

Bank of America Global Healthcare Conference 2020



16 September 2020

Safe Harbor Statement

This presentation contains forward-looking statements that are subject to various risks and uncertainties. Future results could differ materially from those described in these forward-looking statements due to certain factors, e.g. changes in business, economic and competitive conditions, regulatory reforms, results of clinical trials, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings, and the availability of financing. Fresenius does not undertake any responsibility to update the forward-looking statements contained in this presentation.

Figures for 2020 and 2019 according to IFRS 16 (except otherwise stated).

A Global Leader in Health Care Products and Services



~€35.4 bn in Sales
(FY/2019)

Leading market positions

**Long-term opportunities
in growing, non-cyclical
markets**

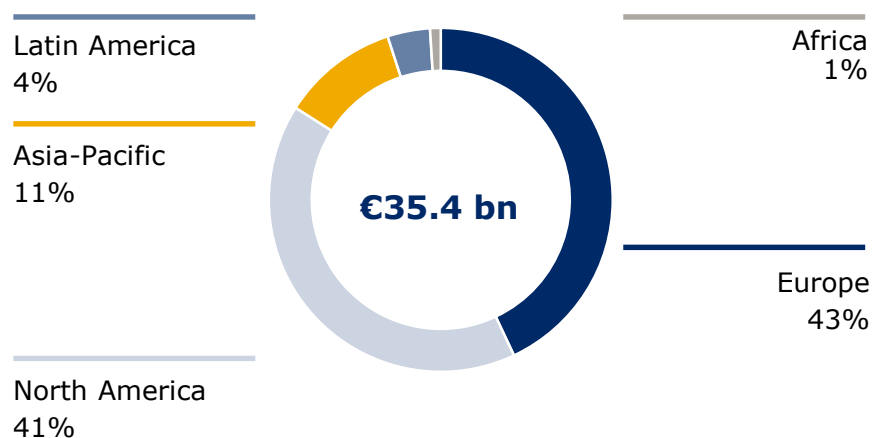
**Global presence in
100+ countries**

**302,000+ employees
worldwide**
(as of June 30, 2020)

**Strong financial performance
and cash flow generation**

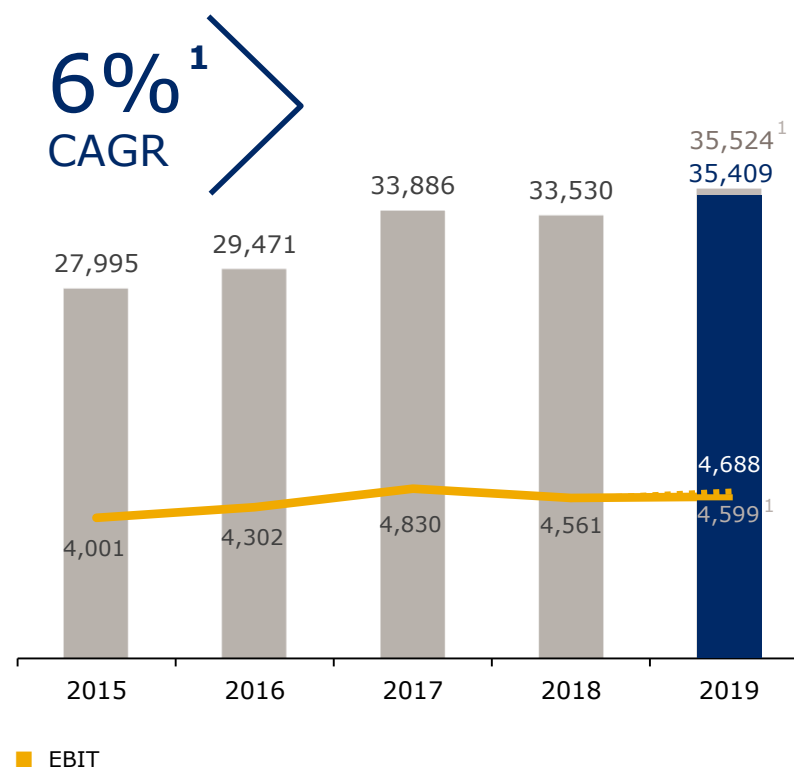
Fresenius Group: Global Sales Base in Growing, Non-Cyclical Markets

2019 Sales by Region



Before special items
2018 impacted by divestitures of Care Coordination activities at FMC
2015-2018 excluding IFRS 16
¹ Adjusted for IFRS 16

Sales in € bn

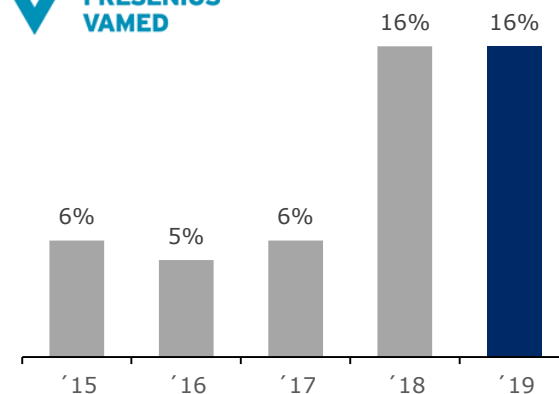
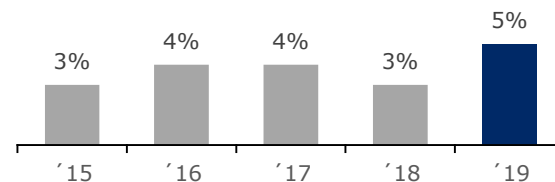
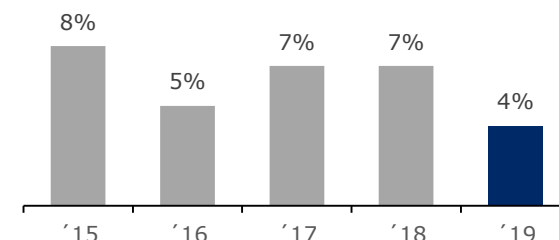
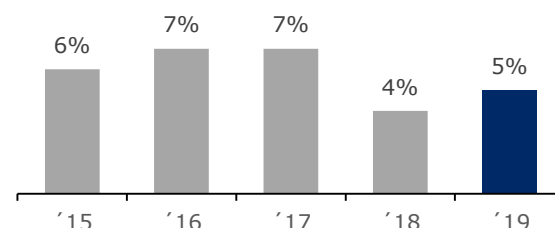


Fresenius Group: Strong Track Record of Organic Sales Growth in All Business Segments

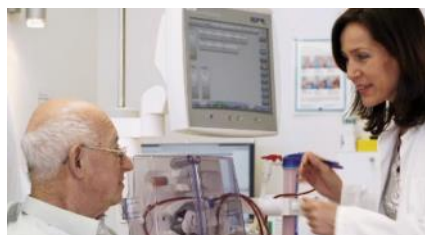
Fresenius Group

5%
CAGR

Business Segments



Strong and Balanced Health Care Portfolio



Ownership: ~32%

Dialysis Products Health Care Services

- Dialysis services
- Hemodialysis products
- Peritoneal dialysis products
- Care coordination

Sales 2019: €17.5 bn



Ownership: 100%

Hospital Supplies

- IV drugs
- Clinical nutrition
- Infusion therapy
- Medical devices/
Transfusion technology
- Biosimilars

Sales 2019: €6.9 bn



Ownership: 100%

Hospital Operation

- Acute care
- Outpatient services

Sales 2019: €9.2 bn



Ownership: 77%

Projects and Services for Hospitals

- Post-acute care
- Project development &
Planning
- Turnkey construction
- Maintenance & Technical
and total operational
management

Sales 2019: €2.2 bn

Fresenius Medical Care: Global Dialysis Market Leader

- The world's leading provider of dialysis products and services treating ~347,000 patients¹ in ~4,000 clinics¹
- Provide highest standard of product quality and patient care



Dialysis products



Dialysis services



Complete therapy offerings

- Expansion in Care Coordination and global dialysis service opportunities; enter new geographies

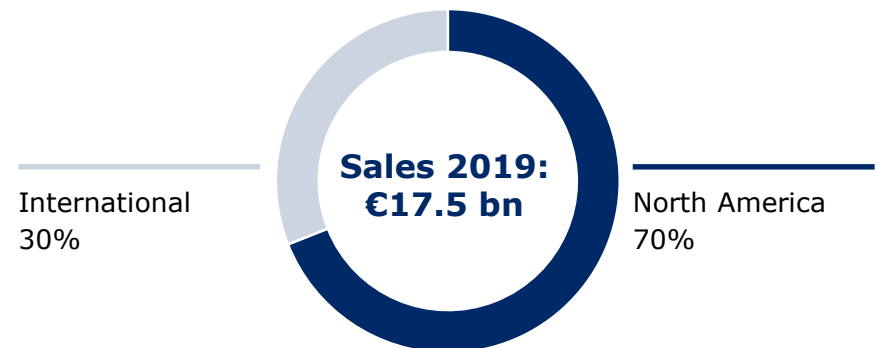
Market Dynamics

Global Dialysis Market 2019:

- ~€80 bn
- ~6% patient growth p.a.

Growth Drivers:

- Aging population, increasing incidence of diabetes and high blood pressure, treatment quality improvements



¹ As of June 30, 2020

Fresenius Kabi: A Leading Global Hospital Supplier

- Comprehensive product portfolio for critically and chronically ill patients
- Strong Emerging Markets presence
- Leading market positions



Generic IV Drugs



Clinical Nutrition



Infusion Therapy



Medical Devices /
Transfusion Technology



Biosimilars

- Focus on organic growth through geographic product rollouts and new product launches
- Development of biosimilars with a focus on oncology and autoimmune diseases

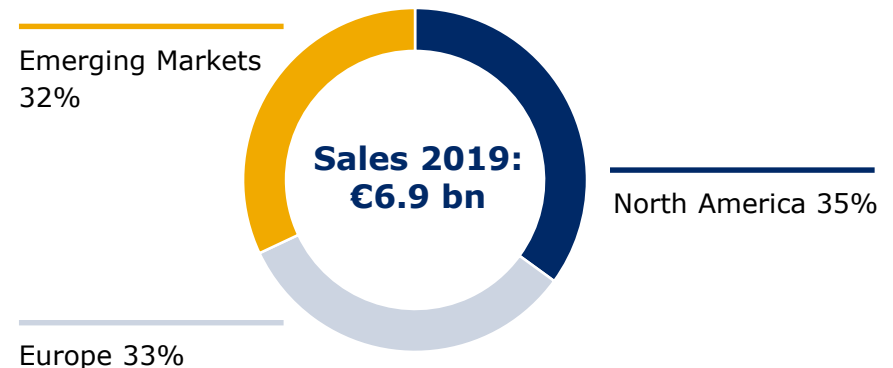
Market Dynamics

Global Addressable Market 2019:

- ~€97 bn

Growth Drivers:

- Patent expirations, rising demand for health care services, higher health care spending in Emerging Markets



Fresenius Helios: Europe's Largest Private Hospital Operator

- Market leader in size and quality with excellent growth prospects
- ~5%¹ share in German acute care hospital
~12%¹ share in Spanish private hospital market
- Quality is key: defined quality targets, publication of medical treatment results, peer review processes
- Broad revenue base with public and privately insured patients, PPPs, self-pay and Occupational Risk Prevention



Acute Care



Outpatient



Occupational Risk Prevention

- Development of new business models to foster digitalization and profit from trend towards outpatient treatments

Market Dynamics

Hospital Market Size:

- ~€102 bn² German Acute Care Hospital Market
- ~€15 bn³ Spanish Private Hospital Market

Growth Drivers:

- Aging population, greenfield projects in Spain, potential market consolidation in Germany and Spain



¹ Based on sales

² German Federal Statistical Office 2018; total costs, gross of the German hospitals less academic research and teaching

³ Market data based on company research. Market definition does neither include Public Private Partnerships (PPP) nor Occupational Risk Prevention centers (ORP)

Fresenius Vamed: Leading Global Hospital Projects and Services Specialist

- Manages hospital construction/expansion projects and provides services for health care facilities worldwide
- Offers project development, planning, turnkey construction, maintenance as well as technical management, and total operational management
- Strong track record: More than 900 projects in over 90 countries completed
- Leading European post-acute care provider operating in five European countries



Projects



Services



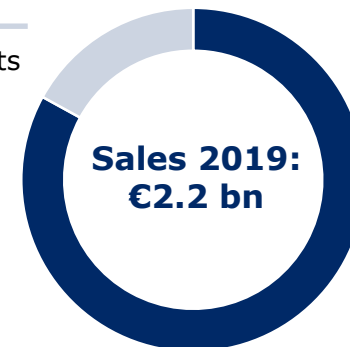
Post-acute care

Market Dynamics

Growth Drivers:

- Emerging Market demand for building and developing hospital infrastructure
- Outsourcing of non-medical services from public to private operators

Emerging Markets
17%



Europe 83%

Global Trends offer Growth Opportunities for Fresenius

Aging Population

In 2019: 9% of the world population is > age 65¹

by 2050
16 %

Growing healthcare sector

Growth in **emerging markets** over the next decade²

+6.3 %
p.a.

Increasing national income

GDP per capita quadrupled over last **20 years** in emerging markets and developing economies³

4 x

Chronically ill patients

Growth of adults with diabetes worldwide 2017–2045⁴

+48 %

Significant savings for healthcare systems

Generic drugs save the US healthcare system⁵

293 bn
p.a.

while the European healthcare system saves⁶

100 bn
p.a.

Sources: ¹ UN, 2019 Revision of World Population Prospects (2019) ² UBS, Longer Term Investments: EM healthcare (2018) ³ IMF (2019)
⁴ IDF Diabetes Atlas (2017) ⁵ AAM report (2019) ⁶ UBS, Longer Term Investments: Generics (2018)

Fresenius Group: Growth Areas

 FRESENIUS MEDICAL CARE	 FRESENIUS KABI	 FRESENIUS HELIOS	 FRESENIUS VAMED
 Worldwide growing dialysis market	 Growing Markets with High Entry Barriers	 Attractive markets	 Marketing of existing value chain
 Standardizing medical procedures	 Attractive Product Pipeline	 Market consolidation	 Strengthening and extension of value chain
 Home dialysis strategy	 Entry into attractive biosimilars business	 Synergies	 Development of post-acute care business
 Innovating products	 Strong Emerging Markets Presence	 Greenfield investments in Spain	 Expansion of geographic presence
		 Further Internationalization	

Fresenius Group: Medium-term Growth Targets 2020 – 2023 (CAGRs)



Organic sales growth

4 – 7%

(plus ~1% small to mid-size acquisitions)


confirmed

Organic net income¹ growth

5 – 9%

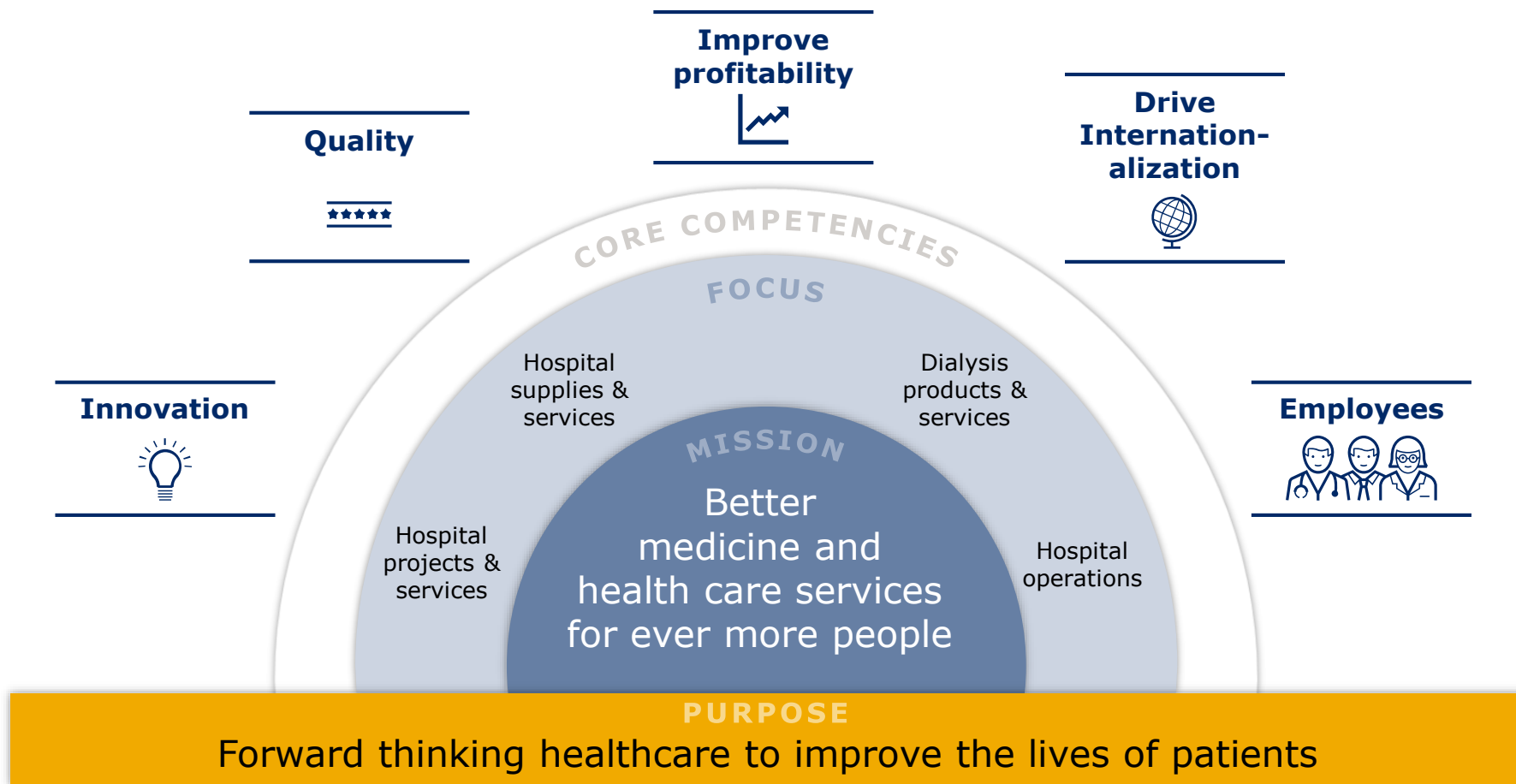
(plus ~1% small to mid-size acquisitions)


confirmed

¹ Net income attributable to shareholders of Fresenius SE & Co. KGaA

Before special items

The Fresenius Strategy



Our ESG Priorities: Patients, Employees and Compliance

Serving the well-being of the patient

- ▶ Quality of medical outcomes and patient satisfaction
- ▶ Quality and safety of products
- ▶ Data protection

Doing the right thing

- ▶ Code of Conduct
- ▶ Compliance Organization
- ▶ Compliance Management Systems (Prevent, Detect, Respond)

Being an attractive employer

- ▶ Personnel structure and diversity
- ▶ Attract talent, retain and develop employees
- ▶ Employee engagement and participation
- ▶ Occupational health and safety

Protecting nature as the basis of life

- ▶ Water
- ▶ Energy
- ▶ GHG emissions
- ▶ Waste
- ▶ Wastewater

Caring for human rights

- ▶ No exploitative nor illegal child or forced labor
- ▶ Working conditions
- ▶ Non-discrimination
- ▶ Data protection



ESG Rating Overview: Continuous Improvement through Reporting and Engagement



Current Score

CDP Climate: C
CDP Water: C

Prime C

BBB

39/100
DJSI Europe

55/100

Sector Average

CDP Climate: B-

C-

BBB - A

28 / 100

47 – 63/ 100

Previous Score

CDP Climate: D-
CDP Water: D-

Prime C

BB

33/100

48 /100

Next steps:

- Improve management-level responsibility over ESG-related issues, i.e. implement further emissions reduction and efficiency projects and related targets
- Intensify dialogue with rating agencies

Sustainability/ESG: Decisive Steps for 2020

Our Priorities

- “Better medicine for more people”
- Patients: Quality of products and services
- People: Being an attractive employer
- Compliance: Doing the right thing



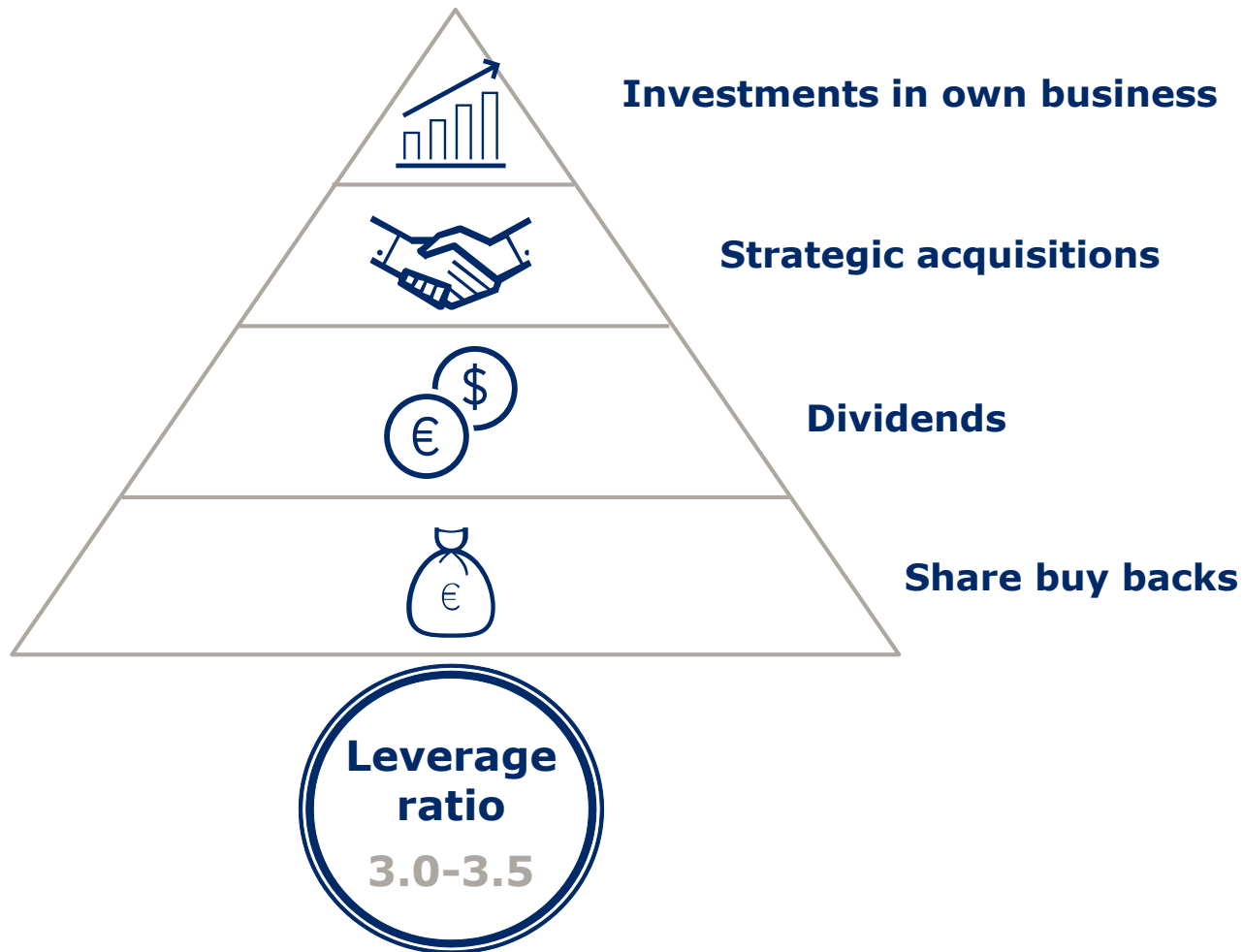
Sustainability Governance

- CEO sponsors Group sustainability efforts
- New Group Sustainability Board in 2020
- Strategy and KPI alignment program started in 2019, will continue in 2020

Remuneration

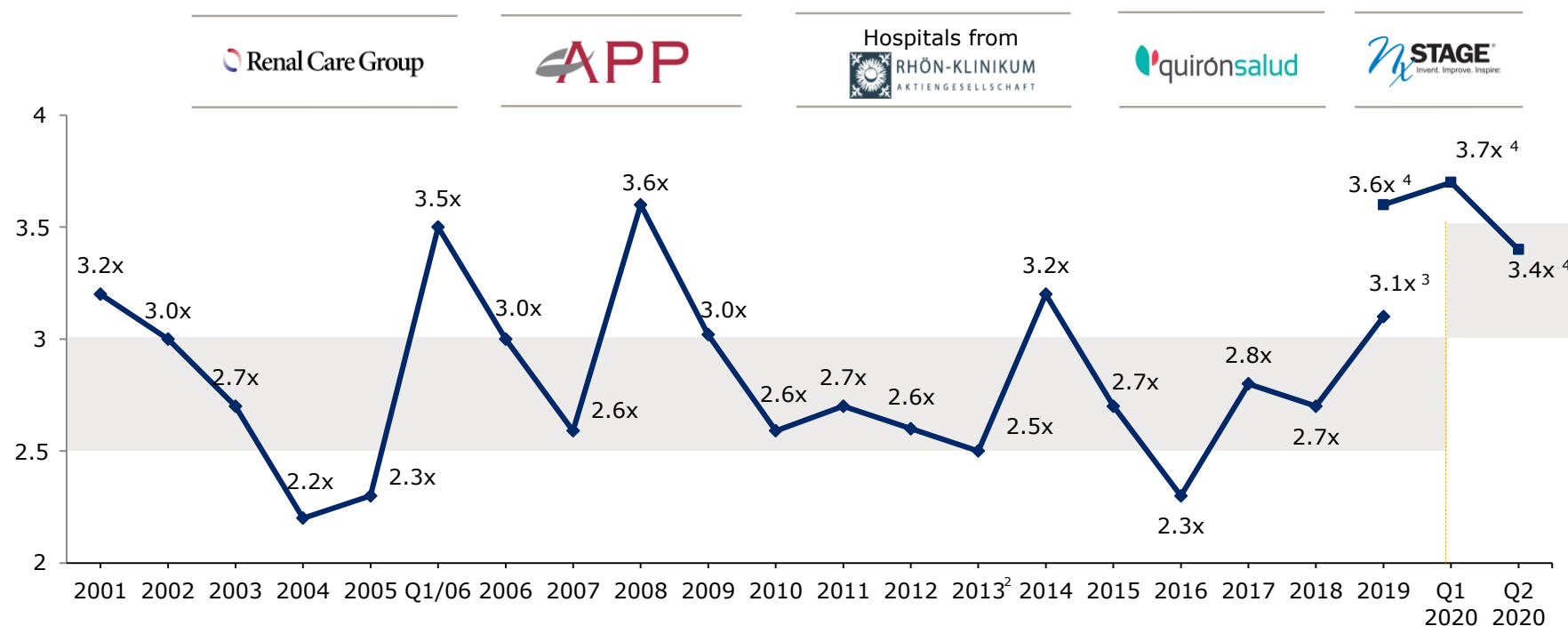
- Remuneration proposal planned for AGM 2021
- Based on new German legal framework and German Corporate Governance Code
- Will include ESG performance indicators

Fresenius Group: Capital Deployment Focuses on Sustainable Value Creation



Fresenius Group: Proven Track Record of Deleveraging

Net Debt/EBITDA¹



¹ At actual FX rates from 2001 to 2010 and at average FX rates from 2011 onwards, for both Net Debt and EBITDA; before special items; pro forma closed acquisitions/divestitures

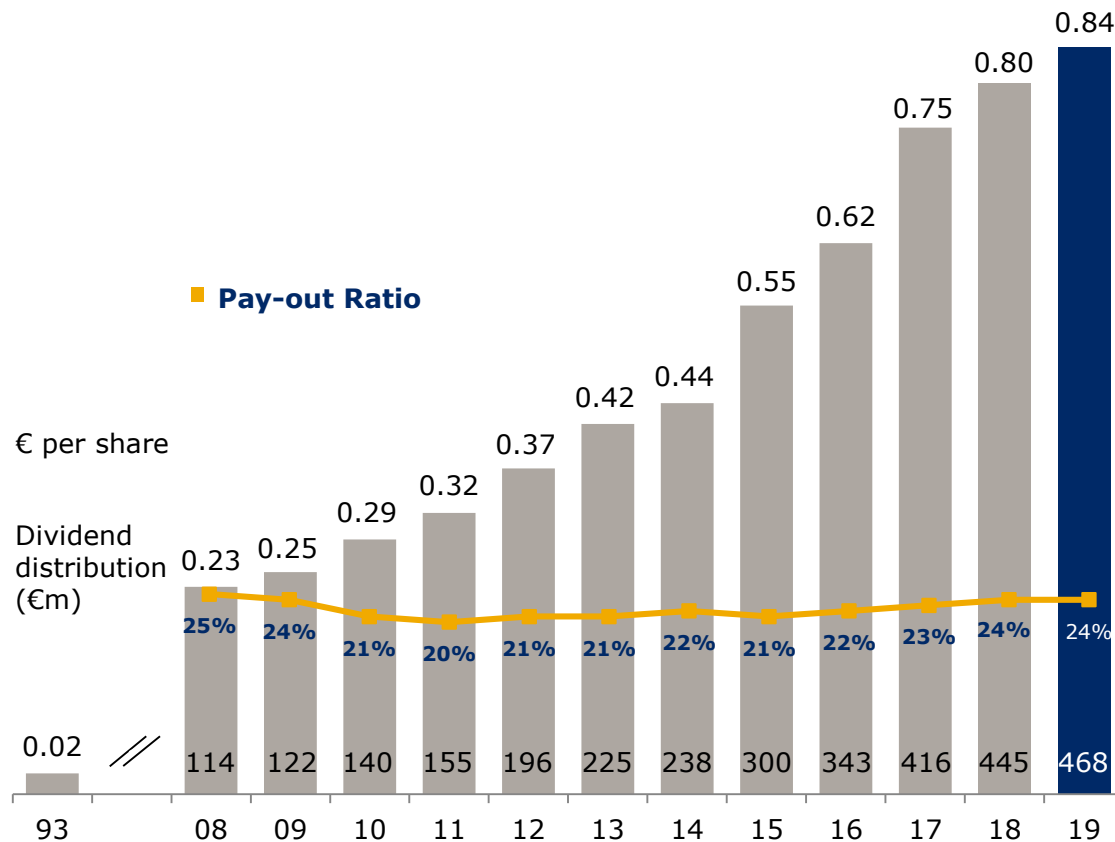
² Pro forma excluding advances made for the acquisition of hospitals from Rhön-Klinikum AG

³ 2001-2019 excluding IFRS 16

⁴ Including IFRS 16

Fresenius SE: Earnings-Linked Dividend Policy

2019 Pay-out Ratio: 24%



¹ Before special items
2019 proposal

Dividend Policy

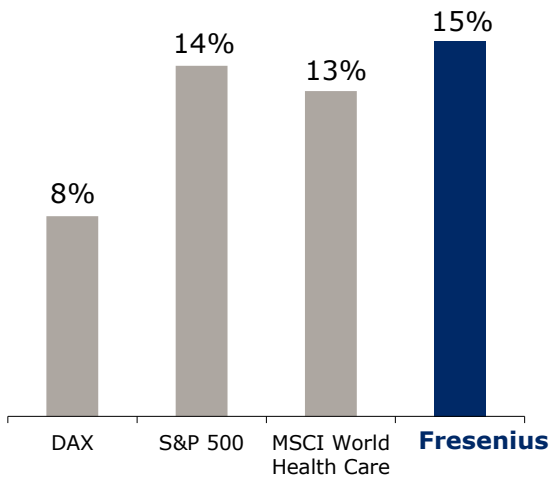
- Dividend growth aligned to EPS¹ growth
- Pay-out Ratio: 20% to 25%

Track record

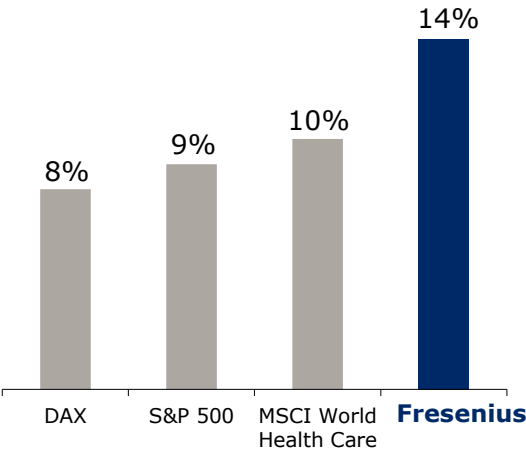
- 27th consecutive dividend increase
- CAGR dividend increase +15%

Total Shareholder Return – CAGR, Rounded

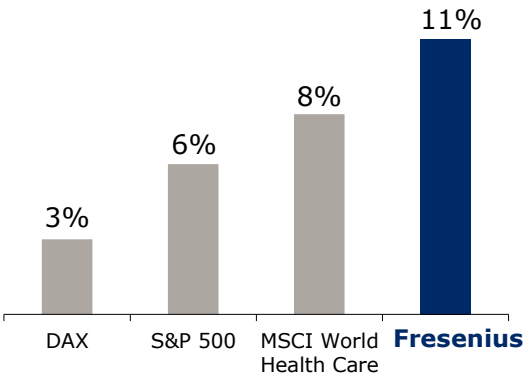
10 years



15 years



20 years



Source: Bloomberg; dividends reinvested, as of Dec 31, 2019

Review Q2/20



Fresenius Group Q2/20:

Successful crisis management amid the COVID-19 pandemic

Responsibility



**Fight COVID-19 whilst
safeguarding people's health**

- Fresenius at the forefront to fight COVID-19
- Business continuity in plants, hospitals and sites ensured
- Safety measures to protect patients and staff enhanced
- Supplying COVID-19 patients with essential drugs & devices at stable prices

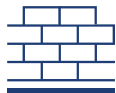
Financial impact



**Robust performance in
exceptional times**

- COVID-19 weighs on H1/20 results, however, we see a strong underlying business development
- Q2/20 should mark the trough
- Acceleration of earnings growth expected in H2/20
- New 2020 guidance including COVID-19 effects is testament to the Group's resilience

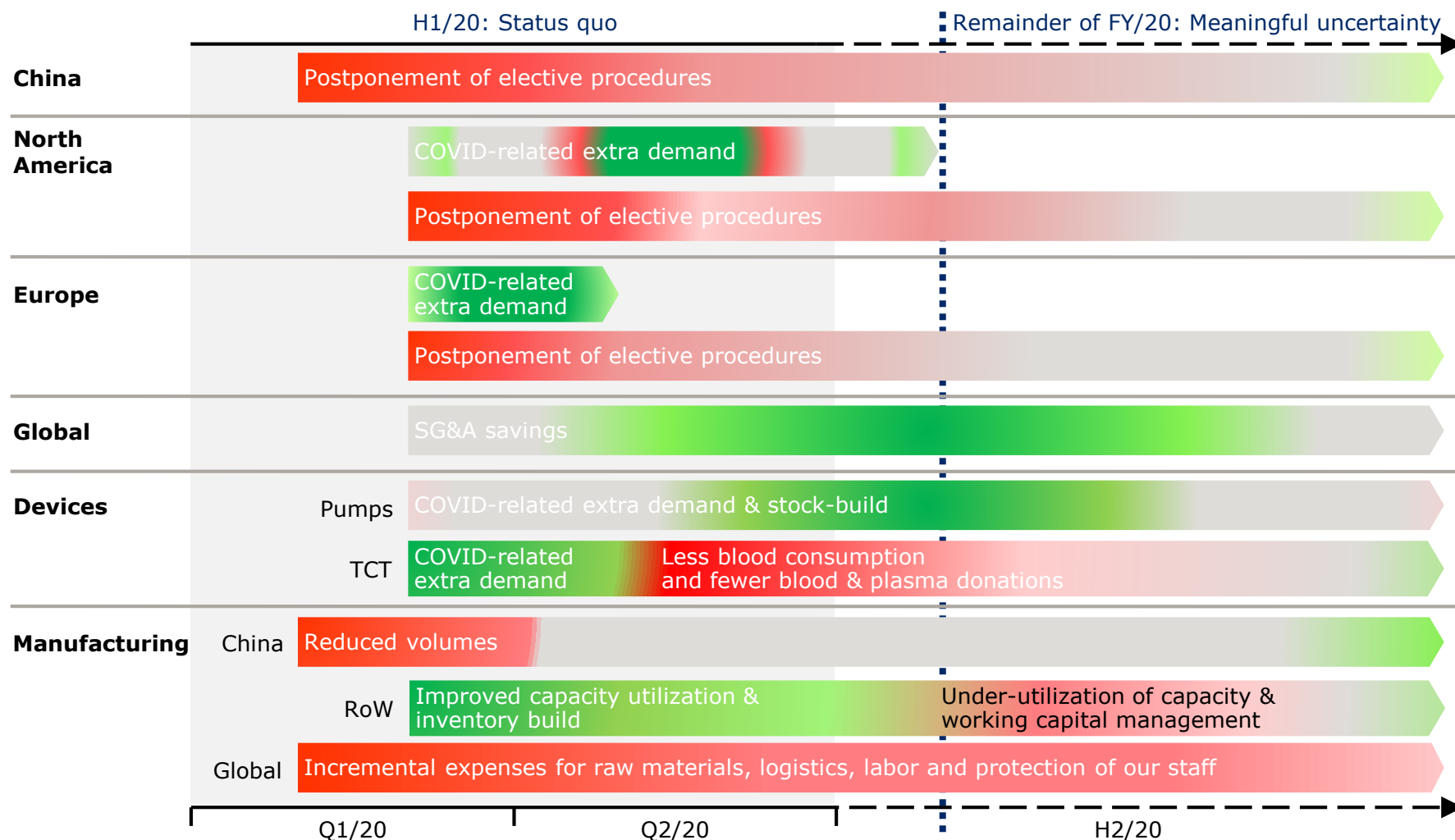
Resilience



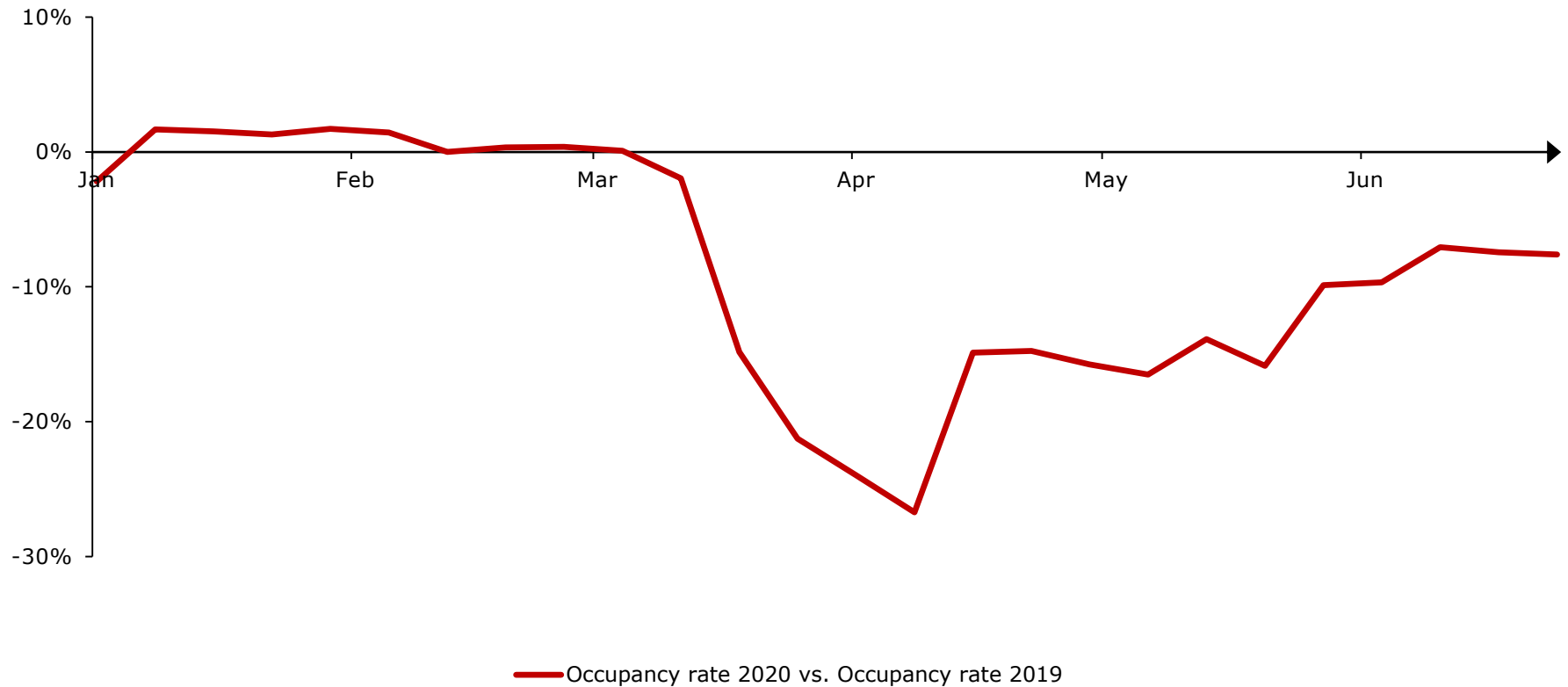
**Even stronger following
this crisis**

- Resilience of business model also recognized by rating agencies
- Part of critical infrastructure with high degree of vertical integration
- Our core competencies – affordable and high quality healthcare products and services - will play an even more important role in the future

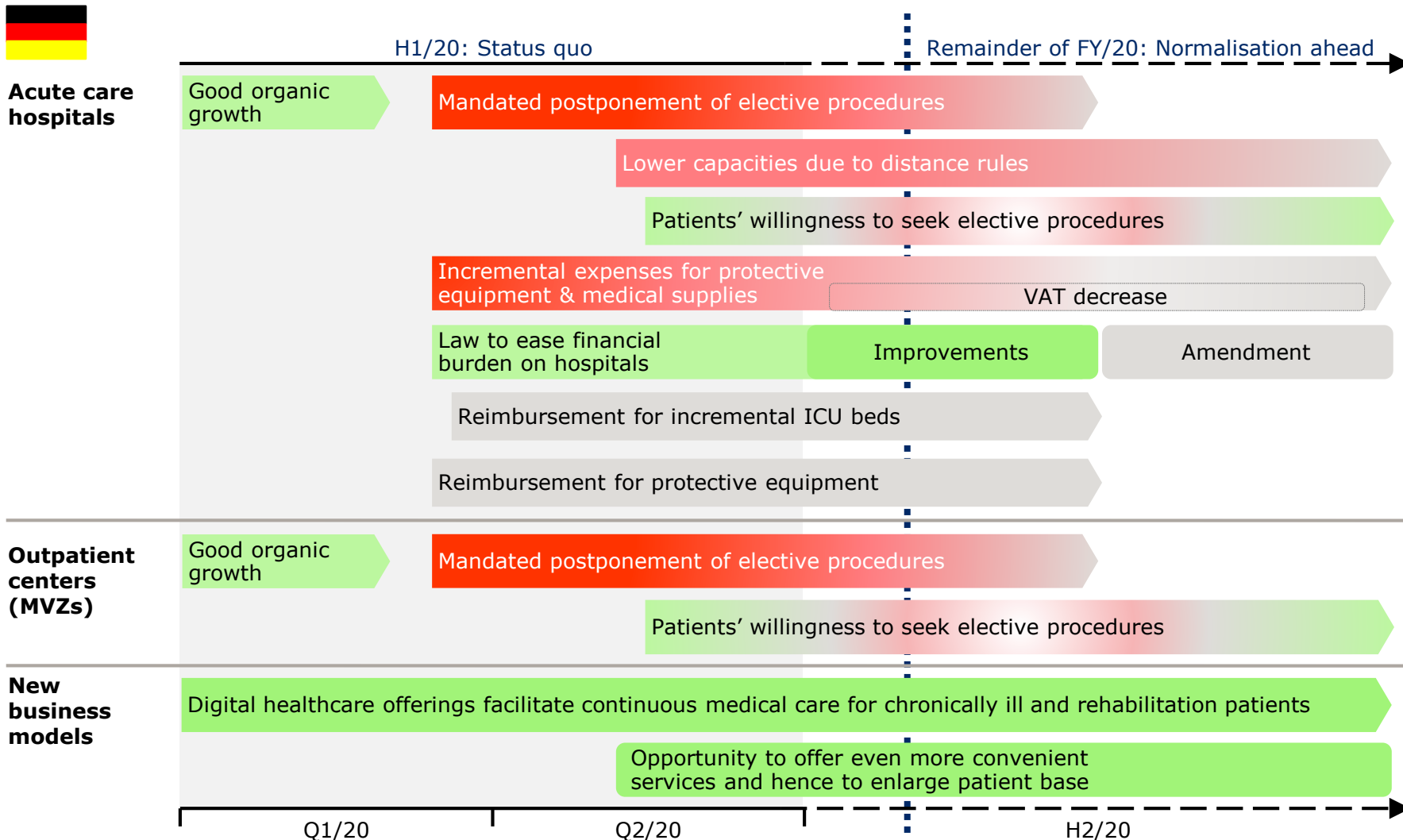
Fresenius Kabi: Gradual recovery in China, COVID-19 headwinds elsewhere due to few elective treatments



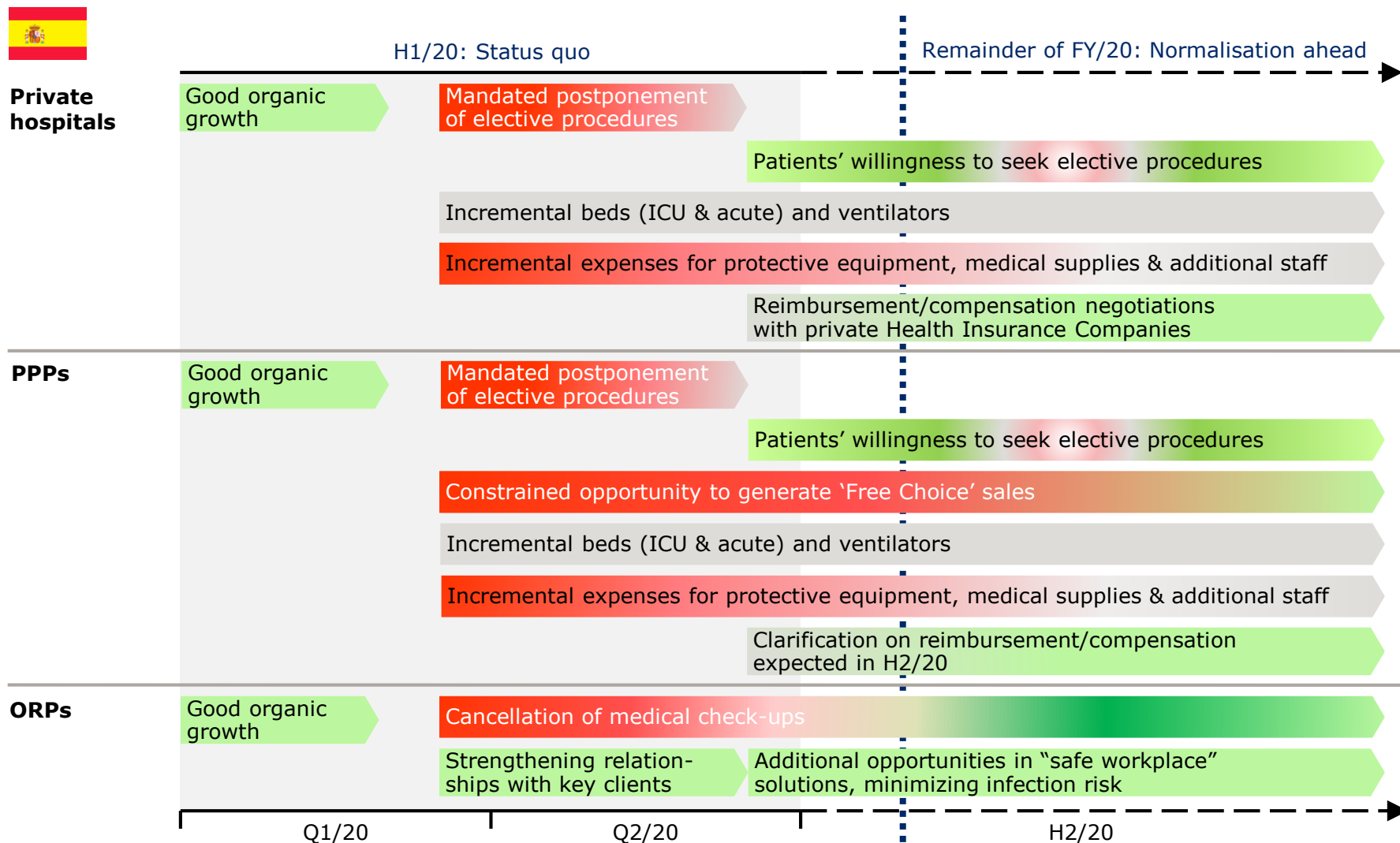
Helios Germany: Occupancy rate deviation 2020 vs. 2019



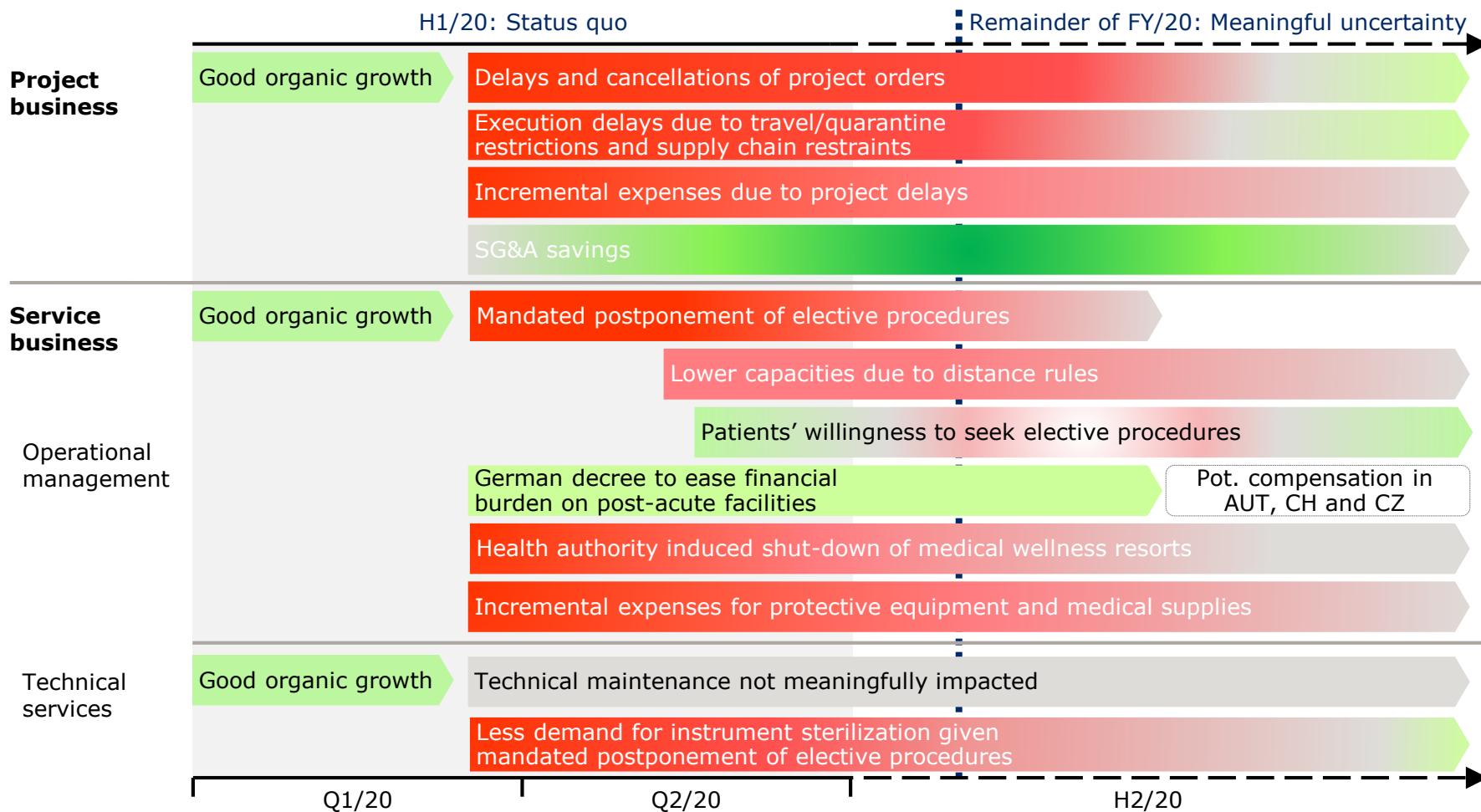
Helios Germany: Gradual recovery of elective procedures in Q2



Helios Spain: Q2 marked by significant COVID-19 headwinds, gradual recovery of elective treatments started only end of Q2



Fresenius Vamed: Ongoing headwinds in project and service business due to COVID-19



Fresenius Group



“During the COVID-19 pandemic, Fresenius continues to make many important contributions to the provision of high-quality, affordable healthcare. We are standing with our patients around the world – fulfilling our social responsibility.”

Stephan Sturm

Chairman of the Management Board

Financial Review Q2/20



Fresenius Group: Q2/20 Profit and Loss Statement

Sales

+2%

Q2/20: €8,920 m

EBIT

0%

Q2/20: €1,123 m

Net Income

-13%

Q2/20: €410 m

Income Tax Rate

23.5%

Q2/19: 22.8%

Net Interest

-€167 m

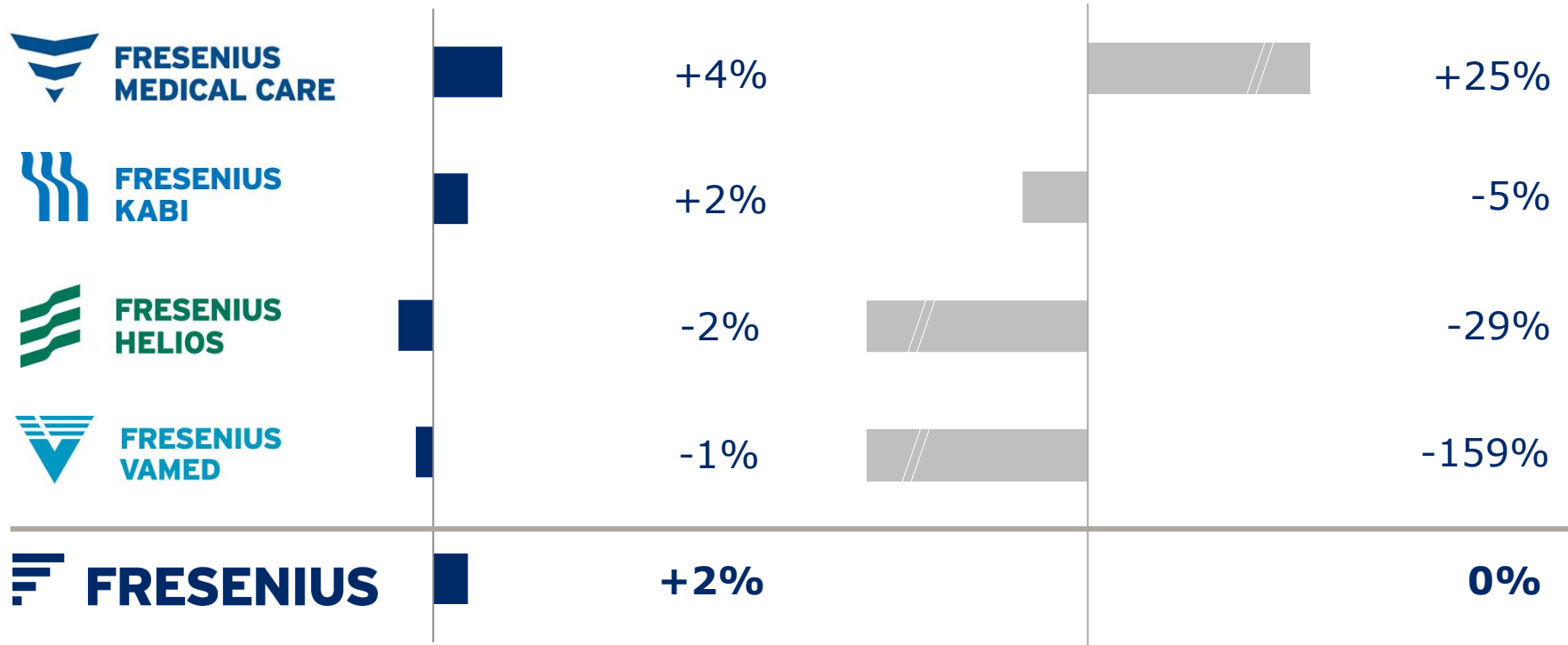
Q2/19: -€180 m

All growth rates in constant currency (cc)
Before special items
Net income attributable to shareholders of Fresenius SE & Co. KGaA

Fresenius Group: Q2/20 Business Segment Growth

Organic sales growth







EBIT growth (cc)



All figures before special items

For a detailed overview of special items please see the reconciliation tables provided on our website <https://www.fresenius.com/results-center>.

Fresenius Group: Cash Flow

€m	Operating CF		Capex (net)		Free Cash Flow ¹	
	Q2/2020	LTM Margin	Q2/2020	LTM Margin	Q2/2020	LTM Margin
 FRESENIUS MEDICAL CARE	2,319	25.2%	-216	-6.2%	2,103	19.0%
 FRESENIUS KABI	437	18.3%	-161	-10.7%	276	7.6%
 FRESENIUS HELIOS	295	9.2%	-69	-5.0%	226	4.2%
 FRESENIUS VAMED	28	1.8%	-23	-3.8%	5	-2.0%
Corporate/Other	3	n.a.	-7	n.a.	-4	n.a.
 FRESENIUS Excl. FMC	763	12.0%	-260	-7.4%	503	4.6%
 FRESENIUS	3,082	18.6%	-476	-6.8%	2,606	11.8%

¹ Before acquisitions and dividends

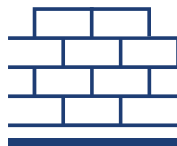
Fresenius Group: Strong financial position

Well-diversified sales and earnings base

Well-balanced maturity profile

Solid IG Rating

Excellent reputation in financial markets



Commitment to long-standing net debt/EBITDA target of 3.0-3.5x

(incl. IFRS 16)




Consistent Cash Generation

High financial flexibility ensured by broad mix of financing instruments

Proven track record of deleveraging

- Resilience of business model also recognized by rating agencies - IG ratings unchanged, stable outlook
- Funding costs near pre-Covid-19 levels
- Comfortable liquidity cushion of >€5.7 bn
- No further long-term refinancing needs in 2020

Fresenius Group: FY/20 Financial Outlook by Business Segment (including COVID-19 effects)

€m (except otherwise stated)		FY/19 Base ¹	H1/20 Actual	FY/20e ²	FY/20 ³ New
	Sales growth (org)	6,919	3,467	+3% to +6%	+2% to +5%
	EBIT growth (cc)	1,205	581	-4% to 0%	-6% to -3%
	Sales growth (org)	9,234	4,781	+3% to +6%	+1% to +4%
	EBIT growth (cc)	1,025	472	+3% to +7%	broadly stable
	Sales growth (org)	2,206	974	+4% to +7%	~ 10% decline
	EBIT growth (cc)	134	1	+5% to +9%	~ 50% decline


¹ Before special items and including IFRS 16 effects

² Before special items

³ Before special items and including estimated COVID-19 effects

For a detailed overview of special items please see the reconciliation tables provided on our website <https://www.fresenius.com/results-center>.

Fresenius Group: FY/20 Financial Guidance (including COVID-19 effects)

€m (except otherwise stated)		FY/19 Base ¹	H1/20 Actual ²	FY/20e ²	FY/20e ^{2,3} New
 FRESENIUS	Sales growth (cc)	35,409	+5%	+4% to +7%	+3% to +6%
	Net income⁴ growth (cc)	1,879	-6%	+1% to +5%	-4% to +1%

¹ Before special items, including IFRS 16 effects, including NxStage operations

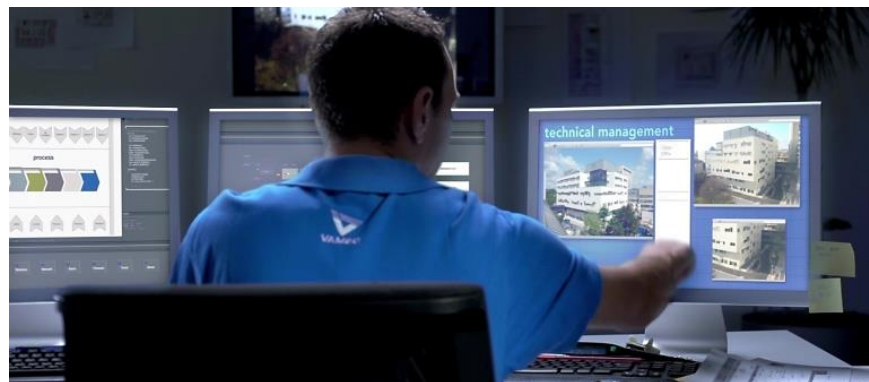
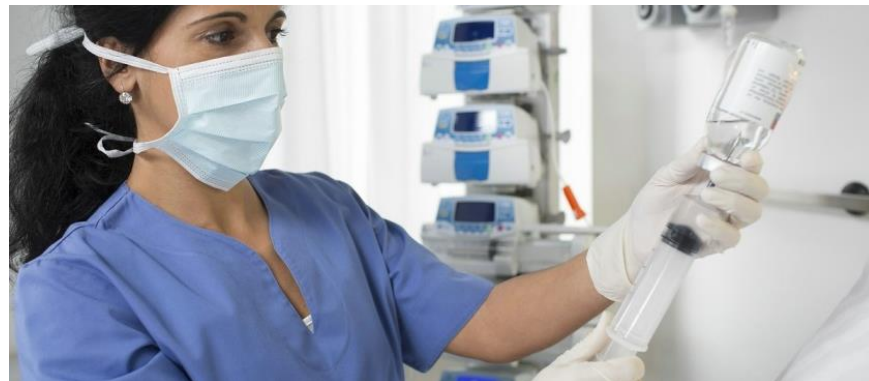
² Before special items

³ Including estimated COVID-19 effects

⁴ Net income attributable to shareholders of Fresenius SE & Co. KGaA

For a detailed overview of special items please see the reconciliation tables provided on our website <https://www.fresenius.com/results-center>.

Attachments



Fresenius Kabi: Q2 & H1/20 Organic Sales Growth by Regions

€m	Q2/20	Δ YoY organic	H1/20	Δ YoY organic
North America	600	3%	1,269	4%
Europe	566	1%	1,197	5%
Emerging Markets	512	2%	1,001	2%
Total sales	1,678	2%	3,467	4%

Fresenius Kabi: Q2 & H1/20 Organic Sales Growth by Product Segment

€m	Q2/20	Δ YoY organic	H1/20	Δ YoY organic
IV Drugs	741	5%	1,537	6%
Infusion Therapy	178	-9%	377	-5%
Clinical Nutrition	456	1%	917	2%
Medical Devices/ Transfusion Technology	303	2%	636	7%
Total sales	1,678	2%	3,467	4%

Fresenius Kabi: Q2 & H1/20 EBIT Growth

€m	Q2/20	Δ YoY cc	H1/20	Δ YoY cc
North America Margin	236 39.3%	0% -140 bps	493 38.8%	1% -120 bps
Europe Margin	80 14.1%	4% +30 bps	184 15.4%	13% +90 bps
Emerging Markets Margin	107 20.9%	2% +20 bps	178 17.8%	-14% -280 bps
Corporate and Corporate R&D	-131	-18%	-274	-12%
Total EBIT Margin	292 17.4%	-5% -90 bps	581 16.8%	-5% -130 bps

All figures before special items

Margin growth at actual rates

For a detailed overview of special items and adjustments please see the reconciliation tables provided on our website <https://www.fresenius.com/results-center>.

Fresenius Helios: Q2 & H1/20 Key Financials

€m	Q2/20	Δ YoY cc	H1/20	Δ YoY cc
Total sales	2,315	-2%¹	4,781	1%¹
Thereof Helios Germany	1,571	4% ¹	3,174	6% ¹
Thereof Helios Spain	743	-14% ¹	1,606	-7% ¹
Total EBIT	198	-29%	472	-14%
Margin	8.6%	-320 bps	9.9%	-190 bps
Thereof Helios Germany	147	-5%	312	3%
Margin	9.4%	-80 bps	9.8%	-30 bps
Thereof Helios Spain	54	-58%	166	-34%
Margin	7.3%	-800 bps	10.3%	-480 bps
Thereof Corporate	-3	--	-6	--

¹ Organic growth

For a detailed overview of special items and adjustments please see the reconciliation tables provided on our website <https://www.fresenius.com/results-center>.

Fresenius Helios: Key Metrics

	H1/20	FY/19	Δ
No. of hospitals Germany	86	86	0%
- Acute care hospitals	83	83	0%
No. of hospitals Spain (Hospitals)	52	51	2%
No. of beds Germany	28,811	28,907	0%
- Acute care hospitals	28,284	28,380	0%
No. of beds Spain (Hospitals)	7,832	7,288	7%
Admissions Germany (acute care)	519,184	1,206,654	
Admissions Spain (including outpatients)	7,009,642	15,396,051	

Fresenius Vamed: Q2 & H1/20 Key Financials

€m	Q2/20	Δ YoY cc	H1/20	Δ YoY cc
Total sales	475	1%	974	7%
Thereof organic sales		-1%		5%
Project business	146	18%	288	24%
Service business	329	-4%	686	1%
Total EBIT	-13	-159%	1	-97%
Order intake ¹	50	-57%	174	-65%
Order backlog ¹			2,745	-4% ²

¹ Project business only

² Versus December 31, 2019

Fresenius Group: Q2/20 Key Financials

€m	Q2/20 ¹	special items	Q2/20 reported	Δ YoY cc ¹
Sales	8,920	-	8,920	2%
EBIT	1,123	-	1,123	0%
Net interest	-167	-	-167	7%
Income taxes	-225	1	-224	-4%
Net income²	410	1	411	-13%

¹ Before special items

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

For a detailed overview of special items and adjustments please see the reconciliation tables provided on our website <https://www.fresenius.com/results-center>.

Fresenius Group: Calculation of Noncontrolling Interests

€m	H1/20	H1/19
Earnings before tax and noncontrolling interests	1,907	1,887
Taxes	-440	-435
Noncontrolling interests, thereof	-592	-524
Fresenius Medical Care net income not attributable to Fresenius (H1/20: ~68%)	-431	-371
Noncontrolling interest holders in Fresenius Medical Care	-144	-118
Noncontrolling interest holders in Fresenius Kabi (-€17 m), Fresenius Helios (-€2 m), Fresenius Vamed (€0 m) and due to Fresenius Vamed's 23% external ownership (+€2 m)	-17	-35
Net income attributable to Fresenius SE & Co. KGaA	875	928

Before special items

For a detailed overview of special items and adjustments please see the reconciliation tables provided on our website <https://www.fresenius.com/results-center>.

Fresenius Group: Cash Flow

€m	Q2/20	LTM Margin	Δ YoY
Operating Cash Flow	3,082	18.6%	156%
Capex (net)	-476	-6.8%	14%
Free Cash Flow (before acquisitions and dividends)	2,606	11.8%	--
Acquisitions (net)	-79		
Dividends	-153		
Free Cash Flow (after acquisitions and dividends)	2,374	8.7%	--

Estimated COVID-19 effects Q2/H1 2020

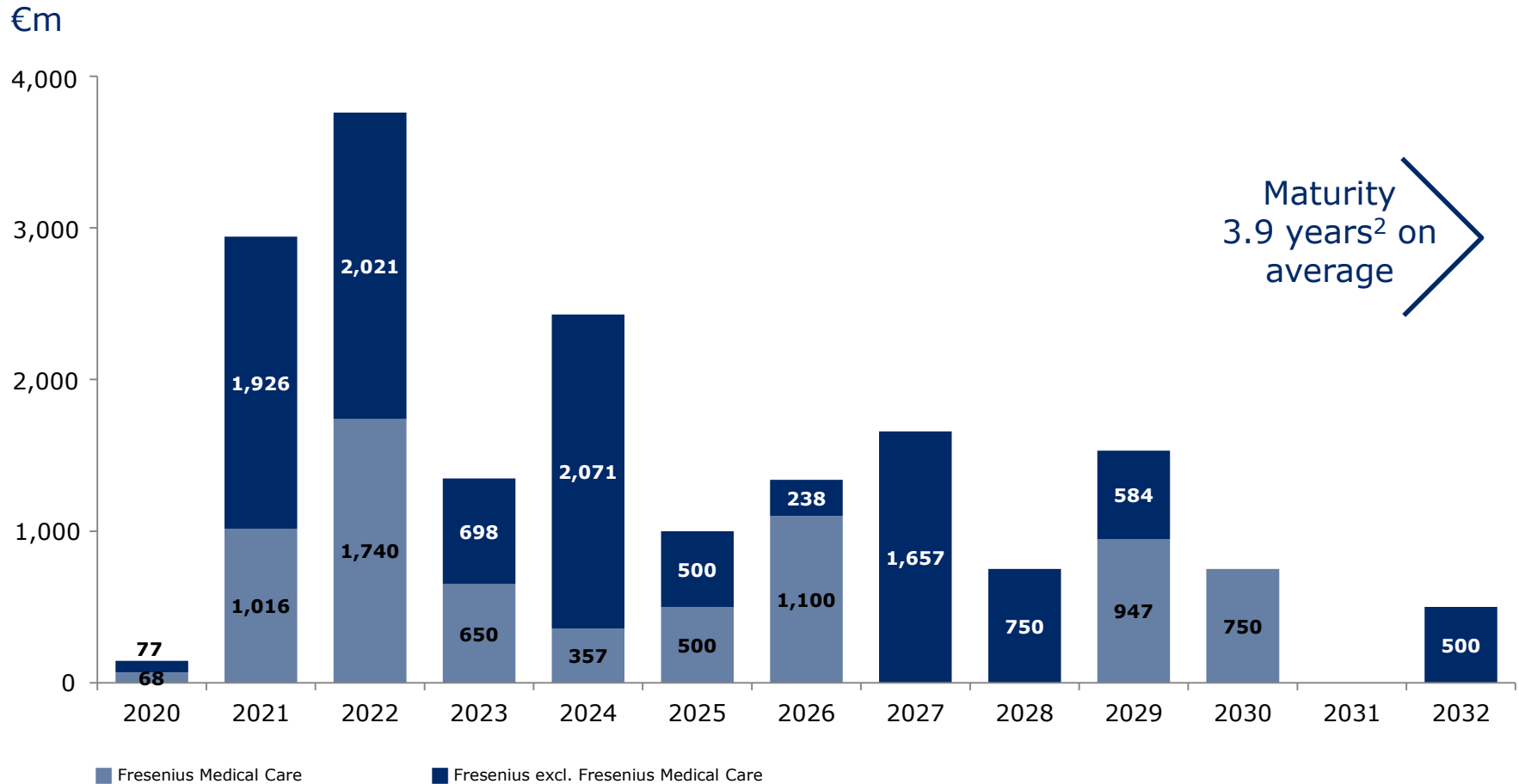
€m	Growth cc as reported incl. COVID-19		Estimated COVID-19 impact cc	
	Q2/20 ¹	H1/20 ¹	Q2/20 ¹	H1/20 ¹
Sales	+2%	+5%	-4% to -5%	-2% to -3%
Net income ²	-13%	-6%	-13% to -17%	-9% to -13%

¹ Before special items

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

Fresenius Group: Major Long Term Debt Maturities^{1,2}

All major remaining 2020 maturities already refinanced



¹ As of June 30, 2020 and based on utilization of major financing instruments, excl. Commercial Paper of €1,267m

² Pro Forma repayment of FSE €500m bonds on July 15, 2020 and early repayment of FMC \$500m bonds on July 17, 2020, originally maturing on Oct. 15, 2020

Financial Calendar / Contact

Financial Calendar

29 October 2020

Results Q3/20

Please note that these dates could be subject to change.

Contact

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