



Fresenius Medical Care

Annual General Meeting

Fresenius Medical Care AG & Co. KGaA



Speech to the Shareholders

by Dr. Ben J. Lipps

May 11, 2010
Spoken word takes precedence

Chart 1: Welcome

Good morning ladies and gentlemen. Welcome to our Annual General Meeting for fiscal year 2009. On behalf of the Management Board and the Supervisory Board, thank you for your interest in Fresenius Medical Care. We are pleased that so many shareholders are in attendance at today's meeting. We welcome the members of the media and all who have joined us on the Internet. Let me extend my appreciation to my colleagues on the Management Board and to the members of the Supervisory Board for their dedication and service during the last year. In addition, I especially want to recognize the efforts of our 68,000 employees around the world, whose dedication to excellence has enabled us to achieve our financial goals. Fresenius Medical Care remains the global leader in dialysis products and services. Our stakeholders can be proud that our company is indeed making a difference in patients' lives with our superior products and clinical services, and through our innovative research into new treatment modalities. We are committed to providing a better future for those who suffer from end stage renal disease.

Chart 2: Agenda

This morning we will review our 2009 business accomplishments and the share price development, as well as our financial results for the most recent quarter. We will then take a look at our global leadership position and our future growth strategy. I will also share with you the financial goals that we have set for this fiscal year, 2010.

Chart 3: Accomplishments for 2009

Fiscal year 2009 was another record year for Fresenius Medical Care. We were able to significantly increase revenues and net income to the highest level in our history through organic growth and strong cash flow generation. In addition to expanding our clinic network and increasing our production capacities, we increased our investment in research and development of new products, such as the Liberty Cyclor, the 2008T, 4008S Classic, and the 5008 Hemodialysis machine. As always, we strive for innovation and achieving the highest quality in products and services.

We remain the world's leader in both dialysis products and services.

Chart 4: Fiscal Year 2009 another Record Year

In 2009, we demonstrated once again that our company's business model is robust and sustainable, even in challenging economic environments. We generated revenue of 11.25 billion dollars. The increase in revenue was 9% in constant currency supported by strong organic growth of 8%. Our operating income rose to 1.76 billion dollars for the year – a 5% increase year over year. Net income increased strongly by 9% to 891 million dollars.

Chart 5: Strong Revenue Growth in all Regions

Every region contributed to our revenue growth. North America, which comprises 68% of our total revenues, achieved revenues of 7.6 billion dollars, an increase of 9%. The International region which accounts for 32% of our total revenue, achieved 3.64 billion dollars, or 9% in constant currency. In Europe, which represents about 22% of our revenues, our business grew to nearly 2.5 billion dollars, an increase of 8% at constant currency. Asia Pacific, which generated 5% of our total revenue, recorded revenue growth of 8% in constant currency to achieve 639 million dollars. Our performance in Latin America, which represents 5% of our total revenue, was also very positive. Revenue grew by 16% at constant currency to over 517 million dollars. Currently, 16% of our revenue originates from the Euro zone, with 3% from Germany.

Chart 6: Impressive Growth Continued

Over the last five years, we have achieved a 14% compounded annual revenue growth rate, while we continued to pursue profitable growth opportunities around the world. As a result, net income has steadily increased each year at an 18% compounded annual growth rate. This impressive earnings trend highlights the stability of our company and the long-term dedication of our employees and management team.

Chart 7: We Created Jobs Worldwide

At the end of 2009, Fresenius Medical Care employed 67,988 talented men and women. We created over 3,000 jobs in an environment when many other industries are struggling and unemployment levels were increasing. Since Fresenius Medical Care began in 1996, the total number of full time employees has grown by an average of 8% per year.

Chart 8: Strengthened Balance Sheet

Looking at our Balance Sheet, as of December 31, 2009, total assets were \$15.8 billion. We were able to increase our shareholder's equity from 41% to 44% of the balance sheet total. Our total debt of \$5.6 billion decreased by \$170 million in 2009. In first quarter 2010, we issued \$250 million of senior notes which have a maturity date of 2016. We used the proceeds from the issuance of these notes to pay back short-term financial liabilities and for general business purposes.

Chart 9: Annual Dividend Proposal

As a result of the company's performance in 2009, we are proposing to the Annual General Meeting today the thirteenth consecutive dividend increase. The dividend proposal is to increase to 0.61 Euro from 0.58 Euro per ordinary share. This increase of 5% is in line with our profit-oriented strategy and is consistent with our dividend policy of recent years. If the Annual General Meeting accepts the proposal, total dividends of 187 million Euros will be distributed for 2009, representing a 30% payout based on Euros.

Chart 10: Share Price Development

Against the background of a difficult business environment and the increasing uncertainty in the financial markets – Fresenius Medical Care's share price has developed positively. We outperformed the DAX as well as the Dow Jones European Health Care index, and our total market capitalization increased impressively by more than \$1 billion dollars, or 10%, to \$12 billion dollars.

Chart 11: Strong First Quarter 2010

Let's briefly look at the first quarter of 2010, where we have had a very good start. We achieved 2.88 billion dollars in revenue. This figure reflects a growth rate of 13% or 10% in constant currency. The organic growth rate worldwide was also very strong at 8%. Operating income – or EBIT – increased 7% to 423 million dollars. Net income for first quarter 2010 was \$211 million. With such performance we are clearly on track to meet our targets for the remainder of 2010.

Chart 12: Global Leadership Position

Chart 13: Global Presence in Products & Services

An important driver of our financial success is the expansion of our clinic network in all regions around the world. In North America, we increased our network to 1,784 clinics in the U.S., Canada and Mexico. Europe has grown to include 435 clinics, Latin America has 191 clinics, and in Asia-Pacific, we now operate 143 clinics. The geographic positioning of our product manufacturing and distribution facilities gives us greater flexibility and cost protection during times when we experience regional currency fluctuations.

Chart 14: Dialysis Services Worldwide-Number of Patients Treated

The dialysis services market has grown to more than \$65 billion dollars and, due to the hard work of our employees; we remain the number one provider of dialysis in the major regions of the world. In North America we are the largest provider of dialysis services providing dialysis treatments to more than 130,000 patients. In Europe and Latin America, we treat twice as many patients as our closest competitors. In Asia-Pacific, we are the largest provider and we expect to expand our market share significantly in the next year or so.

Chart 15: Market Position Globally

As pervasive as our operations are, there is still room to grow. All the companies shown here combined still only treat about 30% of the world's current dialysis population. Of those providers, we are the largest dialysis provider, treating over 10% of the total market in our 2500 clinics worldwide.

Chart 16: Global Market Position by Major Product Groups

In every product group—machines, dialyzers, concentrates, and bloodlines—we are the market leader. We produced more than 85 million dialyzers last year, which is impressive. As you can see, one out of every two machines or dialyzers is manufactured by us. In addition, of the 1.8 million people on dialysis in the world, over 1.5 million receive treatments using one or more of our products—even if they are not patients in our clinics.

Chart 17: Growth Strategy and Summary

Chart 18: Global View of Dialysis Patients

The leading causes of kidney failure are hypertension, diabetes and aging. As a result, the prevalence rates for ESRD have steadily increased over the last ten years. Globally, the number of patients who require treatment continues to increase by 5% to 6% per year. We are looking at new treatment therapies including clinic nocturnal in the United States and online hemodiafiltration in Europe to provide a better quality of life and longer life span.

Chart 19: Dedication to Quality

Central to all our activities is our commitment to the highest quality in both products and services. I am proud to report that we consistently exceed industry standards. We have witnessed a significant reduction in mortality at our North America and European clinics. Starting from different levels of mortality, North America had a 21% reduction in mortality from 2005 to 2009 and Europe, had a 13% reduction in mortality during the same time period. As an example of our product quality, we see only 3 complaints per million (or Six Sigma) from customers using our hemodialysis bloodlines produced at our facility in Reynosa, Mexico. These are excellent results considering that the Reynosa facility produces over 73 million blood lines per year.

Chart 20: Development of Dialysis Patients Numbers

Again, let me emphasize the opportunities we have for growth. In ten short years, the dialysis patient population is expected to double. We are looking at innovative ways to increase the capacity of our clinics and to make our operations even more efficient than they already are today.

To accommodate this expected growth we will continue to rely on our self generated funds from our strong cash flow and the debt markets from time to time to maximize your shareholder equity. However to be prudent, with the approval of item 7A and 7B of the agenda today, our company will have an alternative to support our growth.

Chart 21: Continued Growth Opportunities

With increasing desire to control health care costs worldwide, we see an opportunity to offer improved patient care, while at the same time, bending the cost curve downward through coordinated care for dialysis patients. This approach is called integrated care. Our demonstration projects in Europe and the United States have shown excellent results in both patient outcome quality and cost control.

Chart 22: Fiscal Year 2010 Outlook

For the full year 2010, the goals we expect to achieve are: Revenue of more than 12 billion dollars and net income should be between 950 and 980 million dollars. The Company expects to spend between \$550 million and \$650 million on capital expenditures and up to \$400 million for acquisitions.

Chart 23: Summary

In closing, Fresenius Medical Care is well positioned for future growth in the dialysis market and we will pursue profitable strategic opportunities globally. Of course, there will always be challenges, but I am confident that as a company, under the leadership of our Management Board and the dedication of our employees, that we are capable of turning such challenges into opportunities – as we have done in the past. Our vertically integrated structure and business model will continue to serve us well. With our commitment to quality and innovation, and building upon the foundation of our ethical principles, Fresenius Medical Care will remain the world's leading renal therapy company.

Chart 24: Thank you

I would like to express my gratitude and appreciation to you, the shareholders of Fresenius Medical Care, for your continued support and trust in us, and we look forward to even greater success as a company next year!