

# **FY 2020 PRESS CONFERENCE FEBRUARY 23, 2021**

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Chief Executive Officer

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Forward-looking statements represent estimates and assumptions only as of the date that they were made. The information contained in this presentation is subject to change without notice and the company does not undertake any duty to update the forward-looking statements, and the estimates and assumptions associated with them, except to the extent required by applicable law and regulations.

If not mentioned differently the term net income after minorities refers to the net income attributable to the shareholders of Fresenius Medical Care AG Co. KGaA. The term EMEA refers to the region Europe, Middle East and Africa. Amounts are in Euro if not mentioned otherwise.



# ■ OUR CONTRIBUTION TO THE FIGHT AGAINST COVID-19



## PROTECTING PATIENTS AND EMPLOYEES

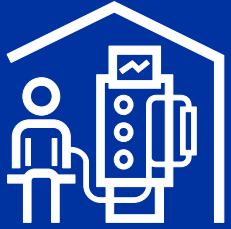
- Dialysis patients among the most at-risk populations
- Comprehensive protective measures to maintain safe operations and reduce infection risks in more than 4,000 dialysis centers and 44 production sites
- Strong network and vertical integration decisive for fostering patient's well-being



## PROVIDING LIFE-SAVING PRODUCTS

- Leveraging expertise in critical care and innovative solutions for multi-organ support to provide critically ill patients with the best possible care
- Pandemic caused demand for acute dialysis machines and disposables to soar
- Production capacity for multi-FiltratePRO acute dialysis machines more than tripled in peak times

# ■ FY 2020 | QUALITY ON A CONSISTENTLY HIGH LEVEL



+2% Clinics  
**4,092**



+0% Patients  
**346,553**



+3% Treatments  
**53,575,255**



Quality remains  
on a consistently  
**high level**

As of December 31, 2020



# AGENDA

**1**

**STRATEGY UPDATE**

**2**

**MEDICAL UPDATE**

**3**

**FY 2020 & OUTLOOK**



# AGENDA

**1**

**STRATEGY UPDATE**

2

MEDICAL UPDATE

3

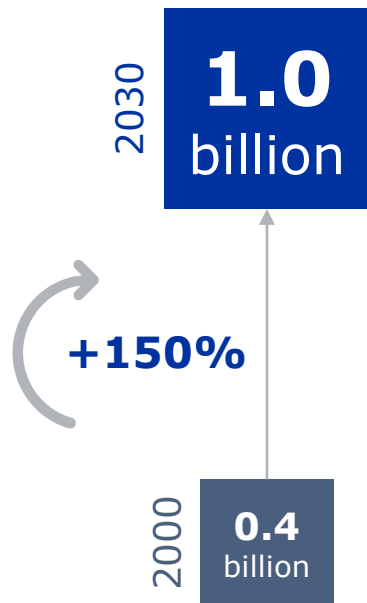
FY 2020 & OUTLOOK

# ■ KEY DRIVERS FOR OUR CORE DIALYSIS BUSINESS REMAIN INTACT

## ADDRESSING GLOBAL HEALTH CARE CHALLENGES

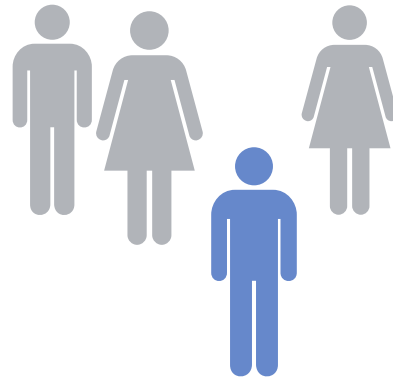
### AGEING GLOBAL POPULATION

Global population aged 65+<sup>1</sup>



### HYPERTENSION

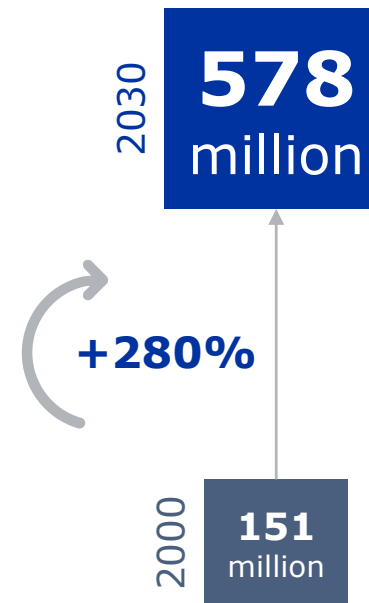
People living with hypertension<sup>2</sup>



One out of four people worldwide has hypertension!

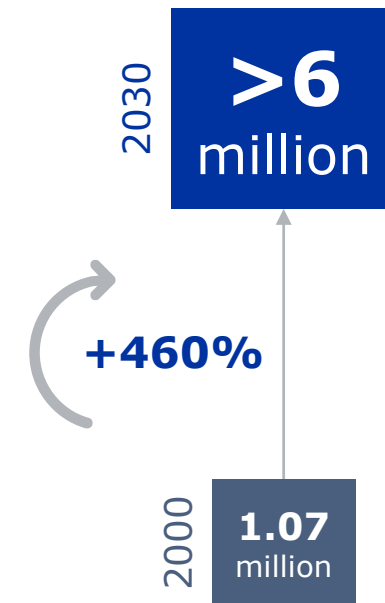
### DIABETES

People living with diabetes<sup>3</sup>



### DIALYSIS PATIENTS

People on maintenance dialysis<sup>4</sup>

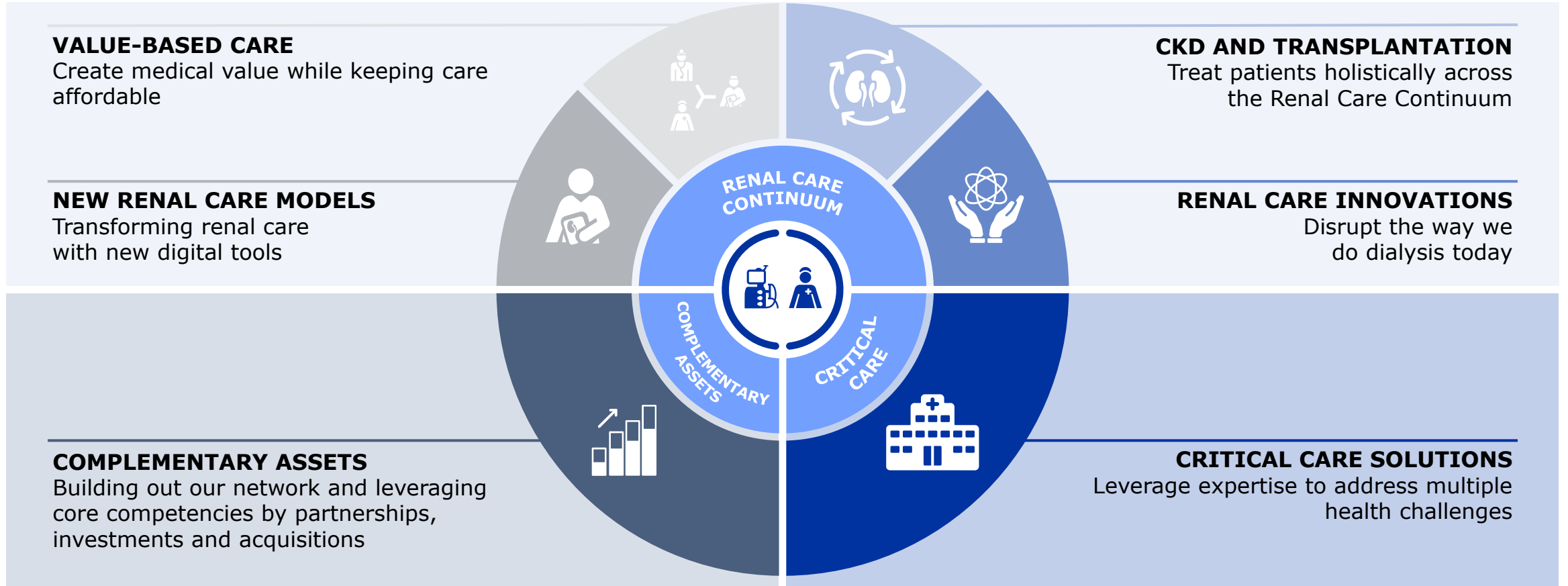


1 United Nations, Department of Economic and Social Affairs, Population Division (2019). World Population Prospects 2019, Volume II: Demographic Profiles (ST/ESA/SER.A/427)

2 WHO Global Health Observatory (people >18 years of age) | 3 IDF Diabetes Atlas 2019 (9<sup>th</sup> edition) | 4 FME Long Range Patient Projection

# 2025 | MID-TERM STRATEGY

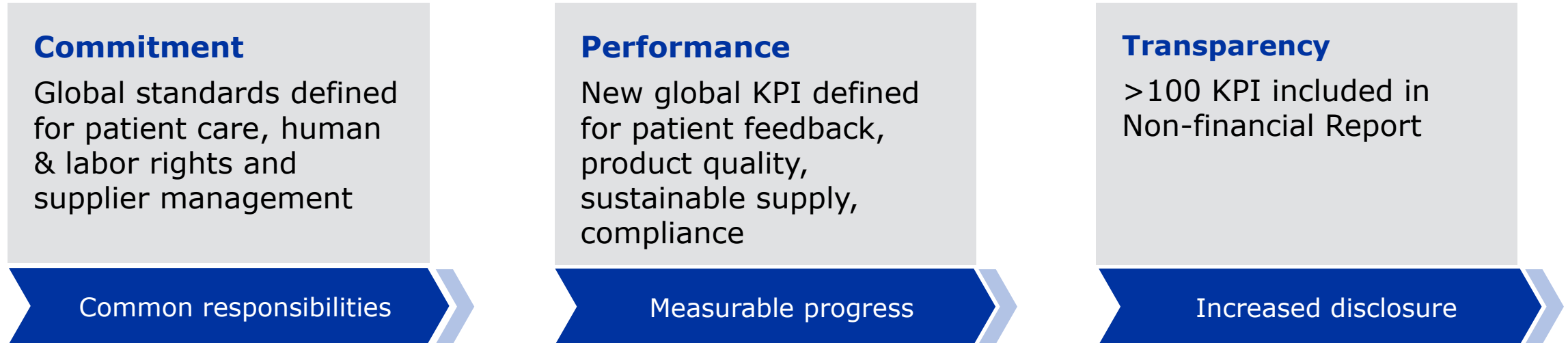
## LEVERAGING OUR CORE COMPETENCIES





# 2020 SUSTAINABILITY PROGRESS

## ON TRACK TO ACHIEVE CONTINUOUS IMPROVEMENTS



## SUSTAINABILITY HIGHLIGHTS



> 440  
Product improvements implemented



8 %  
Increased employee engagement rate



>70 Green & Lean initiatives to reduce environmental impact



37,000  
Third parties assessed for compliance risks



Included in Dow Jones Sustainability Index for 11th time



# AGENDA

**1**

**STRATEGY UPDATE**

**2**

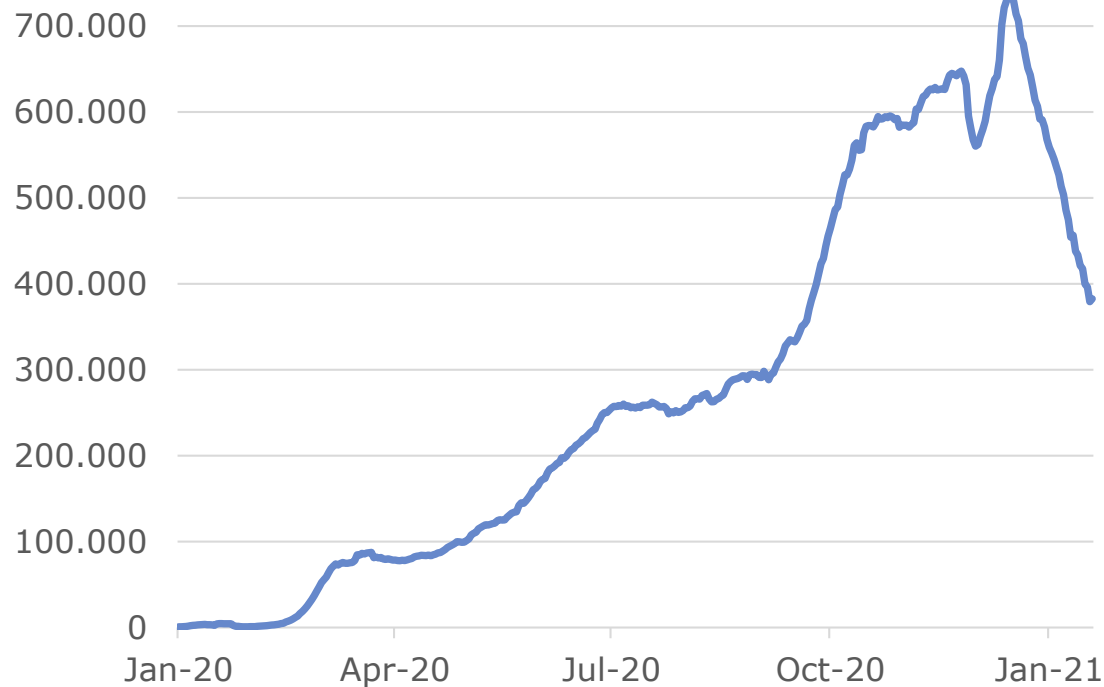
**MEDICAL UPDATE**

**3**

**FY 2020 & OUTLOOK**

# CONFIRMED COVID-19 CASES THROUGHOUT 2020

## GLOBAL | COVID-19 CASES

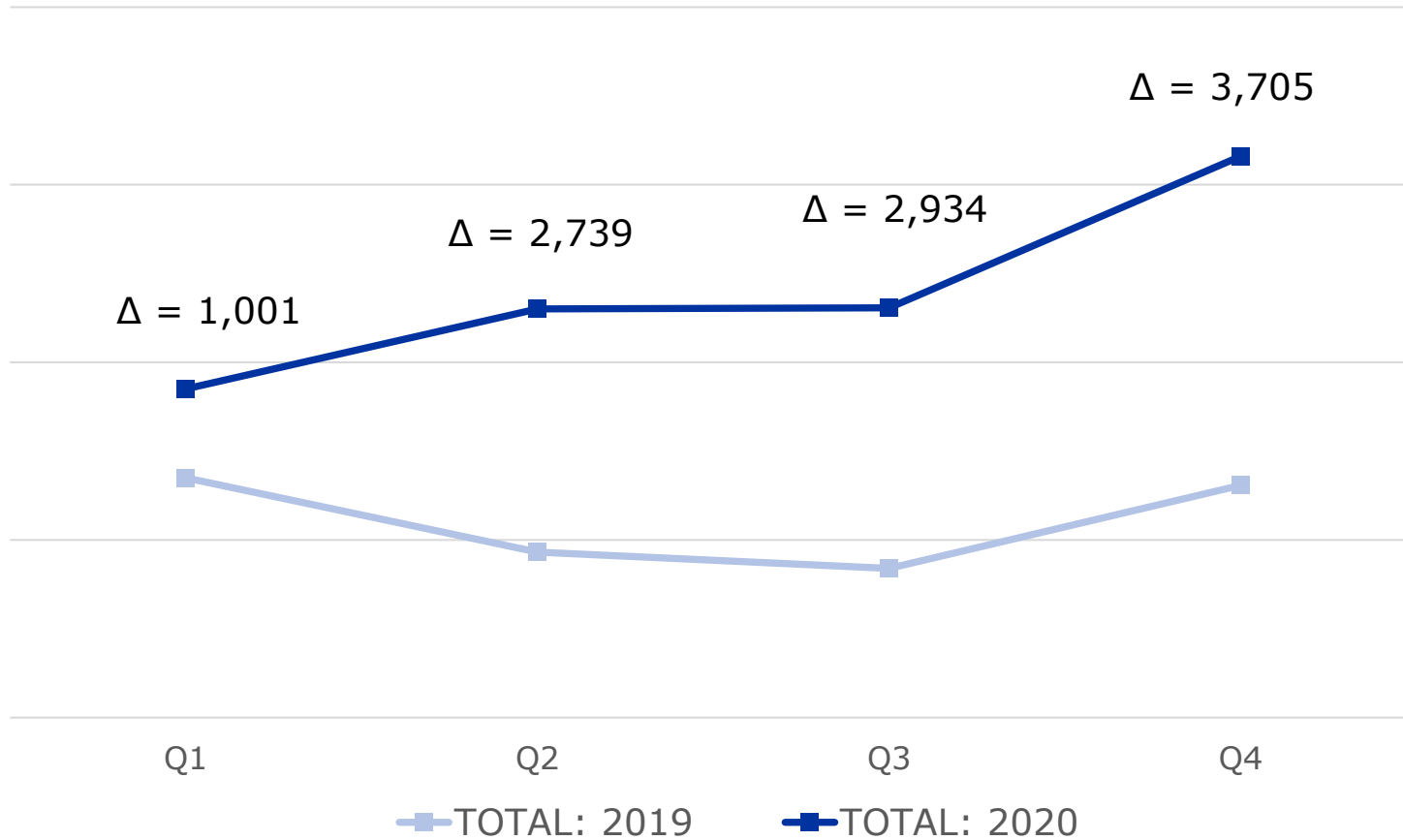


## FME | COVID-19 CASES GLOBALLY



Rolling 7-day average of daily new confirmed COVID-19 cases. Left chart: global data of John Hopkins University CSSE COVID-19 Data (February 15, 2021), right chart: FME data based on internal sources.

# ■ PATTERN OF EXCESS DEATHS DUE TO COVID | 2020 VS. 2019



Excess deaths due to COVID-19 were 10,379 in 2020 compared to traditional seasonal trends for 2019

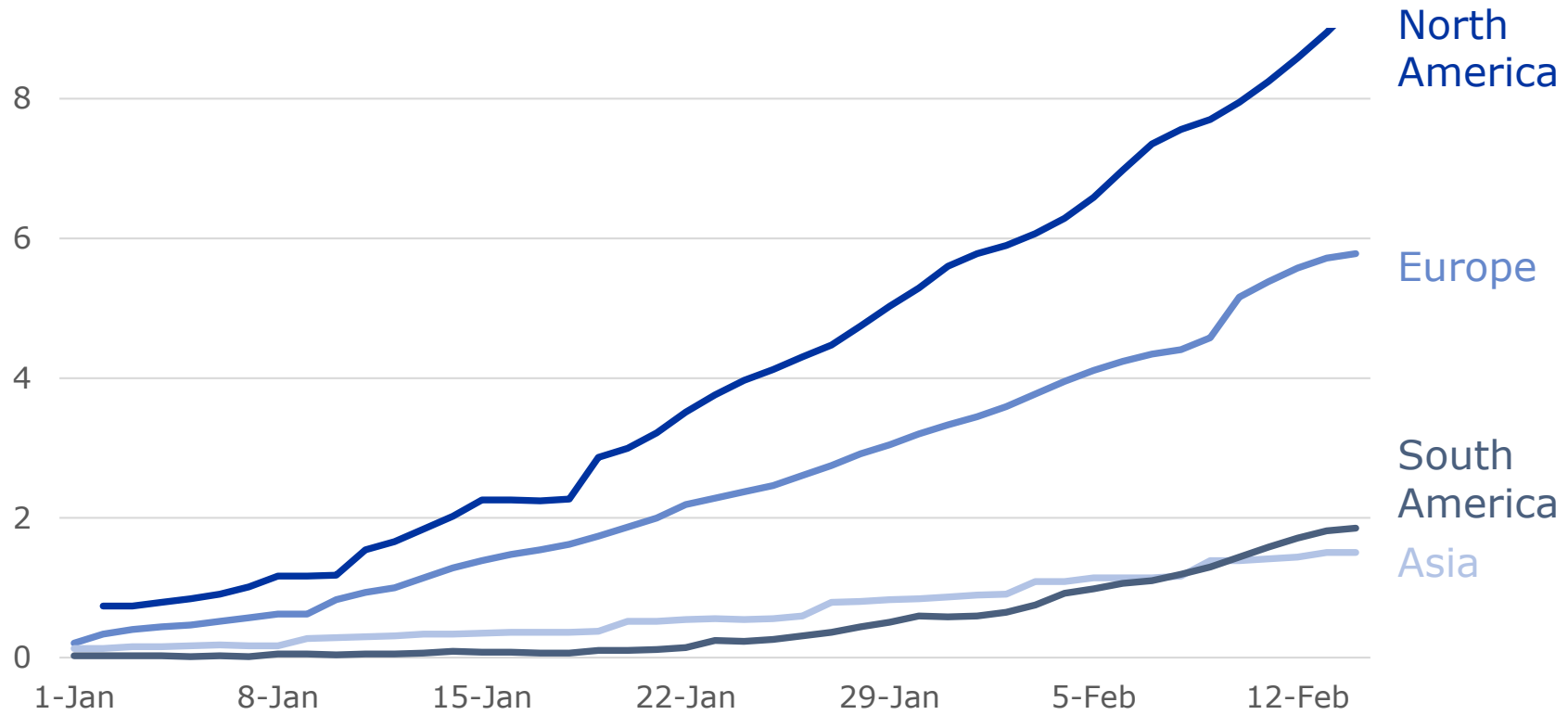
# ■ WHAT WAS THE IMPACT ON THE DEMOGRAPHICS OF OUR PATIENTS?

<b>NORTH AMERICA</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Age (years)	62.8	62.8	62.6
Diabetes %	64.0	63.7	62.9

<b>EMEA</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>
Age (years)	68.6	68.5	68.5
Diabetes %	31.6	32.6	32.7

- This does not yet support a hypothesis that the mortality rate will be less than the pre-pandemic baseline
- The demographics of the population have not changed
- The excess mortality is seen in all age cohorts of our patients

# ■ GENERAL PERCENT OF POPULATION VACCINATED BY REGION



Cumulative COVID-19 vaccination doses administered per 100 people  
(Official data by Our World in Data as of February 16, 2020)

Population (or “herd”) immunity requires 70-85% of the population to have immunity from either vaccination or exposure



# AGENDA

**1** STRATEGY UPDATE

**2** MEDICAL UPDATE

**3** FY 2020 & OUTLOOK

# ■ FY 2020 | MAINTAINING GROWTH IN A CHALLENGING YEAR



Financial targets for 2020 **achieved**

## **Q4 impacted by:**

- Impairment of goodwill and trade names in Latin America resulting from macro-economic downturn
- Accelerated COVID-19-related excess mortality in North America and EMEA

**Growth in home dialysis** in the U.S. on track

24th consecutive **dividend increase** planned to be proposed



# ■ FY 2020 | STRONG NET INCOME PERFORMANCE



cc = at constant currency

Special items are effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of giving guidance. | FY 2019 excl. effects from: NxStage costs, Cost Optimization Program and Care Coordination Gain/Loss | FY 2020 excluding Latin America impairment of goodwill and trade names (€ 195m)

- Revenue growth at constant currency in line with FY 2020 guidance
- Net income growth at constant currency exceeds target range
- Impairment in the Latin America Segment excluded from 2020 figures

# ■ FY 2020 | ORGANIC GROWTH IN ALL REGIONS

## NORTH AMERICA

€ million

<b>Revenue</b>	<b>12,478</b>	<b>2%</b>
Organic growth		2%

## EMEA

€ million

<b>Revenue</b>	<b>2,763</b>	<b>3%</b>
Organic growth		4%

## ASIA-PACIFIC

€ million

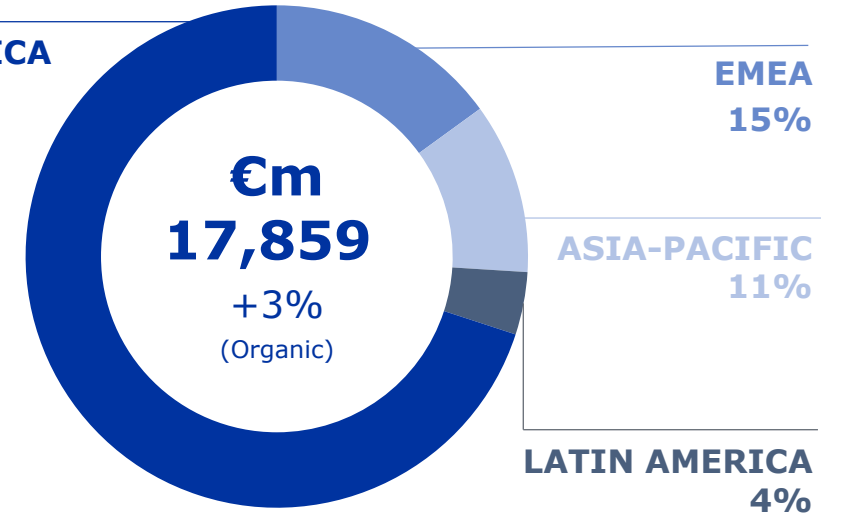
<b>Revenue</b>	<b>1,894</b>	<b>2%</b>
Organic growth		4%

## LATIN AMERICA

€ million

<b>Revenue</b>	<b>684</b>	<b>(3)%</b>
Organic growth		15%

**NORTH AMERICA**  
70%

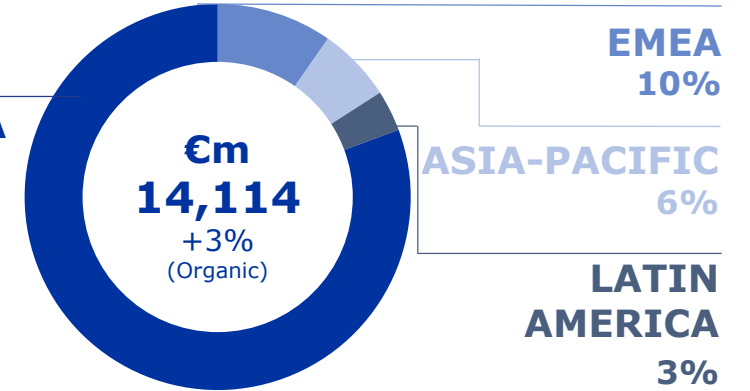


- All segments contribute to organic growth
- Revenue development in North America, Asia-Pacific and Latin America negatively affected by COVID-19 pandemic
- Unfavorable currency effects in all regions

# ■ FY 2020 | SERVICES

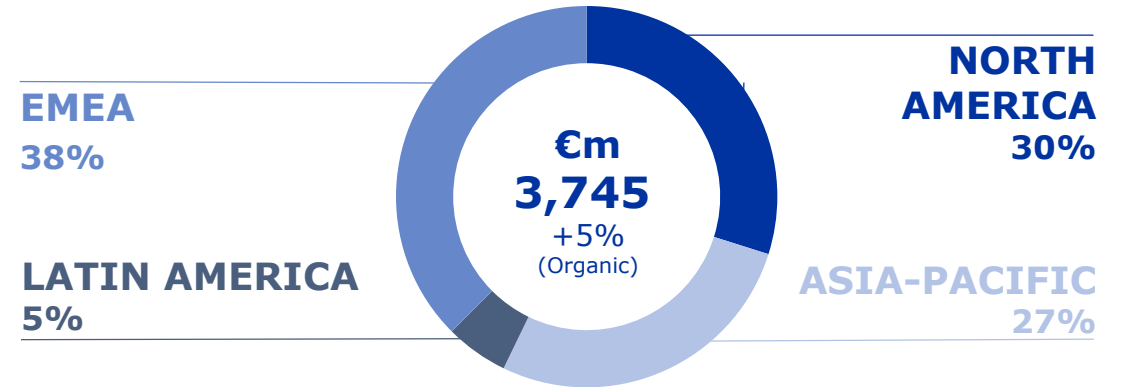


**NORTH AMERICA**  
81%



- Health Care Services accounted for 79% of revenue in 2020
- Organic growth of 3% achieved despite COVID-19 pandemic and expected lower reimbursement for certain pharmaceuticals

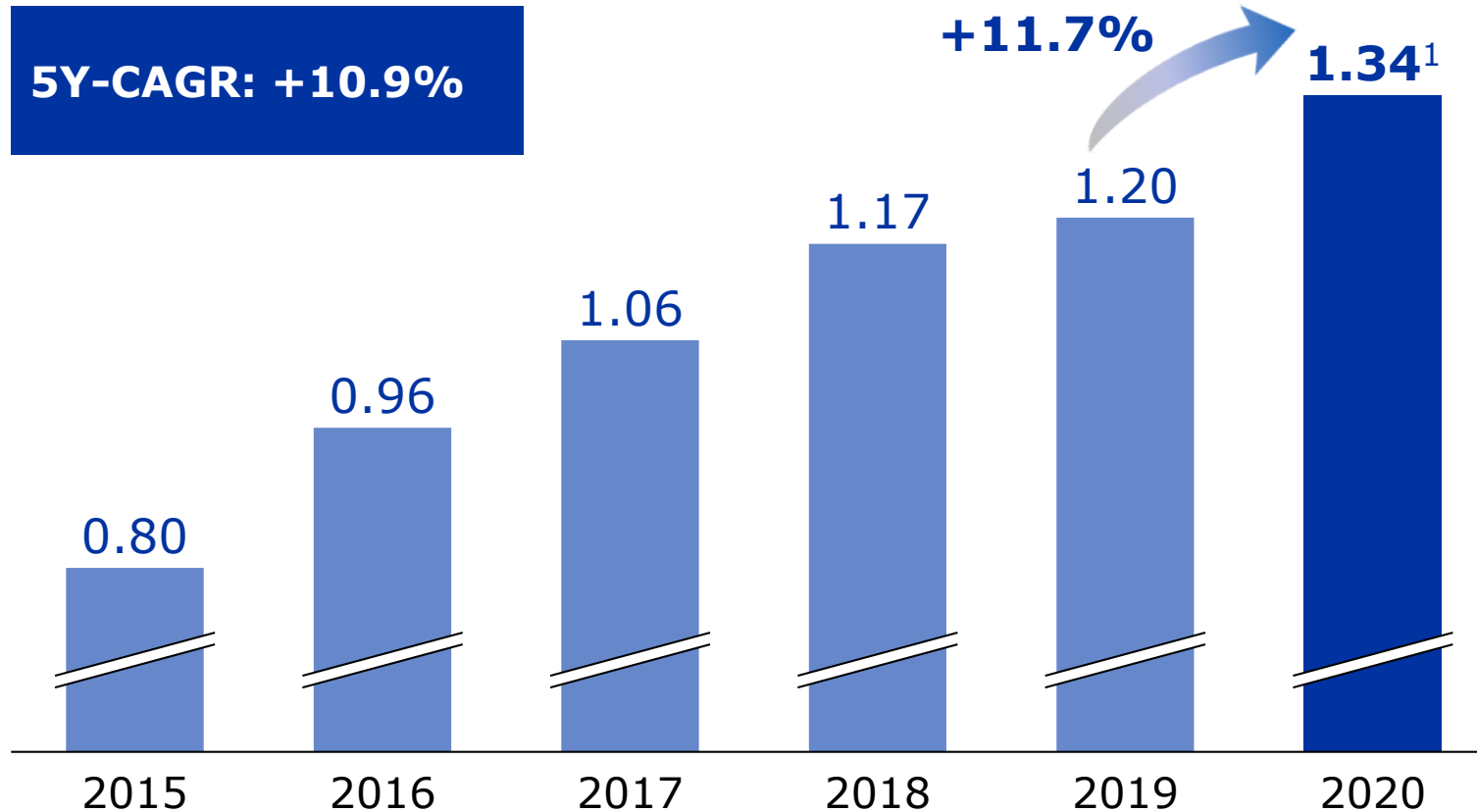
# ■ FY 2020 | PRODUCTS



- Health Care Products accounted for 21% of revenue in 2020
- Higher sales of acute care products due to the COVID-19 pandemic
- Lower sales of machines for chronic treatment

# ■ DIVIDEND INCREASE PLANNED TO BE PROPOSED

DIVIDEND PER SHARE IN EUR



## DIVIDEND 2020

- 24<sup>th</sup> consecutive dividend increase planned to be proposed
- Planned dividend proposal would ensure dividend continuity despite COVID-19 challenges

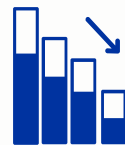
<sup>1</sup> Planned dividend proposal for 2020 of €1.34 to be approved by the AGM on May 20, 2021

# ■ 2021 | TAIL- AND HEADWINDS



## TAILWINDS

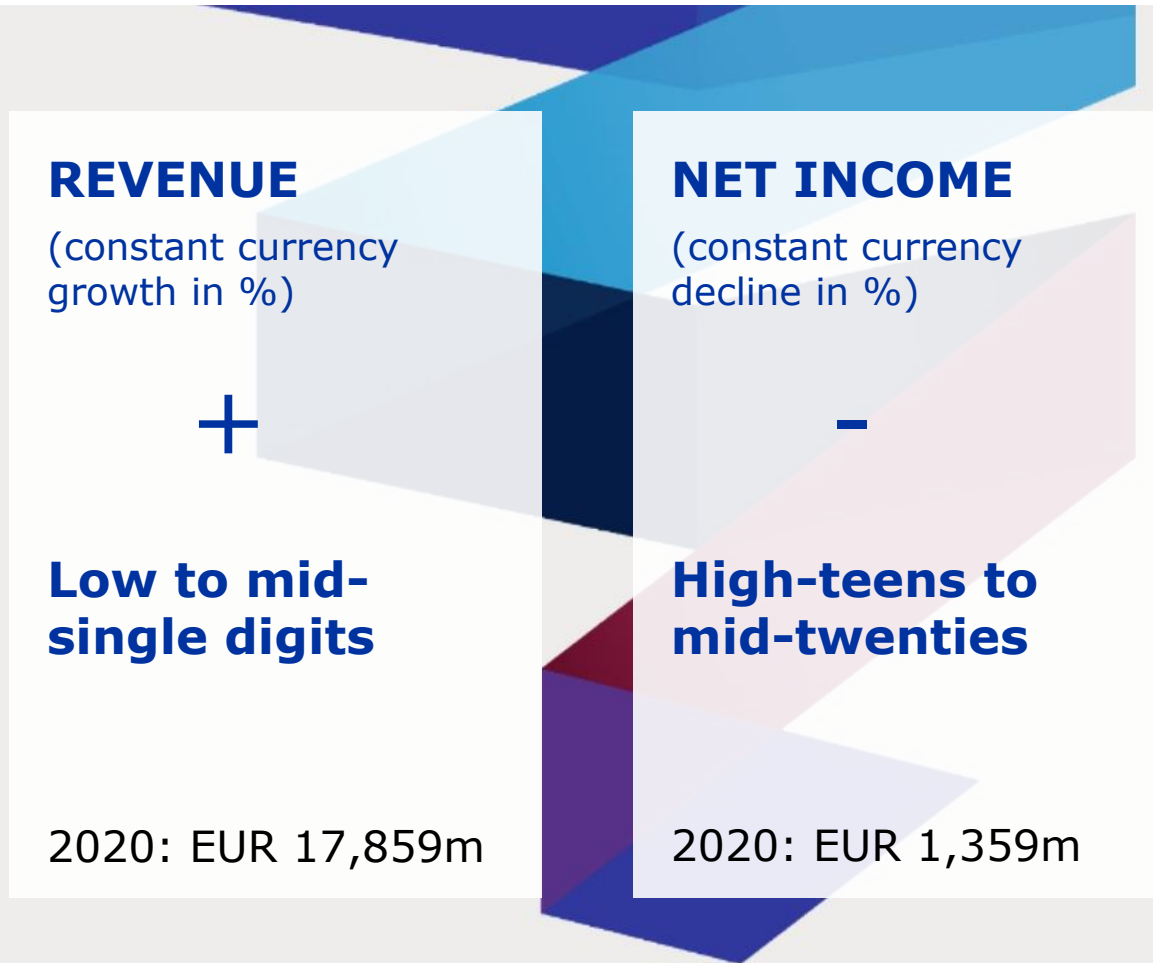
- Growth in value-based care programs
- Medicare Advantage
- Higher adoption of home dialysis
- Effect from completion of cost optimization measures



## HEADWINDS

- COVID-19 impact on treatment volumes and costs
- Reduced clinic utilization limits ability to absorb wage and fixed cost inflation
- COVID-19 related savings realized in 2020
- Certain pharmaceuticals
- Currency transaction effects

# ■ 2021 TARGETS



## Assumptions:

- Excess mortality to continue to accumulate in the first half of 2021
- COVID-19-related additional costs in the Dialysis Services business to remain on high level
- No further public relief funding assumed

## Excluding special items:

Special items are effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of giving guidance.<sup>1</sup>

<sup>1</sup> Special items include costs related to the FME<sub>25</sub> program

# FME<sub>25</sub>

- **FME<sub>25</sub>** to be launched in 2021 to support our 2025 strategy, further strengthen profitability and compensate for COVID-19 effects
- Invest up to €500m by 2025 to sustainably reduce the cost base and minimally improve operating income by the same amount
- The Company expects for each euro invested in **FME<sub>25</sub>** to sustainably reduce the annual cost; **FME<sub>25</sub>** addresses the simplification of the Fresenius Medical Care operating model and shall include:
  - > Simplification and streamlining of the global operating model
  - > Application of learnings from the “new normal”
  - > Acceleration of our digitalization agenda



# ■ MID-TERM TARGETS 2020-2025

## REVENUE

(CAGR, constant  
currency growth in %)

**Mid-single digit**

## NET INCOME

(CAGR, constant  
currency growth in %)

**High-single digit**

### **Assumptions:**

FME<sub>25</sub> compensates for the anticipated  
COVID-19 related effects

### **Excluding special items:**

Special items are effects that are unusual in  
nature and have not been foreseeable or not  
foreseeable in size or impact at the time of  
giving guidance.<sup>1</sup>

<sup>1</sup> Special items include costs related to the FME<sub>25</sub> program



# **YOUR QUESTIONS ARE WELCOME.**

Rice Powell  
Helen Giza  
Frank Maddux

Chief Executive Officer  
Chief Financial Officer  
Global Chief Medical Officer