



LETTER TO OUR SHAREHOLDERS

FRESENIUS



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Stephan Sturm

Chairman of the Management Board



Dear shareholders,

Sustainability is a term that shapes many current debates like perhaps no other. The medium- and long-term consequences of actions, whether those of individuals or organizations, are being examined ever more closely. Short-term effects and success are becoming less important. More importance is being given to the long-term impact of decisions and acts – on people, on the economy, and on the planet.

Sustainability is also a term that describes Fresenius' approach and actions like perhaps no other. And not just recently. Sustainability is a defining characteristic of our company and has been for more than 100 years. Short-term success is very welcome when it happens, naturally, but for us it is not the decisive thing. For us, what is decisive is medium- and long-term success. In short: sustainable success. This is what has made us the globally active healthcare group that we are today.

Sustainability is decisive in what we do: We help sick people, and we help healthy people to stay healthy. We are not a startup, and we do not need to follow trends and fashions. Our task is different. We need to offer healthcare that is high quality, yet affordable. Healthcare that is reliable over the long term, and yet is constantly analyzed and further developed to make it even better. As expressed in just a few words in our motto: Forward-thinking healthcare. Millions of patients around the world rely on us.

It is a huge responsibility. One that we can only meet if our success remains sustainable – not just today and tomorrow, but also the day after tomorrow. For this reason, in all our activities and decisions we keep the future firmly in view. This was the case in the year we are reporting on today – 2019 was a year of investments! We further increased our already significant investments in research and development, and in continuing to develop our business. Our goal is to prepare Fresenius even better for the coming decade – in other words, to remain sustainably successful.

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To achieve this, we are willing to accept a little less financial success in the short term. Investments cost money, and when we invest more than usual it temporarily impacts our earnings. But we are securing our continued growth and our future. Success will be measured, above all, in medical terms: Even greater numbers of patients, even better treatments, and even more forward-thinking healthcare. Success will, of course,



Sustainability is deeply embedded in Fresenius' thoughts and actions. This has been the case for more than 100 years, and this will continue.

also pay off financially, which means Fresenius will continue to be an attractive investment in the future. 2019 was not just a year of investments, it was also a year of continued growth.

We set new records in sales and earnings – for the 16th consecutive year! Even though, due to our increased investments, our net income rose by only one-half percent. In contrast, we were able to increase our sales – as expected, and also in constant currency – by 6 percent. The number of our

employees – the basis of our success – increased to more than 294,000. We are proposing the 27th consecutive increase in our dividend. That is also an expression of sustainability and our long-term orientation.

Those are the numbers. What we achieved in 2019 in concrete terms, I would like to tell you about now, with the help of a few examples:

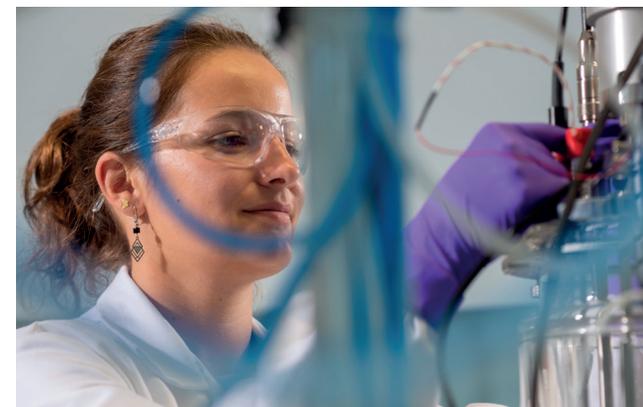
At Fresenius Medical Care, we closed the acquisition of NxStage. This was an important step in strengthening our position in home dialysis – a form of therapy that will grow steadily in importance, especially in the United States but



Fresenius Medical Care closed in 2019 the acquisition of NxStage Medical, Inc. – an important step in strengthening our position in home dialysis.

also in other parts of the world. The integration is well underway, and we are investing heavily in the infrastructure needed to make home dialysis widely available. In addition, we launched the 4008A – a new dialysis machine developed especially for emerging markets – in more countries, including China. In this way, in these countries, we are significantly improving chronic kidney disease patients' access to life-saving dialysis. In Schweinfurt, Germany, our most important dialysis machine plant celebrated its 40th anniversary – every second dialysis machine used worldwide comes from this facility! At the same time, we continued to expand our international network of dialysis clinics, which now numbers almost 4,000 locations worldwide.

Fresenius Kabi, meanwhile, put our first biosimilar on the market – Idacio, an imitation drug of the anti-inflammatory Humira for treating rheumatoid arthritis. In Eysins, Switzerland, we opened a new research and development center for biosimilars. This is a new therapy area for which we have big expectations, and so far, there is every indication they will be fulfilled.



Fresenius Kabi opened a new research and development center for biosimilars in Eysins, in the Swiss canton of Vaud. This strengthens Fresenius Kabi's capability to develop new biosimilars, particularly in the areas of autoimmune diseases and oncology.

We also invested heavily in the expansion and modernization of our production facilities. The focus of this was the U.S., but we also comprehensively expanded our clinical nutrition plant in Wuxi, China, for example, and will continue this in 2020. In the U.S. we faced greater pressure on prices and even stronger competition. This resulted in a small sales decline in this market – one of Fresenius Kabi's most important – that



our outstanding growth in the emerging markets could not fully offset. We are working intensively to create the basis for new growth in the U.S. We will also continue to resolutely pursue our excellent growth opportunities in other markets.

» Additionally, we pushed ahead with digitalization at our hospitals, and launched the Helios Patients Portal. «

At Fresenius Helios, it was again a mixed picture last year. In Germany, we continued to feel the impact of regulatory changes and the trend toward more outpatient care. At the same time, measures we have implemented are beginning to have an effect. We have successfully started new business models, for example in occupational medicine. We have also significantly expanded our preventive medicine offering and opened new Helios Prevention Centers in several major cities, including Berlin and Munich. At these centers we offer

patients comprehensive check-ups from a single source. Long waiting times are avoided and, if medical treatment is required, the patient has direct access to the Helios health-care network. Additionally, we pushed ahead with digitalization at our hospitals, and launched the Helios Patients Portal. This online platform offers the patient a range of functions, from making appointments online to accessing test results. Not to be overlooked, we surpassed our goal of recruiting 1,000 nursing and care staff: We are delighted to welcome 1,300 new and dedicated colleagues to our company.

As expected, growth at Quirónsalud in Spain was strong again. We acquired another hospital, this one in Albacete, in the southeast of the country. This is a superb addition to our existing network in the region. In Madrid, we completed work on the country's first proton beam therapy center on schedule. Proton beam therapy is a very advanced and much less invasive form of cancer treatment. Trial operation of the center is now underway, and we want to officially open it this year.

We also substantially increased our presence in Colombia with several acquisitions. Quirónsalud now operates five hospitals in the two major cities of Cali and Medellín. The acquisition of CediMed gave us the country's leading provider of medical diagnostic services. And in February of this year we reached agreement on another acquisition, in the capital, Bogotá.



In Madrid, Quirónsalud completed work on Spain's first proton beam therapy center, investing about €40 million. The center's opening is planned for this year.

At Fresenius Vamed, as well, 2019 was marked by excellent development. We successfully completed the integration of the rehabilitation facilities transferred from Helios. Vamed is now one of the leading providers of post-acute care in Europe. We largely completed the modernization of University Hospital Schleswig-Holstein (UKSH) with the opening of new main clinic buildings in the German cities of Kiel and Lübeck. This project encompassed renovations and new construction at



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both UKSH locations. With a total cost of €1.7 billion, it is the largest public-private partnership project in the field of European healthcare. Additional important projects are underway, or have been agreed, on nearly every continent.

At our corporate headquarters in Bad Homburg, we celebrated a milestone with the completion of our new Fresenius Campus. By connecting our two new office buildings, with

their total of more than 750 workplaces, to our existing facilities, we have created a modern and interactive place to work. The new buildings also made it possible for us to end leasing arrangements on various office spaces dispersed around the area. In my letter last year, I talked about our goal of increasing cooperation within our company. Here is one of many examples of how this is being realized.

» 2019 was another successful year for Fresenius. We continued to grow, and we set important markers for the future. «

In summary, 2019 was another successful year for Fresenius. We continued to grow, and we set important markers for the future. But 2019 also showed us that to remain successful, we will have to do even more. Competition has become more intense; price pressures have increased. Regulation has increased in some sectors. This means that we must do more to be, and to remain, successful. For example, we must, as described above, invest more. We did a lot this past year, and we achieved a lot. We will continue to emphasize this approach. At the same time, we must control our costs even more than before. This is the only way we will be able to retain the financial maneuvering room to invest – investments for our future.

This future continues to look good. We are needed – more than ever! Demand for high-quality medicine continues to grow around the world. We are in an excellent position to meet this demand and thereby remain successful. In 2020, we expect sales to increase by 4 to 7 percent. Net income should rise by 1 to 5 percent, an increase much more dynamic than was the case in the investment year 2019. We are, then, expecting another record year.



The new Fresenius Campus in Bad Homburg was completed in 2019. Fresenius has invested a total of about €70 million in the expansion of the company's headquarters.

What the impact of the global spread of the coronavirus will be on these goals is something I cannot determine at this point. What I can say is this: We are doing everything we can to protect our employees, maintain production and deliveries, and ensure that our patients continue to receive the best possible care. In this respect, we have a special responsibility because we are a healthcare company. And we must meet this responsibility. So far, we have had good success in doing so, within the framework of constantly changing eventualities. Accordingly, there is no reason currently for us to adjust our 2020 guidance.

We also confirm our medium-term outlook. Average annual sales through 2023 should increase by 4 to 7 percent and net income by 5 to 9 percent. This means we expect another substantial growth acceleration through 2023.

As in past years, this forecast is wholly based on expectations for organic growth. When the small-to-medium acquisitions that we regularly pursue are included, both measures should be about one percentage point higher. We also continue to look out for larger acquisitions. For example, we still believe

it is sensible to expand the Fresenius Kabi portfolio. Entry into a third hospital market in Europe is another interesting option. If good opportunities arise, we will seize them. We are not dependent on acquisitions. We are capable of healthy and sustainable growth on our own power. And I am very confident that we will achieve this.

» The guiding principle in all that we do is and remains the well-being of our patients. «

Sustainability is deeply embedded in our thoughts and actions, and it is there for all our shareholders to see. This has been the case for more than 100 years, and this will continue. Sustainability applies to all levels of endeavor: Our pursuit of ever better medicine for ever more people, our efforts to be a reliable partner for the global health system, and our commitment to being a good employer for almost 300,000 people. To our continuing success and a growth strategy oriented to the long term. And, of course, we underscore our commitment to the best possible use of this planet's resources.

To make this even clearer and more transparent, we will set up this year a sustainability council at the corporate level, which will report directly to me. This body will develop sustainability goals that we will present to you at the Annual General Meeting in May 2021.

The guiding principle in all that we do is and remains the well-being of our patients. We are committed to them, their health and their lives. If we keep this goal in mind, not only will our patients be well, but it will also ensure continued success for Fresenius.

Yours sincerely,

Stephan Sturm
Chairman of the Management Board