Welcome
Good morning, ladies and gentlemen. On behalf of the Management Board, it is my pleasure to extend to you a warm welcome to the Annual General Meeting of Fresenius SE & Co. KGaA. It’s great to see so many of you here today. I also want to welcome the members of the media in attendance and everyone who is listening to the webcast. Thank you all for your interest in Fresenius.

Introduction
Last year at this meeting, we marked the first 100 years in Fresenius’ history. We celebrated a century of impressive development that saw our company grow from a small pharmacy lab into a global healthcare group. Today, as we look back on our 101st year, we can report that
Fresenius has continued to set new milestones. In 2013, we exceeded €20 billion in sales and €1 billion in net income for the first time. We are very proud of these figures, especially when you consider that, in 2008, our sales were about €12 billion and net income was approximately €450 million. In just five years, sales increased by two-thirds and net income more than doubled.

*Acquisition of Rhön hospitals*

2013 was a year of important strategic actions, highlighted by the acquisition of 40 hospitals from Rhön-Klinikum. This was a huge step for our Fresenius HELIOS business segment, as it will enable us to offer our innovative care model across Germany.

This landmark acquisition did not come easily for us. As you may remember from the discussion at last year’s Annual General Meeting, we encountered stronger resistance than expected. At the time, to our great regret, our takeover attempt had failed and it seemed our concept of a comprehensive, integrated healthcare network across Germany could not be realized. But as I told you then, we had no intention of giving up. Fresenius would not have grown into what it is today if we were easily discouraged. We have the ambition required to turn good ideas into reality. Not at all costs, of course, because we are always financially prudent – but with persistence, creativity and the courage to seize opportunities. This made it all the more satisfying when we ultimately reached our goal, and sooner than some people expected.

*Closer to the patient*

Why is this acquisition so important for Fresenius? Because it is more than just another big transaction. It is a big step forward in the long-term development strategy of our company: we are getting closer to the patient. For many years, Fresenius was purely a product supplier, making infusion solutions, salves and clinical nutrition. We then began producing filters and machines for dialysis, but we were still only a product supplier. We left it to others to put our products to use.
We now believe that therapies are best delivered when we know the entire treatment chain and can offer services as well as products. If we are the ones who treat the patient, we can greatly improve the quality of that treatment. This is why Fresenius has been evolving into an integrated care company. The process began in the mid-1990s when we bought our first dialysis clinics. We also acquired VAMED, a specialist in the planning and development of hospitals. As Fresenius Medical Care rose to leadership in the world dialysis market, investors and customers began to view us as a company capable of offering both products and services. We advanced this strategy further when we acquired Wittgensteiner Kliniken in 2001 and began operating our own hospitals.

Closer to the patient: Fresenius Helios
The acquisition of hospitals from Rhön-Klinikum was our next step, giving Fresenius Helios a nationwide presence across Germany. With most Germans now within an hour’s drive of one of our hospitals, we are in a position to offer new, innovative care offerings. For example, we are well positioned to offer integrated care because we have rehabilitation centers and outpatient facilities that complement our hospitals all across the country. No one else is able to offer this. Once again, we are getting a little closer to the patient.

Closer to the patient: Fresenius Medical Care
Another example of our continuing development into an integrated care group is Fresenius Medical Care. In addition to producing dialysis machines and other equipment, Fresenius Medical Care also operates dialysis clinics. But that is not the whole story. People suffering from chronic kidney failure need more than just the actual dialysis treatment. Each patient’s vascular access requires monitoring and care, receiving the proper medications is extremely important, and the fluid balance must be carefully regulated. The better integrated the treatment, the more it can be adjusted to the individual. Accordingly, Fresenius Medical Care is getting closer to the patient by providing increasingly holistic treatment. The company is expanding its offering of dialysis-related medical services, in a business area now called Care Coordination. Our ambitious goal is to raise its share of Fresenius Medical Care’s total sales to almost 20 percent in 2020 from just 3 percent today.
2013 Group results

Let’s take a look back now at 2013. As I said earlier, it was another very successful year for Fresenius, with record sales and earnings. In fact, this is the 10th consecutive Annual General Meeting where I have been able to say this. And I am confident you will hear us say it again in future!

Sales increased in 2013 by 8 percent in constant currency to €20.3 billion, while earnings rose 14 percent to €1.05 billion before special items. We achieved all our targets for the year. We even met our medium-term target a year early, as we had not expected to exceed €20 billion in sales and €1 billion in earnings until 2014.

EBIT rose 1 percent to €3.05 billion in constant currency last year – growing less than sales and net income. Why? One major reason is that Fresenius Medical Care’s EBIT is fully included in Fresenius Group’s EBIT. But only 31 percent of net income is, corresponding to our holding in Fresenius Medical Care. Earnings at Fresenius Medical Care declined slightly in 2013, which is fully reflected in our EBIT but had only a minor impact on our net income.

2013 results for the business segments

Despite our success in 2013, it was not an easy year. We faced major challenges in some key markets.

Fresenius Medical Care felt the impact of the U.S. budget impasse. This led to a 2 percent reduction in the reimbursement rate for dialysis treatments in Fresenius Medical Care’s largest market. North America accounts for two-thirds of the company’s sales.

Fresenius Kabi also encountered strong headwinds. A significant, one-time price cut was imposed in China, Fresenius Kabi’s second-largest market. The European Union placed restrictions on the use of so-called HES solutions. In cases of significant blood loss, HES solutions
can replace blood volume. And in the U.S. and India, the company had to absorb costs for plant remediations needed to meet FDA requirements.

Fresenius Helios and Fresenius Vamed continued to deliver excellent results last year.

All four business segments posted very strong sales growth in 2013: in the double digits at Fresenius Kabi and Fresenius Vamed and very solid growth at Fresenius Medical Care and Fresenius Helios. However, when looking at EBIT, differences become more apparent: EBIT declined slightly at Fresenius Medical Care and Fresenius Kabi, but rose 8 percent at Fresenius Vamed and surged 21 percent at Fresenius Helios. This was the eighth straight year of double-digit EBIT growth at HELIOS.

This outstanding achievement was only possible through the tireless efforts of our employees, who now number more than 200,000. Their tremendous dedication is the basis of our success. On behalf of the entire Management Board, I want to offer them our sincere thanks and appreciation.

Dividend

The good news does not end there. We are proposing to you our 21st consecutive increase in the dividend. With your approval, it will be raised 14 percent to €1.25 per share, in line with the new dividend policy presented to you at the last Annual General Meeting. Last year we began increasing the dividend in line with the growth in earnings per share before special items. Previously, the dividend increased only half as fast.

Share price

The success of our business is reflected in the development of our share price. Fresenius shares gained 28 percent last year, outperforming the DAX. This year, our share price has kept pace with the DAX.
Our shares clearly remain an excellent long-term investment. The total annual return, which includes share price increases and reinvested dividends, is proof. Over the 10 years ending last December, the average total annual return for DAX-listed stocks was a very respectable 9 percent. But over the same period, Fresenius shareholders enjoyed an almost 20 percent total annual return – twice as high as the DAX average.

Share split
While we are delighted that our share price has more than tripled in just the last five years, our share is now among the highest-priced on the DAX. We are therefore proposing today a three-for-one stock split. If you approve this motion, every shareholder will receive two additional Fresenius shares for each Fresenius share held. An additional payment will not be required, and the share price is expected to adjust to this split with no impact on the overall value for shareholders.

We are taking this step to promote trading activity in our shares. A lower share price will make Fresenius’ stock more accessible to a broad group of investors. Many of you will recall that we split Fresenius shares for similar reasons in both 2001 and 2007.

First-quarter 2014 results
I would like to turn now to the current business year. As we expected, we had a moderate start to 2014. First-quarter sales increased 11 percent to €5.2 billion in constant currency, and net income rose 3 percent to €228 million before special items. We fully confirm the 2014 guidance that we gave you in February.

2014 outlook
Our goal for the year is to increase sales by 12 to 15 percent and net income by 2 to 5 percent before special items, both in constant currency.
I would like to give you a short overview of the areas for special focus in 2014:

Fresenius Medical Care has to cope with additional cuts in U.S. dialysis reimbursements. The company will, however, benefit from its ability to offer dialysis products as well as services. This provides Fresenius Medical Care with opportunities to reduce costs in order to counter lower reimbursement rates. Emerging markets also offer significant growth potential and Fresenius Medical Care plans further expansion in these markets. As mentioned earlier, the company is also increasing its activity in dialysis-related medical services known as Care Coordination.

At Fresenius Kabi, we expect supply constraints for drugs at competitors in the important U.S. market to ease. This will result in a normalization of the product supply. Fresenius Kabi will focus on introducing new products worldwide and drive the global rollout of its existing product portfolio. The company now offers only part of its product range in many markets. Asia and Latin America, in particular, offer outstanding growth potential.

Fresenius Helios will rapidly integrate the hospitals acquired from Rhôn, while continuing to raise the already-high quality of care in its existing hospitals. The expanded hospital network will offer considerable advantages. A good example is the PlusCard program that HELIOS is offering in conjunction with the insurer Debeka. Employers will be able to offer this supplementary health insurance to their employees in Germany. Most employees already have basic coverage from public health funds, but with PlusCard they will enjoy the additional benefits that HELIOS hospitals reserve for privately insured patients.

Fresenius Vamed is moving forward with its proven strategy. The company supports healthcare facilities over their entire lifecycle, and has enormous experience in healthcare projects and services. This year, VAMED will prioritize expansion of its international business with a special focus on emerging markets.
Growth prospects / Closing

In closing, I’d like to say a few words about our future prospects. They are very bright, and we have accordingly set new medium-term financial goals. For the 2017 business year we are targeting sales of about €30 billion and net income of €1.4 to €1.5 billion. This represents increases of approximately half in both sales and net income within just four years. Every business segment is expected to contribute to this growth.

Fresenius has the capability, ambition and commitment to reach these goals. The overall business environment for our company remains positive. Demand for healthcare is increasing both in the established industrialized nations and in emerging market countries. Our strategy is based on three main pillars: medical progress, continuous quality improvement, and international growth. At the same time, the welfare of our patients will continue to be our top priority. We are committed to improving healthcare for a steadily increasing number of patients around the world.

Fresenius has every reason to look to the future with confidence, and we are grateful for your commitment and loyalty to our company. We hope you will continue to put your trust in us.

Thank you for your time and attention.