



# ANNUAL GENERAL MEETING

## Fresenius Medical Care AG & Co. KGaA

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*I want you to know that after 25 years of success, we do not take our achievements for granted. We will not rest in our efforts to provide ever better services for our patients, payors and health care systems and at the same time create long-term added value for you as shareholders in a sustainable way. A new leap in renal care is imminent – and with our innovative and dedicated team of more than 125,000 employees Fresenius Medical Care is at the forefront of progress.*

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Speech  
Rice Powell

CEO

May 20, 2021  
Bad Homburg/Waltham

- The spoken word shall prevail -

Dear shareholders,

Welcome to the 2021 Annual General Meeting of Fresenius Medical Care!

We are celebrating a major anniversary this year: On September 30, Fresenius Medical Care will turn 25.

Over the last quarter-century, we have lived a remarkable success story. We now care for six times as many patients, produce 12 times as many dialyzers and generate 14 times the net income we did when we started out in 1996.

Our numbers show how we at Fresenius Medical Care have actively shaped the history of dialysis. Looking back 50 years, end-stage kidney disease was a death sentence for many people. Today, we are the world's leading provider of products and services for patients with renal disease and provide a routine treatment that saves hundreds of thousands of lives every year.

We can only do this by putting our patients first. We are continuously working to improve our products and services, bring new innovations to market, and expand our value-based care approach even further. All our efforts are focused on ensuring a future worth living for our patients. I will share with you how we make this happen and why I believe that a new leap in renal care is imminent.

## **COVID-19**

Before we get to the future, let's talk about 2020.

2020 was a demanding year. As you can imagine, I am referring to the COVID pandemic. Believe me – in the course of our 25-year history, we have not experienced anything like it. But faced with the virus, our teams did a tremendous job, going the extra mile to protect our vulnerable patients and maintain their life-sustaining treatments.

Allow me to give you a quick recap: During the first phase of the pandemic, we quickly established strict additional hygiene measures to keep our operations running and our clinics open to patients. In 2020, we delivered dialysis to around 346,000 patients at over 4,000 clinics. All in all, we provided approximately 54 million dialysis treatments. For patients who caught the virus, we created isolation capacities. We grew the share of

treatments performed at home to more than 14 percent in the U.S. and increased our telehealth options to minimize exposure. When calls began coming in from critical care units around the world requesting our acute dialysis solutions to help with their COVID cases, we quickly ramped up production.

This pandemic is not over yet. Our thoughts are with all those who are grieving the loss of a loved one. We saw significant excess mortality in the dialysis population after infection rates surged again at the end of 2020. Every single life lost is a human tragedy.

But there is hope. We have seen significant progress in the roll out and adoption of vaccines throughout the first months of the year. And, our patients are being vaccinated as we speak. We have made our own dialysis centers in several countries available for the direct vaccination of patients. At the end of March, the U.S. government agreed to directly allocate COVID-19 vaccine to dialysis centers nationwide. 64 percent of patients and 47 percent of dialysis center staff have been at least partially vaccinated in the important U.S. market. On a global basis, about 51 percent of Fresenius Medical Care's patients have received at least one vaccination. We are grateful that we can support healthcare systems by directly vaccinating our dialysis patients in our clinics. We have a wealth of experience in this area as we routinely vaccinate our patients against influenza or hepatitis B. Every injection brings us closer to getting the pandemic under control.

## **Business performance 2020 / dividend increase**

How did our business perform in the past year?

- Despite the challenging circumstances in 2020, we achieved our goals for the year. We want you, our shareholders, to participate in this success. That is why we are proposing a 12 percent rise in our dividend to 1.34 euros per share. This is now our 24<sup>th</sup> consecutive dividend increase.
- In 2020, we generated revenue of 17.9 billion euros – up five percent from 2019.
- Our net income rose by 12 percent before special items and at constant currency. This was thanks to significantly improved efficiency, reduced travel and meeting spend and the strong performance of our products business.

## **Outlook for 2021**

While our efforts in the fight against the coronavirus were supported by the U.S. government in 2020, we do not expect significant financial state aid to come our way in 2021. We know that COVID-19 will continue to impact our business in the months ahead. The still high COVID-19 infection rates in several markets continue to impact our organic growth. Increasing excess mortality in the first half of this year leads to a lower utilization of our infrastructure and increased costs for personal protective equipment and personnel. This will have a negative impact on our earnings.

Against this backdrop, 2021 will be a challenging year for us. As already published, we expect our revenue to grow in the low to mid-single-digit percentage range and net income to decline at a rate in the high teens to mid-twenties – both before special items and at constant currency. With more progress in vaccination, we continue to assume the start of a normalization of the mortality pattern in the second half of the year.

## **FME25**

At our capital markets day in October, we announced our intention to strengthen our future profitability through investments in our company. In February, we launched our FME25 program to achieve this goal and at the same time compensate for the negative earnings effects of the COVID-19 pandemic.

In a rapidly changing environment, I believe that it is crucial for us as a company to become more agile, more capable of adapting faster. As CEO of Fresenius Medical Care, this is my responsibility towards our patients and employees. We intend to achieve this by transforming and adapting our operating model. I am looking forward to helping to shape this change and create an even better future for Fresenius Medical Care and its patients.

We plan to invest up to 500 million euros in this program in the coming years. By 2025, for each euro we invest, we expect to sustainably reduce our annual cost base by at least the same amount.

This program supports our Strategy 2025, which takes me to my next topic.

## **Strategy 2025 – The renal care continuum**

I am excited about our future.

We see two opposing trends in health care. On the one hand, the pandemic has vastly accelerated the pace and scale of our industry's transformation. Lockdowns have shifted telehealth and digitalization into hyperdrive. We have spent years preparing for this development of connected health, which will pave the way for the next big leap forward in renal care.

On the other hand, we are facing challenges in public health based on demographics: The global population is growing, and so is the number of elderly and chronically ill people. By 2030, approximately one billion men and women will be 65 or older, more than half a billion will live with diabetes, and over two billion will suffer from hypertension. Our projections show that by 2030, more than six million patients will need regular dialysis – a 460 percent increase over the year 2000.

This aging generation deserves high-quality health care – and will require it on an unprecedented scale. In many countries, health care expenditure has grown faster than GDP in recent decades, pushing systems to the limits of their financial capacity. This new wave of older patients with multiple chronic diseases threatens to overwhelm them.

We need to do what seems impossible: improve care and reduce costs at the same time. This is what our Strategy 2025 is all about. At its core, it focuses on what we call the renal care continuum – in other words, supporting our patients along their entire treatment path.

To this end, we are developing new renal care models that use artificial intelligence to analyze the health data we collect from our patients. Mining that data will unlock the potential of precision medicine and allow us to make targeted decisions for each individual patient. These new care models also include personalized dialysis and holistic home treatment.

In addition, we will continue investing in start-ups and early-stage companies to stay at the forefront of other renal care innovations that have the potential to disrupt our industry.

We must treat our patients holistically along their complete treatment path in two ways: firstly, by getting involved earlier on to ensure that they stay healthy longer and slow their progression into end-stage renal disease;

and secondly by supporting them in getting a kidney transplant if necessary.

How can we make sure that the superior care we intend to offer in the future remains affordable? The solution is value-based care. This approach allows us to manage our patients' total cost of care, giving us a natural incentive to look for ways to reduce costs. Value-based care models also measure and reward clinical performance, so better patient outcomes translate into financial improvements. This creates a virtuous cycle of continually increasing quality combined with decreasing costs.

### **Strategy 2025 – Critical care solutions and complementary assets**

Two other very important elements also play a role in our Strategy 2025: critical care solutions and complementary assets.

We are planning to extend our portfolio of critical care solutions, which are a growing part of our service and products business and have been in great demand during this pandemic.

The number of patients requiring continuous renal replacement therapy is set to rise to around 1.6 million per year by 2030. We will use our expertise in this area to treat acute heart and lung failure.

Finally, we will consolidate our network of complementary assets through additional partnerships, investments and acquisitions to support the other two elements of our strategy. This will allow us to build an even more solid foundation for future growth to 2025 and beyond.

### **2025 targets**

We are very confident about the future of Fresenius Medical Care, even in a challenging year like the past one. We fully confirm our targets through 2025: As already published, we expect over the next five years an annual average increase in the mid-single-digit percentage range for revenue and in the upper-single-digit percentage range for net income – both before special items and at constant currency.

## **Sustainability**

We want to provide the best possible care for a growing number of patients. That is what we mean when we talk about sustainability. It's not just limited to our ecological footprint. We want to be successful in the long term and create lasting value – in ecological, social and economic terms.

Our Global Sustainability Program is under my direct responsibility. Despite the challenges we faced in 2020, I am pleased to report that we made real progress towards achieving its goals.

We approved global standards in areas like patient care and supplier management. We defined new global sustainability performance indicators to measure – and improve – our impact.

In addition to financial performance targets, at the last Annual General Meeting you voted to include sustainability performance targets in management compensation. They reflect our aspiration to be measured by our commitment to continuously improve.

## **Conclusion**

In conclusion: Today, we deliver our products to more than half of the world's dialysis patients and operate the leading and largest dialysis network worldwide.

I want you to know that after 25 years of success, we do not take our achievements for granted. We will not rest in our efforts to provide ever better services for our patients, payors and health care systems and at the same time create long-term added value for you as shareholders in a sustainable way. A new leap in renal care is imminent – and with our innovative and dedicated team of more than 125,000 employees Fresenius Medical Care is at the forefront of progress.

Thank you!