ANNUAL GENERAL MEETING
Fresenius Medical Care AG & Co. KGaA

Speech to the shareholders
by Rice Powell

May 19, 2015
Spoken word takes precedence
Dear fellow shareholders,
dear shareholder representatives,
ladies and gentlemen,

At Fresenius Medical Care, we are always on the move. Only those who move can develop, be flexible, act and grow. Only those who move can make progress. Movement is also the motto of our 2014 annual report. There is no better way to summarize our financial year. There is no better way to describe our growth strategy.

And we are always on the move for our patients. We want to offer them the best and the safest dialysis products and health care services. This is what I stand for personally. This is what the whole management board stands for. And this is what our 100,000-plus employees stand for. We are all united in a common goal: constantly improving the quality of life of our patients.

With this in mind, I am delighted to welcome you all most warmly to the Annual General Meeting of Fresenius Medical Care. This warm welcome is echoed by my colleagues on the management board. I also offer a warm welcome to the media, our guests and everyone who is watching on the internet.

AGENDA
One year ago, I stood here and set out for you our ambitious goals taking us up to 2020. Let me say right away: I am delighted to reaffirm those goals today. In more specific terms,

- I will start by casting a look back at 2014,
- then set out the current business performance,
- and conclude with an overview of our growth strategy and our goals for the future.

LOOKING BACK – THE 2014 GOALS ACHIEVED
Let us start by looking back at 2014. This was a year in which we made a modest start, but gradually moved through the gears to pick up speed.

- We increased our revenue by 8% year-over-year to 15.83 billion U.S. dollars. That is the highest revenue in Fresenius Medical Care’s history.
- Operating income, or EBIT, remained virtually unchanged from the previous year at 2.25 billion U.S. dollars.
- Net income attributable to the shareholders of Fresenius Medical Care amounted to 1.05 billion U.S. dollars. This is only slightly below the income generated in 2013 – despite the difficult general conditions, especially in the U.S., which I will come back to later.
- We achieved cost savings of around 65 million U.S. dollars before tax from our Global Efficiency Program. This is slightly above our expectations.

We are very pleased with these results. And it is important to note that we have achieved the targets that I set out for you at the Annual General Meeting last year.

FRESENIUS MEDICAL CARE TODAY
How have we produced these results? Our recipe for success is simple: dialysis products and dialysis services from a single source.

We have production facilities at around 40 locations throughout the world. We are the market leader for all key hemodialysis products: dialysis machines, dialysis filters, dialysis solutions and bloodline systems. We generated 3.6 billion U.S. dollars with our dialysis products last year. More than one in two dialysis machines used worldwide come from Fresenius Medical Care. Almost half of the dialyzers sold worldwide in 2014 were made in one of our production sites. This proves our ability as well as the sustained interest in our products.

Our business with dialysis services is just as impressive. Here, too, we are the market leader, with:

- around 3,400 of our own dialysis centers
- more than 286,000 dialysis patients
- and nearly 43 million dialysis treatments in 2014.

Put simply: we treat one dialysis patient somewhere in the world every second.
With our dialysis services, we generated revenue of 11.2 billion U.S. dollars last year. This accounts for 71% of our total revenue. I am delighted that we continue to be the market leader for dialysis services and dialysis products – in every single region of the world.

I would now like to go into more detail on another part of the services business – the area of ‘Care Coordination’. This involves a holistic and coordinated treatment approach that is increasingly important to us. Along with dialysis treatment, we offer further medical services here. Examples of these include:

- The use of specialist physicians who coordinate outpatient and inpatient services as well as intensive-care treatments for our patients.
- We provide services in vascular care and vascular surgery.
- We offer urgent care.
- We coordinate laboratory services and
- we manage the medication of patients with kidney disease.

In the 2014 financial year, we combined these services under the title ‘Care Coordination’. This reflects how vastly important this global business area is to our future growth strategy. Through various acquisitions in the U.S., we have invested some 1.3 billion U.S dollars in expanding this newly created area. Allowing for transaction and integration costs, these acquisitions are projected to make a positive contribution to net income for the first time in 2016.

We are already looking to double our revenue in the area of Care Coordination to around 2 billion U.S. dollars this year. And the aim is to increase it to around 5 billion U.S. dollars by 2020. This will be through acquisitions in North America as well as in other regions. Based on this holistic treatment approach, we can provide even better care for patients. I will come back to this subject later in my report on our strategic focus for the years ahead.

2014 – REVENUE TRENDS IN THE REGIONS

All of our four regions contributed to the growth in revenue in the past year. In North America, our largest region, we have grown by 9%. Overall, this is where we generated 66% of our total revenue. Our Asia-Pacific and Latin America regions recorded exceptional growth. On a constant currency basis, they grew by 26% and 16%, respectively.

These successes were only possible because we have an outstanding team at Fresenius Medical Care. However challenging conditions may be, our 100,000 employees across the globe provide superior products and compassionate care for the benefit of our patients and their families. This commitment allows us to continuously improve our patients’ quality of life. The performance of our employees is clearly the key to our success, and I would like to take this opportunity to express my appreciation and gratitude on behalf of the entire management board and simply say “Thank you” to all our employees!

18TH CONSECUTIVE DIVIDEND INCREASE

As you know, we normally base our dividend on our net income. So the slight decline in net income would normally lead to a lower dividend. Instead, the supervisory board and the management board are proposing to you an increase in the dividend to 78 Euro-cents. By doing so, we are also expressing our confidence in the further development of our business. Should you approve the proposal, this would be the 18th consecutive dividend increase.

What does this mean overall? Around 30% of the net income in euro is going to you, our shareholders. In absolute figures, the pay-out comes to 237 million euros. I would be delighted if you approve our dividend proposal.

At this point, I would like to look briefly at the single-entity financial statements of Fresenius Medical Care AG & Co. KGaA. You will have noticed that the net retained profit that we are presenting for the year here has increased significantly. This relates to a book-entry effect due to reporting purposes arising from the sale of an equity interest within the group. We have to present book-entry effect in the single-entity accounts. A real-terms increase in the earnings, liquidity and financial position of
the group is unrelated to this. Therefore, this book-entry effect is not reflected in reporting terms in the company’s consolidated financial statement. Consequently, it also has no impact on the dividend proposal.

PERFORMANCE OF THE SHARE PRICE
Our confidence in the future of Fresenius Medical Care is also shared by our investors: we unveiled our 2020 growth strategy at our Capital Markets Day in April last year. Our measures and objectives have triggered growing confidence among investors. The majority of analysts recommend the Fresenius Medical Care share as a buy or hold. That gives us great confidence and affirmation. Following a modest performance by our share in 2013, it made strong gains in 2014. It finished the year as the third-strongest performer on the DAX, Germany’s leading index. The value of your shares rose by 20% in 2014.

The strong performance of the Fresenius Medical Care share becomes even more evident when we look at the change in the price since our last Annual General Meeting in May 2014. The share price increased 58%.

Your share is also a sustained high performer. Over the past ten years, the company’s share price has more than tripled. An investor who invested 10,000 euros in Fresenius Medical Care shares ten years ago and reinvested the dividends would have had around 31,000 euros in their account on December 31, 2014. This equates to an average annual return of approximately 14%. In the same period, a comparable investment on the DAX would have produced an average annual increase in value of only 9%. I believe that we have delivered you, our shareholders, very good returns. I am confident that we are ideally positioned to continue our growth trajectory. We will increase the shareholder value of Fresenius Medical Care in the long-term.

2020 GROWTH STRATEGY
And so I come to the third and, for you, a very important point: the growth strategy for the long-term success of Fresenius Medical Care. What can you expect from your company in the years ahead?

Our goal is to continue to grow profitably. In our 2020 growth strategy, we have focused primarily on four areas:

- One: Growing in our core business in dialysis and further expanding our global presence.
- Two: Opening up the new Care Coordination area for holistic care of our patients.
- Three: Continuing to focus on innovative and high-quality products for the benefit of our patients.
- Four: Increasing our efficiency and flexibility.

ONE: GROWING IN OUR CORE BUSINESS
Fresenius Medical Care treats patients suffering from chronic kidney failure. Kidney failure is a global illness. At the end of 2014, more than 2.6 million patients were undergoing dialysis treatment. The number of dialysis patients grew worldwide by 6% in 2014. We expect a similar increase in the years ahead. By 2020, almost 4 million people will be dependent on dialysis treatment. There are several reasons behind this development: people are getting older. At the same time, there are heightened risk factors for kidney failure, such as obesity, high blood pressure and diabetes. This is leading to a constant increase in the number of dialysis patients. It is precisely for this growing number of patients that Fresenius Medical Care offers treatments that are essential for survival and also highly effective.

The growth rates for dialysis patients vary from country to country. In the U.S., Japan, Western and Central Europe for example, these growth rates range from around 1 to 4%. In economically weaker regions, the growth rates are significantly higher at up to 10%. One major reason for this is the continuous expansion of health care systems in these regions. This means that growing numbers of patients have access to dialysis. Consequently, a higher proportion of patients will undergo dialysis treatment in Asia, Latin America, Eastern Europe, the Middle East and Africa in future. The reimbursement rates are still relatively low in these regions. However, more than 80% of the world’s population lives in these regions. This is a great opportunity for our company. After all, we
have been present as an established partner of the local governments and health care systems in these regions for many years.

So it is clear that our business in dialysis products and dialysis services will continue to grow, as we will have to take care of an increasing number of patients worldwide.

Being globally active means being globally responsible. As the market leader in dialysis, we are well aware of this responsibility. We base the operating activities of the company on the relevant legal regulations. Over the past year, we have already expanded our compliance organization and also revised internal policies, processes and controls. We want to step up these activities in the future. This will allow us to react appropriately to economic and regulatory changes that arise from our global operating activities and the development of the company.

TWO: OPENING UP NEW BUSINESS AREAS

It gives me great pride when I see the fantastic commitment and professionalism with which our employees treat each of our dialysis patients every day in our dialysis centers. But we are also aware that high-quality care of our patients does not end when they leave one of our dialysis centers. Dialysis itself is only one aspect that contributes to high-quality care of our patients. Other factors also play an important role. They include, for example, the care of vascular access, laboratory and pharmacy services.

As I mentioned earlier, we have combined and expanded these medical services over the past year under ‘Care Coordination’. We will further expand this area in the years ahead. At the same time, we can coordinate and harmonize individual elements of the treatment on a long-term basis more effectively.

Which activities create the best possible synergies and optimize the treatment here is hugely dependent on the local health care systems and regulatory structures. It is our task to identify suitable activities in this very diverse environment and therefore keep on strengthening our business.

In our largest market, the U.S., we made great progress last year in expanding the area of Care Coordination. From our day-to-day work, we know that coordinated treatment is important especially for patients with accompanying illnesses. By expanding our network, we are looking to cover the medical needs of our patients on a broader basis: in the dialysis clinic, in outpatient care and in the hospital. This holistic and coordinated approach allows us to:

- give our patients more personalized treatment,
- reduce complications and hospital stays and
- perform coordinated preventive work
- while keeping the costs for the health care system in check.

The ‘Care Coordination’ area already contributed 7% of total revenue last year. We expect this business area to record above-average growth rates in the next few years – both organically and as a result of further acquisitions.

THREE: INNOVATIVE AND HIGH-QUALITY PRODUCTS

Developing innovative products for our patients is another part of our growth strategy. We have helped shape the sector over the last several decades with revolutionary technologies and innovative therapy concepts in dialysis. We started developing our own dialysis machines in the seventies. Another milestone was the market launch of synthetic polysulfone fibers in dialyzers in the eighties. They remain the quality benchmark in our industry. The quality and safety of our products comes first. That makes us a reliable partner for patients, physicians and care staff alike. We remain committed to delivering the highest quality.

I would like to draw your attention to just two examples. In the foyer, you will find products including our latest dialysis machine, the multiFiltratePRO, which we recently introduced to the market. It will be used for acute dialysis. Under development for several years,
the multiFiltratePRO is a state-of-the-art machine that is optimally adapted to the needs of an intensive care unit.

Here is another example of what we mean by innovation and the quality of our products: The rising cost burden for health care systems and the limited availability of trained personnel for dialysis centers are giving rise to increasing demand for home therapy systems. Last year, we launched two machines for automated peritoneal dialysis, which is generally done at night. So it is now possible to adhere to patient’s individual needs and deliver home dialysis. In addition, the devices are equipped with modern communication technology in order to ensure the smooth exchange of information with the treating clinic. We will continue to expand in this area of home dialysis in the coming years.

AND FOUR: INCREASING OUR EFFICIENCY
We too are experiencing the increased cost pressures on health care systems. In the U.S., for example, we have had to absorb cuts to the reimbursement rate for state-insured patients in the last two years. Although we expect slight increases in the next few years, this will not adequately cover the increases in treatment costs. Furthermore, the margins that can be achieved in the Care Coordination field will be lower than those that we generate with our core dialysis services.

We are countering this trend with our Global Efficiency Program, which we launched in 2013. We are looking to fully exploit previously unused potential throughout all business areas and regions. The main focus here is on simplifying work processes and structures and optimizing purchasing. The aim is to reduce our costs and to increase our income in a sustainable way.

Our Global Efficiency Program started to bear fruit last year with savings of 65 million U.S. dollars before tax. By the end of this year, we expect to achieve savings of around 200 million U.S. dollars. And by the end of 2016, these efficiency gains should increase to 300 million U.S. dollars a year.

These measures are important and necessary. They are helping to make us fit for further growth. As a result, we can again more dynamic profit growth in the years ahead.

OUTLOOK
And so we come to the outlook for the 2015 financial year. We expect revenue growth on a constant currency basis of 10 to 12%. Net income is expected to rise by up to 5%. These figures include the cost savings I mentioned earlier of 200 million U.S. dollars from the Global Efficiency Program, as well as expenditure for the expansion of the Care Coordination area. The results of the first quarter were in line with our expectations. We can thus confirm the forecast for 2015 that was published in February of this year.

For the 2016 financial year, we expect an increase in revenue on a constant currency basis of 9 to 12%. Net income is likely to increase by 15 to 20%. The following two points will play a key role in this accelerated earnings growth:
1. The acquisitions in the area of Care Coordination made in 2014;
2. Savings as part of our Global Efficiency Program.

LONG-TERM GOALS UP TO 2020
So you can see that we have every reason to look to the future with great confidence. In many discussions I have had with my colleagues, I can say to you today: We are more determined than ever to secure the long-term success of your company by focusing on growth and efficiency. Over the past year, we have put ourselves in a position where we can continue the unique success story of Fresenius Medical Care in the years ahead.

This becomes even more evident when we look at our long-term objectives. I presented these to you in great detail last year, but let me reaffirm them today: We aim to generate revenue of 28 billion U.S. dollars in 2020. That equates to an average annual growth rate of around 10%. In the same period, we expect a high single-digit percent increase in net income and earnings per share.
We will also continue to grow our dialysis services and products business while helping to decisively shape the development of the dialysis market. But we are more than just a dialysis company. With the Care Coordination area, we will extend our range to additional medical services. We believe that the current revenue share in this area will rise from 7% to 18% in 2020. In other words, we want to keep improving dialysis treatment overall. The well-being of our patients is always our number one priority. Our goal is and always will be to offer our patients outstanding products and services.

**AGENDA OF THE ANNUAL GENERAL MEETING**

I would like to touch on the agenda of today’s Annual General Meeting: In addition to the usual resolutions under agenda items 1 to 5, the management board and supervisory board will propose today to enhance two items of the articles of association and renew the expiring authorized capital.

Agenda item 6 relates to the increased flexibility and expansion of the corporate objectives. The proposed amendment of parts of the articles of association is aimed at ensuring that any future services offered by Fresenius Medical Care – particularly in the area of Care Coordination – are fully covered by the articles of association.

Under agenda item 7, we propose to renew the expiring authorized capital to the same extent and with virtually identical possibilities.

Finally, agenda item 8 relates to a modernization of our articles of association. The management board and supervisory board propose to reduce the carrying majority required for supervisory board votes to a simple majority, which is common practice. This also complies with legally established principles.

We seek your approval for the resolutions in agenda items 1 to 8.

**CONCLUSION**

Let me now conclude my report to you: I would like to thank you, our valued shareholders, for your trust and support in the past few years. Through your commitment, you have also shown that you believe in the future of Fresenius Medical Care. You place your trust in us to deliver. Together, we can move a great deal more. We will continue to work with all our effort and passion towards implementing and realizing our goals. With our 2020 growth strategy and ambition, we will lead our company into a successful future.

Thank you very much for your attention.

Legal notice: This speech contains forward-looking statements that are subject to certain risks and uncertainties. The actual results can differ significantly from the results currently expected on account of a variety of risk factors and uncertainties, such as changes in the business, economic and competitive situation, legislative changes, results of clinical studies, exchange-rate fluctuations, uncertainties related to legal disputes or investigations and inquiries as well as the availability of financial resources. Fresenius Medical Care assumes no responsibility of any kind for updating the statements on the future that are contained in this speech.