



Fresenius Medical Care AG (FMS)

Updated May 20th, 2025 by Nathan Parsh

Key Metrics

Current Price:	\$29	5 Year CAGR Estimate:	9.4%	Market Cap:	\$17.7 B
Fair Value Price:	\$36	5 Year Growth Estimate:	3.0%	Ex-Dividend Date:	05/23/25
% Fair Value:	82%	5 Year Valuation Multiple Estimate:	4.1%	Dividend Payment Date:	06/06/25
Dividend Yield:	2.7%	5 Year Price Target	\$41	Years Of Dividend Growth:	26 ¹
Dividend Risk Score:	B	Sector:	Health Care	Rating:	Hold

Overview & Current Events

Fresenius Medical Care AG is a diversified healthcare corporation focused on products and services related to renal (kidney) diseases. The company's services include kidney dialysis, clinical laboratory testing, and kidney diagnostic procedures. Fresenius Medical is headquartered in Germany. United States investors can initiate an ownership stake in Fresenius Medical through American Depositary Receipts that trade on the New York Stock Exchange under the ticker FMS. Two ADR shares equals one share of the underlying company.

On May 6th, 2025, Fresenius Medical reported first quarter results for the period ending March 31st, 2025. Revenue fell grew 1% in constant currency while adjusted operating income improved 11%.

Organic growth increased 5% for the period. Quarterly revenue for Care Delivery, formerly known as Health Care Services, improved 4% organically due to growth in value-based care, higher reimbursement rates, and favorable payor mix in the U.S. The international business benefited from a 2.5% increase in same market treatments. Care Enablement, formerly known as Health Care Products, had organic growth of 5% for the quarter due to volume gains in all geographical regions and positive pricing actions. As of the end of the quarter, Fresenius Medical had 299,358 patients and 3,674 clinics worldwide compared to 299,532 patients and 3,675 clinics in Q4 2024.

Fresenius Medical reaffirmed its prior outlook for 2025 as well, with the company still expecting revenue to grow at a low single-digit percentage. The company is expected to earn \$3.23 in 2025, up from \$2.85 previously. We have updated our forecast accordingly.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$1.69	\$2.03	\$2.08	\$2.46	\$2.43	\$2.70	\$1.97	\$1.21	\$1.30	\$1.66	\$3.23	\$3.74
DPS	\$0.43	\$0.43	\$0.53	\$0.55	\$0.45	\$0.72	\$0.82	\$0.71	\$0.60	\$0.64	\$0.79	\$0.92
Shares²	611	614	613	613	602	598	586	586	587	587	587	587

Although Fresenius Medical has lofty forward-looking growth targets, it has been unable to achieve strong growth historically. Adjusted earnings-per-share have decreased 0.2% annually over the last decade. We reaffirm our earnings-per-share growth target of 3% for the next five years, down from 6% previously. We anticipate that the company will deliver earnings-per-share of \$3.23 in 2025. Applying a 3% growth rate to our 2025 earnings-per-share projection leads to 2030 earnings-per-share estimate of \$3.74.

Fresenius Medical Care has not prioritized growing its dividend payments in the past. However, the company has increased its dividend for 26 years in local currency. We forecast the dividend will grow in line with earnings-per-share.

¹ In local currency

² In millions of shares

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	24.3	21.1	18.5	13.2	16.7	16.6	16.5	26.8	16.0	13.6	9.0	11.0
Avg. Yld.	1.1%	1.0%	1.1%	1.3%	1.8%	1.8%	2.5%	2.2%	2.9%	2.8%	2.7%	2.2%

Shares of Fresenius Medical have increased 20.2%, since our March 10th, 2025 report. The stock has traded with an average price-to-earnings ratio of 18.3 over the last decade. We are reaffirming our 2030 target P/E of 11 from 13 as we believe this is a better starting point for the stock. For context, the company is trading at a price-to-earnings ratio of 9.0 today based off earnings-per-share estimates for the current year. If the company's P/E ratio were to reach our target by 2030, then valuation would add 4.1% to annual returns over this period.

Income investors should note that the German government imposes a 26.375% withholding tax on dividend payments made to international investors. This reduces Fresenius Medical's net dividend yield to ~2.0%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	25%	21%	26%	22%	19%	27%	42%	59%	46%	39%	24%	24%

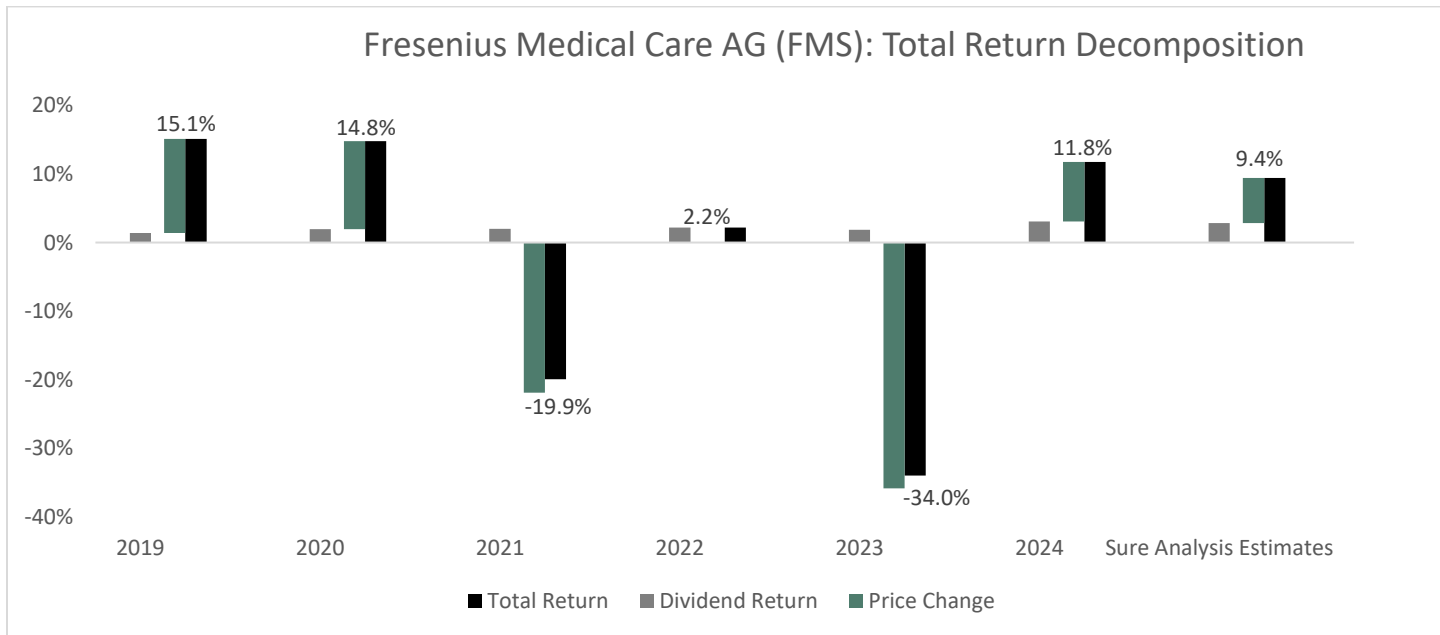
A key competitive advantage for Fresenius Medical is its lineup of kidney dialysis and diagnostic products. The company is a global leader in the area of dialysis and has more facilities worldwide than any other company in this sector.

Fresenius Medical serves as a one-stop shop for customers requiring dialysis related treatments. Fresenius Medical managed to increase earnings-per-share during the last recession. The company's products make it so that patients' can control their kidney failure, making it likely that the company will perform well in recessions.

Final Thoughts & Recommendation

After first quarter results, we expect Fresenius Medical to have an annual return of 9.4% per year through 2030, down from our prior estimate of 10.6%. Our projected return stems from a 3% earnings growth rate, a starting yield of 2.7%, and a mid-single-digit tailwind from multiple expansion. Both segments reported organic growth for the period and guidance was reaffirmed. We now view shares of the company as a buy due to projected returns.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	17,150	18,339	20,140	19,539	19,565	20,396	20,846	20,457	21,061	20,928
Gross Profit	5,745	6,216	6,816	6,087	6,041	6,324	5,647	5,161	5,332	5,148
Gross Margin	33.5%	33.9%	33.8%	31.2%	30.9%	31.0%	27.1%	25.2%	25.3%	24.6%
SG&A Exp.	3,272	3,467	4,120	3,407	3,394	3,579	3,281	3,343	3,460	3,402
D&A Exp.	719	776	833	932	1,784	2,040	1,921	1,939	1,897	1,886
Operating Profit	2,331	2,586	2,570	2,545	2,458	2,524	2,200	1,534	1,599	1,588
Op. Margin	13.6%	14.1%	12.8%	13.0%	12.6%	12.4%	10.6%	7.5%	7.6%	7.6%
Net Profit	1,060	1,266	1,449	2,340	1,343	1,330	1,147	710	540	582
Net Margin	6.2%	6.9%	7.2%	12.0%	6.9%	6.5%	5.5%	3.5%	2.6%	2.8%
Free Cash Flow	1,007	1,108	1,413	1,186	1,614	3,633	1,935	1,522	2,105	1,826
Income Tax	627	692	502	603	450	572	417	343	325	342

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	25,365	26,961	28,823	30,019	36,893	38,976	38,911	38,343	37,506	34,928
Cash & Equivalents	549	749	1,173	2,454	1,129	1,330	1,678	1,366	1,522	1,198
Acc. Receivable	3,751	4,201	4,566	3,799	3,927	3,984	3,973	3,936	3,793	3,534
Inventories	1,341	1,414	1,549	1,678	1,863	2,331	2,307	2,462	2,409	2,152
Goodwill & Int.	13,863	14,545	15,341	14,746	17,299	17,637	17,913	18,563	17,700	17,212
Total Liabilities	14,869	15,279	15,832	15,260	22,076	23,809	23,083	21,775	21,117	18,520
Accounts Payable	781	888	885	909	936	1,018	971	1,020	978	1,024
Long-Term Debt	8,646	8,597	8,935	8,632	10,168	9,702	9,704	9,130	8,738	7,116
Total Equity	9,887	10,548	11,781	13,450	13,395	13,794	14,378	15,002	15,056	15,168
LTD/E Ratio	0.87	0.82	0.76	0.64	0.76	0.70	0.67	0.61	0.58	0.47

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	4.2%	4.8%	5.2%	8.0%	4.0%	3.5%	2.9%	1.8%	1.4%	1.6%
Return on Equity	10.3%	11.4%	11.7%	16.9%	9.1%	8.9%	7.4%	4.4%	3.3%	3.6%
ROIC	5.5%	6.4%	6.9%	10.3%	5.6%	5.3%	4.6%	2.8%	2.1%	2.4%
Shares Out.	611	614	613	613	602	598	586	586	587	587
Revenue/Share	28.11	29.90	32.73	31.79	32.32	34.68	35.58	34.88	35.89	35.66
FCF/Share	1.65	1.81	2.30	1.93	2.67	6.18	3.30	2.60	3.59	3.11

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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