



**Annual General Meeting of Fresenius SE & Co. KGaA
on May 18, 2018**

**Speech of Stephan Sturm,
Chairman of the Management Board**

The spoken word has precedence.

Dear Shareholders and Guests,
and greetings to everyone listening on the Internet,

Welcome to the Annual General Meeting of Fresenius! Thank you for your interest, which I very much appreciate.

What do you expect to hear from me today? Statements concerning our business development – sales, earnings and the dividend. Something about our now-terminated offer to acquire Akorn, certainly, as well as our goals and plans for the future. In short, you want to know how your company is doing.

I promise you right now: You will hear all that from me. And you will hear a lot of good things.

First, though, I'd like to draw your attention to something else – to the basis of our business success. To the thing that makes it possible in the first place. And what we do for the benefit of our patients, and to care for steadily more people. With high-quality, yet affordable health care.

Our 2017

I can show you, using some numbers – as you can see on this slide: Our year in numbers. Not numbers on sales or earnings, though, but on patients. Treatments. Births. These are numbers that make me very proud. Every day 200 babies enter the world in one of our hospitals, and every 0.7 seconds we carry out a dialysis treatment. These are only two examples, but that is Fresenius! We are expanding our offering of products and services, investing in better treatments, higher quality, and more modern hospitals and clinics. For the benefit of our patients – and for the employees who care for them. This has been, and will remain, our motivation. This has been, and will remain, the basis of our success.

And we are successful! Very successful, in fact. Allow me to summarize the most relevant facts:

Outstanding business year 2017

2017 was another record year, in which we significantly increased both our sales and net income – for the 14th consecutive time. Sales crossed the €30 billion mark for the first time, and we met all of our targets. We succeeded in closing the Quirónsalud acquisition at the start of the year, and we are making excellent progress on its integration. We announced the purchase of NxStage, which will strengthen our position in home dialysis. Another milestone was the acquisition of the biosimilars business of Germany's Merck, which marked our entry into a new and very promising therapy field. And we want to continue our strong growth in the future!

Another year of strong sales and earnings growth

Let's look at the individual business figures. Please take special note of the growth rates in constant currency – in all cases, they are in double digits:

- ▶ Sales: €33.9 billion, an increase of 16 percent.
- ▶ Operating income, or EBIT: €4.9 billion, a gain of 15 percent.
- ▶ Net income: Almost €1.9 billion, 21 percent higher than in the previous year.

I'm sure you will agree that these are outstanding results. They show that Fresenius is achieving both stable and dynamic growth.

14th consecutive record year

How stable? As already pointed out, 2017 was our 14th consecutive record year. For 14 years in a row, we have posted strong growth, averaging 12 percent for sales and a full 22 percent for net income! When you see this expressed on a table it may look like the most natural thing in the world, like someone just took out a ruler. But believe me: It is the result of a lot of hard work.

A steadily growing Fresenius workforce

Hard work done by our employees around the world. They now number more than 270,000. A great team! It is a joy to work with them. On hospital wards. In production plants, laboratories and offices: Every day, they do their very best for our patients, and this is what makes our success possible. I am sure I also speak on your behalf when I extend my sincere thanks to each and every employee.

25th consecutive dividend increase proposed

Dear Shareholders!

You know that when Fresenius' earnings increase, so does the dividend. We are proposing to raise it by a very healthy 21 percent – to 75 euro cents. It would be the 25th consecutive increase, which is also a sign of our stability, and our reliability. I am hoping for your approval.

I wish there was similarly good news to report about our shares. Though we are very successful as a business, and have continued to grow, our share price dropped 12 percent in 2017. A major reason for this was concern that generics prices could soon fall sharply in the United States, but I assure you, at least in our business we have not yet seen any indication of this. To the contrary: In this area, we have just achieved our best results ever. We want to grow further – and we will. Yet our share price has been fluctuating. I hope that changes soon and that our share starts to develop once more in a way that reflects our success.

Termination of merger agreement with Akorn

Unfortunately, there is another issue currently weighing on our share price. You probably guessed, I am referring to Akorn, a U.S.-based provider of generic pharmaceuticals. We hoped to acquire Akorn for Fresenius Kabi, at a price of \$4.8 billion, and last year I outlined here what we aimed to achieve with the acquisition: A very targeted and sensible expansion of our

liquid pharmaceuticals offering. But then we received anonymous allegations of misconduct by Akorn, which were so specific that we were obligated to investigate them. We initiated an independent investigation. I am sorry to say that the investigators found evidence of misconduct – for example, material breaches of data integrity requirements relating to Akorn’s product development. Akorn has seriously violated regulations set down by the U.S. authorities: That is against everything we stand for, and we had to respond.

It was certainly not an easy decision, but ultimately there was only one correct course: We would no longer pursue the acquisition. On April 22, we terminated the merger agreement. You might say, ‘Couldn’t you have found out before? Did you really take a close look at Akorn before making your purchase offer?’ Yes, we did: we looked very closely! In fact, the due diligence undertaken was the most intensive that I have experienced at Fresenius. It met the highest standards – everything that is customary in such a large takeover. But the deficiencies were in areas where we were not even allowed to have access. Remember: Not only are Akorn and Fresenius Kabi direct competitors, but Akorn is listed on the stock market, and in this case there were extremely sensitive areas – especially product development – where we were simply not allowed to have access prior to a purchase. We therefore secured contractual assurances from Akorn in the purchase agreement. Our investigation, however, showed that these assurances were incorrect. That is why we could terminate the purchase agreement, and that is why we did so.

Fresenius offered to delay its decision in order to allow Akorn time to complete its own investigation and present any information it wished us to consider. But Akorn declined. For us, that spoke volumes, and we drew the necessary conclusion. In the interest of our company. In your interest, Dear Shareholders.

Akorn disagrees with Fresenius’ decision. That was to be expected. Now, a U.S. court will have to decide. We think that our decision to terminate the agreement was right and fully justified. And we will defend our position vigorously.

We will continue to pursue the strategic goals of the planned acquisition. We want to broaden our product offering in North America, and we want to expand our range of I.V. generics. These goals were, and remain, valid. We are very well positioned to achieve them. Even without Akorn, Fresenius Kabi’s development in North America is outstanding.

Although this acquisition did not proceed as planned, it shows very clearly that our success has not made us complacent. We are concerned not only about our current business but are looking ahead, and precisely at a time when the company is doing very well. From a position of strength. We are working hard to remain successful in the future. To strengthen, and expand, the foundations of our growth. This involves a certain calculated risk, but that is the only way to seize opportunities. Our goal is clear: to make Fresenius fit for the future – even fitter, in fact. It did not work with Akorn, but it has paid off on many, many projects in recent years.

Just consider a few examples:

Fresenius Helios: Europe's leading hospital group

In 2017, we closed the acquisition of Quirónsalud, which I mentioned earlier. This allowed us to welcome 35,000 new colleagues – and to make Fresenius Helios international. HELIOS now operates about 150 hospitals in Germany and Spain, and we have opened up entirely new opportunities for cooperation – and new opportunities to learn from each other. Within the framework of joint quality management, for example. We are also discussing initiatives in digitalization. Or joint purchasing of medical products. And, of course, we are promoting knowledge exchanges between our doctors and care staff in the two countries. Always for the health and well-being of our patients.

In recent years we have also invested heavily. We are constantly renovating and modernizing our hospitals – this keeps them attractive to patients and improves the provision of health care to entire regions. For example, we opened the new building at our hospital in the German city of Duisburg. I had the privilege of attending the opening – it's a great facility. Modern, highly functional, offering a high level of patient comfort and a significantly wider range of services. We also opened a completely new hospital building in Nordenham, near Bremen in northern Germany. You can see it in the picture above – and I hope you can also see how delighted the employees are. People are happy to be working in a facility like this, and patients who are facing a stay in hospital want to go there.

Quirónsalud is also making major investments. In Madrid, we are building Spain's first center for proton beam therapy, an advanced cancer treatment method that enables extreme precision and causes fewer side effects for patients. We are also undertaking a major expansion of our university hospital in the Spanish capital, and building a brand new hospital about 30 kilometers – less than 20 miles – away, in Alcalá de Henares.

Altogether, projects now underway at Fresenius Helios have an investment volume of well over €1 billion, which is a lot of money! But it's money that we are happy to spend. For better medicine. For the benefit of our patients. And for the long-term success of our company.

Fresenius Kabi: Strong growth in all areas

The same applies to Fresenius Kabi, where we also invested heavily in 2017. In our production facilities worldwide – in Mihla, Germany and Grand Island in the United States. In Portugal, and in China. We are investing in additional machines, to meet the strong demand for our products. And we are investing in better machines, so that our processes and products will be even safer.

Another important strategic step for us was acquiring the biosimilars business of Germany's Merck, the details of which I told you about a year ago. This takes us into the field of biologic drugs – drugs that are highly effective and increasingly used in medicine. We closed this acquisition in September and are making outstanding progress on the integration, which is already bearing fruit: In December, we submitted our first marketing authorization application for a biosimilar in Europe.

Fresenius Medical Care: World's largest dialysis provider

The planned takeover of NxStage by Fresenius Medical Care is another forward-looking step. As I stated earlier, this involves home dialysis, a treatment methodology that is steadily growing in importance. We want to be a world leader in this area. The acquisition should close this year.

On the other hand, we are selling Sound Physicians. Fresenius Medical Care acquired the majority stake in this U.S. physicians' network in 2014: We wanted to understand how to provide the most efficient possible value-based health care for patients, and after compiling a huge amount of experience and know-how we have achieved this goal. That makes this a good time to sell: divesting Sound will bring us a pre-tax book gain of €800 million. We will invest the proceeds very judiciously in other areas. Thereby creating further growth.

Fresenius Vamed: Full-service provider, active worldwide

Fresenius Vamed succeeded in more than just expanding the established business last year. We also acquired another rehabilitation clinic, this one in Seewis, Switzerland. We already have a leading position in the growing field of rehabilitation in Austria – and now outside of Fresenius Vamed's home market, as well. Last year also saw Fresenius Vamed open an Institute

for Gender Medicine, in close cooperation with the Medical University of Vienna. Knowledge developed here will be used to tailor individual therapies, with an emphasis on prevention and rehabilitation.

These are only a few examples, Dear Shareholders! Examples of how we are preparing for the future. For the challenges we will face tomorrow and the day after tomorrow – and for the opportunities that will come with them.

On the way to value-based healthcare

Let's take a closer look at one of the biggest of these opportunities. It comes under the umbrella of that term I mentioned earlier – value-based health care. That probably sounds complicated, but let me explain what's behind it.

In almost all health care systems around the world today, the focus is on the resources being deployed: Individual services are provided in return for a set fee, and specified cost parameters must be observed. But the actual outcome of the treatment, and the extent to which the patient benefited? These questions get less attention. Value-based health care, however, is different: Costs, and the benefit to the patient, are both measured. And in such a system, reimbursement is dependent on the verified quality of the treatment.

We are convinced that this is the future of health care, because a value-based health care system can focus on the well-being of patients while still maintaining control over costs.

We are preparing intensively for this future, as you can see through these two examples:

In Madrid, Quirónsalud is caring for the population of an entire city district. We are talking about more than 800,000 people in the Spanish capital for whose health care we are now responsible. In return, we receive a fixed payment. The patients, however, are not obliged to come to our hospitals and clinics: They can go elsewhere, and if they do, we have to pay their bills. So we can only be commercially successful if the patients assigned to us actually choose to use our hospitals, because they are satisfied with the quality of our treatments.

Our second example comes from the United States, where Fresenius Medical Care is playing a leading role in a large-scale pilot project for the integrated treatment of dialysis patients. This means we are responsible for providing comprehensive care to patients that encompasses far more than just dialysis treatment – it includes all the illnesses these patients may have. The results from the first year are very positive: Our patients were hospitalized significantly less often, and costs fell. Value-based health care has a very tangible result here: More benefit to the patients, at lower cost to the health care system.

These concepts are not easy to implement. They require many different skills and capabilities – which we have, and are continuing to expand. We have enormous amounts of data that we can analyze, to find connections and patterns. And we are leaders in measuring and ensuring medical quality. We have broad experience across the field of health care. We build and equip hospitals, employ the latest treatment methods, and produce drugs and medicinal products. We also administer them. Not least: our company has the necessary size. We are big enough to make important synergies possible, and to create cost efficiencies. Big enough to provide quality and accessibility in every situation – both in terms of products and of services.

This combination of capabilities is unique. They make us special, setting us apart from our competitors. And they mean that for value-based health care, we are the ideal partner! I'm certain that this will be one of the pillars of our future success.

Group outlook 2018: Solid sales and earnings growth

That we will be successful is something we are certain of. This year we are expecting our 15th straight record year! Sales and earnings should grow strongly in constant currency: Sales by 5 to 8 percent, and earnings by 6 to 9 percent – if the investment for biosimilars is factored out, it is actually 10 to 13 percent. Our prospects are excellent: We had a strong first quarter, which confirmed our expectations and makes us even more confident about the rest of the year.

Ambitious mid-term targets confirmed

So everything indicates our strong performance will continue – also over the medium and long terms. We have therefore also confirmed our 2020 targets. I consider them ambitious, but realistic! We expect sales to increase on average by 7 to 10 percent per year, with net income increasing even more strongly – by an average of 8 to 12 percent annually.

Signposts for the next decade

Dear Shareholders!

As you can see, Fresenius has been highly successful over many years. And Fresenius will be highly successful in the coming years, as well. We are working non-stop to make our company fit for the future, as I have reported to you today. I have shown you some examples of how we will invest in the future – investments that will continue well past 2020. Our entry into bio-similars, the generic drugs of the future! Initially, it costs money, but it is the right step in the right direction at the right time.

The expansion of our home dialysis activities. The internationalization of Fresenius Helios. And our huge investments to secure even more quality and efficiency in our production. These are all examples of how we are working, today, to stay successful into the future.

Our commitment: Better medicine for more people

And to care for even more patients. In ever more countries. As I said at the very start of this speech, that is the important thing for us: always putting our patients first. Before long, Fresenius doctors and nurses will be assisting at the birth of 100,000 babies, and providing more than 60 million dialysis treatments, every year. Because that will remain our commitment: better medicine for more people.

The dynamic growth of Fresenius continues. I will be delighted if you continue to travel this path with us.

Thank you very much!