

# #FutureFresenius

## Virtual Annual General Meeting of Fresenius SE & Co. KGaA on May 17, 2023

### Speech of Michael Sen Chairman of the Management Board

The spoken word has precedence.



Ladies and gentlemen, dear shareholders.

Welcome to the Fresenius Annual General Meeting 2023 also from my side.

I am looking forward to reflecting with you on the past year. At the same time, I would like to look ahead and give you an impression of what Fresenius – in its core – is all about.

Fresenius occupies a key position **at the heart of health care**. We are there for our patients when it matters most. We save lives. We improve quality of life. We bring new life into the world.

These are key moments. Moments that are about quality. About safety. About trust. About being in the best hands.

If I had to sum up what we do in one sentence, I would say: **What matters for us is doing the right thing at critical moments.**

And that's exactly what the Fresenius team does every day. In intensive care. In emergency rooms. The regular wards. With highly specialized drugs. Clinical nutrition. Infusion therapy. In cell and gene therapy. And dialysis.

**Doing the right thing also means taking responsibility.** Taking bold decisions. Enabling change. And improving Fresenius. For our patients. For our employees. For you, our shareholders.

We have worked hard in recent months. We have set fundamental things in motion. Today, Fresenius has a clear focus and a **clear strategic direction.** That is important. It is the only way we can continue to create real value.

An **eventful year** lies behind us. Following Corona, we had all hoped for calmer times. But unfortunately, the reality is different. War in Ukraine. Geopolitical tensions. Trade policy differences. High energy prices. Inflation.

All of these have had an impact on our business. In 2022, we generated sales growth of 4 percent (currency adjusted). To more than 40 billion euro. The reason: a solid fourth quarter.

Fresenius Kabi also picked up speed in the fourth quarter. This was encouraging after a somewhat weaker first half. Biopharma, MedTech and Clinical Nutrition contributed to this. Biopharma grew particularly dynamically in 2022.

In MedTech, we made gains in the fourth quarter as well. This is because the plasma and cell therapy business developed positively.

Moving on to Helios, our hospital group: here, too, sales developed very encouragingly. In Spain, there were four quarters of robust revenues. In Germany, the first half of the year was strongly influenced by Covid. In the second half of the year, however, occupancy rates in the hospitals improved. In the fourth quarter, it was above the previous year's level.

The situation at Fresenius Medical Care and Fresenius Vamed was less positive. Both businesses grew by only 2 percent – currency adjusted - in 2022. At Fresenius Vamed, this was mainly because of the hospital construction and planning business.

Fresenius Medical Care had to contend with inflation and labor shortages. Another important – and very tragic – aspect was that significantly more dialysis patients died during the Corona pandemic than the years before.

We are not satisfied with the Group result. It fell by 29 percent year-on-year (currency adjusted) to just under 1.4 billion euro. Earnings per share decreased to 2.44 euros. The difficult macro-economic conditions undoubtedly played a role here.

But it would be too easy to blame everything on this. Fresenius fell short of its potential in 2022.

We **pressed RESET** in October and initiated a completely new start. To do this, we took a close look at the entire company. We talked intensively with everyone involved. In February, we then presented our new **#FutureFresenius** strategy. I would like to reiterate three key points of that strategy.

First: We are focusing on the **operating companies** Fresenius Kabi and Helios. Both companies cover system-relevant areas of the health care system. They are globally active in the service of patients. And they have attractive market positions. More on this later.

Secondly, we manage our investments in Fresenius Medical Care and Vamed as **investment companies**.

At Fresenius Medical Care, we plan to change the legal entity. The company will become a stock corporation (AG). Fresenius Medical Care will then be deconsolidated.

The new, simplified Group structure will make Fresenius more transparent. Decision-making is concentrated on fewer bodies and accelerated. In the future, both companies will be able to concentrate fully on their business.

We are making good progress here. An Extraordinary General Meeting of Fresenius Medical Care will pass a resolution on the change of legal form on July 14. We aim to complete the process by the end of the year. Fresenius SE will retain a significant stake of 32 percent.

Fresenius will lose complexity, but none of its substance. Fresenius Medical Care's management will have more freedom in the future. But it also bears the responsibility for getting the company back on track for success.

Third: We have defined a new, transparent, and tight **financial framework**. It expresses our financial ambitions, with a clear focus on returns.

For you, our shareholders, we want to make our **dividend policy** attractive and predictable. This means we link it to growth in earnings per share - currency adjusted - or at least maintain the level of the previous year.

Today, we are proposing to leave the dividend for 2022 at 92 cents per share. Despite our weaker earnings.

Ladies and Gentlemen,

The measures I mentioned will not bear fruit overnight. **It will continue to be a matter of doing the right thing.** Sticking to the course we have initiated. But the figures for the first quarter confirm. We are heading in the right direction.

Overall, we started promisingly into the new year. We are seeing good growth momentum across the Group, with sales up 5 percent. Kabi and Helios delivered a strong **first quarter**.

Kabi reported strong organic sales growth at the upper end of our target corridor. The EBIT margin was already in the target range.

Helios also showed healthy organic revenue growth. This is due - on the one hand - to the clinics in Spain. On the other hand, it is because of declining Covid case numbers in Germany. Helios' EBIT margin was also within the target range.

At Fresenius Medical Care, there are positive signals. In the U.S., we are treating more patients again. The labor market for skilled workers is stabilizing.

At Fresenius Vamed, there is still a lot to do. More than originally expected. We have initiated very clear measures.

All this is more important because the economic situation is not likely to improve this year. Personnel costs as well as material and energy costs are expected to continue rising. The same applies to the interest burden. We anticipate a refinancing requirement of around 3 billion euros by 2024.

What does this mean for the **outlook** of the current fiscal year? At Group level, we expect revenue growth in the low to mid-single-digit percentage range. Excluding Fresenius Medical Care, our EBIT is expected to remain roughly stable – currency adjusted – or to decline by a maximum of a mid-single-digit percentage. Always assuming that geopolitical tensions do not escalate further.

Ladies and gentlemen,

In recent months we have already achieved a great deal. In everything we do, the patients are at the center.

This is inconceivable without the daily commitment of our employees. My **thanks** go to all my colleagues at Fresenius. They have worked hard. They have stayed the course despite all the challenges and changes.

Let me give you a few examples that have impressed me particularly:

One of them is the quick support we provided to the people in **Ukraine**. We continued to care for dialysis patients on site. Treated war casualties. Delivered medicines and medical equipment.

Our teams also did an extraordinary job during the **earthquake in Turkey and Syria**.

And finally, a special thanks to our nursing staff for their tireless efforts during the **Corona pandemic**.

**In critical moments, it is important to do the right thing.** The Fresenius team proved that and made a big difference. Our employees can be proud of that!

The course for **#FutureFresenius**, for the future of our company, has now been set. The task now is to continuously develop the portfolio and open new growth areas.

The focus is on our two operating companies Fresenius Kabi and Fresenius Helios. Both businesses are focused on **therapies**.

Therapies account for up to 80 percent of a patient's journey through the health care system. They have the strongest influence on maintaining and improving patients' lives.

Helios and Kabi are both active in attractive growth markets. Both already hold leading positions today. They cover the three key growth platforms in the therapy sector: **(Bio)Pharma, MedTech and Care Provision**. In both we help our patients in critical situations. Inpatient as well as outpatient. That makes us unique. No other company does it like this.

Let me give you a few examples at Helios and Kabi:

**Fresenius Helios** is Europe's leading private hospital operator. Helios' emergency outpatient departments, medical care centers and clinics are the first port of call. For hundreds of thousands of patients. Day after day. Day and night. Around the clock.

We will systematically expand our strong position in this area. In Germany, we are focusing our portfolio on cross-sector healthcare. This means connecting different disciplines. Cooperation between inpatient and outpatient healthcare. Further specialization of hospitals and better regional coordination of their range of services.

A good example of this is our **Heart Center in Leipzig**. It is one of the largest specialist hospitals for heart disease in Europe. There you can already see what the future of medicine looks like.

Another example comes from Spain: In Madrid, we operate a modern **proton therapy center** for treating cancer patients. It enables tumors to be treated much more precisely and thus more gently than with conventional radiation therapy.

Digitization is also an exciting field. Think of the enormous opportunities offered by telemedicine. The aim is to be able to transmit and interpret health data more quickly in the future.

Our **TeleWear project** shows very concretely what digitization looks like in everyday life. The idea is that your smartwatch delivers health data directly to the cardiologist in the clinic. And he can evaluate it on the spot. We hope to empower routine care for cardiovascular diseases – largely provided virtually in the future. This will not only save costs. Above all, it will significantly improve patients' quality of life.

Another pilot project in the truest sense of the word is currently underway in Baden-Württemberg. There, for the first time in Europe, **drones are in regular use in medical logistics**. Starting in August, they will transport samples between two of our hospitals. This is faster, more reliable, and more environmentally friendly than road transport. We are also improving the utilization of our laboratories. Other routes in Germany are to follow.

No matter where people receive outpatient or inpatient care: Drugs, nutritional products and medical technology from **Fresenius Kabi** are part of it. More and more medical products are needed all over the world. They must be of the highest quality. But they have to be affordable also.

Biologics have ushered in a new era. Meaning, drugs that are produced biologically from living cells. They open up completely new opportunities for treating serious diseases. Cancer, for example. Autoimmune diseases such as rheumatism. Or diseases like Crohn's disease.

The reason: these drugs act very precisely in the body. Fighting against tumors. Against inflammations. As a result, they enable very effective treatments. **Biosimilars**, or follow-on products, make these highly complex therapies more affordable. And thus, accessible to more people. Kabi already offers the first products in this area. Others will follow.

In cell and gene therapy, we are already working closely with research institutions and biopharmaceutical companies. Fresenius Kabi has a great deal of experience in removing human cells for therapies, preparing them, and reintroducing them - for example, with our medical devices.

Finally, **clinical nutrition** is indispensable for critically and chronically ill patients. We see great potential here, especially in growth markets such as Latin America and Africa.

Let me turn to a topic that is being talked about a lot at the moment: artificial intelligence. It will change hospital processes. It will make diagnoses easier, speed up the exchange of information, and perfect data analysis. At Fresenius, we will use AI whenever it creates value for our patients.

All of these topics are the result of hard work. And it's done by the people in our company. Our success stands and falls with qualified and motivated **employees**. We will continue to need the best talent in the future. In all areas. Especially, of course, in the medical and technical professions.

Fresenius is the best place for motivated people to make a difference. And **to do the right thing for patients at critical moments**.

That's what drives more than 300,000 colleagues around the globe. And Fresenius is driven by their ideas, by their drive. By the diversity of the people who work for us.

We value this **diversity**. And we encourage this diversity. I am firmly convinced that different backgrounds, experiences, perspectives and opinions move us forward. They make us successful.

And there is something else we will take into account much more in the future: Health needs **sustainability**.

We have set ourselves a clear climate target: The entire Group is to operate on a climate-neutral basis by 2040.



Helios Germany is starting on the consumption side. We want to use 20 percent less energy in our clinics as early as this year.

Another example: A project is underway in Germany to recycle **anesthetic gases**.

Anesthetic gases have a far greater impact on the climate than is generally thought. They cause up to 35 percent of a hospital's emissions. For example, the emissions from a seven-hour operation with anesthetic gas are equivalent to a car trip of 8,000 kilometers. With modern filter systems, up to 90 percent can be recycled. Following a pilot phase, we will now install this system in 19 additional hospitals. This will save 1,100 metric tons of CO<sub>2</sub> per year. That is equivalent to the amount emitted by a mid-size car driving 120 times around the world.

Ladies and gentlemen, we are a company that does not have to search for its purpose. We work every day to improve people's health. Advancing Patient Care - that is our mission.

But, as I said, we had not yet fully exploited our potential. That's why we set out a new path for Fresenius and did **the right thing at a critical moment for the company**. And we will continue to do so.

Fresenius has a **clear direction**. We are working on the future of medicine. As always at Fresenius, our focus is on our patients. We have initiated important changes. And we will continue this path.

I assure you: We as the Management Board team are fully committed to the success of our company - your company. In doing so, we count on your trust and support.

Thank you for your attention!