



## **Annual General Meeting of Fresenius SE on May 8, 2009**

### **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. 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 2008. I will then move on to the development of the Fresenius share price, before reviewing our financial results for the first quarter of the current year. Finally, I will close with an outlook for the full year 2009.

*Chart: 2008 – A year of significant achievements*

2008 was a very successful year for the Fresenius Group. We achieved record financial results, and fully met our financial targets. Against the backdrop of the global economic slowdown, our organic sales growth was especially important. That is the growth we are able to generate from our existing businesses, without acquisitions and currency effects. We are very pleased to see Group organic sales growth of 8 % in 2008. Organic sales growth was very close to historic highs in all business segments, as the demand for our products and services was extremely positive. As you can see our sustainable, non-cyclical business model proved to be successful in the recession year 2008.

Among our strategic moves in 2008 the acquisition of APP Pharmaceuticals was the main focus. APP Pharmaceuticals specializes in intravenously administered generic drugs – so-called I.V. generics – for hospitals. The company distributes its products in the United States and Canada and achieved sales of US\$ 777 million in 2008. This acquisition provides Fresenius Kabi with a leading market position in the United States. Fresenius Kabi is now one of the world's top suppliers of I.V. generics. We announced the acquisition in July last year and were able to close the transaction already at the beginning of September. We successfully completed the financing in January 2009. This was no easy task, as the credit markets were effectively closed part of the time.

*Chart: Fresenius Group: Strong financial results*

Now to the 2008 financial results: Let me first draw your attention to the gray shaded area on this chart. In constant currency, Group sales increased by 13 % to € 12.3 billion. At actual rates, the growth was 9 %. This difference is mainly attributable to the average US dollar rate depreciating 7 % against the euro.

EBIT increased by 11 % in constant currency to € 1.7 billion before special items related to the acquisition of APP Pharmaceuticals. Net income grew by 13 % in constant currency

to € 450 million. Including special items, net income was € 270 million. The single largest of those items was the full depreciation of in-process R&D activities. All business segments again contributed significantly to the growth in sales and earnings. As you can see on this chart, the Group 2008 financial results are part of a successful five-year track record: the compound annual growth rate is 14 % for sales and 28 % for net income.

*Chart: Fresenius SE: 16<sup>th</sup> consecutive dividend increase proposed*

Dear shareholders, we are pleased to propose the 16<sup>th</sup> consecutive dividend increase. We propose to increase the dividend by 6 % to 70 eurocents per ordinary share and 71 eurocents per preference share. It is our intention to continue this earnings-linked dividend policy.

At this point, I would like to thank all our employees on behalf of the Management Board. Their contribution in 2008 was truly outstanding. 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 2008 financial statements according to US GAAP. IFRS and US GAAP financial statements differ significantly. This is mainly due to the full depreciation of acquired in-process R&D under the US GAAP accounting rules, which applied until the end of 2008. Under IFRS this amount is capitalized and amortized over the expected life of the developed products.

With regard to the disclosures pursuant to section 289 and section 315, paragraph 4 of the German Commercial Code, please refer to the information in our Annual Report.

Dear shareholders, we are proposing today to renew the present Authorized Capital I of up to € 12.8 million and to create a new Authorized Capital II of up to € 6.4 million, as we have used the previous Authorized Capital II in the same amount of € 6.4 million for capital increa-

ses. To remind you, the capital increase in August 2008 was to partially finance the acquisition of APP Pharmaceuticals. 2,748,057 ordinary shares and 2,748,057 preference shares were issued from Authorized Capital II without subscription rights and placed with institutional shareholders. The transaction generated gross proceeds of about €289 million. With the newly proposed Authorized Capital II we would like to ensure that Fresenius has the necessary flexibility to strengthen its equity base when capital market conditions are favorable, and to allow the issuance of new ordinary and preference shares against contributions in kind to finance important acquisitions.

*Chart: Fresenius share price development in 2008*

Now to the Fresenius share price development. Despite the excellent financial results and our positive business outlook, the Fresenius share price was impacted by the general negative trend of the international stock markets. At the end of 2008, the Fresenius ordinary share was down 35% and the preference share down 27% from the closing prices at the end of 2007. However, both share classes outperformed the DAX, which lost 40% over the year.

The Fresenius shares were also impacted by the turbulence on the stock markets during the first months of 2009. At the beginning of this week, the ordinary share was down 11% from its level at the end of 2008, and the preference share was down 5%. Over the same period the DAX lost 1%.

I am convinced that the Fresenius shares will continue to be an attractive investment in the future. This is supported by the good financial outlook and the successful continuation of our growth initiatives. The vast majority of analysts continue to rate the Fresenius shares as a buy.

At this point I would also like to mention that on March 23, 2009, Fresenius SE was admitted to the DAX 30. We are very pleased to join this index which comprises the 30 largest publicly traded German companies. This decision recognizes the continuous and profitable growth of our Group.

*Chart: Fresenius Group: Successful start into 2009*

I will now discuss the first quarter of 2009 before presenting the outlook for the full year. We had a successful start in the current year and the results are fully in line with our expectations and our outlook for the full year. Group sales were €3.4 billion, an increase of 15% in constant currency and 21% at actual rates. Organic growth was 8%. Acquisitions, especially the first-time consolidation of APP Pharmaceuticals, contributed 7% to the sales growth. Net income reached €110 million, an increase of 10% over the same quarter last year.

All business segments are on track and well positioned to achieve their targets for 2009.

*Chart: Fresenius Medical Care: 1<sup>st</sup> quarter 2009 and outlook*

Fresenius Medical Care achieved sales growth of 2% to US\$2.6 billion in the first quarter of 2009. In constant currency, sales were up 8%. Net income increased by 7% to US\$198 million.

The company fully confirmed its outlook and expects to achieve revenue of more than US\$11.1 billion in 2009, which is more than 8% growth in constant currency. Net income is expected to be between US\$850 and 890 million.

*Chart: Fresenius Kabi: 1<sup>st</sup> quarter 2009 and outlook*

Fresenius Kabi had a successful start into 2009. Sales increased by 32% to €722 million. Organic growth was 7%. EBIT was up 59% to €138 million.

I would like to draw your attention to the mid-term outlook for Fresenius Kabi, given that 2009 will be marked to a large extent by the consolidation of APP Pharmaceuticals. For the mid-term, Fresenius Kabi expects annual organic sales growth of 8 to 10%, and an EBIT margin of 19 to 21%. These figures are well above earlier forecasts. The mid-term outlook

we gave you two years ago was an organic sales growth of 6 to 8 %, and an EBIT margin of 16 to 18 %. By expanding the I.V. generics business, Fresenius Kabi is able to achieve stronger organic growth and can also generate higher margins.

*Chart: Fresenius Helios: 1<sup>st</sup> quarter 2009 and outlook*

Now to Fresenius Helios: Sales increased by 13 % to € 577 million in the first quarter of 2009. The newly acquired hospitals, especially those in Mansfeld and Northeim, contributed with 8 %. Organic sales growth was 5 % on a like-for-like basis. EBIT increased by 16 % to € 44 million, thanks to the excellent business operations of the established clinics.

Fresenius Helios has fully confirmed its outlook for 2009. The company expects to achieve sales of more than € 2.3 billion. EBIT is projected to increase to € 180 to 200 million, after € 175 million in 2008. I would like to point out that the Fresenius Helios sales target for 2009 already corresponds to our previous target for 2010. Due to the successful privatization activities and the excellent organic sales growth we will now achieve this goal one year earlier. We have therefore raised our sales target for 2010 to € 2.5 billion.

*Chart: Fresenius Vamed: 1<sup>st</sup> quarter 2009 and outlook*

Finally, Fresenius Vamed: Vamed achieved sales of € 116 million in the first quarter of 2009. EBIT was € 4 million and, as expected, unchanged from the previous year.

Fresenius Vamed also fully confirms its outlook for 2009 and projects to achieve both sales and EBIT growth of 5 to 10 %. We expect the positive development at Fresenius Vamed to continue in the mid-term. Sales are expected to grow at 5 to 10 % per year. The EBIT margin is expected to be in the range of 5 to 6 %.

Despite the present difficult economic environment we will continue to provide you with a detailed financial outlook for each of our business segments, so as to provide the best possible transparency.

*Chart: Fresenius Group: Positive outlook for 2009*

Ladies and gentlemen, I believe that the expectations of our business segments add up to a very positive Group outlook for 2009. Sales are expected to grow by more than 10% in constant currency. Organic growth is projected to be in a 6 to 8% range. Net income is expected to increase by approximately 10% in constant currency. This outlook is before special items from the acquisition of APP Pharmaceuticals. These relate to the mark-to-market accounting of both the mandatory exchangeable bonds and the contingent value rights. Neither of these effects is cash-relevant or has any operating impact, so the adjusted outlook is a better indication of the Group's financial performance.

Against the backdrop of continued strong growth, capital expenditure will remain at a high level. We expect to invest € 700 to 750 million in property, plant, and equipment in 2009.

*Fresenius Biotech: Removab – First Cancer Drug Approved*

At Fresenius Biotech we have reached an important milestone in 2009 with the European approval of the antibody Removab for the treatment of malignant ascites. Removab will initially be launched in Germany within the next few weeks, and subsequently introduced in other European countries. Removab is the first trifunctional antibody worldwide with a regulatory label. Trifunctional means that it binds the cancer cells directly to the body's own T-cells and the immune effector cells, resulting in improved efficacy. Removab is also the first drug worldwide with a regulatory label for the treatment of malignant ascites. This is a success we are very proud of.

*Chart: Fresenius Group: With confidence into the future*

Ladies and gentlemen, we are committed to achieving our targets in 2009. In the present difficult economic environment we will continue to manage the Company with commercial prudence. Our financing is secured for several years, and we are focusing on improving our leverage ratios again after the acquisition of APP Pharmaceuticals.

In these troubled economic times it is of particular relevance that our business segments are active in non-cyclical markets, so we can continue to grow sustainably. Our growth is driven by the continued demand for high quality health care. This combination of cyclical resilience and steady growth is a unique feature of our Company. We also have a diversified sales and earnings base, thanks to our four business segments and our worldwide presence. This creates stability.

The opportunities available to us are considerable. We will take advantage of these opportunities and work hard to achieve our goals.

Ladies and gentlemen, I would like to thank you for your trust in Fresenius and look forward to your continued support.

Thank you for your attention