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Fresenius Investor News

Fresenius Kabi: Market leader builds on success

Fresenius Kabi is well positioned for continued above-average growth in the coming years. Fresenius Kabi AG management emphasizes this today during a Capital Market Day where the Company presents its business activities, strategy and growth prospects. Fresenius Kabi, a subsidiary of the health care group Fresenius, has become the market leader in infusion therapy and clinical nutrition in Europe and emerging markets. The financial results reflect this growth: Fresenius Kabi's contribution to the Fresenius Group's net income more than tripled between 2002 and 2004 (when comparing nine-month figures), climbing from 15 % (13 million euros) to 46 % (57 million euros). "Fresenius Kabi is an important growth driver for the Fresenius Group," says Dr. Ulf M. Schneider, Chairman of the Management Board of Fresenius AG. Future growth potential also lies in the expansion of the I.V. drug (intravenously administered drug) portfolio, which today accounts for about 100 million euros in sales for Fresenius Kabi.

Striving for a 2007 EBIT margin of 15 %

Fresenius Kabi's dynamic growth was made possible by a strong international focus as well as a specialization in infusion and nutrition therapy for patients in hospital and the outpatient environment. Since 1995, sales have grown at 19 % CAGR while EBIT grew at 26 % CAGR. Even when excluding acquisitions, the Company expects mid-term organic sales growth in the mid-single digit range. Profitability should also increase with Fresenius Kabi forecasting an EBIT margin of 15 % in 2007. For fiscal 2004, Fresenius Kabi confirms an EBIT margin of more than 11.5 % and expects organic sales to grow in the mid-single digits.

Exceptional position in Clinical Nutrition and Infusion Therapy

Since the 1960s Fresenius Kabi has significantly influenced the development of parenteral as well as enteral nutrition and is the only company that offers products for both internationally. Fresenius Kabi is able to offer a comprehensive nutrition therapy for hospital doctors as they, for example, switch patients from parenteral to enteral nutrition during recovery or stabilization. Fresenius Kabi can also rely on decades of scientific ex-

expertise in infusion therapy and builds on successful products: Voluven® for example today sets international standards for blood volume substitution.

With the exception of Japan and the U.S., Fresenius Kabi markets its products worldwide. With a market share in infusion therapy and clinical nutrition of 21 %, the Company has an impressive lead on the nearest competitor*. Fresenius Kabi estimates the value of this market (global market excluding the U.S. and Japan) at 6.3 billion euros.

Leading in Europe, strong roots in Germany

The health care markets in Europe (excluding Germany) and Canada account for 51 % of Fresenius Kabi's overall sales while the domestic market, which accounts for 27 % of sales, highlights the Company's strong roots. Fresenius Kabi is the market leader in infusion therapy and clinical nutrition in Germany as well as in Europe and its German market share is double that of its closest competitor. In Europe and Canada, Fresenius Kabi expects sales to grow at mid-single digit rates and EBIT to grow stronger than sales. In the future, special attention will be paid to the new markets in Eastern Europe where the Company already holds a leading position. That position was further strengthened by the acquisition of Czech Infusia a.s. announced on December 7, 2004. Fresenius Kabi has a global network of 49 sales organizations and 34 production sites that supply their local markets.

Growth markets yielding excellent growth rates

Fresenius Kabi expects strong organic growth in fiscal 2004 in the Asia-Pacific region (+24 %) as well as in Latin America and South Africa (+14 %). Demographic developments and an improved ability to finance better health care are pushing demand higher in these countries. The regional production and sales networks allow Fresenius Kabi to service this demand with high-quality products. The Company is market leader in both infusion therapy and clinical nutrition. In the future, Fresenius Kabi expects organic sales growth of between 15 % and 20 % p.a. in these markets.

China: Market share of 24 %

Growth is especially strong in China, where Fresenius Kabi has become the fifth-largest foreign pharmaceutical company. When founded in 1982, the Sino Swede Pharmaceutical Corporation, which is 51%-owned by Fresenius Kabi, was the first pharma joint venture ever in the People's Republic with foreign ownership. The company employs 740 people and is specialized in clinical nutrition. A second joint venture, the Beijing Fresenius Kabi Pharmaceutical Corporation, which is 65 %-owned by Fresenius Kabi, produces infusion solutions and I.V. drugs with 350 employees. Fresenius Kabi is the leader in clinical nutrition in China with a market share of 24 %. In the past four years, the Company achieved a 20 % sales CAGR. In the third quarter of 2004, Fresenius Kabi introduced two important products to the Chinese market: the parenteral nutrition bag Kabiven® and the blood volume substitute Voluven®.

Background: Fresenius Kabi activities

Infusion therapy – Standard infusion solutions, colloids, I.V. drugs as well as medical devices and disposable products

Infusion solutions and colloids are used to compensate for fluid and blood loss. **Standard infusion solutions** contain mainly salts (electrolytes) as well as water and are used to offset water and electrolyte imbalances in cases such as dehydration, lack of salt or a lack of specific minerals in the blood. The main indication is the treatment of patients suffering from blood loss due to accident or surgery. **Colloids** can present a safe alternative to blood transfusions after accidents or surgery and Fresenius Kabi produces and develops hydroxyethyl starch solutions such as HAES-steril[®] and Voluven[®], which use corn-based raw materials. In addition, Fresenius Kabi offers **I.V. drugs** such as anesthetics (e.g. Propofol Fresenius), pain relievers and antibiotics. The infusion solution product portfolio also includes medical devices and disposable products (such as cannulae, tubes and pumps) that are used to administer infusion solutions and I.V. drugs.

Clinical nutrition – enteral using the intestines and parenteral using the veins

Fresenius Kabi produces infusion solutions for **parenteral nutrition** that contain all key nutritional components: carbohydrates, protein, fats, vitamins, trace elements and salts. While this solution is injected directly into the blood stream, liquid **enteral nutrition** is administered as sip or tube feed. Enteral nutrition also contains all the necessary components with a balanced number of calories. Nutrition therapies can prove useful after accidents or surgery, in cases of malnourishment or in cancer patients.

Transfusion technology

In the field of transfusion technology, Fresenius Kabi offers a comprehensive range of equipment for **the production and processing of blood products** for blood donation and blood banks.

*All market data in this release: Fresenius Kabi Internal Research

This release 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 AG does not undertake any responsibility to update the forward-looking statements in this release.