

OVERALL ASSESSMENT OF THE BUSINESS SITUATION

COVID-19 will continue to impact Fresenius' operations in 2022. The extent of the impact on the Group is partly dependent on the vaccination coverage in Fresenius' relevant markets and the potential evolution of new virus mutants.

Fresenius expects COVID-19 case numbers to decline from spring 2022 onwards and consequently, the number of elective treatments and staff availability to improve. These assumptions are subject to considerable uncertainty.

Fresenius closely monitors the development of COVID-19 case numbers and the associated various containment measures enacted in the Company's relevant markets. A possible significant deterioration of the situation associated with further containment measures that could have a significant and direct impact on the health care sector without any appropriate compensation is not reflected in the Group's FY/22 guidance.

Headwinds from cost inflation are reflected. However, Fresenius expects no significant acceleration of inflation effects and supply chain challenges versus current environment. In its FY/22 forecast, the Management Board assumes an unchanged corporate tax rate in the United States. Furthermore, the assumptions for Fresenius Medical Care's 2022 guidance are also fully applicable to the Fresenius Group's 2022 guidance.

Despite the challenges posed by the COVID-19 pandemic, the Management Board continues to assess the business outlook of the Fresenius Group as positive at the time of preparing the Group Management Report. We continue to see steadily growing demand for our products, services, and therapies worldwide.

OUTLOOK

This Group Management Report contains forward-looking statements, including statements on future sales, expenses, and investments, as well as potential changes in the health care sector, our competitive environment, and our financial situation. These statements were made on the basis of the expectations and assessments of the Management Board regarding events that could affect the Company in the future, and on the basis of our mid-term planning. Such forward-looking statements are subject, as a matter of course, to risks, uncertainties, assumptions, and other factors, so that the actual results, including the financial position and profitability of Fresenius, could therefore differ materially – positively or negatively – from those expressly or implicitly assumed or described in these statements. For further information, please see our Opportunities and Risk Report on pages 95 ff.

GENERAL AND MID-TERM OUTLOOK

Despite the challenges posed by the COVID-19 pandemic, the Management Board considers the Fresenius Group's prospects for the coming years to be positive due to the increasing global demand for our products, services, and therapies. Some trends, such as the digitalization of health

care, will even be accelerated by the COVID-19 pandemic, and we believe that we are very well positioned as a Group to benefit from this in the coming years.

We are continuously striving to optimize our costs, to adjust our capacities, and to improve our product mix, as well as to expand our products and services business. (Further information on the cost and efficiency program is provided on page 46).

We also plan to expand our biosimilars product portfolio. We expect these efforts to increase our earnings in the coming years. In addition, good growth opportunities for Fresenius are, above all, presented by the following factors:

- **The sustained growth of the markets in which we operate:** Fresenius still sees very good opportunities to benefit from the growing health care needs arising from aging populations, with their growing demand for comprehensive care, and technical advances, but driven also by the still-insufficient access to health care in the developing and emerging countries. There are above average growth opportunities for us not only in the markets of Asia-Pacific and Latin America, but also in Africa. Efficient health care systems with appropriate reimbursement structures will evolve over time in these countries, as economic conditions improve. We will strengthen our activities in these regions and introduce further products from our portfolio into these markets successively.
- **The expansion of our regional presence:** Fresenius Medical Care expects excellent growth opportunities in the field of dialysis in the Asia-Pacific region.

The fast growing markets in Asia-Pacific, Latin America, and Africa especially offer further potential to strengthen our market position of Fresenius Kabi. They offer excellent mid-term growth opportunities in infusion and nutrition therapies, IV drugs, and medical devices. We plan to further roll out additional products and therapies from our existing portfolio in countries where we do not yet offer a comprehensive range or are not yet represented.

Fresenius Helios sees good opportunities for further international growth, including in Latin America. Here, Helios Spain is already represented in Colombia and Peru.

- **The broadening of our services business:** there are significant growth opportunities for Fresenius Medical Care in the field of dialysis treatment as soon as a country opens up to private dialysis providers or allows public and private providers to cooperate, for instance in public-private partnerships. Whether and in what form private companies can offer dialysis treatment depends on the health care system and the legal framework of the respective country.

Fresenius Helios has an extensive nationwide hospital network in Germany and Spain. Based on this platform, Fresenius Helios aims to develop and offer innovative, integrated care offerings. In addition, Helios Germany is expanding outpatient services. Patient care should be further improved through the exchange of knowledge and experience (best practice) between Helios Germany and Helios Spain. Growth opportunities in Spain arise from expansion and construction of hospitals, and further consolidation potential in the highly fragmented Spanish private hospital market. The close integration of Helios Spain's facilities for occupational risk prevention within the Spanish hospital network

offers additional growth opportunities. In addition, Fresenius Helios is seizing growth opportunities in Latin America through acquisitions to exploit potential in the private hospital market. Helios is also expanding its business in the field of fertility services, thus complementing its range of services.

Fresenius Vamed is driving the expansion of high-end services such as the management of medical devices, sterile services, operational technology, and IT development.

- **The broadening of our products business:** at Fresenius Medical Care, we see the planned expansion of the core business with dialysis products as a growth driver.

At Fresenius Kabi, we plan to expand our IV drugs product business. We develop generic drug formulations that are ready to launch at the time of market formation, directly after the patents of the branded products expire. We also develop new formulations for non-patented drugs. Furthermore, we develop ready-to-use products that are especially convenient and safe, including, for example, pre-filled syringes and ready-to-use solutions in our freeflex infusion bags. Furthermore, we plan to expand our biosimilars product portfolio.

- **Digitalization and the development of innovative products and therapies:** these will create the potential to further expand our market position in the regions.

In addition to innovation, best-in-class quality, reliability, and the convenience of our products and therapies are key factors here. This will provide growth potential for Fresenius Medical Care.

In addition, Fresenius Kabi is developing new dosage forms for its products. In the area of biosimilars, Fresenius Kabi specializes in the development of products for the treatment of autoimmune diseases and use in oncology and has a pipeline of molecules at various stages of development.

Fresenius Helios is expanding its fertility services business segment to complement its range of innovative therapies.

Helios Germany and Spain, as well as Fresenius Vamed are developing innovative business areas such as digital offerings. For example, health apps such as Curalie are being developed. Curalie is a platform and app for digital health programs according to scientific standards, e.g. for people with chronic diseases such as diabetes mellitus or heart failure. With Curalie, these patients can manage their illness digitally and receive important information and tips for a healthier life.

- **Selective acquisitions:** besides retaining organic sales growth as the basis for our business, we will continue to utilize opportunities to grow by making small and mid-sized acquisitions that expand our product portfolio and strengthen our regional presence.

We are also exploiting any opportunities within our operations for **cost management** and **efficiency enhancement** measures. These include plans for cost-efficient production and a further-optimized procurement process. Furthermore, we can use digital technologies to speed up central administrative processes and increase their efficiency.

The outlook takes account of all events known at the time the annual financial statements were prepared that could influence our operating performance in 2022 and beyond.

Significant risks are discussed in the Opportunities and Risk Report. As in the past, we will do our utmost to achieve and – if possible – exceed our targets.

FUTURE MARKETS

We expect the consolidation process to continue among competitors in our markets in Europe, Asia-Pacific, and Latin America. Consequently, we expect that there will be opportunities for us to penetrate new markets, both by expanding our regional presence and by extending our product portfolio.

New markets will open up as **Fresenius Medical Care** successively rolls out its product and services portfolio, especially in emerging countries. Value-based care models enable Fresenius Medical Care to create medical value while ensuring that care remains affordable. The aim is to build sustainable partnerships with payors worldwide to support the transition from a fee-for-service to a pay-for-performance system. Fresenius Medical Care is committed to aligning its business activities for further sustainable, profitable growth by investing in future growth markets in its product and service businesses. Based on its strategic business planning, Fresenius Medical Care has set a new ambitious target for the expansion of home dialysis: By 2025, the Company aims to perform 25% of all treatments in the U.S. at home.

Fresenius Kabi plans to introduce products already offered outside the United States into that country as well. It also aims to further roll out its product portfolio internationally, especially in the fast-growing markets of Asia-Pacific and Latin America. Market share is to be expanded further through the launch of new products in the field of IV drugs and medical devices for infusion therapy and clinical nutrition. In the biosimilars business, we are developing additional products focusing on autoimmune diseases and oncology, which will be introduced to the market over the next few years.

With its broad hospital network across Germany, **Fresenius Helios** is able to develop new patient care models. In addition, Helios Germany is expanding outpatient and digital services. The increasing number of privately insured patients is opening up opportunities for Helios Spain. Fresenius Helios also sees good opportunities for further international growth in Latin America, among other locations. Furthermore, the activities in the fertility services offer further growth opportunities.

Fresenius Vamed expects both the project and service business to continue to grow due to the need for life cycle and PPP projects. Furthermore, the company intends to expand its position through follow-up contracts with existing customers and to enter new target markets. In addition, Fresenius Vamed plans to further strengthen its leading position as a post-acute care provider in Central Europe.

HEALTH CARE SECTOR AND MARKETS

The health care sector is considered to be widely independent of economic cycles. The demand, especially for lifesaving and life-sustaining products and services, is expected to increase irrespective of the COVID-19 pandemic and mortality among dialysis patients, given that they are medically needed and the population is aging. Moreover,

medical advances and the large number of diseases that are still difficult to cure – or are incurable – are expected to remain growth drivers.

In the emerging countries, the availability of basic health care and the demand for high-quality medical treatment are increasing. As per-capita income increases, individuals increasingly have to cope with the illnesses associated with lifestyle diseases.

On the other hand, experts estimate that further financial constraints in the public sector could result in more pricing pressure and a slowdown in revenue for companies in the health care industry. Some countries are experiencing significant financing problems in the health care sector due to the strained public finance situation. Especially in the industrialized countries, increased pressure to encourage saving can be expected as health care costs constitute a large portion of the budget.

It will be increasingly important for companies in the health care sector to increase patient benefit, to improve treatment quality, and to offer preventive therapies. In addition, especially those products and therapies that are not only medically but also economically advantageous will be of increasing importance.

THE DIALYSIS MARKET

The global dialysis market is expected to grow in a range of 2% to 7% at constant exchange rates in 2022.

The number of dialysis patients worldwide is expected to rise, depending on further developments of the global COVID-19 pandemic, by approximately 5% in 2022, although significant regional differences will remain. For the United States, Japan, and the countries of Central and Western Europe, where prevalence is already relatively high, we forecast below-average patient growth in the

region. In emerging markets, we expect growth rates to be even higher.

Excess mortality of dialysis patients due to the COVID-19 pandemic is continuing in 2022 and is expected to have a significant adverse effect on treatment volumes and additional COVID-19 related costs. The further development significantly depends on the adoption and speed of the roll-out of vaccinations to our worldwide patient population.

Overall, factors such as aging populations and the growing number of people suffering from diabetes and hypertension, which are ailments often preceding terminal kidney failure, are contributing toward continued growth of the dialysis markets. The life expectancy of dialysis patients is also rising thanks to ongoing advances in treatment quality and the rising standard of living, especially in the emerging countries.

Further information is provided on pages 60 ff. of the Group Management Report.

THE MARKET FOR GENERIC IV DRUGS, BIOPHARMACEUTICALS, NUTRITION AND INFUSION THERAPIES, MEDICAL DEVICES, AND TRANSFUSION TECHNOLOGY¹

The market for **generic IV drugs** is expected to grow in the high single-digit range worldwide in 2022. The demand for generic IV drugs is likely to grow because of their significantly lower price in comparison to the price of originator drugs. The growth dynamic will continue to be driven by

originator drugs going off-patent, as well as by original off-patent products that are offered at steady prices due to a unique selling proposition. The patent expiries of some high-revenue IV drugs in 2022 suggest extraordinary market growth for the year. A factor working in the opposite direction is the price erosion of original drugs now off-patent and generic drugs that are already on the market.

It is forecast that, in 2022, the market for **biopharmaceuticals** relevant for Fresenius Kabi will grow by 4% to 6% on the basis of units sold and by 3% to 5% on the basis of sales.

We expect the market for **clinical nutrition** to continue to grow at the same level as the previous year in 2022. Growth prospects are supported by increasing awareness of the need for early clinical nutrition, which is also reflected in the latest guidelines. In addition, the practice of mandatory screening for malnutrition² is on the rise. We see additional potential in the continuing high proportion of malnourished people who do not yet have access to nutrition therapies. Considerable potential continues to be projected in Latin America and Africa with growth rates of 5% to 7% in individual regions.

We expect the market for **infusion therapies** in Europe to be slightly above the level of the previous year in 2022. While the market for blood volume substitutes is expected to remain relatively stable, the standard solutions business is expected to grow slightly in Europe in 2022. Outside Europe, we expect the infusion therapies market to be around 1% to 3% above the previous year's level, with Latin America likely to grow at mid single-digit rates.

In 2022, the **medical devices** market should experience growth of 1% to 3%. In many countries, we continue to see strong demand in the infusion technology segment with more nationally resilient positions even after COVID-19. In addition, the infusion pumps already placed in recent years will increase the demand for dedicated infusion sets.

In transfusion technology, we expect to see growth of 5% to 6%. In the product segments, we expect plasma to grow by between 8% and 9%. In particular, the demand for plasma-derived products, such as intravenously administered immunoglobulins, is on the rise worldwide, driven by the fact that more and more people have access to high-quality health care and that plasma products are used more widely. In cell therapy, we expect to see growth of up to 15%. In this therapy, the patient's own immune cells are taken, processed in the laboratory, and returned to the patient via an infusion. Especially in cancer immune therapy, we are seeing an increase in the use of cell therapies.

¹ Market data refers to Fresenius Kabi's addressable markets. Those are subject to annual volatility due to currency fluctuations and patent expiries of original drugs in the IV drug market, among other things. Percentage increase based on market value (price x volume). Depending on the further development of the COVID-19 pandemic in 2021, the market growth of single product segments could change.

² Sources: New ESPEN guideline on clinical nutrition and hydration in geriatrics. Clin Nutr. 2019 38(1):10-47; by Volkert D, Beck AM, Cederholm T, Cruz-Jentoft A, Goisser S, Hooper L, et al.; latest implemented e.g., in Portugal: "National Policy for effective screening implementation", Directorate General of Health DGS

THE HOSPITAL MARKET¹

We assume there will be a stagnation or decline in inpatient hospital admissions in the future, in particular as a result of the increasing number of outpatient treatments, as well as the increasing acceptance and use of digital health offerings.

What is known as the change in value figure is crucial for the increase in **reimbursement for hospital treatments** in Germany. For 2022, it was set at 2.32%. In addition, the hospital funding system provides for various increases and reductions for acute hospitals. For additional services agreed in advance with the health insurance companies, hospitals have to accept what is known as the fixed-cost degression discount of up to 35%. The exact amount of the discount is negotiated between the hospitals and the health insurance companies.

In order to factor medical outcomes into the remuneration, the Federal Joint Committee defines quality indicators. The specific financial terms and details are being worked out in a consistent overall fashion. However, we do not expect any adverse effects from this since the Helios Group is well prepared for quality-based remuneration thanks to its clear focus on quality and transparency of medical outcomes.

The future **expectations** for 2022 among German hospitals with respect to their economic situation are clearly negative: according to the Krankenhaus Barometer 2021 survey by the German Hospital Institute (DKI), only a fifth (21%) of hospitals expect their economic situation to improve in 2022, whereas 50% expect it to worsen.

Hospitals' **results of operations** could further worsen, as the COVID-19-related support measures are expected to be largely discontinued in 2022 and the fundamental challenges in the German hospital market remain unchanged. In addition to inadequate income from current business, the need for capital expenditure continues to grow, while government subsidies are decreasing. Hospitals can only close this gap to a limited extent on their own.

With regard to the financial support of hospitals in Germany, a surcharge for patients with COVID-19 has been introduced. The surcharge applies to patients who test positive for COVID-19 on admission and who are admitted in the period from November 1, 2021 to March 20, 2022. Furthermore, the legal amendment regulates an ordinance authorization for the Ministry of Health ("BMG"). The BMG can thus issue regulations on COVID-19-related revenue shortfalls by statutory order, i.e., without the approval of the parliament of federal state governments ("Bundesrat"). The full-year Corona compensation has been extended for 2022. Although the details have not yet been agreed, it is likely that the 2021 schemes will be continued.

Further measures to provide financial support to hospitals in Germany in 2022 are not planned. The renewed rapid increase in incidence rates, combined with a vaccination rate that is still insufficient, may make it necessary to extend the current regulation. It remains to be seen what concrete measures the new German government will take.

The Rheinisch-Westfälisches Institut für Wirtschaftsforschung (RWI) forecasts that more hospitals will respond to economic pressures by joining together into networks and bundling their services. The affiliated hospitals benefit from synergy effects, including the possibility of generating

cost savings, for example in purchasing. RWI expects the COVID-19 pandemic to further accelerate the trend towards more collaboration.

The agreement on the **separation of nursing staff costs** ("Pflegepersonalabgrenzungsvereinbarung"), which has been in force since 2021, will remain in force until further notice.

In addition, the regulations on the binding **minimum level for nursing staff** will apply again in 2022. These regulations apply to nursing staff in hospitals in the following areas: geriatrics, intensive care, cardiology, trauma surgery, cardiac surgery, neurology, neurology / stroke unit, and early neurological rehabilitation, as well as internal medicine, general surgery, pediatrics, and pediatric intensive care medicine. For the year 2022, the minimum level for nursing staff has been extended to the area of orthopedics, gynecology and obstetrics. Binding minimum levels for nursing staff could also be introduced in other areas of hospitals. However, there is currently no timetable for the implementation of these further regulations. In the coalition agreement, the new German government agreed to introduce a defined measurement of the staffing levels according to the hospitals' need (Pflegepersonalregelung 2.0 or PPR 2.0).

We expect the **private hospital market in Spain** to continue to grow by 2% to 3% in 2022. The continuing increase in the number of privately insured patients should also open up opportunities for private operators in the future.

Relevant indicators, for example nationwide health care spending and bed density, indicate the further market development potential in the Spanish health care system compared with other EU countries.

¹ In each case, most recent market data available refers to the year 2018 as no more recent data has been published: German Federal Statistical Office, 2018 data
Sources: Company research; German Hospital Institute (DKI), Krankenhaus Barometer 2020, Roland Berger Krankenhausstudie 2020, McKinsey & Company, eHealth Monitor 2020

This also provides opportunities for the establishment of new hospitals. In addition, the highly fragmented private Spanish hospital market offers further consolidation potential.

Key for the future viability of hospitals will increasingly be the degree of **digitalization**. Interconnectivity and the use of digital solutions open up new opportunities to make processes safer and more efficient, and thus to break new ground in patient care. The integration of telemedicine and digital health applications in the inpatient setting could also significantly expand hospital services in the future.

We expect the trend toward **digitalization** in health care to continue and generally increase in importance. The COVID-19 crisis has provided a decisive push, particularly with regard to interest in and use of telemedicine. Experts assume that as people become more accustomed to the new tools, acceptance of digital healthcare applications and services will increase on a broad scale and that the future of medical care will be a hybrid mix of digital and personal treatment.

The global **market for fertility services** is expected to grow between 10% and 15% in 2022, depending on the market, due to an anticipated pent-up demand brought about by COVID-19, as well as demographic and health trends and changing lifestyles.

THE MARKET FOR PROJECTS AND SERVICES FOR HOSPITALS AND OTHER HEALTH CARE FACILITIES

For 2022, we expect a slight increase in demand for projects and services for hospitals and other health care facilities worldwide, depending on the further course of the COVID-19 pandemic.

In the Central European markets with **established health care systems**, we expect solid growth and a continued rise in demand. This is due to demographic developments and an increasing need for investment and modernization in public health care facilities that has also become apparent as a result of the COVID-19 pandemic. Demand is particularly strong for services, i.e., the maintenance and repair of medical and hospital technology, facility management, technical or overall operational management, and the optimization of infrastructural processes – especially within the framework of public-private partnership models. Additional growth opportunities arise from the fact that public institutions are increasingly outsourcing non-medical services to private service providers due to increasing efficiency pressure. In addition, an expansion of the range of post-acute services in Europe is expected.

In the **emerging markets**, we anticipate an overall dynamic development. Growth in markets such as Africa, Latin America, and southeast Asia will initially be driven by the demand for efficient, needs-oriented medical care. In China and the Middle East, growth will be driven by the development of infrastructure and the creation of new care services, as well as research and training facilities.

Further opportunities arise from the progress of **digitalization**. It is important to systematically exploit the opportunities it offers, for example in the establishment and operation of “virtual hospitals”. These can make a decisive contribution to making state-of-the-art technology and medical expertise available at adequate cost. This goes hand in hand with networking between health care systems at different levels of development in order to facilitate access to high-quality health care services for broad sections of the population.

GROUP SALES AND EARNINGS

Based on the anticipated positive contributions from the cost and efficiency program as well as the attractive growth opportunities across all business segments, Fresenius expects Group earnings growth to meaningfully accelerate until 2023. The company hence confirms its medium-term targets set in 2019 despite the ongoing challenges posed by COVID-19. At the same time, Fresenius specifies its expectations and now anticipates Group organic sales growth to reach the bottom to middle of the targeted 4% to 7% compounded annual growth rate (CAGR) and Group organic net income^{1,2} growth to be at the bottom end of the 5% to 9% CAGR during 2020 to 2023. Due to the COVID-19 pandemic, Fresenius now expects small and medium-sized acquisitions to contribute an incremental CAGR of less than 1% to both sales and net income growth.

GROUP FINANCIAL MEDIUM-TERM TARGETS

	CAGR 2020 – 2023 ¹
Organic sales growth	Bottom to middle of the range of 4% – 7%
Organic net income growth ²	At the bottom of the range of 5% – 9%

¹ Before special items

² Net income attributable to shareholders of Fresenius SE & Co. KGaA

¹ Before special items

² Net income attributable to shareholders of Fresenius SE & Co. KGaA

COVID-19 will continue to impact Fresenius' operations in 2022. The extent of the impact on the Group is to a large degree dependent on the vaccination coverage in Fresenius' relevant markets and the potential evolution of new virus mutants.

Fresenius closely monitors the development of COVID-19 case numbers and the associated various containment measures enacted in the Company's relevant markets. Fresenius expects COVID-19 case numbers to decline from spring 2022 onwards and consequently the number of elective treatments and staff availability to improve. A possible significant deterioration of the situation associated with further containment measures that could have a significant and direct impact on the health care sector without any appropriate compensation is not reflected in the Group's FY/22 guidance.

Headwinds from cost inflation are reflected. However, Fresenius expects no significant acceleration of inflation effects and supply chain challenges versus current environment. In its FY/22 forecast, the Management Board assumes an unchanged corporate tax rate in the United States.

Furthermore, the following assumptions for Fresenius Medical Care's FY/22 guidance are also fully applicable to the Fresenius Group's FY/22 guidance:

- COVID-19 related accumulated excess mortality is assumed to impact operating income (EBIT) by €100 million compared to the level of 2021
- COVID-19 related staff shortages are anticipated not to cause significant disruptions in production, distribution and dialysis operations
- Macro-economic inflation and supply chain costs to impact operating income (EBIT) by €50 million
- Labor costs for 2022 are expected to be around €100 million in excess of the 3% base wage inflation assumption
- Any potential further government support is assumed to be applied to manage the unprecedented labor market situation to manage cost in excess of the above labor costs assumption.
- FME25 savings are expected to contribute €40 to €70 million to operating income (EBIT)
- Remeasurement effects on the fair value of investments are expected to be volatile but neutral on a full year basis

All of these assumptions are subject to considerable uncertainty.

GROUP FINANCIAL TARGETS 2022

	Targets 2022 ¹	Fiscal year 2021 ²
Sales growth (in constant currency)	Mid single-digit percentage growth	€37,520 m
Net income ³ growth (in constant currency)	Low single-digit percentage growth	€1,867 m
Dividend	Continue profit-driven dividend policy	Proposal + 5% per share

¹ Before special items, including expected COVID-19 effects

² Before special items, including COVID-19 effects

³ Net income attributable to shareholders of Fresenius SE & Co. KGaA

SALES AND EARNINGS BY BUSINESS SEGMENT

In 2022, we expect sales and earnings development in our business segments as shown in the table below:

FINANCIAL TARGETS BY BUSINESS SEGMENT 2022

	Targets 2022 ¹	Fiscal year 2021 ²
Fresenius Medical Care³		
Sales growth (in constant currency)	Low-to-mid single-digit percentage growth	€17,619 m
Net income ⁴ growth (in constant currency)	Low-to-mid single-digit percentage growth	€1,018 m
Fresenius Kabi		
Sales growth (organic)	Low single-digit percentage growth	€7,193 m
EBIT growth (in constant currency)	Decline in high single- to low double-digit percentage range	€1,153 m
Fresenius Helios		
Sales growth (organic)	Low-to-mid single-digit percentage growth	€10,891 m
EBIT growth (in constant currency)	Mid single-digit percentage growth	€1,127 m
Fresenius Vamed		
Sales growth (organic)	High single- to low double-digit percentage growth	€2,297 m
EBIT	Returning to absolute pre-COVID levels (2019: € 134 m)	€101 m

¹ Before special items, including expected COVID-19 effects

² Before special items, including COVID-19 effects

³ These targets are based on the 2021 results excluding the costs related to FME25 of €49 million (for Net Income). They are based on the outlined assumptions, in constant currency and exclude special items. Special items include further costs related to FME25 and other effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of giving guidance.

⁴ Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA

EXPENSES

For 2022, we do not expect selling, general, and administrative expenses (before special items) as a percentage of consolidated net sales to change significantly compared to 2021 (2021: 14.1%).

COST AND EFFICIENCY PROGRAM

In 2021, Fresenius initiated a Group-wide cost and efficiency program to ensure that the medium-term targets set before the pandemic are achieved and to sustainably increase profitability. These initiatives are expected to consist of operational excellence and cost-saving measures, targeted strengthening of future growth areas, and portfolio optimizations.

Given the good progress, especially driven by the accelerated implementation of initiatives, Fresenius significantly increases its savings target and now expects cost savings of at least €150 million p.a. after tax and minority interest in 2023. Initially, more than €100 million p.a. after tax and minority interest were projected. For the years thereafter, a further significant increase in sustainable cost savings is expected. The savings will be achieved by all four business segments and the corporate center.

Fresenius anticipates that achieving these sustainable efficiency improvements will require up-front expenses of more than €200 million in 2022 and further expenses of around €100 million in 2023, in each case after taxes and minority interest. No further significant expenses are expected thereafter. In line with previous practice, these expenses are classified as special items.

LIQUIDITY AND CAPITAL MANAGEMENT

For 2022, we expect an operating cash flow margin in the range of 10% to 12%.

In addition, undrawn credit lines under syndicated or bilateral credit facilities from banks provide us with a sufficient financial headroom.

Financing activities in 2022 are largely geared to refinancing existing financial liabilities maturing in 2022 and 2023.

Without further acquisitions, Fresenius projects an improvement of the net debt/EBITDA¹ ratio (December 31, 2021: 3,51x) into the self-imposed target corridor of 3.0 x to 3.5 x by the end of 2022.

There are no significant changes in the financing strategy planned for 2022.

INVESTMENTS

In 2022, we expect to invest about 6% of sales in property, plant and equipment. About 45% of the capital expenditure planned will be invested at Fresenius Medical Care, about 23% at Fresenius Kabi, and around 27% at Fresenius Helios. At Fresenius Medical Care, investments will primarily be used for the expansion of production capacity, optimizing production costs, and the establishment of new dialysis clinics.

Fresenius Kabi will primarily invest in expanding and maintaining production facilities, as well as in introducing new manufacturing technologies.

At Fresenius Helios, we will primarily invest in the new buildings, and in the modernizing and equipping of existing hospitals, newly acquired hospitals, and outpatient centers.

Fresenius Vamed primarily invests in modernization as well as equipment for existing post-acute care facilities.

With a share of around 60%, Europe is the regional focus of investment in the planning period. Around 30% of the investments are planned for North America and around 10% for Asia-Pacific, Latin America, and Africa. About 30% of total funds will be invested in Germany.

For 2022, we assume that the return on operating assets (ROOA 2021: 6.5%) and the return on invested capital (ROIC 2021: 5.9%) will remain on prior year level.

CAPITAL STRUCTURE

For 2022, we do not expect the equity ratio to change significantly compared to 2021 (2021: 41%). Furthermore, we expect debt in relation to total assets to remain around the prior year level (2021: 38%).

DIVIDEND

The dividend increases provided by Fresenius in the last 28 years show impressive continuity. Our dividend policy aims to align dividends with earnings-per-share growth (before special items). The payout ratio is expected to be in the range of approximately 20% to 25%. Fresenius intends to increase the dividend for 2022.

¹ At LTM average exchange rates for both net debt and EBITDA; pro forma closed acquisitions/divestitures; excluding further potential acquisitions; before special items