

FRESENIUS

KABI

- ▶ **STRONG ORGANIC SALES GROWTH ACHIEVED.**
- ▶ **EXCELLENT EARNINGS PERFORMANCE, PROFITABILITY INCREASED.**
- ▶ **MARKET POSITION STRENGTHENED THROUGH TARGETED ACQUISITIONS.**

2007 was an excellent year for Fresenius Kabi. We strengthened our market leadership in Europe in clinical nutrition and in infusion therapy. We further expanded our strong market position in the Asia-Pacific region and in Latin America. Acquisitions in the fields of clinical nutrition and intravenously administered drugs have opened up new growth opportunities.

Fresenius Kabi is focused on the therapy and care of chronically and critically ill patients, providing clinical nutrition, infusion therapies and the related medical devices. Our products encompass the entire chain of patient care: for emergency cases, during operations, in intensive care, in hospital wards and in outpatient care.

For infusion therapy we provide infusion solutions, blood volume replacement products and intravenously administered drugs such as anesthetics, antibiotics and drugs for the treatment of oncological diseases. For the administration of these therapies we provide infusion technologies and disposables. For transfusion technology we offer a range of products used by blood banks and blood donation units to produce blood products.

For clinical nutrition we supply parenteral and enteral nutrition products. To administer these products, we offer a wide range of nutrition pumps and disposables.

BUSINESS DEVELOPMENT

In 2007, Fresenius Kabi increased sales by 7 % to €2,030 million (2006: €1,893 million). Organic growth of 8 % was

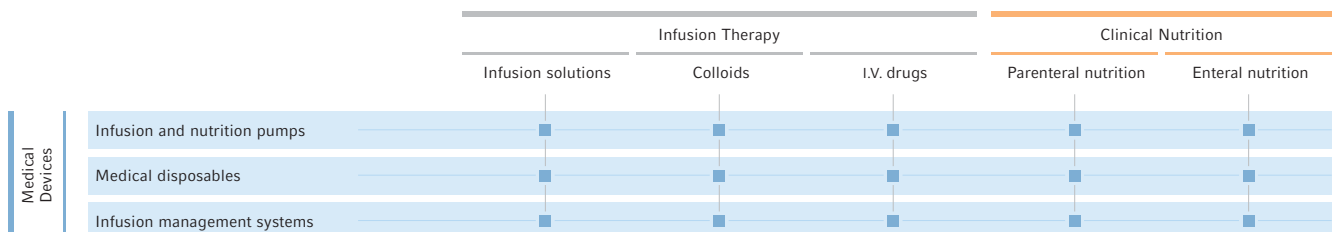
again at a high level. Currency translation had a negative impact of 2 %. This was mainly due to the depreciation of currencies in South Africa, China, Mexico and Canada. Acquisitions contributed 1 % to sales.

The table below shows the sales growth by region:

in million €	2007	2006	Change
Germany	434	427	2 %
Europe (ex Germany)	930	877	6 %
Asia-Pacific	311	258	21 %
Latin America	143	128	12 %
Other regions	212	203	4 %
Total	2,030	1,893	7 %

In Europe (excluding Germany), organic sales growth was 5 %. In Germany, we achieved an organic growth of 2 % despite the cost containment measures in the health care system.

FRESENIUS KABI – INTEGRATED PRODUCT PORTFOLIO



We again achieved record sales growth outside Europe. In our two growth regions of Asia-Pacific and Latin America we were able to sustain the high growth rates of the previous years. In the other regions we again maintained strong organic sales growth, especially in South Africa and Canada.

Sales by product segment were as follows:

in million €	2007	2006	Change
Infusion therapy	1,076	1,023	5 %
Clinical nutrition	831	753	10 %
Transfusion technology	123	117	5 %

Excellent sales growth of 10 % was again achieved in clinical nutrition. Both the infusion therapy and transfusion technology segments also did well, with sales increases of 5 %.

Fresenius Kabi continued its excellent earnings growth in 2007. EBIT increased by 14 % to € 332 million (2006: € 291 million). The EBIT margin improved by 100 basispoints to 16.4 % (2006: 15.4 %). This was a record achievement for Fresenius Kabi.

All regions contributed to this performance. In Europe we achieved an EBIT of € 294 million (2006: € 256 million). This corresponds to an increase of 15 % and an EBIT margin of 21.6 % (2006: 19.6 %). Outside Europe, in the international segment, EBIT rose by 13 % to € 113 million (2006: € 100 million). The EBIT margin was 17.0 % (2006: 17.0 %). Corporate costs and corporate research and development expenses were € 75 million (2006: € 65 million).

Fresenius Kabi's net income increased by 28 % to € 183 million (2006: € 143 million, including one-time expenses for early debt refinancing of € 11 million).

ACQUISITIONS

In 2007, the focus of Fresenius Kabi's activities was to achieve strong organic growth and to grow through acquisitions. The objective of the acquisitions was to strengthen our business in the areas of clinical nutrition and intravenously administered drugs and to extend our regional presence:

- ▶ April 2007: Acquisition of the blood volume substitution business of the Japanese pharmaceutical company Kyorin Pharmaceuticals. This is Fresenius Kabi's first entry into this market. Kyorin achieved sales of about € 5 million in 2006. In Japan, Kyorin is the only provider of hydroxyethyl starch (HES) products for blood volume substitution, a product line which Fresenius Kabi also offers. In 2007, we established a sales subsidiary in Tokyo, for the marketing and distribution of the acquired products as well as our own product portfolio.
- ▶ July 2007: An agreement was signed to acquire Cosco Pharm of China, a manufacturer of blood bags. The company is the third largest manufacturer in this market segment in China, and has a modern production facility in Guangzhou. Cosco achieved sales of about € 3 million in 2006. The rapid pace of economic development in China and the growing demand for high-quality, efficient medical care is boosting demand for products that are needed to manufacture blood products. The acquisition of Cosco will enable us to rapidly expand our transfusion technology business in the Asia-Pacific region.
- ▶ November 2007: Acquisition of Nestlé's enteral nutrition business in France (Novartis Nutrition S.A.S.) and in Spain (Nestlé España). With this acquisition Fresenius Kabi strengthened its market position in clinical nutrition. Together, the two companies achieved sales of about € 55 million in 2007. Novartis Nutrition holds a leading position on the French enteral nutrition market and offers a comprehensive range of sip and tube feed products as well as corresponding medical devices. This acquisition makes Fresenius Kabi the second largest provider of enteral nutrition products in the French market. Having successfully established itself as a renowned supplier of enteral nutrition products in the Spanish market, the acquisition of Nestlé España now provides Fresenius Kabi with access to the Spanish enteral nutrition market.
- ▶ December 2007: Acquisition of Laboratorio Sanderson and Ribbon. These two acquisitions take us another step forward in our growth strategy for intravenously administered generic drugs.

Sanderson of Chile has a top-quality portfolio of antibiotics, analgesics, anesthetics and infusion solutions, and is the market leader in Chile. The company distributes its products in Chile and in other markets in Latin America. It achieved sales of about € 19 million in 2007. Fresenius Kabi already offers products for blood volume substitutes, anesthesia and parenteral nutrition in Chile. With this acquisition, we have significantly expanded our existing product portfolio, becoming the leading infusion therapy provider in the Chilean hospital market. The state-of-the-art production unit in Santiago de Chile facilitates Fresenius Kabi's product program roll-out and its expansion into other Latin American countries.

The Italian company Ribbon is one of Europe's leading manufacturers of the antibiotic agent classes cephalosporines and penicillines and has two state-of-the-art production facilities in northern Italy. The company achieved sales of about € 54 million in 2007. Fresenius Kabi's portfolio of intravenously administered generic drugs also includes a comprehensive range of products with the antibiotic agents cephalosporines and penicillines. With the acquisition of Ribbon, we are one of the few global suppliers of intravenously administered drugs that have know-how and manufacturing expertise along the whole pharmaceutical value chain. At the same time, Fresenius Kabi is ensuring its own supply of high-quality active agents for its products long-term.

INFUSION THERAPY

Infusion solutions are administered to patients suffering fluid loss or electrolyte deficiencies. They also serve as carrier solutions for important drugs. Infusion solutions are used widely in everyday hospital routines. We offer a comprehensive range of products in infusion bags as well as infusion

bottles for the various areas of application. In 2007, we successfully continued with the international roll-out of our new KabiPac® plastic bottle. This innovative container for infusion solutions assures a high level of safety in everyday hospital use. We have integrated two separate, easily distinguishable ports in the cap to ensure simple and safe use. The sterility of these ports is assured by an appropriately designed fastening. The unique design of the bottle enables the container to collapse and drain completely, ensuring that the patient receives all the fluid it contains. In 2007, we launched our infusion solutions in the new KabiPac® in Austria, Poland, the Czech Republic and Brazil.

Our blood volume substitutes are used primarily for emergency cases and in surgery. If a person loses blood as the result of an accident or during an operation, there is the risk of shock, circulatory collapse and an insufficient blood supply to vital organs. Hydroxyethyl starch (HES) products are so-called artificial colloids that can be used for any blood group. We are the world leader in the market for artificial colloids, currently distributing our product Voluven® in more than 80 countries. In 2007, it was introduced in Australia and Colombia.

Our portfolio of intravenously administered generic drugs includes anesthetics, antibiotics and products for oncology. Used with emergency cases, during operations and for intensive care, the drug is distributed throughout the body directly via the blood stream, taking effect within a few seconds.

Propofol Fresenius is our reference product for anesthesia, sold in more than 80 countries. We are the market leader in several countries in Europe. In 2007, we achieved high growth rates, especially in Asia-Pacific, where we are already one of the leading suppliers.

We continued the internationalization of our antibiotics, and launched for example Ciprofloxacin Kabi in a number of European markets. Ciprofloxacin Kabi is an antibiotic for severe and moderately severe infections. Clindamycin Kabi is an antibiotic that is also used for respiratory infections. In 2007, we launched Clindamycin Kabi in Germany, and plan

to introduce the product in other European markets in 2008. Ampicillin-Sulbactam, a broad-spectrum penicillin, was launched on the German market.

As a support therapy in oncology we offer a product that is used, especially in association with chemotherapy and radiotherapy, to prevent sickness, nausea and vomiting. We launched Ondansetron Kabi in other European markets in 2007.

In 2006, we acquired the Argentinean company Filaxis. This was an important step toward broadening our portfolio of intravenously administered drugs. We now produce and distribute a comprehensive range of products in Argentina. In 2007, we completed the integration of Filaxis and prepared for the registration of the product portfolio in other Latin American countries.

In the medical devices segment for infusion therapy we offer an extensive range of volumetric pumps and syringe pumps, infusion management systems and disposables for administering pharmaceutical solutions. We are one of the leading suppliers in this field, and are the market leader for syringe pumps in Europe. Our Agilia® product family offers a full line of infusion and syringe pumps as well as disposables for intravenous medication therapy. In 2007, at Medica, the world's largest trade fair for medical technology, we presented another innovative product of the Agilia® line. The Agilia® Volumat® MC volumetric infusion pump can be used both in classic mode (ml/h) and in mass calculation mode (e.g. µg/kg/h) and is therefore suitable for use in intensive care or during an operation. We also focused on the market introduction of the new Injectomat® TIVA Agilia®. This syringe pump is used for the intravenous administration of anesthetics and is specially tailored to the requirements in anesthesia. Other new products innovations include our Ambix® Noncor® Safe and K-Nect® products, which guarantee maximum safety. Ambix® Noncor® Safe is a port cannula which protects against needle injuries. During the final step, when the cannula is

removed from the implanted port, the cannula locks into its casing. Accidental injury by the needle is therefore eliminated. K-Nect® is an injection port that enables injections to be performed without a needle. This increases safety in everyday hospital use since it rules out the risk of possible needle injuries and resulting infections.

In the transfusion technology segment we offer disposable systems and medical devices for collecting, processing and transporting blood products. We have strengthened our international distribution activities with own sales organizations. In addition, we have started registration procedures for our Compoflex blood bag systems in the Asia-Pacific region. In the apheresis product segment we launched our COM.TEC cell separator, including an extended software package that also allows among other things a statistical analysis of the process data.

CLINICAL NUTRITION

Fresenius Kabi is one of the few companies to offer parenteral as well as enteral nutritional therapies, including the related application technology, worldwide.

We are a leading provider of three-chamber bags for parenteral nutrition. Our new three-chamber bag design was already launched in selected markets in 2006. This bag provides a maximum of convenience and safety for everyday hospital use. We are now selling this newly designed three-chamber bag successfully in almost every country in Europe.

Very positive was the market launch of parenteral compounding products for pediatric care, which we developed specially for the French market. In the past, many of these individual medications were produced in-house by hospital

pharmacies. In response to the growing need for pediatric compounding products and the limited production capacities of the hospital pharmacies, our production of pediatric nutrition preparations was expanded. Our Pediaven® product family comprises parenteral compounding products designed specially for babies, premature births and infants.

As one of the leading suppliers of these products, we offer lipid emulsions both as an ingredient of our three-chamber bags and as separate products. In 2007, we introduced our SMOfliD® lipid emulsion, used especially for the parenteral nutrition of intensive-care patients, in Austria, Greece, Chile and other countries.

In the field of enteral nutrition we continued the international marketing of our Fresubin® product family. In China, in only four years after our first products were launched, we are now one of the leading companies for enteral nutrition. To expand this business further we have introduced the EasyBag for our Fresubin® tube feed products. The EasyBag is lighter than rigid containers, such as glass bottles, and is safer and easier to use. These advantages have led to a strong market acceptance of this product. Other products from our line of enteral nutrition products launched in Australia and India were also very successful.

Finally, we introduced our Supportan® sip and tube feed products with a new formulation in 2007. These products are now matched even more specifically to the metabolic needs of oncology patients. The high omega-3 fatty acid eicosapentaen acid (EPA) content can combat the physical emaciation caused by cancer diseases and simultaneously strengthen the body's immune system. To guarantee the required daily dosage of two grams of EPA, this amount is already contained in one EasyBag of the tube feed Supportan® or in two Tetra-Pak containers of the sip feed Supportan®. Our high calorie, high protein and fat rich Supportan® products enable an optimal supply of energy and nutrients.

Patients with chronic inflammations and those who have undergone surgery have a special need for nutrients to combat oxidative stress and maintain intestinal functions. Glutamine, an amino acid and antioxidants are important active substances used for this purpose. In 2007, we successfully launched our Glutamine Plus product in Austria, Greece and a number of countries in Eastern Europe. Containing glutamine and antioxidants, Glutamine Plus serves to supplement enteral nutrition. It is an oral sip feed supplement in powder form that can be prepared simply by stirring it into water.

Ketosteril® is a product prescribed for the treatment of chronic kidney disease, primarily in association with pre-dialysis treatment. We are marketing this product very successfully in a number of countries in Latin America, Eastern Europe and the Asia-Pacific region, where we further expanded our market leadership in 2007.

In the field of medical devices for the application of clinical nutrition, we are one of the market leaders in Europe. For the further expansion of our business in the Asia-Pacific region, we have received registrations for our medical devices in Australia, Taiwan, South Korea and China. With Ambix® activ, we have also developed an infusion pump for parenteral nutrition that is specially designed for outpatient care. The pump's unique features are its low weight, a battery capacity of up to 40 hours and a rate of delivery adjustable from 10 to 600 ml/h. We plan to bring Ambix® activ to the market in 2008.