



# ANNUAL GENERAL MEETING

Fresenius Medical Care AG & Co. KGaA

“

*Our strong performance in the first half of the year proves the resilience of our vertically integrated business model. And it shows our strength in taking care of people – even in a challenging environment.*

”



Speech  
Rice Powell

CEO

August 27, 2020  
Bad Homburg/Waltham

- The spoken word shall prevail -

Dear shareholders,

Welcome to the Annual General Meeting of Fresenius Medical Care!

Despite the challenges the world is facing, we have good news for you – our integrated business model is proving resilient and we have strong results that we want to share with you.

These are very unusual times. Unusual in many respects: The world in which we live has changed in 2020. The way we work, the way we interact with others, the way we behave outside our homes. Keeping ourselves and others safe has top priority right now. That is also why we have decided to hold a virtual Annual General Meeting this year. Today, I am speaking to you from our U.S. office near Boston.

### **FME and COVID-19**

We at Fresenius Medical Care serve a vulnerable population. Our patients worldwide need regular dialysis treatment to survive. They are generally older and less healthy than the average citizen.

When our Global Medical Office received an early warning from our colleagues in China, you can imagine how worried we were.

We suddenly found ourselves facing a looming pandemic that threatened the lives of our patients.

- We had to do everything we could to protect our patients.
- We had to protect our staff, who take care of our patients. It is our job to keep them as safe as possible.
- We also had to make sure that we could keep producing and delivering our life-saving products, even when our operations and supply chains were hampered by global restrictions.

We don't know how long the path to recovery will be and what form it will take. But one thing is certain: Our teams at Fresenius Medical Care are up to the task.

- **Our frontline teams ensure continued treatment**

We operate around 4,000 clinics around the globe. Our employees rallied to establish strict safety protocols and keep the business running. Many even volunteered to support local hospitals in the most heavily impacted regions.

- **We joined forces**

In times of crisis, the forces of goodwill come together. In the U.S., we joined up with other dialysis providers to launch a national contingency plan. Together, we created isolation facilities where infected patients can continue their treatment, keeping them away from hospitals that are already overwhelmed.

- **Our technology saves lives**

When COVID-19 first broke out in China, we provided hospitals there with acute dialysis machines and chronic hemodialysis machines. We also saw a huge spike in demand for Novalung consoles. These are devices for lung replacement therapy produced by Xenios, a subsidiary of Fresenius Medical Care. A shipment of these consoles was airfreighted from Frankfurt to Beijing and then transported to Wuhan aboard a special charter flight. Overall, we made hundreds of devices available when and where they were most needed, from Europe to the U.S. and beyond.

- **We increased production**

The first thing most people knew about COVID-19 was that it is a lung disease. There were fears of a global ventilator shortage. But another type of equipment was also urgently needed, which attracted far less attention – acute dialysis machines. Recent studies confirm what we recognized very early on: About a third of the patients admitted to hospital with COVID-19 develop acute kidney failure. Our technical operations team in Italy, for instance, installed as many acute dialysis machines in March alone as they normally do in a year. Despite increased safety requirements, our manufacturing and supply teams ramped up production – in some cases by up to 200 percent.

To me, this is the work of heroes.

I am proud of our employees around the globe who have done their part, wherever they are – whether in our clinics, along our supply chains, in our production sites, or working from home. Their tireless and selfless commitment and dedication has been extraordinary.

Fresenius Medical Care's more than 120,000 employees remind us of our true purpose – to deliver life-saving products and services – and to care. We create a future worth living. For our patients. Worldwide. Every day.

Our patients always come first. They count on us as caregivers and medical care providers. And we don't let them down. We are there for them, every step of the way. I think that each and every one of our employees has made it very clear over the last months that they fulfill our purpose exceedingly well.

In the name of the entire Management Board, I would like to thank you for your passion and commitment.

Without the engagement of our employees worldwide, our company would not have been as well-positioned to serve our patients. In times like these, it is all the more important to have a solid foundation.

### **Key figures in 2019**

Looking back, we were right on track before the pandemic: 2019 was a good year for Fresenius Medical Care.

Our business performance was strong.

- We generated revenue of 17.48 billion euros. Compared with 2018, our revenue was up by 2 percent in constant currency.
- And although 2019 was a year of investment, especially in our home dialysis infrastructure and developing economies, we achieved our goals for the year: Our net income was 1.20 billion euros, or 1.37 billion euros on an adjusted basis.

### **2019 share price performance**

Our stock performed equally well.

In 2019, our share price increased by around 16 percent.

This is a promising development.

### **23rd consecutive dividend increase**

We want you to participate in this success.

We're proposing a dividend of 1.20 euros per share, 3 percent more than last year. This is now our 23rd consecutive dividend increase. Thanks to our resilient business model and our ability to generate earnings, we have been able to continue our excellent track record.

### **Share buyback**

To create further value for you, we announced a share buyback program at the beginning of 2019 with an aggregate volume of up to 1 billion euros over two years. We effectively ended our share buyback program by April 1, 2020, with a total value of around 930 million euros.

### **#1 provider of kidney care products and services: Patients, clinics, treatments, and employees**

Fresenius Medical Care is the world's leading provider of kidney care products and services.

- We delivered around 52 million dialysis treatments in 2019.
- We treated over 345,000 dialysis patients in around 4,000 clinics in around 50 countries.
- Our employee base has grown as well, by 7 percent in 2019. We now have more than 120,000 employees.

## **Management Board**

There were also changes to the Management Board.

Helen Giza became our new CFO on November 1, 2019. We stand to benefit from her financial expertise and her experience with mergers and acquisitions in the healthcare sector. With a global pandemic to cope with, she has certainly had an extraordinary first year. I'm glad to have you on board, Helen!

The Supervisory Board also appointed Frank Maddux as Global Chief Medical Officer. Frank has been with Fresenius Medical Care for many years now. He is a physician, an IT entrepreneur, and a healthcare executive with over 30 years of experience. The pandemic has shown us once again how important Frank Maddux and his Global Medical Office are for the Company. This global network encourages close cooperation between our medical experts, helping us to recognize and prepare for developments such as these at an early stage and to learn from each other. Again, congratulations to your new role, Frank!

Both Helen and Frank will introduce themselves later.

## **Resilient business model: Business performance in 2020**

Let's move on to this year, 2020.

Despite the pandemic, we have managed to continue our strong performance. All of our production sites are fully operational and able to meet demand, our supply chains remain intact, and our clinics open. This is vital for our patients.

The crisis was a test for our business model, which has proven to be sound and resilient. 2020 started well. We are on track to achieve the targets we communicated in February, while managing the challenges brought by the pandemic.

- In the first half of 2020, revenue rose by 7 percent.
- We achieved 14-percent growth in operating income in the first half of 2020.
- Our net income grew by 21 percent.

We have seen a very positive development in terms of our business performance in the first half of this year, which is reassuring.

### **Costs of the pandemic**

And yet the pandemic comes at a cost for us, too, both personal and financial.

As I mentioned earlier, we have established strict safety protocols: We provide full personal protective equipment for our staff. We protect our patients by giving them masks during their transportation and treatment. We are continuously testing to identify infections. We have set up isolation centers for infected patients. We have hired porters to clean and disinfect. We have given caregivers in the U.S. emergency pay and childcare stipends and created a telehealth system for our patients with more than 370,000 virtual visits so far.

This all costs money. The U.S. government offers programs to support companies like Fresenius Medical Care with funding for some of these additional costs incurred in the U.S. So far, two of these measures are relevant for us:

- the CARES Act designed to cover additional costs incurred for the treatment of COVID-19 patients in the U.S.,
- and the suspended two-percent reduction of the reimbursement of state-insured patients.

How long the pandemic will last and what its global impact will be is hard to predict at the moment. No matter how things turn out, we will do our utmost to care for our patients.

### **Outlook 2020**

Around 3.5 million people worldwide rely on dialysis treatment – and the figure is constantly rising. We plan to further expand our global network of clinics and production sites in 2020 and beyond.

Despite the current situation, we have confirmed our outlook for 2020. Our strong performance in the first half of the year proves the resilience

of our vertically integrated business model. And it shows our strength in taking care of people – even in a challenging environment.

In general, we expect revenue and net income to grow in the mid to high single-digit range in 2020. In recent years, we have done all we can to create a solid foundation for this growth.

Summing up, we intend to continue our success story. Fresenius Medical Care is well-positioned to grow further – this year and in the post-Covid era.

The current crisis underscores the importance of agility and innovation in healthcare. I want to share some of our new developments with you that will take us into the future.

### **Innovation I: Home dialysis**

Home dialysis offers us the best chance to minimize the risk of a virus-related infection like COVID-19 and protect our vulnerable patients. Our acquisition of NxStage in early 2019 was a first step to expand this treatment option, well before the pandemic started.

We created the necessary preconditions for home dialysis, for example by setting up training facilities, establishing a distribution infrastructure and expanding our telehealth services.

And we achieved record growth: In North America, the number of home dialysis treatments in Q2 2020 increased by 15 percent in the second quarter of 2020 compared to the same period in the previous year; home hemodialysis treatments grew by 41 percent. The current situation has also raised awareness of the benefits of home dialysis: In June 2020, we trained more patients to use home dialysis than in any month on record.

### **Innovation II: Transitional care units**

This strong growth was in part thanks to our so-called transitional care units or TCUs.

People who have recently been diagnosed with kidney failure are often anxious about their new life on dialysis: Will I be okay? How is this going to work?

When you're in that situation, the idea of a clinic with experienced professionals is somehow comforting – while the thought of being at home and taking responsibility for your own treatment can be overwhelming. As a result, only a small share of new patients choose home dialysis when they begin their treatment.

However, we know that home dialysis is often the better option for patients: It gives them greater freedom, flexibility, and control, and more time for family, work, and everything else that's important in life. Home dialysis patients also benefit from better clinical outcomes and a lower hospitalization rate.

That's why we have set up transitional care units in the U.S. TCUs are separate spaces within our clinics where specially trained staff introduce patients to the equipment and help them to find the best therapy. In the end, over 50 percent of TCU patients feel confident and empowered enough to choose home dialysis.

This is excellent progress. We quickly set up new TCUs, and now have a total of 65 in operation, with more than 100 scheduled to open this year.

### **Innovation III: Connected health**

COVID-19 also caused telehealth to shift into a higher gear.

Connected health, as we prefer to call it, allows patients to check into the clinic from the safety of their own home.

In the U.S., we launched our new connected health platform TheHub at the end of last year. The platform improves collaboration between patients, care teams, and providers. Via an app, patients can submit their daily treatment data, access their lab results, see their medications, message their care team, order supplies, and be part of a community that offers peer-to-peer support.

Our medical teams, on the other hand, can use TheHub to monitor patients remotely. It allows them to offer individual support – and to intervene early if they detect a potential issue. A peer-reviewed study published in the online journal *Kidney360* found that patients who use our platform have significantly better short- and long-term outcomes.

This is excellent news and a great opportunity for us to drive progress. We are currently exploring the possibilities of biosensing wearables, such as digital blood pressure monitors and glucose sensors. And we are using machine learning to improve our interpretation of the data we receive.

### **Sustainability**

Our innovative strength will create most benefit if we deploy it to generate sustainable growth. Which is why I am very pleased that we made good progress with our sustainability agenda. Sustainability is fundamental – to us, and to an ever-increasing number of investors and other stakeholders.

To step up our efforts, we launched a Global Sustainability Program that establishes common goals, responsibilities, policies, and KPIs, and is under my direct responsibility. This is because sustainability is personal to me: Improving our social and ecological footprint is not just nice to have. It is our responsibility. Caring for patients is at the core of what we do and opens up great opportunities. We want to grasp these opportunities to embrace a better way of doing business.

Sustainability is integral to an organization's competitive agility. It is essential to drive growth, efficiency, and innovation. Our aim is to transform our organization and culture. That's why we are proposing new, non-financial performance targets for management compensation. They reflect our aspiration to be measured by our commitment to continuous improvement.

### **Inclusion and diversity**

Inclusion and diversity are a crucial part of this agenda. Fresenius Medical Care has employees in more than 65 countries, and patients and business partners in even more countries. We can only do justice to them if we embrace inclusion and diversity.

We are united by our purpose and our values, regardless of a person's background including gender, race, age, sexual orientation, religion or skin color. We all belong to this company. Our differences make us stronger. Each individual we fail to include represents a lost opportunity – in terms of input, ideas, relationships and, last but not least, business.

### **Compliance program**

How we conduct business and interact with others is also important to us. We are aware of our responsibility and have enhanced our global compliance program, which is based on our Code of Conduct.

The primary goal of the compliance program is to prevent, detect, and respond to potential misconduct and violations. A strong, positive compliance culture, in which everyone adheres to Fresenius Medical Care's policies and all applicable laws and regulations in all jurisdictions, is essential for our future success.

### **Putting our patients first**

Dear shareholders – as you can see, we have been focusing on key drivers for further growth: by delivering strong business results, investing in promising innovations, fostering digitalization and creating a more sustainable foundation for our business. And we stand to benefit from our resilient business model during this pandemic.

But most importantly, we have proven to our patients that we are there for them, no matter what. Our employees all over the globe have demonstrated their selfless commitment, and determination to keep our clinics, plants and supply chains up and running for our patients. I am truly inspired by them. They really do put our patients first – and together they show us what it means to be an industry leader in a global pandemic.

Stay safe and take good care of yourselves and your families and friends.

Thank you!

I will now hand over to Dr. Schenk in Bad Homburg.