulation until the middle of 2026.

It has contributed around EUR90 million in 2025, and it will be a year over year neutral effect for 2026. This has helped us in 2025 to offset around EUR80 million higher medical benefit costs in the year that we had not anticipated at the beginning of the year. Of course, the higher-than-expected TDAPA contribution in 2025 raises the outlook base for 2026 even higher, and I will address the impact in the outlook section.

As I highlighted earlier, we started with the launch of our 5008X machine in select clinics in preparation for the large-scale expansion of access to high volume hemodiffiltration in 2026.

Turning to Value-Based Care, we realized positive operating income in the quarter driven by favorable savings rates, which was partially offset by an unfavorable effect from CKCC programs. This development brings our 2025 Value-Based Care performance to break even, a notable achievement from a historically loss-making position. In the fourth quarter, we realized an increase in member months from further contracting growth as well as the continued growth of our provider network.

The fourth quarter in Care Enablement saw continued positive pricing contributions. However, in China, we face negative impacts from volume-based procurement, as well as other regulatory policies, resulting in stricter tender requirements and delayed tenders. This weighed on our revenue and earnings development in the quarter and is also expected to impact 2026.

We continue to capture sustainable savings as part of FME25+ driven by disciplined execution of the next level of footprint optimization across both manufacturing and supply chain. And also in Care Enablement, preparations for the large scale launch of the 5008X and shipment of new consumables continue to advance as planned.

I'll now hand over to Martin to walk you through the fourth quarter financials in more detail.

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**Martin Fischer** - Fresenius Medical Care AG - Chief Financial Officer, Member of the Management Board

Thank you, Helen, and welcome to everyone on the call also from my side. I will begin on slide 12. In the fourth quarter, we achieved organic revenue growth of 8%, supported by Value-Based Care and Care Delivery. At constant currency, revenue increased by 7%. Care Enablement revenue development was negatively impacted by regulatory pressure in China. Divestitures executed as part of our portfolio optimization plan negatively impacted revenue development by 70 basis points.

Adjusted operating income increased by an impressive 53% on a constant currency basis. This increase drove a clear step change in our group margin to 13.9%. Special items negatively affected operating income by EUR111 million. This comprises costs related to FME25+ and our continued portfolio optimization as well as effects from the remeasurement of our investment in tumor side.

Turning to Slide 13. This slide highlights the remarkable 430 basis points margin improvement, driven by especially strong contributions from Care Delivery due to significant higher contributions from TDAPA regulation than we had expected, and Value-Based Care contributed positively as well. Net corporate costs improved by EUR5 million. This includes a favorable EUR2 million development in virtual purchase power agreements -- power purchase agreements compared to the prior year period. Foreign exchange rates developed unfavorably with a negative EUR43 million translational impact. The average US dollar exchange rate in the fourth quarter was 1.16 compared to 1.17 in the third quarter.

I will now walk you through the financial developments in each segment, starting with Care Delivery on slide 14. Care Delivery realized 7% organic revenue growth and 6% revenue growth at constant currency. In the US, organic revenue growth of 8% was driven by positive impact from TDAPA regulations, favorable rate and mix effects and reduced in plasticized concessions, demonstrating progress in our revenue cycle management initiatives.

Care Delivery International delivered 3% organic growth. Divestitures negatively impacted Care Delivery revenue grows approximately by 120 basis points overall. Care Delivery achieved 45% earnings growth and 440 basis points margin improvement to 16.4%. Business growth benefited from higher-than-anticipated contributions for phosphate binders.

The significantly higher prescription and adoption rate of one of the entry microbial catheter solutions that falls under TDAPA regulation also contributed around EUR70 million in the quarter, helping us to offset the not anticipated around EUR80 million higher medical benefit costs in the fiscal year. Business growth also supported by positive rate and mix effects in the underlying clinic business as well as the phasing of a content agreement on certain pharmaceuticals. Increased labor costs, which include a significantly elevated medical benefit costs were partially offset by FME25+ savings.

Turning to Value-Based Care on Slide 15. Value-Based Care again accelerated revenue growth, achieving 42% organic growth. This significant increase was driven by further growth in the number of member months largely attributable to further contract expansion. Value-Based Care realized positive EUR29 million in operating income, driven by improved savings rate, FME25+ savings and partially offset by an unfavorable effect from CKCC programs.

For the full year, Value-Based Care was positive EUR3 million compared to a loss of EUR28 million in 2024, marking the first year of breakeven earnings development for our Value-Based Care business.

I will next turn to Care Enablement on Slide 16. Revenue for the segment decreased by 3%. Lower volumes driven by negative impacts from value-based procurement and other regulatory policies in China, were partially offset by overall continued positive pricing momentum.

Care Enablement earnings declined by 6%, primarily due to unfavorable business development in China and currency transaction effects. This was partially offset by positive pricing. Further sustainable savings from the FME25+ program, primarily driven by improvements in supply chain and manufacturing compensated for the expected inflationary cost increases.

Next, I will look at cash flow development on Slide 17. In the fourth quarter, operating cash flow strongly increased versus the prior year, mainly driven by higher net income, improvement in cash collection and prior year phasing of income tax payments. Our disciplined use of cash fully aligned with the priorities set out in our capital allocation framework.

In the quarter, we purchased existing production sites in Germany that have previously been leased for a total of EUR181 million. We reduced our net debt and lease liabilities compared to the prior period by 6%. We accelerated our share buyback program, repurchasing over 14 million shares for a total amount of EUR585 million, representing 4.8% of share capital in 2025. Since the end of the quarter, we have repurchased an additional 4.2 million shares for EUR163 million. We ended the quarter with a further strengthened net leverage ratio of 2.5 times improving to the lower end of our target then. We reconfirm our target band of 2.5 times to 3 times.

I will now hand back to Helen.

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**Helen Giza** - Fresenius Medical Care AG - Chairman of the Management Board, Chief Executive Officer

Thanks, Martin. I will pick up with FME25+ on Slide 18. In 2025, the FME25+ transformation program further accelerated its positive momentum, delivering EUR238 million in additional sustainable savings for 2025, ahead of the upgraded target of around EUR220 million. Accumulated savings of the entire program reached EUR804 million. The successful execution of FME25+ and the strength and foundation we have established as a result has allowed us to identify additional opportunities to unlock sustainable savings that were not necessarily visible or accessible before.

Also, the flat same-market treatment growth of the last years triggered the decision to further adjust the clinic footprint in the United States while balancing at the same time, the capacity for the expected future growth of 2%-plus once mortality has normalized. We have again structurally assessed changes to developing an attractive growth area across the country and decided to close the least promising clinics in the United States. This results in a footprint rationalization affecting around 100 clinics in 2026.

Building on the momentum, we will further accelerate and expand FME25+, we expect costs and savings of EUR400 million for the years '26 and 2027, for a total of EUR1.2 billion of sustainable savings by the end of 2027.

Let me now move to our outlook section on Slide 20. To frame our 2026 outlook, I will begin with our most important operational priority. The 5008X rollout in the US. This represents the largest transition of clinic infrastructure in Fresenius Medical Care's history. Our large-scale launch of the 5008X is now underway with the target of replacing around 20% of the installed base in our own clinics this year.

Importantly, this replacement strategy will deliver substantial benefits, including reduced mortality and improved outcomes for patients, increased operational efficiencies and a stronger competitive position for our US clinic network. However, in the first year of the large-scale rollout, our care delivery US business will face an OpEx headwind from rollout related costs.

In 2026, we will train over 7,200 nurses and technicians and transition about 36,000 patients to the 5008X machine across 28 states. This requires significant training effort, but we expect to improve efficiency as the rollout progresses. We will start to see operational efficiency benefits in converted clinics ramping up as machines are converted.

As a reminder, eligible patient can typically transitioned from HD to HDF within a few weeks. And once patients are on high-volume HDF for three months, the improved outcomes, including lower mortality, will start to ramp up over the following 2.5 years. Therefore, we would expect that the positive effects will only start to become visible later in the year with greater benefit to increasingly supporting results in 2027 and beyond.

Still early days, but our rollout is well on track, and it's exciting to start to see more and more clinics converted every week. And by the time we get to half year results, I would expect to have a more detailed update on how the rollout is progressing.

I now move on to our outlook for 2026 on Slide 21. Following a significant step-up in profitability in 2025, we are comparing against a very high base in 2026, while significant temporary benefits from TDAPA regulations start to phase out in 2026. Our 2026 outlook underscores our disciplined focus on sustaining this higher baseline. While we expect Care Delivery and Care Enablement to grow, we are assuming broadly flat revenue growth, largely reflecting changes in value-based care risk contracting and related revenue reductions.

For earnings, we assume operating income will remain on a consistent level with an upside downside range of a mid-single-digit percent change. We clearly target to maintain our enhanced profitability while investing for future value creation and navigating regulatory headwinds. This implies a margin range of 10.5% to 12% at group level.

I'll now hand you back to Martin to walk you through the assumptions between our 2026 outlook on Slide 22.

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**Martin Fischer** - Fresenius Medical Care AG - Chief Financial Officer, Member of the Management Board

Thank you, Helen. Starting with revenue. For Care Delivery, we carefully assume flat same market treatment growth in the United States, including a normal flu season similar to the '23-'24 season. This does not change our expectations of returning to 2%-plus as mortality normalizes and patient outflows improve. We are excited about the opportunity to reduce mistreatment and patient outflow by further enhancing the quality and patient outcomes as part of our FME Reignite strategy.

Increasing penetration of high-volume HDF and antimicrobial catheter solutions, further expansion of Value-Based Care as well as benefits from ESRD patients using GLP-1 are supporting this path to 2%-plus growth. Internationally, we are assuming solid same market shipment growth in 2026, and we assume the usual moderate reimbursement rate increases. Following a significantly greater than anticipated benefit from the TDAPA regulation in 2025, we assume a headwind for the starting phase out in 2026, also on the revenue side.

In Value-Based Care, we are assuming negative revenue growth of around EUR300 million due to changes in risk contracting that result in lower revenue recognition. We do not expect this to impact earnings development.

In Care Enablement, we assume a continuation of the solid organic volume growth. China remains challenging, and we are assuming moderately negative impact as we address regulatory policy changes and review our portfolio and strategy accordingly. At the group level, we are assuming a negative 30 basis points impact from portfolio optimization realized in '25 and '26. Our currency assumptions are based on euro-US dollar rate of 1.18.

Turning to the earnings side. We are assuming EUR250 million to EUR350 million of business growth, driven by favorable pricing developments and revenue cycle management initiatives. We expect incremental FME25+ savings of EUR250 million with related onetime cost of EUR350 million. We are assuming inflationary pressure of EUR200 million to EUR300 million, which includes a typical 3% net labor cost increase as well as the user cost inflation across all of our operating segments. We are facing regulatory impacts that we assume will impact earnings development by EUR150 million to EUR200 million.

In Care Delivery, we assume regulatory headwinds from phasing out of phosphate binder and TDAPA contributions and the negative effect from the expiry of the extended tax subsidies for ACA contracts. Strategic investments of EUR100 million to EUR150 million include 5008X rollout costs, mostly in Care Delivery, as well as investments in our IT platforms such as the required transition to SAP [S/4HANA], supporting the harmonization and standardization of core business processes across our organization.

The costs related to the IT platform investment, making up about half of the EUR100 million to EUR150 million will be reflected in our corporate line. We will continue to further optimize our portfolio in 2026 and assume costs of around EUR50 million. To help with your modeling, we are assuming corporate costs of EUR200 million to EUR220 million.

A net financial result, negative EUR340 million to EUR360 million. And an effective tax rate of 22% to 24%. And driven by our 5008X rollout, we assume an increased operating income into segment elimination of around EUR100 million-minus. While we do not provide quarterly guidance, from a high-level phasing perspective, we expect a stronger first half of 2026 before the TDAPA benefits begin to phase out in the second half of 2026. This phasing is different to normal patterns for our underlying business and industry.

I will now hand over to Helen for Slide 23.

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**Helen Giza** - Fresenius Medical Care AG - Chairman of the Management Board, Chief Executive Officer

Thanks, Martin. We knew 2026 will be a transition year, which does not change our aspiration to achieve industry-leading growth and margins. This aspiration remains firmly intact. The year 2026 will serve as a pivotal milestone as we continue to strategically position ourselves for sustained value creation. During our Capital Markets Day in June, we communicated that margin development in Care Delivery is expected to be more weighted towards the later part of the period, whereas Care Enablement demonstrates a steadier pattern of improvement.

To enhance transparency regarding the group's future trajectory, we have added an aspiration for 2028. We see a clear path toward operating income growth, targeting a compound annual growth rate of 3% to 7% through 2028. This growth will be driven by the focused execution of our FME Reignite strategy, which includes the 5008X rollout and our quality strategy to reduce mistreatments and mortality as well as continued progress in revenue cycle management.

In addition, increased sustainable savings from our FME25+ program will contribute to this earnings growth. If we exclude the noise resulting from the interim TDAPA tail and headwinds throughout this period, our implied earnings growth trajectory through 2028 would be in the low teens on a CAGR basis. This shows how strongly the underlying operational performance is unfolding.

Our 2030 aspirations are fully underpinned by the strategic priorities and momentum of FME Reignite. At the time of the Capital Markets Day, we have not given explicit revenue growth aspirations to 2030 as the Value-Based Care segment has an inherent volatility from changes in risk contracting, which makes top line forecasting less predictable. Therefore, we have excluded Value-Based Care from our revenue growth aspirations. For Care Delivery, we anticipate a lower to mid-single-digit revenue growth CAGR and for Care Enablement, we expect a mid-single-digit revenue growth CAGR.

Our 2030 margin aspirations to achieve industry-leading margins in all of our operating segments remain unchanged. At the group level, we maintain our aspiration to deliver an operating income margin in the mid-teens. We maintained the same 2030 margin aspiration for both Care Delivery and Care Enablement. Recognizing that Value-Based Care is a structurally lower margin business in a relatively nascent industry, we have a low single-digit operating income margin aspiration to 2030. We are well positioned for continued value creation in the years ahead.

That concludes my prepared remarks. And now I'll hand it back to Dominik to begin the Q&A session.

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**Dominik Heger** - Fresenius Medical Care AG - Head of Investor Relations, Strategic Development & Communications, EVP

Thank you, Helen. Thank you, Martin.

Before I hand over for the Q&A, I would like to remind everyone to limit your questions to two, please. And with that, I hand it over to Mauritz to open the Q&A session, please.

## QUESTIONS AND ANSWERS

### Operator

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. (Operator Instructions)

**Dominik Heger** - *Fresenius Medical Care AG - Head of Investor Relations, Strategic Development & Communications, EVP*

Hassan, Barclays.

**Hassan Al-Wakeel** - *Barclays Services Corp - Analyst*

Good afternoon. Thank you for taking my questions. Firstly, if you could please talk about some of the key drivers the acceleration of EBIT growth from flat at the midpoint of guidance this year to propel you to the midpoint of the '25 to '28 -- 2028 range of 5%? And how much of this is reliant, if at all, on an acceleration in same market treatment growth?

And then secondly, on Care Enablement, could you quantify the drag from China tender modifications and delays in the quarter? And how you're thinking about this posting throughout 2026? Thank you.

**Helen Giza** - *Fresenius Medical Care AG - Chairman of the Management Board, Chief Executive Officer*

Thanks, Hassan. I think I'll take both of those and make sure I've got your first question covered. So we maybe tag team it if you need more here. Obviously, what you can see is that we have a flat 2026 versus the midterm growth CAGR of 3% to 7%. Obviously, you can hear from the chalk outline that we have 2026 is a year of investment both in HDF and in systems platforms. And of course, we're calling out quite explicitly, deliberately the impact from the regulatory pieces of TDAPA and ACA.

I think the way to think about it is, as you look at the headwinds and tailwinds slide, that we know was quite detailed this year deliberately that you can kind of see the levers of the pluses and minuses and the range that is there. Obviously, there's a lot of underlying operational work that we're focused on. So once you kind of get past the TDAPA and binders piece, the business growth on rate and mix and kind of the business growth and revenue cycle improvements we start to come through.

As always, we have the ongoing -- sorry, headwinds of labor and inflation. So kind of -- I think you kind of got the building pieces -- building blocks there. And of course, the accelerated definitely '25 just adds to all of that. And Care Enablement, that margin improvement is kind of constant over time, both from the top line levers that they're pulling as well as the FME25 levers that they're pulling there. In terms of the kind of the same market treatment growth and what impact.

Obviously, we're calling it flat. We know where we've been. We kind of obviously have coming out of December, missed treatments from weather and flu. We haven't seen flu data yet. So we just felt it was safe to call that flat. And then gradually improve over time to get back to that 2%-plus by pulling the levers of the mortality improvement that we outlined on the call, not just our antimicrobial measures, but also HDF as well as all of our quality safety measures as well. So kind of a lot going on there for sure.

In terms of the China drag. Clearly, that's been -- let me just maybe frame up China. For Care Enablement, China is about 7% to 10% of the revenue. It's a great market. We like the market. We like the profile. Obviously, with the change in regulatory policies as well as tendering delays, we did have about a EUR50 million EBIT impact in 2025. We are expecting an impact in '26 but lower than that. But obviously, at the same time, we are looking at how can we maximize. I'll go kind of our local China by China policy is there. So the team is kind of working on that as well. So while there is an impact, it's a lower impact than what it was in 2025. I think I covered everything.

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**Hassan Al-Wakeel** - *Barclays Services Corp - Analyst*

Perfect, thank you.

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**Dominik Heger** - *Fresenius Medical Care AG - Head of Investor Relations, Strategic Development & Communications, EVP*

The next question comes from Veronika from Citi.

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**Veronika Dubajova** - *Citibank Cameroon SA - Analyst*

Hello everyone, good afternoon. Two questions for me, please, and apologies they're both focused on the headwinds, I guess, but just trying to understand the moving parts. Helen, thank you for the phosphate binder comment. I just want to confirm that the number there is [220] and what your expectation is for '26 and '27, as that sort of unwinds?

And then related to that, this asset or antimicrobial catheter benefit, I think I caught you saying something along the lines of it should be neutral year-on-year, if you can elaborate on that. I'm very sorry, I'm missing that sort of link how it flows from '25 to '26.

And then my second question is just your thoughts on the ACA subsidy headwinds as we move to '27 and '28. Obviously, your closest competitor has outlined figures for that? Should we use those as a baseline? Or are you affecting the shape of the headwind to look differently there? Thank you, guys, so much.

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**Helen Giza** - *Fresenius Medical Care AG - Chairman of the Management Board, Chief Executive Officer*

Want to pick that?

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**Martin Fischer** - *Fresenius Medical Care AG - Chief Financial Officer, Member of the Management Board*

Yes, hi, Veronika. I'm more than happy to talk about the headwinds. So we have called out regulatory effects of EUR150 million to EUR200 million. And that includes the headwinds from both binders as well as ACA. We have also quantified 25 ACA fall at around EUR50 million. We also said we're going to see how it plays out. So we have only quantified 2026. We have not given a further outlook. And we'll see how that plays out in the next weeks and then we might update our assessment in that.

Also in that EUR150 million to EUR200 million is the year-over-year decline that we see for binders. To your point, yes, we had about EUR220 million of positive contribution in 2025. And we have also called out before that we see about EUR50 million be in our clinics and another EUR50 million staying out of our pharmacy business. So there is a headwind or a hotel positive contribution that stays in '26 for EUR100 million, leading to a reduction of -- bigger than EUR100 million from '25 to '26. And those two effects combined are the EUR150 million to EUR200 million that we have there. Through the catheter solution, yes, you heard correctly, there's no year-over-year effect. We do not have an effect because it is still under a limited half for the first half. I hope that clarifies the question.

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**Helen Giza** - *Fresenius Medical Care AG - Chairman of the Management Board, Chief Executive Officer*

Veronika, I'm glad you're not the only one who cannot pronounce that. The catheter piece is half two '25 versus half one '26 impact. So just to put a finer point on that. And that's why the impact is because of the short period on one of the solutions. We got a benefit in half two, mostly towards back end of the year, and we're expecting a benefit in half one before that TDAPA period expires. So that's why year-over-year, it is neutral, but it will add on key phasing for sure.

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**Veronika Dubajova** - *Citibank Cameroon SA - Analyst*

Got it. Okay, thank you guys.

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**Dominik Heger** - *Fresenius Medical Care AG - Head of Investor Relations, Strategic Development & Communications, EVP*

The next question comes from Oliver.

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**Oliver Reinberg** - *Kepler Cheuvreux SA - Analyst*

Okay. Hi. Thanks for taking my question. Okay. The first one is on patient volumes. So can you comment out the impact of higher insurance requirements on your patient volume development? And second question is also on your outlook for the patient volume growth. So you mentioned that treatments have stayed at an elevated level, but that's also not really new. Right now, we see if two signals are very mild. It's not over yet, but I would say there's a high probability that's not as for as it was last year.

And later this year, there should also come some of this annualization effect from the higher insurance requirements and as well as slightly improving mortality due to the HD, HDF introductions. So if I put all together, it looks for me that the patient volume development must be better than it was in '25. So is it really only, let's say, a conservative stance? Or have I missed anything in this explanation? Thank you.

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**Helen Giza** - *Fresenius Medical Care AG - Chairman of the Management Board, Chief Executive Officer*

So look, I deliberately used the word careful in terms of our assumption. We're assuming a normal season, we still go up. We've seen it come back down. I think we can -- looking at what we've seen today, we're saying a normal flu season, not well last year. And we also know that when you go pick up the headwinds this week to see the weather, so we do have elevated missed treatments, whether that be weather, illness, flu. Obviously, you know we've been pretty consistent on the data lag that we see in six to eight weeks. So by the time get through Q1, we'll have a better sense.

As we get through Q1, we're also going to have a better read on what opening will look like. And how do ACA -- kind of choices actually developed, open enrollment, why you could say it was the end of the year, and you should start to see it in first quarter. Actually, it is not until they enroll and pay the first month premium, do you even know what they talked. So that's going to give us a lag as well.

I think we're watching that closely. Obviously, you'll see the headlines on what the overall enrollment looked like. And obviously, if it didn't drop as much as we expected, then we'll be able to reconcile that accordingly. And then, as you say, with HDF, we're full steam ahead, converting clinics, converting patients. And while it's too early to see results we should get the benefits kicking in there.

And in fairness, along with the overall underlying improvements that we're working on in mortality, including the catheter-lock solutions and just kind of the patient outflows. But we felt with where we are, the right thing to do was to call this flat for 2026. We know we're talking small numbers on small numbers and the small number piece -- 0.1 point-plus or 0.1 point-minus, we know that doesn't make a difference on the kind of on this EBIT range. So we feel like that is the right place to call it for 2026, and we'll update accordingly.

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**Oliver Reinberg** - *Kepler Cheuvreux SA - Analyst*

Okay. Can you also comment on the higher insurance requirements, please?

**Helen Giza** - *Fresenius Medical Care AG - Chairman of the Management Board, Chief Executive Officer*

Maybe I'm not understanding the higher insurance requirements question. Are you talking about those people that maybe didn't enroll in ACA and then have to go to a different insurance policy?

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**Oliver Reinberg** - *Kepler Cheuvreux SA - Analyst*

Let's say, I'm speaking about the active improve -- actively steered improving patient mix. Choosing your patients more selectively.

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**Helen Giza** - *Fresenius Medical Care AG - Chairman of the Management Board, Chief Executive Officer*

Okay. I think our -- sorry, thank you. There's a lot happening on insurance and enrollment. So thank you for clarifying that. So yeah. Look, I think on mix, we're feeling good about our patient mix. I think the only piece that we're watching is -- and that's why -- and maybe does come back to the ACA comment is how did open enrollment really end up and did we change anything when once we see that kind of first month payment come through, but nothing else. I think that.

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**Oliver Reinberg** - *Kepler Cheuvreux SA - Analyst*

Okay, thank you.

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**Dominik Heger** - *Fresenius Medical Care AG - Head of Investor Relations, Strategic Development & Communications, EVP*

The next question comes from Hugo from BNP.

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**Hugo Solvet** - *Exane Bnp Paribas - Analyst*

Hi, hello, thank you for taking my questions. First on US volumes, Helen, if I can push you a bit further. One of your competitors mentioned that they expect a very slow start into the year in negative territory. So just question is like whether or not you expect to see the same trends at play? And as a result, and assuming that you would also agree with their statement of getting back to 2% volume growth by 2029, how much of US dialysis volume recovery is a prerequisite to achieve the mid-single-digit growth CAGR in Care Enablement? So I guess, how much of the Care Enablement growth is intertwined with the volume recovery in the US?

And second, on FME 2025. Historically, you guys had a balanced recognition of both benefits and costs from the efficiency program in FY26, it seems that you have a bit more of one-off costs that you recognize. So just curious about where exactly the lag between the cost and the benefits comes from. Thank you.

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**Helen Giza** - *Fresenius Medical Care AG - Chairman of the Management Board, Chief Executive Officer*

Thanks, Hugo. I'll take the volume question, and Martin can give a little bit more color on the benefits and costs. We touched on some of it.

Look, Q1 is always a tough quarter to know where your volumes are going to be, both with the weather and the flu-related effect. So look, I know where we ended up and you see where we ended up in Q4. I think we just got to wait to see the data to know how Q1 is going to play out. So I'm not going to comment on a quarterly phasing here. Kind of really need to see what that first quarter is going to look like with this -- with some of the messiness that we're seeing, particularly on weather.

Look, (technical difficulty) market treatment growth, I think all the efforts that we are doing, and I think particularly the excitement around 5008X and all of our patient safety and patient quality initiatives that all go toward reducing hospitalization, improving mortality, reducing

miss treatments, all of that will continue to give benefit over time. So I'm not time stamping it, but clearly, we have improvement built into our three-year and five-year outlook.

Martin, do you want to do 2025?

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**Martin Fischer** - *Fresenius Medical Care AG - Chief Financial Officer, Member of the Management Board*

More than happy to cover the FME25. So you're right, we are concluding 2026 a bit. And also, we have then in '27 a higher savings contribution. And as you would expect, at the end of the program, a lower onetime cost because we want to have savings effectiveness in 2027 as well. On the '26 front loading, you see that a lot of the measures are tilted of the remaining EUR400 million also towards Care Delivery with [40%] contribution. And there, the clinic footprint optimization that Helen referred to as well efficiencies that we drive in real estate are more front-loaded under onetime cost and then they will contribute subsequently to the savings.

I hope that gives a bit more color.

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**Hugo Solvet** - *Exane Bnp Paribas - Analyst*

Super clear, thank you.

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**Dominik Heger** - *Fresenius Medical Care AG - Head of Investor Relations, Strategic Development & Communications, EVP*

The next question comes from Graham from UBS.

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**Graham Doyle** - *UBS AG - Analyst*

Thanks guys, thanks for taking my questions. It's just on the Q4 point, around what was obviously a really strong beat, particularly in Care Delivery. I'm just trying to work out the phosphate binder and then this the TDAPA catheter contribution. It just looks to me like that was pretty much all of the growth I suppose, effectively year over year. Is that type of payment? Is that like more than half of the EUR90 million-odd that you categorize for the for the full year '25?

And then just a follow on when we think about whatever about '26, we think about '27, it looks to me that there's still like a further EUR250 million to come out from TDAPA plus phosphate binders into '27, is that overstating it or how do you think about that in terms of your ability to grow then in '27? Thank you.

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**Martin Fischer** - *Fresenius Medical Care AG - Chief Financial Officer, Member of the Management Board*

Yeah, so Graham, let me tackle TDAPA contribution, and because I outline in quarter for that, yes, there was a contribution from the (inaudible) solution of about EUR70 million quarter, and that was due to the much higher than anticipated adoption and prescription that we saw for one of those two solutions that was under the TDAPA and the other one is not. So that was something that drove some of the higher contributions so to say.

We outlined that that solution will be year over year, not a headwind or a tailwind, because we expect that it's a similar contribution for 2026. In total, in '25, we had EUR90 million, and it was Q3 and Q4, and then in Q1 and Q2 '26, so it will be a non year over year, yeah. To the earlier point, I think I was very clear on binders, where we ended the year with [EUR220 million], and I outlined how it is, so I'm not going to repeat and dig into that again.

But I think with the EUR150 million to EUR200 million regulatory headwinds, we have provided also a very clear building block.

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**Helen Giza** - Fresenius Medical Care AG - Chairman of the Management Board, Chief Executive Officer

Yeah, Graham, and then maybe I'll just pick up on your -- Go ahead.

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**Graham Doyle** - UBS AG - Analyst

I was going to say, but it's just the relevance for '27, like it just feels like this TDAPA piece was a bit of a obviously a great cause of surprise, but just when we think about modeling it going forward, what's going to happen in '27?

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**Helen Giza** - Fresenius Medical Care AG - Chairman of the Management Board, Chief Executive Officer

So look, on both actually. Expectation is that TDAPA period ends in 2026 and there will be a payment that then goes into the bundle, so we don't know what that bundle payment will be in 2027 yet or actually even halfway through 2026 for the [Caste lock] solution. So, obviously, we know that some of that's going to stay in the business, and on our pharma business it doesn't go to zero.

What we're going to have to see as we go through 2026, and we have an assumption is how the pricing -- how the generic -- sorry, how the branded pricing erodes as the kind of the move toward these products going into the bundle develops. So, we're not breaking this out year by year. It's why we've given the three year CAGR, and you also heard me speak to the low teens CAGR. You get past all of this binder piece.

So, I think there's obviously positive benefit in '25 and '26. It starts to erode in '26, and we have to see how much it erodes, that doesn't stay in the bundle in '27. But on the back of that, we've got all the other initiatives taking hold, particularly in Care Delivery, where we start to see the significant benefits from the back end load of HDF and all the other initiatives.

So, look, I think, what we were trying to do, we've been very explicit on trying to size the TDAPA piece because we recognize -- agree, it's great, it's always wonderful to have that benefit. But we also recognize how high a base it is giving in 2025, and our goal here is to maintain that high base in '26, regardless of the tail-off of these issues. I shouldn't call them issues, such as TDAPA regulations, and we're investing in the future. So, we've got this front-end loading for the training costs for HDF and we're investing in systems platforms that will also drive efficiencies in the future.

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**Graham Doyle** - UBS AG - Analyst

I really appreciate that. Thank you guys. Appreciate it.

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**Dominik Heger** - Fresenius Medical Care AG - Head of Investor Relations, Strategic Development & Communications, EVP

And our last question comes from James from Jefferies.

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**James Vane-Tempest** - Jefferies LLC - Equity Analyst

Hi, that's great, thanks for taking my questions too, if I can please. Just, first one, just clarification, can you confirm you said corporate costs were EUR200 million to EUR220 million and intercompany were EUR100 million for this year. I understand you're prioritizing your own clinics and Care Enablement, so we should see higher eliminations, but why such a large increase in corporate costs and is this a permanent step up as part of your '28 growth outlook? And then I'll come back for a follow-up. Thank you.

**Martin Fischer** - *Fresenius Medical Care AG - Chief Financial Officer, Member of the Management Board*

So on the intercompany profit elimination, yes, you're right, we called it out EUR100 million, and it has to do with the prioritization of the rollout of high volume HDF, and that is something on the corporate line that is being eliminated. So confirming that.

On the corporate cost EUR200 million to EUR220 million, I did call out that we have in the corporate line the IT platform investments that we included in the investment line that drives a year over year increase. That's why the assumption is higher. And in addition that we have that mix impacts that we normally have from the cross charge out of the corporate line and the global functions, and that is also contributing a low double-digit million in the increase year over year. So those two effects are explained year over year.

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**James Vane-Tempest** - *Jefferies LLC - Equity Analyst*

That's great, thank you. And then my follow-up question is, if you could just talk a little bit more about the number of mistreatments in the US, at least looking at the treatment numbers, I think they were lower by 150,000 which I know includes some divestments. And you talk about weather and flu, I think in some of the comments earlier, but just wondering if you could comment on the perspective this actually might be a structural headwind because, we do understand if patients are entering dialysis, if they're increasingly older perhaps kind of post COVID, maybe they've got more comorbidities, so they require more hospitalisations and are missing treatments.

And if so, like how can this trend reverse, which does seem to be key to unlocking the same market treatment growth if the funnel's slowing. Thank you.

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**Helen Giza** - *Fresenius Medical Care AG - Chairman of the Management Board, Chief Executive Officer*

Yeah, look, we don't believe it's a structural issue. We do see elevated mistreatments, and we also see, work specific targeted initiatives that we are targeting that can help bring that down. Whether that be the improving mortality, the hospitalization days, the kind of the things that we've talked about. We do have kind of I don't know if anybody's picked this up, but we do have one treatment day less in 2025 compared to 2024. That's just a function of how the end of year Christmas holidays and New Year in particular fell.

So, that's obviously playing into the '25 number. But we feel good about the work that we have ahead of us, and we have line of sight into all these initiatives that will help improve the outflows and kind of confident in that that return to 2%-plus say market treatment growth, and we'll start to see that progress as we obviously continue with HDF as well.

Thank you for the question. Thank you.

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**Dominik Heger** - *Fresenius Medical Care AG - Head of Investor Relations, Strategic Development & Communications, EVP*

Good. We do have no further questions in the call, so thank you for your patience. Thank you for your interest, and thank you for your good questions, and we'll see all of you or many of you on the road, I hope in the next two months.

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**Helen Giza** - *Fresenius Medical Care AG - Chairman of the Management Board, Chief Executive Officer*

Yeah, thanks everyone. Great dialogue. Thank you. Bye-bye.

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**Operator**

Ladies and gentlemen, the conference is now over. Thank you for choosing chorus call and thank you for participating in the conference. You may not disconnect your lines. Goodbye.

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