Good morning Ladies and Gentlemen,

On behalf of the Management Board, I would like to welcome you to the Annual General Meeting of Fresenius AG. We are very pleased that so many of you could attend and we appreciate your interest in our company. I would also like to welcome the media representatives, our guests and all listeners who have joined us on the Internet.

Chart 2

Exactly one year ago, I took over as Chairman of the Management Board. I would like to take a short look back at the significant events of that first year and highlight the key success factors of our company.

A smooth transition in the leadership of the company from Dr. Krick to myself was vital. In this, I believe we succeeded. We were able to ensure the continuity of management for the company. The transition was seamless and therefore no uncertainties over the future arose among our employees. There was also no speculation about Fresenius in the press. I believe our shareholders also benefited from this and were rewarded by the positive share price development.
From my perspective, Fresenius has four significant characteristics that are the company’s strength and the motor for ongoing success:

- It is the ability to develop leading-edge technologies and innovations, and successfully establish them in the market. Fresenius understands the importance of always developing groundbreaking products and therapies.
- Years of international experience as well as the continuous expansion of our worldwide presence are a central pillar of our continuous growth.
- Fresenius’ regional, decentralized structure promotes and honors entrepreneurial thinking and action.
- Financial prudence, thrift and cost awareness are, last but not least, characteristics that create a solid base for Fresenius.

We will work with resolve to continue developing these strengths in the future.

The future also holds major opportunities for the company. They arise from the continuously increasing demand for our products and therapies based on demographic changes, technological advances and ongoing regional expansion. I will come back to these issues.

Chart 3

Before I review the progress of the company and its divisions in 2003 and address the first quarter of this year, allow me to discuss the performance of Fresenius’ shares and then give an outlook for 2004. In addition to the financial outlook, it is important to me to highlight the strategic focus I see for Fresenius in the coming years.

Chart 4

Share price development

Ladies and gentlemen, now to something that is important to us all – the development of the Fresenius shares. In 2003, Fresenius shares performed exceptionally well. This slide shows the relative performance of our shares compared to the DAX and the MDAX. The price of the ordinary shares nearly doubled with an increase of 98 %, while the preference shares rose 49 %, allowing us to beat the indexes most relevant to us, the DAX and the MDAX. The DAX rose 28 % last year and the MDAX 44 %. The increase in Fresenius shares is even more evident in the company’s market capitalization: Based on the year-end share price of both share classes, the market capitalization at the end of 2003 was more than € 2.4 billion, almost € 1 billion more than a year earlier.
Our shares have also outperformed the overall market this year. The ordinary shares have gained 12% by the middle of this week from the start of the year while the preference shares have gained 9%. By comparison, the DAX has shrunk by 4% while the MDAX improved 6%.

From my perspective, the above-average share price performance was supported predominantly by the encouraging results of our two biggest divisions, Fresenius Medical Care and Fresenius Kabi. The improvement in results in 2003 and the first quarter of 2004 has been acknowledged by analysts and investors and was rewarded by share price growth.

Now allow me to cover the fiscal year 2003 in detail.

Chart 5

Fiscal year 2003

2003 was a year in which we made significant achievements at Fresenius Medical Care and Fresenius Kabi. At the same time, we took definitive restructuring measures at Fresenius ProServe and made a strategic adjustment in response to the changing business environment. This laid the groundwork for improved future results in this business segment. Now a look at the financial performance of the company.

Chart 6

The company’s sales figures in 2003 were impacted significantly by currency effects, especially due to the dollar devaluation. Sales last year were about €7.1 billion, a 6% decline over a year earlier. The dollar depreciated 20% against the euro last year. These currency effects mask the true performance of the company. In constant currency, we show sales growth of 5% or €375 million. As you can see, currencies had a 11% negative impact on our performance. Fresenius achieved 3% organic growth and acquisitions contributed 2% to growth. While currency conversion effects impacted our financial statements, I would like to point out that Fresenius not only has a global presence but also a global production network. By keeping costs and revenues largely matched in a single currency region, currency fluctuations have a low impact on our operational business.

Chart 7

This slide shows our worldwide activities. Our strongest sales region is North America with 50% of overall sales. Here we grew 3% currency-adjusted or €113 million. In the current year, this performance has improved significantly, supported by the successful implementation of the UltraCare™ therapy. The second-strongest sales region is Europe, with 38% of overall sales. Here our currency-adjusted sales growth was a very good 7%.
We achieved extraordinary growth of 29% in Latin America. Asia-Pacific is a region where Fresenius has traditionally grown in the double-digit percentages. However, in 2003 currency-adjusted sales were just level with a year earlier. There were primarily two reasons for this, both of temporary nature: We experienced delays in our project business at Fresenius ProServe. This means some projects could not be completed and booked in 2003 and were pushed into 2004. The other reason was the transformation of our sales and distribution system in some important Asian markets: Where we used to work with distributors, we have now taken over the sales and distribution activities ourselves, to strengthen our presence in these important markets of the future. The respiratory disease SARS also affected the business activities of Fresenius Kabi in the first half of 2003. The performance in the first quarter of 2004 shows that we have returned to our traditional double-digit percentage growth in the Asia-Pacific region and that the demand for our life-saving products remains strong.

Chart 8

Group earnings were strong due to the very good earnings performance of Fresenius Medical Care and Fresenius Kabi. As you know, these two segments account for about 90% of our overall sales. Currency effects also had a negative impact on earnings. In addition, one-time expenses for the restructuring of the Fresenius ProServe business segment had a negative impact.

In actual currency Group-EBIT of € 781 million was 7% below the year-earlier figure while currency-adjusted Group-EBIT rose 5%. Net income for the Group of € 115 million was 14% lower than a year earlier, or just 2% in constant currency. The above-mentioned one-time expenses at Fresenius ProServe came in at € 32 million after tax. Excluding the effects of the Fresenius ProServe one-time expenses, net income would have risen by 10%, and by 22% in constant currency.

Chart 9

Dear shareholders, in agenda item 2, the Supervisory and Management Boards propose a dividend increase for 2003 to € 1.23 per ordinary share and € 1.26 per preference share. This represents an increase of 8% for each share class. The decision for our dividend proposal is tied to the good performance of our Fresenius Medical Care and Fresenius Kabi business segments as well as the excellent cash-flow performance. At the same time, this reflects our belief in the continued positive development of the company. The total amount paid out is € 51 million. This is the eleventh consecutive dividend increase we propose to you.
Now we come to the performance of the individual business segments:

In 2003, Fresenius Medical Care met all its financial goals. Especially in North America Fresenius Medical Care was able to show a continuous improvement in business performance throughout the year with significant improvements in patient growth and margins.

Fresenius Medical Care is the largest provider of dialysis products and services in the world. The continual improvement of treatment quality was a focal point in 2003. Fresenius Medical Care took a strategically important step in this area by introducing the UltraCare™ therapy to its U.S. clinics. In this therapy dialyzers, which act as artificial kidneys to remove toxins from the blood, are only used once instead of the traditional re-use method. This transition was successful and put Fresenius Medical Care at the forefront of the American market. The company was able to present excellent results from initial studies which underline the superiority of the UltraCare™ therapy. In addition to the medical progress, Fresenius Medical Care was also able to make this improvement cost-neutral.

The success of this strategy is also reflected in the results for 2003. EBIT rose 9% to US$ 757 million. Net income increased 14% to US$ 331 million. The international activities also developed positively – in dialysis products as well as in dialysis services – despite the difficulties caused by cost reduction measures in several European countries, the crisis in the Middle East and the difficult economic and political conditions in Latin America.

Now to Fresenius Kabi. Fresenius Kabi is the leading European company for infusion and nutrition therapy and holds strong market positions in various Asian and Latin American countries. This business segment has performed excellently and completed its turnaround after two years of restructuring.

Sales in 2003 were strongly influenced by currency effects and divestments – sales of € 1.5 billion were just 2% above the year-earlier figure. In organic growth – the key measure for success on the market – Fresenius Kabi achieved a very good increase of 7%.

I would like to emphasize profit growth: Fresenius Kabi increased its EBIT in 2003 by 52% to € 147 million. In addition to good developments in its operating business, strict cost management and improvements in processes and procedures showed positive effects. The optimization steps introduced in 2001 and 2002 at our production sites also had a favorable effect. We have significantly increased our EBIT margin within a year – from 6.7% in 2002 to 10% in 2003.
Last year, Fresenius Kabi further secured its market position in Europe and, more importantly, expanded its presence in Asia-Pacific and Latin America. We introduced additional products for parenteral nutrition and blood-volume substitution to some of our overseas growth markets. In China, we strengthened our presence in enteral nutrition. Fresenius Kabi is already one of the leading providers of enteral nutrition in this important growth market.

Chart 12
Fresenius ProServe’s business activities were influenced by two significant factors in 2003:
- Difficult market conditions in the German hospital sector resulted in a declining bed utilization rate in our clinics. At 79% at the end of 2003, it was significantly below the 85% at the end of 2002.
- In our pharma industry business, we were hit as global pharmaceutical companies held back on investments in new plants, resulting in lower order intake.

To counter the difficult situation in this sector, we introduced two cost-reduction programs at Fresenius ProServe last year to improve the future profitability of the company. Both programs met our expectations. Their successful implementation is a key requirement for sustained profitability improvements in this business segment. We have to increase profitability, before we step up to expand our market presence. We are following a very cautious course when it comes to hospital acquisitions and will only selectively expand our network of clinics once we see the first successes of our profit-improvement program.

Market conditions were evident in the financial figures for 2003: Though sales rose 6% to €742 million, this was predominantly due to the first-time consolidation of newly-acquired German hospitals. When looking at just organic growth, sales slipped 5% over the previous year. Before one-time expenses, Fresenius ProServe had an EBIT of €15 million in 2003 compared to €24 million in 2002. As part of the cost-reduction programs, Fresenius ProServe had one-time expenses of €34 million before tax. Of this, €16 million came from the German hospital management business and about €18 million from the pharma industry business. In addition to savings in personnel, work processes were optimized and potential cost savings were identified in purchasing, logistics and outsourcing – and partially implemented. Our pharma industry business reacted to the global decline in investment spending by closing four non-profitable sites, including locations in Great Britain, Brazil and in the United States. It will now concentrate on key markets, predominantly in Europe.
The biotechnology activities of the Fresenius Group were bundled into Fresenius Biotech in 2003. We introduced a management team to oversee all projects and clearly defined all goals. We are concentrating on innovative antibody and cell therapies, with an emphasis on life-threatening diseases – especially cancer – where no adequate treatment currently exists. The first promising results from a phase I/II study to treat malignant ascites in ovarian cancer were presented last September and were very positively received in the scientific community.

I will now come to an item on today’s agenda that is related to Fresenius Biotech. Fresenius AG and Fresenius Biotech Beteiligungs GmbH, which is 100 % owned by Fresenius AG, signed a profit and loss transfer agreement on March 9, 2004 that will allow the taxable results of Fresenius Biotech Beteiligungs GmbH to be offset against the taxable results of Fresenius AG. We ask for your approval of this agreement.

In this slide we see the Group’s debt development. Debt was € 3.1 billion on December 31, 2003, below the € 3.7 billion at the end of December 2002.

We place special emphasis on the net debt/EBITDA ratio. This key figure improved in 2003 to 2.7 – it was 3.0 in the previous year. Our goal is to reach the important figure of 2.5 in 2005. With this development, we give proof that we can successfully reduce our debt levels. At the same time, this is one of the requirements to advance to the league of investment-grade companies.

The internal financing strength of the company, which is especially important to me, improved significantly in 2003: Operating cash flow and free cash flow reached new records. Operating cash flow rose 11 % to € 776 million. Free cash flow before acquisitions and dividends reached the record sum of € 454 million, an increase of 19 %. After acquisitions and the dividend for 2003, we generated free cash of € 269 million, 65 % more than the year-earlier figure.

Ladies and gentlemen, I’d now like to conclude my summary of the past year. At the same time, I’d like to thank all employees on behalf of the Management Board. Their effort and commitment contributed to the positive performance of the company.
Now allow me to detail the key figures for the first quarter of 2004 which we announced on May 6. Ladies and gentlemen, 2004 has started very successfully for us. Fresenius Medical Care and Fresenius Kabi have continued to perform exceptionally. ProServe is still struggling with difficult market conditions and continued the restructuring program at the German hospital management business.

Group sales rose 8% in constant currency to the very good figure of € 1.7 billion. Profit grew significantly stronger than sales. Currency-adjusted EBIT gained 12% to € 197 million, net income 17% to € 39 million. As in 2003, the quarterly figures are influenced by currency translation effects, especially by the devaluation of the US dollar relative to the euro. At actual rates sales fell about 1% compared to the first quarter 2003, while EBIT rose 2% and net income 8%. We have also been able to improve our operating margin from 11.2% to 11.5%.

Now allow me to present the performance of the business segments in the first quarter: For Fresenius Medical Care it was an excellent quarter. Sales rose 8% to US$ 1.5 billion. In North America the company saw growth of 7%. Growth outside of North America was even stronger at 10% currency-adjusted.

The good sales growth led to over-proportional profit growth. Fresenius Medical Care increased its EBIT by 17% in the first quarter of 2004 to US$ 198 million. All regions contributed to this positive performance. After the difficult years of 2002 and 2003, business in Latin America has improved significantly. Fresenius Medical Care’s net income in the first quarter of 2004 was US$ 91 million, an increase of 30%. Fresenius Medical Care is well-positioned to meet its goal for the full year 2004: Currency-adjusted sales are expected to increase by a mid single-digit percentage. Net income growth – based on the good performance of the first quarter – is now expected to be at the high end of Fresenius Medical Care’s original guidance – which is in the low double digit range.

We are also exceptionally happy with the performance of Fresenius Kabi. In the first quarter, sales were € 362 million, an increase of 2%. Let me add that Fresenius Kabi’s sales were negatively influenced by 2% currency effects and 2% through disinvestments. In other words, Fresenius Kabi had a very good organic growth of 6%. This success is even more pleasing when considering that sales in Germany, one of the key markets, fell 5%. This was primarily the result of uncertainties about the new reimbursement regulations.
I would like to draw your attention to Fresenius Kabi’s outstanding profit growth. The company extended the positive earnings growth of 2003. EBIT grew to € 41 million, an increase of 17 % compared to a year earlier. The EBIT margin also once again improved, climbing from 9.9 % in the first quarter of 2003 to 11.3 % in the first quarter of 2004 – slightly above our expectations of 11 % for all of 2004.

We were not pleased with the first quarter performance of our smallest business segment, Fresenius ProServe. Although sales rose a strong 20 % to € 199 million, profitability was disappointing. EBIT of € 2 million before one-time expenses did not meet our expectations. Again, the operational performance was influenced by a decreasing bed utilization rate. At 78 %, the rate decreased by 1% compared to a year earlier. In addition, profit was down by € 1 million from the restructuring of the German hospital management business. Based on the weak first quarter earnings, it will be a challenge to achieve the full-year EBIT projection of € 25 million before the anticipated 2004 one-time expenses of € 8 million.

Fresenius Biotech’s projects have progressed according to plan. With regard to cancer treatment, a phase IIa study to treat ovarian cancer patients with the trifunctional antibody removab® has started. In the first quarter of this year, Fresenius received Orphan Drug Designation for this antibody in this indication. The Orphan Drug Designation entitles Fresenius market exclusivity for up to ten years in the European Union for removab® for the use in ovarian cancer treatment upon marketing approval.

Chart 18

Fresenius Group outlook 2004

Ladies and gentlemen, also for the full year 2004 we expect a good Group performance. Based on the first quarter and the excellent performance of the Fresenius Medical Care and Fresenius Kabi business segment, we reinforce our full-year outlook as of February of 2004: In sales, we expect a mid-single digit percent increase at constant currencies in 2004 and a stronger growth in net income. Net income is expected to grow in the range of 25 to 30 % in constant currency. We plan to spend about € 300 million on capital expenditure in 2004. In addition, we plan to invest about € 120 million in acquisitions.

Chart 19

Strategic focus

Ladies and gentlemen, the past year was a very successful one for Fresenius and we see more successes in 2004. What we expect from ourselves goes even further. The company’s goals and strategies are decisive for its long-term success.
As I mentioned at the beginning of this speech, I took over a well-positioned company from Dr. Krick last year. I also detailed the four characteristics that define our company’s success: technological leadership, global presence, entrepreneurship and financial prudence. We will expand on these strengths and further develop our business segments’ strategy. As part of this, I’d like to discuss five separate items of our strategic plans.

Chart 20
Ladies and gentlemen, Fresenius Kabi holds much promise for the future. We hope to build this business segment from a European market leader, with a growing presence in Asia-Pacific and Latin America, into a global company.

There are several ways to ensure future growth at Fresenius Kabi. First, there is organic growth in core markets as well as in growth markets abroad. Then there are innovative products and small to mid-sized acquisitions to enable us to enter new markets in growth regions. And, finally, we would consider a major acquisition that would give us access to the North American market, if and when the opportunity presents itself. There are many growth opportunities and, unlike many other industries, the main players have yet to emerge in Fresenius Kabi’s global markets. Ladies and gentlemen, as those global players evolve, we are convinced Fresenius Kabi will be at the front of the pack.

Chart 21
Now to Fresenius Biotech. Ladies and gentlemen, innovation has made Fresenius what it is today. Innovation is of great importance to every sector but it occupies a special place in the health care industry. Innovation in our products and therapies is often the difference between whether a doctor can or cannot help a seriously ill patient. Our biotechnology projects are focused on indications for which there is only inadequate or no treatment available today. At the same time, we’re creating new opportunities for the company. We’re still at the beginning of our clinical development, but we’re optimistic that we are on the right path. Our main research areas lie in oncology – the treatment of cancer – and in immunology. In oncology, we are focused on epithelial tumors, which we treat with our trifunctional antibodies removab® and rexomun. Both antibodies are already in use in different clinical studies. After very promising results in 2003, we expect further clinical data in other indications this year.

In immunology we are concentrating on two areas: Suppressing rejection reactions in organ transplants as part of transplant immunology. For many years, we have offered a biotechnological product for avoiding acute graft rejection reactions. Now we are working on cell therapies for the long-term prevention of transplant organ rejection. Our second immunology focus is on fighting HIV infections. This year, we expect valuable feedback on the potential of
our procedures in this area. We hope to introduce the first products stemming from our biotechnology research in 2007.

In addition to the company’s proven competence in biotechnology, I’d like to highlight the close link between our oncology projects and Fresenius Kabi. Fresenius Kabi already has a significant presence with its products in the care of cancer patients. Alongside our clinical nutrition and infusion therapies, our antibody treatments will allow Fresenius to become a key provider in this important field of oncology.

Chart 22
We have adjusted our strategy at Fresenius ProServe to respond to the changing business environment in the hospital management sector. Although we will continue to offer technical services worldwide, we are focusing our hospital management activities on Germany. This market – with an estimated value of € 60 billion – is at the beginning of a privatization process. None of the private providers today claim more than 2 % of the market. The privatization of the German hospital sector certainly will not happen overnight and will take many years. Seizing this privatization opportunity in our domestic market will take priority. We will look for selected expansion opportunities within this market. Ladies and gentlemen, I believe we are well-positioned for the future with a strategy of global technical services and local hospital management.

Chart 23
We continue to enjoy good growth rates in our key markets in Europe and North America. Increasingly we are concentrating on growth regions – countries that offer strong growth potential because of a high population density, robust economic growth and an unrealized need for our products and therapies. We have a well-defined, regional management structure since many years. Our business is local and must be managed in the respective regions to adjust to local market conditions and to ensure lasting success. Here you see the compound annual growth rates of our four key regions: North America 6 %, Europe 12 %, Asia-Pacific 18 % and Latin America 10 %. The economic and political situation was especially difficult in Latin America between 1999 and 2003. That Fresenius still achieved a compounded annual growth rate of 10 % is impressive. The continuous growth in Europe is also noteworthy. In addition to our leadership position in European core markets, we also expand step by step into Europe’s new markets. The growth champion is Asia-Pacific, where we will put more emphasis in the future when discussing the development and growth of our business. With the exception of short-term fluctuations, Asia-Pacific offers long-term double-digit growth. Fresenius Medical Care and Fresenius Kabi are good examples of our expansion into new countries. Fresenius Medical Care has become active in twelve new countries since 1999 and Fresenius Kabi in ten. It is not only about using new distributors, but rather establishing
new local subsidiaries. The growth process into new countries will continue unchecked for both of our largest business segments.

Chart 24

Finally, I come to entrepreneurship and synergies. I also see potential for Fresenius because of its entrepreneurial structures. Fresenius has maintained – even during years of strong growth – a flexible and decentralized structure to exploit both the advantages of size and the maneuverability of smaller units. This gives the company the necessary flexibility to quickly and appropriately react to market conditions. It is our goal to combine this entrepreneurial responsibility and flexibility with the power created by the close cooperation of our business segments. Fresenius Medical Care and Fresenius Kabi in particular work on many Group projects to combine purchasing power, utilize overlapping production and logistic processes, and link sales and marketing activities. The abstract concept of “synergies” is specifically defined by us as “selling more with less costs.” I am convinced that this helps us strengthen Fresenius as it competes globally.

Chart 25

In closing, let me summarize: Innovation, global presence, entrepreneurship and financial prudence – these are the characteristics we use to guide our initiatives in the Group. They establish a basis to further develop Fresenius.

Ladies and gentlemen, at the conclusion of my speech today, and on behalf of the Management Board and all employees of the Fresenius Group, I would like to thank you for your belief in the Fresenius share and for your faith in the Group. I hope that, in addition to the good news of our current business performance, I was able to share with you the fascination that emanates from the opportunities of the future. Turning these future opportunities into reality remains our motivation.

Thank you very much for your attention.

The spoken word takes precedence.