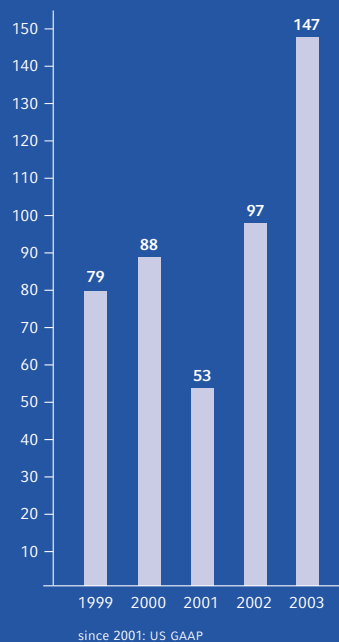


FRESENIUS KABI

- ▶ We care for seriously and chronically ill people with infusion and nutrition therapies, both in the hospital and in the ambulatory field.
- ▶ We have strengthened our European market leadership. In the Asia-Pacific and Latin America regions we have significantly expanded our market shares.
- ▶ We have grown substantially our organic sales and earnings.

DEVELOPMENT OF OPERATING INCOME (EBIT) IN MILLION €



Fresenius Kabi continued to move ahead in 2003: We strengthened our market positions in infusion and nutrition therapy, our operating business developed positively and the measures we took to enhance profitability were successful.

Our missions are the therapy and care of seriously and chronically ill patients both in the hospital and in the ambulatory field. Our portfolio comprises three business units:

► **Infusion therapies**

These include products for fluid and blood volume replacement, as well as intravenously-administered drugs such as anaesthetic agents for general anaesthesia.

► **Nutrition therapies**

Patients who cannot or are not allowed to eat any, or sufficient, normal food are fed parenterally (intravenously) and enterally via the gastro-intestinal tract.

► **Medical-technical products**

These are products for the application of infusion and nutrition therapies, and for infusion management. Also, we offer a complete product range for the production and processing of blood products for blood banks and blood donation services.

Development of sales and earnings

Sales at Fresenius Kabi were € 1,463 million in 2003, representing slight growth of 2 % over the previous year (2002: € 1,441 million). Exchange rate fluctuations had a substantial influence on this result. The effect from currency translation was -4 % in 2003. Organically, Fresenius Kabi achieved good growth of 7 %. The effect of divestments – as of August 1, 2002 we sold the company ProReha – was -1 %. Sales of Fresenius Kabi are split between the hospital business with € 1,171 million and the ambulatory care business with € 292 million.

We achieved strong organic growth rates in all regions: In Asia-Pacific we achieved a double-digit growth of 12 %, even though the SARS epidemic limited business activities in some areas, as a number of hospitals were in quarantine in the first half of 2003. Growth in Latin America was 27 %. European health systems are marked by increasing pressure for cost reductions; nevertheless, we achieved good organic growth of 4 % in this region.

The strong organic growth of Fresenius Kabi – particularly in Asia-Pacific and Latin America – is a solid basis for the future. This becomes even more important when considering the European health systems, which are marked by rising hospital costs, budget caps and pricing pressures. When the Statutory Health Insurance Modernization Act comes into effect in Germany, the market environment here will become even more difficult.

Fresenius Kabi increased EBIT by 52 % to € 147 million in 2003. This was significantly higher than the previous year's figure of € 97 million. Besides the good progress made in the operating business, measures we took to increase profitability had a positive effect.

Infusion therapies

In the year under report, we continued to strengthen our market leadership in the infusion therapies business in Europe, while expanding our market presence in Asia-Pacific, Latin America and South Africa, helped by the launch of our key products in additional countries.

Voluven® is one of these products. This is an infusion solution that is used to prevent and treat blood volume deficiency. In surgery, Voluven® is used as a substitute for homologous blood. Voluven® is one of the world's benchmark products in the field of blood volume replacements. Currently we are authorized to sell the product in around 50 countries, and have applied for additional registrations. In 2003 we successfully launched Voluven® in various countries, including Thailand and Romania.

We considerably expanded our business providing infusion solutions in freeflex® PVC-free bags in 2003. The bag is extremely compatible with medicinal drugs, and is safe and easy to handle. Thanks to these properties, freeflex® is an innovative primary form of packaging in the field of infusion therapy. In 2003, we made good headway in expanding our international presence with this product. For instance, we successfully launched our volume replacement solution HAES-steril® in freeflex® bags in China. Our product HyperHAES®, a blood volume replacement for emergency medicine, was launched in the freeflex® bag in additional Scandinavian countries in 2003.

Propofol Fresenius is a drug for anaesthesia. Currently we sell this product in around 75 countries. In some European countries, we are the market leader in the product segment for intravenous anaesthetic drugs. In 2003 we again achieved strong sales growth with Propofol Fresenius. Propofol is an anaesthetic that is currently dissolved in a fat emulsion with long-chain fatty acids. In the year under report we started to introduce a new generation of Propofol Fresenius. The new formula contains both medium-chain and long-chain fatty acids. This enables metabolization to take place more rapidly and thus place less of a burden on the lipid metabolism of the patient. This new generation of Propofol Fresenius will gradually replace the present varieties.

Nutrition therapies

In the nutrition therapy field we offer parenteral and enteral products. Thus we are one of the few companies in the world to provide seriously and chronically ill patients, whether in the hospital or at home, with both types of nutrition. We strengthened our market position in Europe during the year under report. In the important growth regions of Asia-Pacific and Latin America, we further extended our strong market positions.

One of the focal points of our activities was the marketing of our innovative 3-chamber bag Kabiven®. Kabiven® enables all essential nutrients to be infused at the same time, and provides a patient's complete daily requirements of parenteral nutrition. For stability reasons, carbohydrates, amino acids, fat and electrolytes are stored in separate chambers. By simply opening the chambers immediately before the solution is administered, the nutrients are mixed without any risk of contamination. In 2003 we introduced Kabiven® into Korea, Argentina and Brazil, among other countries.

The novel product StructoKabiven® rounds off our range of clinical nutrition products. StructoKabiven® contains both medium-chain and long-chain fatty acids, as well as glucose and a special amino acid pattern, and therefore enables seriously ill patients to be provided with rapidly-available energy. The international market launch of this product started successfully in Scandinavia in 2003.

We further expanded our international presence in the field of enteral nutrition. We continued with the introduction of our enteral nutrition products in China, which was started in 2002. After only one year we are now one of the leading providers of enteral nutrition in China. In order to quickly expand our market position there, we established our own sales organization for enteral nutrition products in 2003.

Calshake is a nutritional supplement for patients with existing or impending malnourishment as well as an increased energy requirement, for instance oncology or HIV patients. One of the countries in which Calshake was launched in 2003 was Germany. We therefore expanded our European market presence of this product.

In the ambulatory care of seriously and chronically ill patients, we likewise focus on therapies in the field of enteral and parenteral nutrition, in addition to intravenous therapies such as antibiotic and virostatic therapies. In Germany, we succeeded in consolidating our market leadership in ambulatory enteral nutrition therapy, and we now care for more patients than a year ago.

The field of ambulatory care will grow considerably in the future. This trend is driven not only by demographic changes, but also by the ever-tightening link between in-patient and out-patient care. This will inevitably lead to increased demands for ambulatory therapies.

Medical-technical products

Our medical-technical product range mainly consists of technical application products for our infusion and nutrition therapy products and for infusion management. We are one of the leading European specialists in infusion technology, and are the market leader in Europe in enteral medical technology.

In Germany, we launched the new feeding tube set Freka® Pexact. Freka® Pexact is a feeding tube for long-term enteral nutrition. It is placed percutaneously, i.e. through the wall of the stomach. The tube establishes a new method for placing

a percutaneous feeding tube. It is especially suitable for those patients who cannot be fitted with a conventional percutaneous tube (e.g. due to stenosis) or who may not be fitted with it for medical reasons (e.g. in order to avoid spreading tumor cells).

In China, we have not only launched our enteral feeds, but also established the relevant medical-technical products.

We gained market share in 2003 with our infusion workstation Orchestra®. The workstation, a combination of syringe pumps and volumetric infusion pumps in one central unit, is mainly used in intensive care units. It enables medical staff to have full control over all medication doses being administered.

Base Primea, launched in the year under report, is a new infusion platform for anaesthetists. This is the first time that it has been possible to inject both hypnotics and analgesics during the intravenous administration of anaesthetics by means of target controlled infusion (TCI). Using pharmacokinetic models, a computer calculates the optimum concentrations of active substances in the blood and brain from key data, such as the height, age, weight and sex of the patient. Base Primea was launched successfully in Germany, Great Britain, France and Switzerland at the end of 2003.

In the field of transfusion technology we offer products for the manufacture and processing of blood products. This market is marked by the sustained consolidation of blood donation organizations and stagnating numbers of blood donors. One of our priorities in 2003 was to strengthen our market position in Europe in the product segment of in-line filter blood bag systems.