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FMEG.DE - Q1 2026 Fresenius Medical Care AG Earnings Call

EVENT DATE/TIME: MAY 05, 2026 / 12:00PM GMT

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PRESENTATION

Dominik Heger - *Fresenius Medical Care AG - Head of Investor Relations, Market & Competition, Sustainability, EVP*

Thank you, Valentina. I would like to welcome everyone to our earnings call for the first quarter of 2026. As always, I'll 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 a little bit under an 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. 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.

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

Thank you, Dominik. I'd like to extend a warm welcome to everyone on the call. Thank you for your continued invest in Fresenius Medical Care. I will begin my prepared remarks on slide 4. I am pleased to report that we began 2026 with continued operational and financial progress.

We realized the solid organic revenue growth of 4%, reflecting positive contributions from all segments. We achieved strong operating income growth of 10%, in line with our planned phasing for the year and leading to further margin expansion. This was supported by continued execution of our FME 25+ saving program, which delivered EUR50 million in sustainable savings in the quarter.

On 30 of April, we successfully completed our initial share buyback program of EUR1 billion in a significantly accelerated way. It was done in less than one year instead of within two years as originally announced. We bought back 24.8 million shares or 8.5% of share capital. At the same time, our net leverage ratio of 2.6 times remains around the lower end of our target corridor.

Let me now turn to key first quarter highlights across our operating segments on slide 5. Beginning with Care Delivery in the US, same market treatment growth declined by 37 basis points as volumes were impacted by miss treatments. We had flagged during the quarter that we experienced severe US weather events in January and February.

As we focus on core operational improvements with clinic closures and insurance verification, this likely had a small impact on patient inflows at the start of the year. This was further complicated by the unclear situation for many patients with their insurance coverage due to the expiry of the extended tax subsidies for ACA.

Volumes also continue to face pressure from mortality remaining above prepandemic levels. We are maintaining our assumption of flat US same market treatment growth in 2026, which includes the expectation for improving volumes over the course of the year. Our Care Delivery international markets delivered 1.3% same market treatment growth. Whilst TDAPA provided a benefit to our care delivery performance, Martin will address that in his remarks. What really stands out to me is the successful execution of our FME reignite strategy and the actions we are taking to strengthen our core care delivery business while driving profitable growth.

We understand the sense of urgency as well as the pace and momentum needed to deliver growth in our underlying business, and there are several proof points demonstrating progress already. While mortality levels are still above prepandemic level, we have seen a reduction in capital related bloodstream infections, with now around 90% of all eligible patients using an antimicrobial catheter lock solution. This is part of our FME reignite strategic priority to increase patient quality and safety.

We expect the progress we have made on increased usage of catheter lock solutions to begin to have a positive impact on miss treatments and mortality in the near future. The 5,008X rollout and introduction of high-volume HDF therapy represents the biggest operational and clinical change in our company's history.

With the start of the large-scale launch in January, we have achieved a clear step-up change in rollout speed and are well on track. We surpassed 100,000 treatments on the 5008x in the first week of April and around 100 clinics have been converted to the new care system with more conversions underway as we speak. In February, as part of FME 25 plus, we announced the biggest US clinical restructuring in recent history with plans to close up to 100 clinics. Here, we are also moving at speed with 64 clinics already exited in the first quarter and the remainder expected within Q2. And finally, we have realized improvements in revenue cycle management, providing further evidence of our strategic execution.

Turning to value-based care. We delivered positive operating income driven by favorable savings rate, and we realized an increase in member months from future contracting growth. Leveraging data and analytics to improve quality and coordination of care is a central component of our FME reignite strategy. We have expanded adoption of AI-driven interventions for imminent hospital admissions of ESRD patients.

Where employed these programs have shown a reduction in hospitalizations by as much as 15% and missed dialysis treatments per member per month by up to 26% for the highest risk patients. We will continue to scale this across our VBC population. I'm also proud to report that we continue to be recognized for quality leadership in the United States. Government CKCC program for multiple consecutive years. We delivered over \$270 million in shared savings and achieved an 88% average quality score over the first three years of the program.

In the most recent publicly available data, we earned over 40% of the program's high performer pool driven by our industry-leading quality. Care Enablement realized favorable business growth as sales of the, sorry, 5008x in the US ramp up. This is a tremendous opportunity to bring new innovation to the US market and we are on track with production to supply both machines and consumables according to our targets for the year.

In the first quarter, we achieved positive pricing and volume development in our markets outside of China. We faced continued pressure in China, especially from volume-based procurement and stricter tender requirements.

We continue to closely monitor developments in China and assess the implications on our product portfolio and strategy as part of FME reignite. We also continue to strengthen our core care enablement business with further FME 25+ progress in streamlining our manufacturing and supply chain.

I will now hand over to Martin to walk you through the first quarter financials in more detail.

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 pick up on slide 7. In the first quarter, we achieved solid organic revenue growth of 4%, supported by growth in all three operating segments. At constant currency, revenue increased by 3%. Care Enablement revenue development continued to face headwinds from regulatory pressure in China. Divestitures negatively impacted revenue development by 50 basis points.

We delivered strong operating income growth of 10% at constant currency. This increase was supported by contributions from all operating segments, that is in line with our expected phasing for our '26 outlook. Special items in the first quarter amounted to a net negative EUR181 million, mainly reflecting costs associated with FME 25+ as we accelerated our US clinic closures. In line with expectations, FME 25+ costs are planned to come down over the course of the year as costs related to US clinic closures are first half loaded.

Turning to slide 8. This chart illustrates the year-over-year improvement of the group operating income margin, highlighting a further increase of 70 basis points. With 10.1%, this is a solid start toward achieving our projected group operating income margin of 10.5% to 12% for the full year. Care Delivery was the main driver of improved profitability with a small contribution from value-based care. The higher intersegment elimination reflects the 5008X Care system sales in the United States.

Corporate costs increased by EUR37 million. This was mainly driven by the planned cost of strategic IT platform investments, including preparation for the transition to [SAP S/4HANA]. FX translation effects were unfavorable this quarter and stood at negative EUR34 million. The average US dollar exchange rate in the first quarter was \$1.17 compared to \$1.16 in the fourth quarter and compared to \$1.05 in the first quarter of 2025.

I will now walk you briefly through the business development in each segment, starting with Care Delivery on slide 9. Care Delivery achieved organic revenue growth of 6%, driven by both care delivery US despite muted US volumes and Care Delivery International.

At constant currency, revenue increased by 5%. In the US, growth was driven by a positive impact from the TDAPA reimbursement regulations as well as favorable rates and payer mix effects. Our US payer mix remained strong in the quarter. with relatively low attrition in the exchange patient population. We expect that attrition to increase over the course of 2026 as grace periods expire and affordability pressures grow around higher premium and out-of-pocket costs. We continue to expect an impact of around EUR50 million for full year 2026.

The impact from divestitures as part of our portfolio optimization plan reduced revenue growth by about 80 basis points. The main driver here was the prior year divestment of our clinics in Brazil. Care Delivery realized strong operating income growth of 26%. This resulted in a margin improvement to 12.1%. Benefits from the TDAPA reimbursement regulation for phosphate binders and catalog solutions where, as expected, a meaningful driver of the earnings development.

We continue to assume a significant headwind from the TDAPA reimbursement regulation in the second half of the year. Importantly, excluding the TDAPA benefit, the underlying business realized around 6% earnings growth on a constant currency basis.

This includes favorable rate and mix effects, lower implicit price concessions, thanks to our revenue cycle management initiatives and partially offset planned strategic investments for the 5008X rollout in our US clinics. Savings from the FME 25+ program contributed positively. The anticipated labor costs increased as well as currency translation effects had a negative impact in the development.

Turning to value-based care on slide 10. Value-Based Care realized 3% revenue growth on both an organic and constant currency basis. This was driven by a higher number of member months from contract expansion and positive effects from figures. Prior period contract true-ups also created positive growth in the first quarter. This was partially offset by the change of risk type for a large contract, resulting in a different accounting treatment and lower revenue recognition.

We expect revenue growth will turn negative throughout the year, primarily due to the change in accounting treatment. Operating income for Value Based Care increased significantly in relative terms and the margin was enhanced by 100 basis points. Value Based Care was profitable for the second consecutive quarter.

The increase in business growth was mainly driven by an enhanced savings rate. FME 25+ program-related savings resulted from the reorganization of the team to take advantage of integration with Fresenius Medical Care and becoming more efficient while aligning staffing with our strategic priorities. Higher inflation and currency translation effects were offsetting factors.

I will turn to Care Enablement on slide 11. Revenue in Care Enablement increased by 1% on an organic and constant currency basis. Organic revenue development reflects continued positive volumes and pricing, excluding adverse regulatory impacts in China, which include volume-based procurement and swifter tender requirements.

Revenue was also supported by strong sales of the 5008X Care System in the United States. Care Enablement earnings slightly increased on a constant currency basis, leading to a 40 basis point margin improvement. Business growth was impacted by adverse regulatory impacts in China and negative currency translation effects. Positive volume and price effect outside of China contributed positively to business growth. Additional FME 25+ savings from continued progress in manufacturing and supply chain initiatives supported margin expansion. Inflationary costs increased and had a negative effect.

Next, I will look at the cash flow growth on slide 12. As always, in the first quarter, we have the seasonality effect in invoicing, which is why the quarter typically represents a relatively low share of the full year operating cash flow. This year, while on the typically lower quarter one level, we realized a strong increase in operating cash flow by 39%. The main driver was favorable working capital management. Free cash flow increased by 94% to EUR40 million.

Total debt and lease liabilities as well as total net debt and lease liabilities were broadly stable compared to the prior year period. As part of our share buyback program, we repurchased a total of 23.3 million shares for EUR941 million by the end of the first quarter.

This represents 7.9% of share capital. On April 30, we successfully completed our initial share buyback program of EUR1 billion. We bought back in an accelerated way, 24.8 million shares or 8.5% of share capital. With 2.6 times our net leverage ratio continued to be around the lower end of our self-employed target corridor of 2.5 times to 3 times.

I will now hand back to Helen.

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

Thanks, Martin. I will pick up with the outlook slide on slide 14. Given our strong first quarter performance and current expectations for the remainder of 2026, we are confirming our full year outlook. We continue to expect a broadly flat revenue development.

For earnings, we assume operating income will remain on a consistently high level as 2025 with an upside downside range of a mid-single-digit percentage change. We clearly target to maintain our enhanced profitability. Unchanged to our assumptions, we do expect a positive earnings growth in the first half of 2026.

Due to the phasing of the regulatory TDAPA effects, which should present a significant headwind in the second half of the year, we assume a negative earnings growth in the back half of 2026. As you will be asking about the impacts from the Middle East crisis, I want to say that

we are closely monitoring inflationary impacts from higher oil prices, raw material costs and other supply chain and transportation cost related topics.

So far, there were no meaningful interactions of our local operations during the first quarter, and the financial impacts are currently absorbed within our range of inflation assumptions for our 2026 outlook. We are closely monitoring this, have implemented mitigation measures and we'll keep you updated.

This concludes my prepared remarks, and I now hand back to Dominik to begin the Q&A session.

Dominik Heger - *Fresenius Medical Care AG - Head of Investor Relations, Market & Competition, Sustainability, EVP*

Thank you, Helen. Thank you, Martin. (Operator Instructions). And with that, I hand it over to Valentina to open the Q&A, please?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Back over to you, Dominik, for the first question.

Dominik Heger - *Fresenius Medical Care AG - Head of Investor Relations, Market & Competition, Sustainability, EVP*

Graham, UBS.

Graham Doyle - *Ubs Inc - Analyst*

Good morning, guys. (inaudible) Congratulations on the 5008X rollout that's obviously just undertaking. I was hoping you might be able to contextualize that and some of the other growth drivers expected to build through the year. It's just when I look at the growth for Q1, if you were you adjusted to TDAPA it looks like there's quite a bit of work to do as we go through the year when we think of the kind of mid-teens implied growth in consensus for 2027. So I just wanted just thinking how do you get there? How do you get to that sort of mid-teens growth for next year?

What do you exit that TDAPA piece? So is it more cost savings? Is there another TDAPA coming presumably the volume of it won't start just yet from HVHDF. But it would be good to get a sense as to which of those drivers are making you confidence on that. Thank you.

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

Thanks, Graham. I'll take that. Obviously, we outlined a lot of the drivers for reignite and how we get to those mid-teens margins. Kind of the specific building blocks clearly are ongoing FME 25, as you rightly said, the 5008X obviously is expected to ramp up, not just over this year, but over those next couple of years as well.

The work that we are doing and have constantly spoke to about improving inflows and outflows is quite multifactorial there. We're obviously working on improving our internal processes and even the work that we're doing on the catheter lock solutions in improving patient safety, patient quality will have a positive effect as well HDF on treatment volumes, reduced hospitalizations, reduced missed treatments and of course, longer mortality or improved mortality, I should say.

As we think about the rev cycle management. We've got some nice contribution coming in for that. That will continue to ramp up over the course of the year. And then as you can appreciate, the clinic closures, which is a big part of the onetime cost in Q1. We'll start to get those savings continuing to compound over the course of the year. So a lot of building blocks there, not new building blocks, but ones that we're continuing to work through.

I think the other piece is we go then specific that maybe most of those are specific to Care Delivery, as we think about Care Enablement, obviously, there's FME 25 there. And I think the China piece, and I'm sure there'll be questions on that, we've sized that for the year and knew that we'd have a bigger impact in Q1, that should also be behind us or kind of the full number more heavily loaded in the first half.

And then the ongoing work on good contracting, pricing, reimbursement and volume. So I'm confident in the plans. We've clearly underscored and underpinned the initiatives across all three segments, and we're executing against that to crystal player on the aspiration to be at mid-teens margins for all segments, I should say segment say VBC, [Tommy] will tell me, but definitely Care Delivery and Care Enablement. And I think that's why it's important. We understand that you have the piece. We understand the class that will happen.

We are really focused on that underlying improvement and personally really encouraged by that 6% underlying improvement in Care Delivery in the quarter. So recognize a lot of moving parts, a lot of good initiatives, and I think we're really starting to see them come through. But the clear building blocks of how we get there.

Graham Doyle - Ubs Inc - Analyst

Also maybe just a quick follow-up on DefenCath. Are you guys seeing a benefit fairly quickly? It seems like something you might see a little bit of a tailwind relatively quickly.

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

So which brand do you say HDF?

Graham Doyle - Ubs Inc - Analyst

DefenCath, (inaudible) for the other products.

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

Yes, for sure. With having more than 90% of our patients on that, we are really starting to see a real improvement and reduction in bloodstream related infections. So really encouraged by that work. Of course, we know with the DefenCath that's TDAPA period. But the underlying catheter lock solution is really good for the patient safety, patient quality. So outside the financial impact of that clear improvement that should it be expected to translate into reduced hospitalizations and reduce missed treatments with the patients over time.

Dominik Heger - Fresenius Medical Care AG - Head of Investor Relations, Market & Competition, Sustainability, EVP

Hassan, Barclays.

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

Good afternoon. Thank you for taking my question. Firstly, on the TDAPA benefit in the quarter, can you talk to the split of the EUR80 million, be it phosphate binders versus catheter lock in the quarter? And how you see Q2 and H2 and if this is consistent with the expectations that you set out in February?

And then secondly, on same-market treatment growth. If you could help unpack some of the underlying dynamics and if possible, how much of a headwind you think you may have seen from weather in Q1. And with no second flu spike, do you expect growth to swing quite meaningfully in the second quarter, all else equal? And perhaps into positive territory? Or is there something else in Q1 that should constrain that improvement that you might be seeing, be it inflow or mortality? Thank you.

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

Thanks, Hassan. Martin, do you want to unpack the financials on TDAPA. I suspect many have the same questions. So why don't you walk through that, and I'll take the same market treatment growth question.

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

So the contribution of the TDAPA for the first half, for the first quarter, as you said, was about EUR80 million on a constant currency basis. We have also told you and shared with you that the catheter lock solution contribution from '25 to '26 would be in equal size, meaning EUR90 million for the first half year. And we saw about half of that come through in the first quarter as well. And the remainder between that and the EUR80 million is a binder contribution.

Overall, our TDAPA contribution has developed as expected. And we have, as a reminder, positive contributions for the first half of 2026, and we expect negative headwinds in the second half. And that's why we also have, when we talk about operating income improvement for the first half a positive growth and for the second half, a negative growth expectation year over year.

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

Thanks, Martin. And that, I'll take the same market treatment growth because I expect people to have a similar question here, too. Look, it's, we all know we're in small numbers on small numbers here. The, we know that we had weather in January and February that did result in missed treatments, flu was similar in Q1 '26 to what it was in Q1 '25.

We are kind of unpacking. We did see slightly lower referrals in the first part of the year. And obviously, we know we've got a lot of kind of closures and restructuring underway. We also know that the ACA piece did cause a lot of uncertainty on patients, and we're also refining our own patient insurance verification processes.

So look, our guide is unchanged. We do still expect to be flat full year not, I haven't even seen April numbers yet, so not in a position clearly to give insights into Q2. We do expect to continue to improve over the course of the year.

And obviously, the other impacts that I spoke to on Graham's question about like bloodstream related infections, HDF and the ongoing work we're doing across the operation on improving inflows and outflows is important. I think the other thing worth noting is mortality is still elevated.

So that is something that we continue to try and impact through some of these other measures. All in all, I would say it's small numbers. Obviously, I know we're all looking for that to turn turn positive. But because of the small number, it's not really impacting OI as we have kind of maybe consistently said but really feeling good about the work that's underway. And obviously, we'll continue to see more as Q2 develops.

Dominik Heger - *Fresenius Medical Care AG - Head of Investor Relations, Market & Competition, Sustainability, EVP*

Veronica, Citi.

Veronika Dubajova - *Citibank Cameroon SA (Douala Branch) - Analyst*

(multiple speakers) Good afternoon and thank you for taking my question. Two for me, please. The first one is sort of a slightly bigger question, I guess, Helen, I know we're early in the HDF roll out, but just curious to get some feedback from you, both in terms of operationally how that rollout is going out, going on in your own clinics, how you're feeling about some of the early signs of mortality benefits that you're seeing, if any? I know it's very early, but to the extent that you could talk about it.

And I guess some of the training costs that you've budgeted for in the year how you're tracking against those? And then I have a bigger picture follow-up question, but maybe we can get this out of the way first.

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

Sure. And as you know, it's my favorite topic, so we can spend the rest for the call talking about HDF, if we like. (inaudible) aside, really, really happy and excited about how it's going and the progress we're making we are accelerating at speed now. I mean if you look at our website, you'll see clinics coming soon and we're already past the 100 that we were at by the end of the quarter. So training is going well.

Those costs are incurred and being incurred as we had had forecast. So that's all fine. The adoption in the clinics is really, really positive. It's easier to train the staff are loving it. It's less noisy, less disruptive with alarms and beeps and things going off. But more importantly, the feedback from our patients is to affect we're clearly seeing the immediate benefit of patients feeling better on these treatments, feeling less tired, et cetera.

Now I've been pretty consistent on this and it's kind of maybe just a caution, Obviously, we are tracking a data set from patient one. We've had, we've got 100,000 treatments here and over 100 clinics. We are starting to get that data set into a form that we can kind of start to tease out some KPIs and report out on it. But obviously, we want to get a little bit more the data sets and dropout.

So we had kind of said we'll start to, once we're maybe through half one year, start to give more color on those KPIs. But everything so far is in real-world evidence is supporting what we had seen through the studies. So yes, obviously, it's big. It's the biggest thing we've ever done, but the level of excitement and engagement and adoption by our teams, our physicians and our patients is to effect. So that very, very happy with how that's going.

Veronika Dubajova - *Citibank Cameroon SA (Douala Branch) - Analyst*

That's super helpful, and I think maybe just to sort of lead it into my second question. I guess we're all anxiously awaiting that return of the same market to a positive territory. I know you can't predict when that happens. But I guess just fundamentally for here again in 12 to 18 months' time, and we haven't seen any progress on same-market treatment growth. How will you think differently about operating the business or running the business?

We're seeing more clinic closures this year? Just curious kind of high-level thoughts. I know that's not your working assumption, but to the extent that we're there in 2027. What should we be expecting from you in response to that? Thanks so much.

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

Yes. Look, I, first of all, my expectation is 12 to 18 months, we wouldn't be at negative same market treatment growth. I do expect this to continue to improve. I feel really good about the work the FKC and CD team are doing in addressing a lot of these operational improvements and efficiencies and both addressing inflows and outflows.

Look, I think if we, if, and it's a big, big if we are in a situation where even with, you have to think about 18 months from now, Veronica, we would have technically also converted about 40% of our machines. So we should also be seeing the real nice impact coming through on HDF.

As we have shown this year, where we know we have underutilized capacity or we don't have profitable growth. Clearly, we were to trim the network accordingly, but that is not our working assumption. But obviously, every month, every data point gives us a new insight and I think what we're seeing and the work that we're doing both on the patient safety, patient quality initiatives as well as HDF, I think over signs are pointing to that improving mortality, improving missed treatment, improving hospitalizations and as always, we know that we would have to flex a different cost muscle if we'd be along the way.

And I think what I'm also would commend the team on is as we were looking at this 100 that we've teed up on (inaudible) closures, not just 64 in the first quarter, but that should be done sometime in May. We've already got, I think, close to 90 done through April. So that's also a good proof point that we can move at speed should we need to go deeper here.

Veronika Dubajova - *Citibank Cameroon SA (Douala Branch) - Analyst*

Got it. Thank you so much.

Dominik Heger - *Fresenius Medical Care AG - Head of Investor Relations, Market & Competition, Sustainability, EVP*

Hugo, BNPP.

Hugo Solvet - *Exane Bnp Paribas - Analyst*

Hey, guys. Thanks for taking my question. I have two, please. First on the EUR200 million to EUR300 million inflation headwind that's in the guide. Could you maybe give us an indication of how a against that guide and given to intestines, what the well room you are with either the top or the renovated.

And second, please, Martin, you mentioned ACA subsidies expiring, have you or will you account for patients that have signed up in ACA marketplaces in January, but as the one, three months risk period for the payment, I guess, in other words, would there be a stronger impact in Q2 from your EUR50 million and means or some type of (inaudible)

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

Martin, do you want to take the inflation question.

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

Thank you. So, so far for the first quarter, we are tracking in line with our assumptions on the inflation side. We also saw only minimal impact from the conflict and from the macro environment. We are closely monitoring that, as Helen outlined, and we are also taking mitigating

actions. But for quarter one, this is well in line with the development, and as we see it as of today, this is also something that is within the band of our assumptions for inflation as well.

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

Yeah. And then maybe on the ACA subsidies. You know that we had guided this impact of around \$50 million. Obviously, what we're watching closely is what happened through open enrollment, what the uptake of patients or where patients are getting their insurance coverage.

Since open enrollment closed, we always said it would take Q1 to play out to see how that was. What we've actually seen in Q1 is maybe lower than planned lower than thought patient attrition, some of that, the mechanics of how it worked was the auto enrolled. They have got, they had to make their first payment for their first month of coverage. We don't know after that first month whether they stayed on or didn't. There is this grace period that is happening.

And then we don't know from an affordability standpoint, whether they will stay on, on an exchange and a move to Medicare or Medicare Advantage after that. So we're roughly at the point where they should be making their first premium. And I think that's a real test kind of test point for us.

So while we didn't see much impact in Q1, our expectation is affordability will become an issue. So right now, we believe our assumption for \$50 million for the year is still a good estimate, but we would not necessarily start to see that impact until Q2 and obviously then compounded Q3, Q4. So it's something we're watching closely, but holding the assumption for now.

Dominik Heger - *Fresenius Medical Care AG - Head of Investor Relations, Market & Competition, Sustainability, EVP*

Aisyah, Morgan Stanley.

Aisyah Noor - *Morgan Stanley & Co Ltd - Equity Analyst*

Hi, everyone. Thanks for taking my question. My first one is hopefully a quick one on China. Could you quantify the impact from VBP and the tender exclusion in the quarter versus the guidance of, I think, EUR50 million or a bit less than EUR50 million that you saw last year? And do you have a clearer view on when you could reenter the tender this year?

And then the second question, also hopefully quick is on value-based care. So your performance in the quarter was clearly ahead of your expectations of a decline for the full year. Would this mean that we just see a steeper decline for the remainder of the year? Or does this drive a bit of upside to the original guidance? And at what point do you think you'll have better visibility on the margin side of things? Thank you.

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

Yes. Martin, do you want to take those two financial questions.

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

Yes, more than happy to. So Aisyah, on China, yes, we gave an expectation that we would see a little bit of below EUR50 million for the full year. We did see also in quarter one, about half of that come through as we expected and this is in line with how we looked at China for the full year. And obviously, also then we do see lower effects in the coming quarters to that extent. When we talk about Value-Based Care.

Yes, you are right. We had a bit of an uptick in the quarter where we had the mix of revenues being driven also by prior period adjustments, which is helping us to offset the headwinds that we have from the revenue recognition of a differently casted contract.

I think it is too early given the volatility of the Value-Based care business, quarter one being a, let's say, proof point, so to say, the positive to change the outlook for the year. So we have given you EUR300 million assumption, and that is still what we currently work with.

Aisyah Noor - *Morgan Stanley & Co Ltd - Equity Analyst*

Thank you. And if Martin, if I could push a little bit as well on the inflation side, which you talked a bit earlier. You mentioned you're monitoring the situation closely. But if in the extent that the current conflict is prolonged, which areas of your cost base would you see most sensitive to incrementally higher inflation as a result. So would it be energy, freight, plastics, et cetera? I appreciate you're not seeing any impact at the moment, but in a worst-case scenario?

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

Yeah. When we look at different buckets, typically, you look at energy, you look at transportation costs, everything that's exposed to oil price, also on the oil price-based materials like plastics and stuff like that. So on the energy side, we are well hedged. So 70% of our exposure is hedged. So I would call that a limited exposure.

Having said that, when there would be a continued high oil price dependency obviously, transportation like with everybody else or plastic-based oil dependencies would see a potential inflation and cost increase if this is where we must follow. But also, as I said, perhaps one last thing here. We are currently, and that's what I answered Hugo in his question, absorbing that in our guidance assumption for the year.

Dominik Heger - *Fresenius Medical Care AG - Head of Investor Relations, Market & Competition, Sustainability, EVP*

Anna, Bank of America.

Anna Ractliffe - *Bofa Merrill Lynch Asset Holdings Inc - Research Analyst*

Hi, thank you for taking the question. I wanted to follow up on what Veronica was asking about the HV HDF rollout. And how the costs are unfolding versus your expectations? I think you said you rolled out 200 clinics versus an implied goal of closer to 500. Should we be thinking that the costs accelerate in Q2 and into the back half of the year maybe compounding the headwind from the TDAPA roll-off.

And then I don't want to get ahead of myself, but how are you thinking about that going into 2027 that cost for the ongoing rollout there. I think previously, you've messaged that the savings from the HV HDF rollout would offset the cost. Is that still the right way to think about it? Or maybe it would be more of a similar magnitude. Thank you for taking the question.

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

Yes. So Anna, our plan is obviously to kind of replace about 20% of the machines of the installed base in 2026 as you can appreciate, the costs are front-end loaded because we have to train. We train, we get installed, we run and then obviously, the benefits lag, so as you can appreciate, the costs will continue to accelerate as we continue to accelerate the clinic closure.

But it's more just kind of linear to the number of machines that we install over the course of the year. I think the piece that you're maybe trying to tease out is we have costs and then the benefits lag, but there'll come a point where the benefits will be absorbing some of those costs in the late years.

So it's that lag kind of sorts itself out on an annual basis. But nothing, I don't think anything remarkable to comment on the costs outside of what we had originally guided. Now it's in line with the number of machines that we deploy.

Dominik Heger - *Fresenius Medical Care AG - Head of Investor Relations, Market & Competition, Sustainability, EVP*

Oliver, ODDO.

Oliver Metzger - *Oddo BHF SCA - Analyst*

Yeah, good afternoon. Thanks for taking my question. The first one is on the payer mix. So over the last quarters, we have seen or you have reported some progress. This was also again confirmed now. Up from now, how you think about further improvements in the payer mix. Is it still some source for additional profitability? Or at one point of time, it's basically, it's becoming more neutral.

And the second question is about Value-based Care. So in your report as also shown a solid increase, I think, 5% of enrollment of new patients. Can you provide some data whether the growth now comes more from CKCC or from commercial programs? And how do you think about further patient growth in VBC? Thank you.

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

I can take both of those. In the payer mix improvement, we are very pleased with how we continue to improve that mix. Obviously, that right now, there's no ACA headwinds in that because we're still holding on to those patients. So there is an expectation that depending on what happens with ACA that might change.

The other thing I would say is, clearly, we are focused on improving that weight and be focused on profitable growth. So as we close clinics, we don't hold on to 100% of the patients. We know that. But obviously, the focus here is on the kind of the profitable mix there.

And I think also the opportunity to be talking to payers as well about some of these new initiatives now that we're focused on, notwithstanding HDF and some of the other pieces, so we are pleased with how that is developing and the conversations there and continues to slightly tick up each quarter.

On VBC, obviously, in the quarter, Martin spoke to this already. There was a prior year true-up. But I would say we are, we've got a new leader now. We've kind of got a really good strategic focus here on finding the growth in both the contracts and better contracting and premiums as well as member months.

So I would say that improvement is coming more from commercial than it is from CKCC. And obviously, we are really focused on improving the contract status that we have there and have had some nice wins and some nice discussions and new relationships with some of the larger payers.

Oliver Metzger - *Oddo BHF SCA - Analyst*

Okay, thank you.

Dominik Heger - *Fresenius Medical Care AG - Head of Investor Relations, Market & Competition, Sustainability, EVP*

James, Jefferies.

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

Just a couple, please. Firstly, on operating cash flow. I noticed there's EUR227 million in the quarter, up 40%. I guess this is a summary on slide 12. But just wondering what goes into the other working capital and noncash items that was positive inflow of EUR133 million or nearly 60% of the operating cash flow.

Because if you want to just adjust for that line. I appreciate there might be some other stuff that goes in there. It implies a 50% reduction in operating cash flow. So I just wonder if you can give some color what goes into that line and also just confirm there's any factoring.

And then my second question is a full year, and there was the slide on the outlook assumptions just because I was missing in the deck this time, can you confirm that all of those are still valid. Thanks very much.

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

Why don't I take the full year outlook assumptions? Why I'll let Martin maybe have a look at the cash flow question, and we may have to follow back up on that. Yeah. Look, we don't include that headwinds and tailwinds side every quarter. We generally talk about it in the full year about what we're mapping and then maybe half year or speak to any major variations.

I would say as we look at that internally, that classification that, that is really developing in line with in line with expectations. So nothing significant to point out there. the headwinds and tailwinds are very much from what we've seen in Q1 and our outlook for the year developing in line with as we expected.

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

Perhaps what I can say and I might come back to you (inaudible). We are driving operating working capital improvements for the underlying cash performance. And on that other piece that you refer to, I would have to understand exactly what you referred to in CapEx.

Dominik Heger - *Fresenius Medical Care AG - Head of Investor Relations, Market & Competition, Sustainability, EVP*

David, JP Morgan.

David Adlington - *JPMorgan Chase & Co - Analyst*

Hey, guys. Thanks for the question. Sorry to rebank on the drama of both ACA and cost inflation maybe first ACA. Just wanted to double check. So have you recognized all the revenues from patients coming through? And then if they fall off sort of going forward them here, will you have to go back and readjust numbers or take a provision or you could make some sort of provision through the first quarter, just in case those guys do come off and then you might be able to write it back later if they don't. And the second question is on cost inflation than from Martin.

I just wonder what percentage of your COGS in Care Enablement is particularly associated with plastics and actually what you're seeing in terms of plastic inflation there?

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

Yes. David, on the ACA question. Obviously, we have a patient we would be billing for that treatment for that patient. So there's no kind of, it's just particularly it's billed. I think our concern is more if they fall off insurance or they go out of the system that we lose that patient and obviously, that that revenue that comes from that.

So I think that's why we can say there's not really an impact in Q1 because our patient census didn't have the attrition that we first thought. Now obviously, we're also looking pretty hard at the front-end process on insurance verification and things like that. So there shouldn't be an impact.

We just take it as the patient is there and then doing their insurance verification to make sure we're billing accordingly. So I think that's why we're saying we'll hold the assumption because we don't know if these patients will fall off.

Once they make the premium payment in Q2, Q3 or rest of the year, they do have to be covered. If they're on, they will get covered by the insurance company and what we call this grace period, but it's after that, that is the risk for the patients coming off the exchange.

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

So David, regarding the inflation question. As I said, we are monitoring the situation closely. There is multiple buckets where oil dependencies impacting transportation cost is on plastics or another one. I don't want to give you a number of our COGS because we have a supply chain that has different exposures. Obviously, we are manufacturing also our plastic parts, like the blood lines or like also other consumables in different locations.

And as such, it is simple extrapolation. We are working on this. We are mitigating the effect. We have it inside our inflation guidance that we gave for the market. And I think that is from our perspective, the right way to do.

David Adlington - *JPMorgan Chase & Co - Analyst*

Thank you so much.

Dominik Heger - *Fresenius Medical Care AG - Head of Investor Relations, Market & Competition, Sustainability, EVP*

Falko, Deutsche Bank.

Falko Friedrichs - *Deutsche Bank AG - Analyst*

Thank you. Good afternoon. Two questions, please. The first one, can you remind us how much of your care enablement sales are coming from China? And how was growth excluding China in the first quarter for the segment?

And then secondly, on care delivery, the organic growth in the international business was a tad softer than in previous quarters. Was there any particular reason for that? Or was that just normal quarterly volatility? Thank you.

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

Yes, on the China one Falko, we said it's about 7% to 10% of the revenues that we have in Care Enablement, it is a relevant market. It's also an attractive market, and we have not disclosed for the quarter what the top line impact is overall.

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

Yeah. And then your question on CDI. As you know, we're kind of continuing to refine that portfolio on kind of where that treatment growth is coming. It was, it does look a little bit lower, but don't forget, last year, we had Brazil in the base. So as we look at this market by market, we're not concerned with what we're seeing. So I think it's just maybe a tough comp because of Brazil.

Falko Friedrichs - *Deutsche Bank AG - Analyst*

Okay, thank you.

Dominik Heger - *Fresenius Medical Care AG - Head of Investor Relations, Market & Competition, Sustainability, EVP*

Richard from Goldman Sachs.

Richard Felton - *Goldman Sachs Group Inc - Analyst*

Thank you so much for squeezing me in. Just a follow-up on China for care enablement. Between the stripped tender requirements in VBP, how are you seeing competitive dynamics in that market change, if at all? And Martin, you just referenced China as being an attractive market. What kind of scenario is embedded in your medium-term plans for care enablement in China, please? Thank you.

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

Yeah. Richard, look, China is an attractive market for us. It's a large market. The profitability is there despite some of the the challenges that we've already experienced. I think we're eyes wide open of what it takes to succeed in China. Obviously, there, we're hearing this across med tech. The competitive dynamics are changing.

I think for us, it's about having the right strategy and the right go-to-market approach in China and the right portfolio of what is local for local and what is really premium. So we have some good assumptions into our mid-range plans. We are obviously getting under the current environment and what the future portfolio should look like for China.

And obviously, if these dynamics continue to evolve, we will strategically adjust accordingly on the portfolio. We know we were, we had, we were later into China than some med tech companies. So we learned a lot, even with that, we obviously had some impact.

You saw that hit us last year. But a lot of the focus is on what is the right portfolio to have in China for the China market, what can we do local, what can we partner? And I think then we have to look at China in relation to the global portfolio that we're developing and see what it is that we need to have offered there for continued success. But I think just more to come here as we continue to look at that strategy and the portfolio in light of these changing regulations that are happening in real time.

Richard Felton - *Goldman Sachs Group Inc - Analyst*

Thank you very much.

Dominik Heger - *Fresenius Medical Care AG - Head of Investor Relations, Market & Competition, Sustainability, EVP*

Thank you. So with that, we have answered all questions. The time is up, so perfect combination. And with that, thank you for being so interested that we said more than an hour. And with that, I will say thank you, see you on the road on conferences and around the world.

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

Thanks, everybody. Have a good day. Bye-bye.

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

Bye bye.

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