



**Annual General Meeting of Fresenius SE & Co. KGaA
on May 12, 2017**

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

The spoken word has precedence.

Dear Shareholders,
Welcome to the Annual General Meeting of Fresenius!

Twelve times before I've sat here on this podium. Since 2005 as Chief Financial Officer. Today, for the first time, I am addressing you as Chief Executive Officer. I am happy about that – very happy, because it means I can report about a truly great company. And lead a truly great company. It's a fascinating task. A great honor, and a great responsibility.

For us, the patient always comes first. Our products and services stand for quality and reliability. We are never complacent about what we have achieved! We are always searching for even

better solutions. That is Fresenius. It is the basis of our success, and the path we will continue to follow with determination. Also under my leadership.

Ladies and gentlemen, let's look back at last year. It was a very eventful year for Fresenius, and a very successful one. Like so many before. Each of our four business segments developed outstandingly. But one event stands out: The acquisition of Quirónsalud by Fresenius Helios. Consider the purchase price: About €5.8 billion. By this measure, it is the largest acquisition in the history of Fresenius.

Quirónsalud: Market and quality leader in Spain

And who is Quirónsalud? The largest hospital group in Spain. Quirónsalud has 44 hospitals, in addition to 43 outpatient treatment centers and about 300 centers for occupational healthcare. The group is represented in every metropolitan region of Spain. Fresenius Helios and Quirónsalud: We are combining two leaders in terms of quality and size. The advantages? Growth potential, synergies, and the opportunity to exchange knowledge and experience – in both directions. In this way we will further improve care for our patients. In Spain, and here in Germany.

This acquisition is more than just a major purchase. It is a milestone. Now Fresenius Helios is also international, just as our other three business segments have been for many years. That creates more opportunities for cooperation. Starting in Spain. And potentially, if our expectations are met, in other countries as well.

Fresenius Helios: Continued strong commitment to Germany

Fresenius Helios now stands on two pillars: Quirónsalud in Spain, and HELIOS Kliniken in Germany. Also here, in its home market of Germany, Fresenius Helios continues to achieve highly successful growth – from its own strength: We have treated more patients than ever before. And we have acquired another hospital – Niederberg, near Düsseldorf. Twenty-thousand inpatients every year. 500 beds. 1,000 employees. A perfect complement to our already strong presence in North Rhine-Westphalia. There are now 112 HELIOS hospitals in every region of Germany, and this puts us in a unique position.

We have been a big investor! Especially in more modern and even better equipped hospitals – about €350 million last year. On the slide you see a picture from Hildesheim – the ceremonial groundbreaking for a fourth building housing patient wards. We will complete it next year. In

another northern German city, Schleswig, we moved the entire hospital into a new building in the summer. Not far from Frankfurt, in Wiesbaden, we are also building a completely new facility, in which we are investing more than €200 million. It will have more than 900 beds, 22 operating rooms. It will open in 2020 – on time, and within budget, as we are known for doing. Just a few weeks ago I was in Duisburg in North Rhine-Westphalia, where we have officially opened a completely new building. We invested €50 million, and what did we receive? A hospital that meets the highest standards. With the most modern technology, and a design that minimizes the distances employees and patients have to cover. With a high level of patient comfort, and a significantly expanded range of treatments.

You know us: We are a solid company that thinks very carefully before spending money. Yet for such projects we are happy to dig deep into our pockets, because they make our treatments better, and our work more efficient. In short, they make us better, and in the end everyone profits from that: Our patients and employees, as well as the company. And you, too.

Fresenius Medical Care: The leader in dialysis for over 20 years

I'll come back to Fresenius Helios, but for now let's turn to Fresenius Medical Care, where we can celebrate a milestone: 20 years as a company. To the left on the slide you can see a photo from the stock market launch in New York in 1996. At the very left on the balcony, by the way, is Dr. Krick. We have been involved in dialysis significantly longer than that – since the late 1960s. Yet the establishment of Fresenius Medical Care was a huge step in a new direction. Since then we have been strong in both areas: products and treatments. The last two decades have been a period of steady, rapid growth, during which Fresenius Medical Care increased its number of patients five-fold, dialyzer production 10-fold, and sales 12-fold. Today, we have more than 100,000 colleagues at Fresenius Medical Care alone. The company is not only the world market leader – it's also the technology leader. We are continuously making dialysis better.

That means we don't rest on our laurels. Last year we introduced a completely new generation of dialysis machines – the 6008 CAREsystem. There is one out in the lobby – take a moment later and have a look at it. It simplifies the workflow for clinical staff, and reduces waste, while making overall treatment even safer. And even more efficient. Innovations like this serve the

triple purpose of helping patients, helping the medical staff, and strengthening our position in the market.

We further increased the number of our dialysis clinics. Through our own efforts, by opening new ones, and also through acquisitions. Including that of India's Sandor Nephro Services, which operates more than 50 clinics. It is the second-largest chain of dialysis clinics in a country, which, as you know, has the world's fastest-growing major economy. In dialysis our presence there was limited almost exclusively to products, so this acquisition is an important step: We want to be the largest provider of dialysis treatments in India, as well.

We also expanded our Care Coordination activities, which involve dialysis-related services. This area already accounts for 13 percent of Fresenius Medical Care's total sales: We are building the basis of additional growth here. And we acquired XENIOS AG of Heilbronn, Germany, which extended our range of services into the area of cardiac and lung therapies. All of this was done with one goal in mind: To provide our patients with even better and more comprehensive treatments and care.

Fresenius Kabi: Strong growth in all areas

2016 was also an outstanding year for Fresenius Kabi. In Europe and abroad: Every region grew, and I would particularly like to mention China and Latin America, where we once again grew strongly. We produced very large quantities of medicines with impeccable quality. We also advanced the development of important products – consider just I.V. generics, which are liquid pharmaceuticals administered intravenously, directly into the patient's bloodstream. Worldwide, we introduced about 80 new products in this area. We are making good medical care more affordable. And that makes them accessible to more patients.

In the United States we acquired another production facility, where we are making prefilled syringes; these are syringes that leave the plant containing a specified dosage of our medicine. We are thereby offering additional safety for patients and clinical staff. For patients, because prefilled syringes reduce the risk of receiving the wrong dosage. And for medical staff, because they reduce the risk of an injury. We therefore believe that demand for these products will increase significantly.

And even though the quality and efficiency of our manufacturing processes are already very high, we are continuing to invest. Our plant in Melrose Park, near Chicago, will undergo a major expansion and upgrading, a project in which we will have invested about \$250 million by its completion in 2026. Germany also remains an important location: We have started an expansion of our plant in Mihla, Thuringia, where we produce medical disposables such as tubes for clinical nutrition. With investments like these we also want to meet our responsibility to reliably provide patients with urgently needed drugs and medical products of the highest quality. At affordable prices.

Fresenius Vamed: Continued geographic expansion

Fresenius Vamed also developed very well last year. Order intake surpassed the €1 billion mark for the first time. We further expanded both of the company's two business areas, the project and services businesses. On the slide, you can see that each now delivers almost the same proportion of sales: a decade ago, services accounted for only a third overall. In services, contracts are long term, making them less risky. And they tie up less capital. A balanced distribution of revenue, therefore, is good for us.

Let's look at the development by region. Europe remains the most important market for Fresenius Vamed. Not least, because of Austria, the home market. But also because of very large contracts in Germany – think of the modernization of Berlin's Charité. Or the University Hospital Schleswig-Holstein, where we are modernizing existing buildings and realizing new ones. And by ensuring that these hospitals can continue to operate normally, we are also contributing to the best possible treatment for patients.

Fresenius Vamed is also expanding its activities in the emerging markets. There were many new contracts last year – including in Laos, Ghana, Senegal, Tunisia and Bolivia. These are only some examples. Fresenius Vamed is doing important pioneering work here, giving ever more people access to high-quality medicine. We are thereby opening the healthcare markets of the future.

13th consecutive record year

Ladies and gentlemen! You can see that 2016 was an extraordinarily successful year for Fresenius, and that is reflected in our business results. In fact, we are looking back on another record year, our 13th straight! The numbers in detail:

- ▶ Sales reached €29.1 billion, an increase of 5 percent
- ▶ Our operating profit increased 9 percent, to €4.3 billion
- ▶ And our net income, at almost €1.6 billion, was 12 percent higher than in the previous year.

I think you will agree that these are outstanding results. They also show: Even in politically and economically unstable times, Fresenius achieves stable – and dynamic – growth.

24th consecutive dividend increase

Dear Shareholders! When earnings increase at Fresenius, so does the dividend. We therefore propose to raise it by 13 percent, to 62 cents. We hope this will receive your approval. It will be the 24th consecutive dividend increase – and definitely not the last!

Fresenius outperforms DAX index

It is not only our dividend that has grown steadily. Our share price is also rising: by 13 percent last year. Compare that with Germany's benchmark DAX index, which gained only 7 percent. Once again, Fresenius has proved to be a very good investment. The major rating agencies agree: Since last year, all three of them have rated Fresenius "investment grade." This is additional confirmation that the financial markets have trust in the strength and stability of our company.

A steadily growing Fresenius workforce

There is another figure that also shows our dynamic growth: the number of our employees. Last year, 10,000 more – over half of them in new positions – joined our company, expanding our workforce by 5 percent. We are creating jobs! At year's end we had more than 230,000 employees, and that figure is already outdated, because at the end of January, as already mentioned, we closed the acquisition of Quirónsalud and welcomed 35,000 new colleagues. Today, more than 260,000 women and men work for Fresenius, in over 100 countries. Without them,

the great success of our company would not be possible, and I want to express my deepest thanks. Also on behalf of our entire Management Board, and on your behalf as well, I am sure, let me extend our most sincere thanks and appreciation.

An excellent start in 2017

Ladies and Gentlemen, the course is also set for growth in the future. We made an excellent start in the new business year. You can see the first-quarter figures on the slide: Double-digit increases in sales, operating profit and net income. This should continue. This year, we are expecting our 14th consecutive record year. We forecast sales to increase by 15 to 17 percent, and net income by even more – 19 to 21 percent. And those are forecast increases on 2016, which was a very strong year!

Group outlook 2017: Double-digit sales and earnings growth

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You know that our focus is on organic growth. It has been that way in the past, and it will remain that way in the future. But we also move Fresenius forward with major, strategic acquisitions. Last year it was Quirónsalud, and only a few weeks ago we announced our next big step – this time at Fresenius Kabi. And this time, with two simultaneous acquisitions.

Strategic acquisitions for further growth

One of them is Akorn, a major U.S. provider of generic pharmaceuticals. The company has plants in the United States, Switzerland and India, and employs about 2,000 people. The purchase price is almost \$5 billion. With Akorn, we are extending our generics offering, at first in the United States, where in future we will be also present in retail pharmacies. And our generics will come in new forms – such as eye-drops, creams and sprays. Akorn will also give us an entrée into new treatment areas – ophthalmology and dermatology, for example. And whereas Akorn's products are now available only on the U.S. market, Fresenius Kabi is active world-wide. That will be an additional step – gradually introducing Akorn's products in different countries.

The other acquisition: the biosimilars business of Germany's Merck KGaA. This means we are entering the field of so-called biological drugs. These are drugs that are not created through chemical synthesis, which is the standard method: Instead, living cells are used. These cells produce the needed active ingredients. But the patents also eventually expire on biological drugs, and the way is then clear for imitations: biosimilars. In this respect, biosimilars resemble conventional generics, and what is true of generics is also true of biosimilars. They are just as effective, but significantly cheaper than original preparations. That makes them accessible to bigger patient groups.

It is the ideal time to enter biosimilars! The importance of biologic drugs has been growing for years. They can be used to very effectively treat serious diseases, including a large number of cancers, as well as rheumatism, diabetes and other illnesses that afflict millions and millions of patients around the world. Key regulatory and reimbursement rules have been clarified, and as I have already said: There are many parallels to our generics business.

Both acquisitions are an excellent strategic fit for Fresenius Kabi. They broaden our range of high-quality yet affordable drugs, and take us into new, attractive growth areas. The acquisitions also strengthen Fresenius as a whole. With Quirónsalud, we have expanded our therapy area, and now we are expanding our product business. Both areas are decisive for our success, and we want to grow further in both of them.

Ambitious mid-term targets

That we will be successful in this, we are convinced: Hence our new targets for the 2020 business year. We are aiming for sales of between €43 and €47 billion, with net income of €2.4 to €2.7 billion. That means we want to increase both sales and net income by about 50 percent – in only four years!

Clearly, these are very ambitious targets – a marathon run at the pace of a sprint! We are already a very large company, with more than 260,000 employees and almost €30 billion in sales. So why do we want to get even bigger? And so quickly? As I said at the beginning, we never let ourselves become complacent, or satisfied with the tried and tested. That is true for products and services, and it's true for the company as a whole. For us, growth and size are not ends in themselves. Their greatest value is in serving our most important goal: the health and well-being of patients. Size simply makes us better. How? Let me give you a couple of examples.

Fresenius Helios: Learning from the best

One is Fresenius Helios. In Germany alone we operate more than 100 hospitals, which accumulate an enormous amount of data. We gather, analyze and compare this data – anonymously, of course. The more data you have to compare, the more powerful and revealing your findings will be. The data from 10 hospitals tells you more than the data from one, and the data from 50 hospitals more than the data from 10. We can access data from 112 hospitals just in Germany. On the basis of this data, we have established a unique quality management system. We measure, control and improve the quality of treatment. The system is industry-leading in terms of its structure as well as its transparency. If a hospital is under the average, we look at it very closely. Together, we look for improvements. Very good hospitals provide examples from which other facilities can learn. And all of it is even public – for every acute care clinic, you can find on the Internet an array of quality-related data, including mortality rates, and the use of advanced surgical methods. You can even find infection data. In this way we openly put ourselves under pressure. We do this to get even better – in the interest of our patients.

Size also means more knowledge, and Fresenius Helios is able to draw on the combined knowledge of more than 100,000 employees. For some time now, at HELIOS in Germany there have been so-called expert groups in which doctors and nursing staff from the individual locations exchange information and insights from their specialist areas. They can access the knowledge and experience of colleagues at every HELIOS hospital. And even more in the future, because every acquisition makes us smarter! We are integrating very carefully and deliberately, but it is already clear that we will learn a tremendous amount from our Spanish colleagues – and vice versa. Quirónsalud, for example, has an enormous amount of experience in outpatient care, and is very advanced in digitalization. HELIOS, in turn, offers among other things the highly developed expertise in measuring quality that I have already mentioned.

Fresenius Helios has a motto, “learn from the best.” That is how we proceeded during the integration of the Rhön-Kliniken hospitals, and that’s what we’re doing with Quirónsalud. We will share knowledge, and use it to develop better solutions. It will be enormously beneficial to our patients in both countries.

Fresenius Medical Care: World’s largest dialysis provider

Another example of why size matters: Fresenius Medical Care, the world’s largest provider of dialysis products and services. The experience gathered in more than 3,600 dialysis clinics, in more than 50 countries, comes together here. We use it to improve processes in the clinics.

We use it to improve the actual treatments. And we use it to steadily improve our dialysis products. That is a huge advantage. For us. For the patients. And ultimately for you, dear shareholders.

The size of Fresenius Medical Care is also an asset in Care Coordination. This is a relatively new business area, which involves various dialysis-related medical services. For patients with chronic kidney failure, the dialysis is not the only essential treatment factor. The dialysis patient must take many drugs, and the vascular access must be cared for. The correct nutrition is important. As a rule, dialysis patients also have other illnesses. We want to comprehensively care for these patients, because then we can optimally tailor the individual treatments and coordinate them with each other. That helps patients, and reduces overall healthcare costs. Fresenius Medical Care is better suited to this task than any other company. Because we have the necessary size. We have the essential knowledge. We have the data, and the experience to assess and interpret it correctly. And we have the financial strength to use it. This enables us to provide even better treatments and care to our patients.

Fresenius Kabi: Investing in quality

Size also helps us at Fresenius Kabi. The challenge here: To reliably deliver urgently needed medicines of the highest quality. Even well-known producers repeatedly encounter quality problems, and that leads to supply shortages. This was just recently in the news, again. We want to avoid these bottlenecks, so we are investing many millions in our production facilities. I told you that earlier. This is something that only a large, economically healthy company can carry out. We further develop proven production technologies and then introduce them into our international network, which includes about 70 facilities worldwide. Here, too, colleagues learn from each other. What's more, they all step in and help when we need to react quickly to rising demand, and ensure that patients receive often life-saving medicines.

Fresenius Vamed: Projects around the world

Fresenius Vamed has now implemented more than 800 projects, in about 80 countries. In its field, the company is the clear market leader. Here, too, we have a unique treasure trove of experience. Thanks to our size. That helps us to find tailored solutions worldwide. It can be a polyclinic in a remote region of Africa. Or a university clinic in Europe.

Fresenius: Better medicine for more people

Ladies and gentlemen, I think it's clear. Growth is good and important: It strengthens our company. Size is good and important: It makes us better. That is why we want to continue growing, and will. Because that is what enables us to offer even better products and therapies. And because we are contributing to high-quality medicine that remains affordable. In future, that will remain our commitment: better medicine for more people.

To have the opportunity to lead Fresenius into this future makes me very happy and proud. You too, dear shareholders, can be proud of your commitment. At least I hope you are. Proud of your investment in our company, and of your trust. Because in all these ways you are helping us to continue growing successfully.

Thank you all very much.