Annual General Meeting of Fresenius SE & Co. KGaA on May 13, 2011

Speech of Dr. Ulf M. Schneider, Chairman of the Management Board

The spoken word has precedence.

Chart: Welcome

Good morning, ladies and gentlemen. On behalf of the Management Board, I would like to welcome you to the Annual General Meeting of Fresenius SE & Co. KGaA. We are very pleased that so many of you could attend and appreciate your interest in our Company. I would also like to welcome the members of the press, our guests, and everyone who has joined us on the Internet.

Chart: Agenda

I will begin by highlighting the Fresenius Group's financial results in 2010. I will then move on to the development of the Fresenius share price and the first quarter of the current year. Finally, I will close with the outlook for the full year 2011 and our mid-term goals.

Chart: 2010 – An outstanding year for Fresenius

2010 was once again an outstanding year for Fresenius. Sales and earnings increased to new record highs. We met or exceeded our goals, with all business segments contributing to this extraordinary result. It is particularly important that we achieved strong organic sales growth in all business segments. Moreover, all our business segments attained double-digit earnings growth, which is a significant success.

I would especially like to emphasize the excellent growth of the injectable-drug business in North America. We successfully launched new products there. In addition, we benefited from supply constraints in the market, and were able to contribute to the reliable supply of critically important medications in the United States.

Moreover, in the past year we initiated an important strategic step and successfully completed it at the beginning of this year – the conversion of the preference shares into ordinary shares and the change of the Company's legal form into a partnership limited by shares (KGaA). Our goal was to simplify the share structure, increase trading liquidity and index-relevant free float, and improve our financial flexibility. This enhances the attractiveness of our shares and strengthens our position in the capital markets. The shareholders approved the corresponding resolution with an overwhelming majority at last year's Annual General Meeting.

Chart: Fresenius Group: Excellent financial results

Now to the excellent 2010 financial results. Let me first draw your attention to the gray-shaded area on this chart: Group sales increased by 8% in constant currency and by 13% at actual rates to €16 billion. EBIT increased by 13% in constant currency and by 18% at actual rates to €2.4 billion. Earnings outpaced sales growth. Net income before special items related to the acquisition of APP Pharmaceuticals increased by 23% in constant currency and by 28% at actual rates to €660 million. Including special items, net income was €622 million.

As you can see on this chart, the Group 2010 financial results are part of a successful five-year track record. The compounded annual growth rate is 10% for sales, 14% for EBIT, and 19% for net income. In a period that included the most severe slowdown of the world economy in post-war history, sales increased by approximately 50% since 2006, and EBIT even by two thirds. We clearly doubled net income – from €330 million in 2006 to €660 million in 2010.

Chart: Fresenius Group: Mid-term target "15/15" exceeded

This chart shows that we also exceeded our ambitious 15/15 mid-term goal announced in February 2007. For 2010, we set ourselves the target of achieving sales of €15 billion and an EBIT margin of 15%. We achieved €16 billion in sales and an EBIT margin of 15.1%. This means sales increased by more than €5 billion, and EBIT by approximately €1 billion.

Chart: Fresenius SE & Co. KGaA: 18th consecutive dividend increase proposed

Dear shareholders, based on these excellent results and the very good prospects for the current year, we are pleased to propose the 18th consecutive dividend increase. We propose to increase the dividend by 15% to 86 eurocents. It is our intention to continue this earnings-driven dividend policy in the future.

Let me take this opportunity to emphasize that Fresenius is a reliable employer. More than 140,000 employees work for our Company in about 100 countries. More than 7,000 employees joined Fresenius in 2010 alone. I would like to sincerely thank all our employees on behalf of the Management Board for achieving such outstanding results in 2010. Their enthusiasm and commitment to excellence will also be key to achieving our future goals.

In addition to the mandatory IFRS statements, Fresenius has voluntarily prepared its 2010 financial statements according to U.S. GAAP. The reported figures are largely identical according to both standards.

For the disclosures pursuant to Sections 289 and 315 of the German Commercial Code, please refer to the separate report available at the Annual General Meeting and on our website.

At today’s Annual General Meeting, we propose under agenda item 6 to cancel the Authorized Capital I to V and to create a new Authorized Capital I in the amount of €40.32 million. With the new proposed Authorized Capital, we again want to take precautions to ensure that Fresenius will have sufficient financing flexibility for future growth.

Chart: Fresenius share price development 2010 and 2011

Now to the Fresenius share price: The excellent financial results and our positive outlook have also been reflected in the share price development in 2010. Moreover, as a result of our March 2010 announcement to create a single share class, ordinary shares caught up to the level of the preference shares. The gap between the two share classes could thus be narrowed to a few eurocents. Ordinary shares gained 44% and preference shares 28% in 2010. Both share classes significantly outperformed the 16% increase of the DAX.

The Fresenius SE ordinary and preference share listings were discontinued upon the Company’s change of legal form into a KGaA. The ordinary shares of Fresenius SE & Co. KGaA commenced trading on January 31, 2011. In the first months of this year, Fresenius stock continued to significantly outpace the DAX, and has gained 16% since the end of 2010. The DAX increased by 8% over the same period.

I am convinced that Fresenius stock will continue to be an attractive investment in the future. We are well positioned to further strengthen our global operations and to continue our growth initiatives. The vast majority of analysts continue to rate the Fresenius shares as a ‘buy’.

Chart: Fresenius Group: Excellent start into 2011

I will now discuss the first quarter of 2011. We had an excellent start and are heading for another record year. Group sales increased by 7% in constant currency and by 9% at actual rates to €4 billion. Net income before special items grew by 39% in constant currency and by 43% at actual rates to €170 million. All business segments are on track to achieve their 2011 targets.

Chart: Fresenius Medical Care: 1st quarter 2011 and outlook

Fresenius Medical Care increased sales by 5% to US$3 billion in the first quarter of 2011. Net income also increased by 5% to US$221 million. A new Medicare end-stage renal disease prospective payment system in the United States became effective as of 2011. In addition to a 2% reimbursement rate cutback, the new system called for an additional 3% transition adjustment in 2011. Despite these reductions, Fresenius Medical Care had a strong start into the year. As of April 1, 2011, the 3% transition adjustment no longer applies. This will have a positive effect on sales and earnings for the remainder of the year.

Fresenius Medical Care has raised its 2011 outlook and now projects sales of more than US$13 billion. Net income is expected between US$1,070 and US$1,090 million. Mid-term, Fresenius Medical Care expects sales growth of 6% to 8% in constant currency.

Chart: Fresenius Kabi: 1st quarter 2011 and outlook

Fresenius Kabi had a very successful start into 2011. Sales increased by 20% to €960 million. EBIT grew by 36% to €197 million.

Fresenius Kabi also raised its outlook for 2011 and expects to achieve organic sales growth of more than 5%. Let me add that this outlook builds on the outstanding 12% organic growth achieved in 2010, which was driven by special market conditions. Consider the supply constraints in the U.S. market that I mentioned at the beginning of my presentation. These will not continue to the same extent in 2011. Nevertheless, the 2010/2011 compounded annual growth rate is well within the 7% to 10% mid-term guidance range. Fresenius Kabi expects an EBIT margin of 19% to 20% for 2011, which is at the upper half of our mid-term outlook of 18% to 20%. This business segment continues to deliver the highest operating margin in the Group.

Chart: Fresenius Helios: 1st quarter 2011 and outlook

Now to Fresenius Helios. Sales increased by 7% to €648 million in the first quarter of 2011. EBIT increased by 12% to €58 million.

Fresenius Helios fully confirms its outlook for 2011 and expects organic sales growth of 3% to 5%. EBIT is projected to increase to €250 million to €260 million, compared to €235 million in 2010. Helios expects to reach the upper half of this range.

Regarding the privatization of hospitals in Germany, we expect that this market will revive. At the beginning of this year, Fresenius Helios had already acquired the St. Marienberg Hospital Helmstedt, Lower Saxony. In March 2011, Fresenius Helios announced the acquisition of the Rottweil municipal hospital in southwestern Germany. Each of these hospitals achieves sales of more than €30 million.

As a new mid-term goal, Fresenius Helios targets sales of €3.5 billion in 2015, driven by both organic growth and acquisitions.

Chart: Fresenius Vamed: 1st quarter 2011 and outlook

Let me now turn to our fourth business segment, Fresenius Vamed. Vamed achieved sales of €140 million in the first quarter of 2011. EBIT was €5 million. The company reported an outstanding order backlog of €842 million. This corresponds to a multiple of 1.7 times last year’s project sales, providing a sound basis for further sales growth.

Fresenius Vamed also fully confirms its 2011 outlook and expects to achieve both sales and EBIT growth between 5% and 10%.

As a new mid-term stretch goal, Fresenius Vamed targets sales of €1 billion by 2014.

Chart: Fresenius Group: Positive outlook for 2011

Ladies and gentlemen, the expectations of our business segments add up to a very positive Group outlook for 2011. Sales are expected to increase by 7% to 8% in constant currency. Net income is expected to grow even more strongly – by 12% to 16% in constant currency.

To support our growth targets, we plan to invest approximately 5% of sales in property, plant and equipment.

Chart: Fresenius Group: Where are we heading mid-term?

Where are we heading mid-term? Having exceeded our 15/15 mid-term goal in 2010, we have set ourselves a new mid-term stretch target. We aim to achieve Group net income of more than €1 billion in 2014. This is an ambitious goal. Based on €660 million in net income in 2010, we have to accomplish compounded annual net income growth of 11% over the next four years.

This is only possible if we remain focused on sustainable organic sales growth in all our business segments, as it is the most profitable form of growth. As in the past, our target is to achieve annual organic sales growth of 6% to 9% for the Group. Our growth is based on the continuously increasing demand for high-quality yet affordable health care. Let me give you a specific example to illustrate our growth prospects:

We continue to see extraordinary opportunities in the emerging markets. These regions have a rising demand for health care, as their standard of medical treatment continues to improve. With Fresenius Medical Care, Fresenius Kabi, and Fresenius Vamed, we are very well positioned to participate in the growth of the Asia-Pacific and Latin American markets.

A case in point is Fresenius Kabi in China: Fresenius Kabi is a leader in this important market with a population of over 1.3 billion. The company has been doing business there since 1982 and is perceived as a local company. China has become Fresenius Kabi's third-largest market after the United States and Germany, generating sales of more than €300 million in 2010 and experiencing an average growth of 17% over the last three years.

In the Asia-Pacific and Latin American regions, Fresenius maintains an extensive production and distribution network that ensures our competitiveness. We achieved sales of approximately €2 billion in 2010 with our 24,000 employees, and target substantial growth in the future. Our goal is to increase sales by more than €1 billion to more than €3 billion in 2013. This means that we will grow significantly faster in the emerging markets than in our established markets. In this growth plan we have not included possible acquisitions, which could further strengthen our presence there.

In addition to sustained organic growth, we aim to expand our business through small and mid-sized acquisitions. We expect continued market consolidation, and this will provide us with interesting acquisition opportunities in the future. The combination of organic growth and acquisitions enabled us to achieve double-digit sales growth in the past. I am confident that we will also be able to continue this development over the next few years.

Our business segments will remain focused on quality and cost leadership. This is essential to our success. Looking ahead, we will continue striving to achieve the best for our patients.

Ladies and gentlemen, Fresenius is a diversified company, with leading positions in a growing health care market. We will continue to pursue our long-term strategy and to increase the value of our Company.

Ladies and gentlemen, I thank you for your commitment and loyalty to Fresenius and look forward to your continued trust and support.

Thank you for your attention.