

Fresenius Kabi at a glance

<i>in million €</i>	1998 ¹⁾	1999	Segment	Segment
		Total	Products ²⁾	Services
Sales	711	964	870	94
EBIT (<i>operating profit</i>)	73	79	70	9
Net income ³⁾	–	37		
Investments	30	80		
Operating cash flow (<i>before investments and acquisitions</i>)	65	44		
Employees (31. 12. 1999)	7,402	8,587	8,148	439
R + D expenses	28	51		
Balance sheet total	960	1,230		
EBIT margin	10%	8%		
Equity ratio		26%		
ROE before taxes (<i>return on equity</i>)		20%		
ROOA (<i>return on operating assets</i>)	8%	8%		

¹⁾ Pharma division of Fresenius AG

²⁾ Includes corporate expenses for Fresenius Kabi AG

³⁾ Figures given starting from the financial year 1999

Fresenius Kabi 1999

Contents

Introduction by the Board	2
Fresenius Kabi – Caring for Life	6
Company profile	8
Caring for Life in the markets	10
Caring for Life by innovation	18
Caring for Life by services	24
People – Caring for Life	30
Management Report 1999	35
Balance sheet (abridged)	43
Profit and loss account (abridged)	43
Major subsidiaries	44
Supervisory Board and Management Board	45
Glossary	46
Highlights 1999	48
Products and Services	49

Introduction by the Board

Ladies and Gentlemen,

We are pleased to submit Fresenius Kabi's first annual business report. With this report we will present to you not only our achievements of this first full year in business, but also our plans for the future.

Fresenius Kabi – a new, strong company

Fresenius Kabi is a one hundred percent subsidiary of the Fresenius Health Care Group, a world-wide leading supplier of products and services for dialysis, hospitals and ambulatory care of patients. In 1999, the Fresenius Group, comprising the four business segments Fresenius Medical Care (dialysis), Fresenius HemoCare (blood treatment), Fresenius ProServe (health service) and Fresenius Kabi (infusion and nutrition therapy), was transformed into an operative holding in order to further strengthen the autonomy and focus in each segment.

Fresenius Kabi commenced operations on January 1, 1999. It was formed by combining Fresenius Group's Pharma division with the infusion solution business acquired from Pharmacia and Upjohn (Kabi). The new Fresenius Kabi is Europe's leader in the field of nutrition and infusion therapy, offering products and services world-wide for hospitals and patients at home. It presents an excellent starting point for the further global expansion of our business.

An excellent business year 1999 as the result of successful integration work

In our first full business year for Fresenius Kabi, the major goal lay in the successful integration of Fresenius Pharma and Kabi, while maintaining the high service levels to which our clients are accustomed. The new company received a distinctive identity, with an appropriate management structure, bringing together the people of Fresenius Kabi in over 30 countries. These integration tasks were completed swiftly and efficiently thanks to our employees, who were willing to meet the new challenges.

In 1999, Fresenius Kabi achieved sales of € 964 million, an operating profit (earnings before interest and taxes, EBIT) of € 79 million, and a net income of € 37 million.

The Fresenius Group headquarters in Bad Homburg v. d. H., Germany



The sales growth amounted to 36 percent, based on the sales of the Pharma division of Fresenius AG in 1998. We were able to maintain internal growth of 7 percent. Despite the considerable investments in the commissioning of the plant in Uppsala (Sweden) and in the production lines for infusion solutions in PVC-free bags at the Friedberg factory (Germany), as well as the depreciations of goodwill following the acquisition, the operating profit increased by € 6 million. All other key figures also augmented significantly.

The implementation of a new company structure contributed decisively to achieving these positive results. The Fluid Therapy, Parenteral Nutrition and Enteral Nutrition divisions concentrate especially on product offers, while the Ambulatory Care division targets the service business, emphasising the ambulatory and home care of patients. This new structure represents a favourable prerequisite for future growth.

Consistent expansion of international business activity

Alongside integration our second main objective in 1999 lay in strengthening Fresenius Kabi's leading position in Europe and in expanding our market presence

world-wide. In Europe, it was essential to continue growing, even though the market environment was characterised by strong price competition as well as pressure on health care costs. Outside Europe, we focused mainly on the emerging markets, such as Asia and Latin America.

In China, after lengthy negotiations, we succeeded in acquiring the majority holding in the Chinese joint venture Sino-Swede Pharmaceutical Ltd. (SSPC) in Wuxi, near Shanghai. At the same time, negotiations were initiated to direct our joint venture Beijing Fresenius Pharmaceutical Co., Ltd., in existence since 1995, towards expansion with products of the Fluid Therapy division. The two joint ventures combined have placed Fresenius Kabi among the top ten foreign companies in the Chinese health care market and have made it the market leader in nutrition therapy.

The Ambulatory Care division will expand its service programme for ambulatory health care throughout Europe, Canada and suitable emerging markets. Its new name CALEA reflects Fresenius Kabi's ambition of becoming the CAre LEADER for the therapy and care of patients in the ambulatory field.

Our objective is “Caring for Life”

Fresenius Kabi stands for progress and quality when developing innovative products and services for critically ill patients – whether in hospital or in the ambulatory environment. Our products save and protect lives and our service helps to decisively improve the quality of patient's lives. Under the slogan “Caring for Life”, we want to make an essential contribution towards this aim with our many years of experience in the field of nutrition and infusion therapy. This common objective is borne by our more than 8,600 employees in over 30 countries and is an essential component of our corporate identity.

With innovations to world-wide market leadership

Offering a broad range of products and services in the field of nutrition and infusion therapy gives Fresenius Kabi unique strength. Fresenius Kabi will remain the technology leader through continuous innovation supporting the further expansion of our international market presence. We want Fresenius Kabi to achieve market leadership in all markets relevant for us. Innovations are the decisive success factor for this.

The year 1999 was an important milestone for us on the path to a world-wide presence. We thank all our employees who have made these achievements possible with their commitment and competence, their will for success and their determination to find pragmatic solutions. We have an excellent base to realise our common goal: making Fresenius Kabi the world-wide leading supplier of products and services for critically ill patients in hospital and in the ambulatory environment.

The Board




Paul Critchlow

Prof. Dr. Burghard Weidler

Marc Crouton

Dr. Matthias Schmidt

Mats Henriksson

A portrait of Angela Sancho Herrera, a woman with long, dark, wavy hair, smiling warmly at the camera. She is wearing a light pink button-down shirt and has her hands clasped together in front of her chin. She is also wearing a black watch on her left wrist and a silver bracelet on her right wrist. The background is a solid dark blue.

Angela Sancho Herrera
Sales Service
Region Asia

Caring for Life -



Fresenius Kabi

Fresenius Kabi – Caring for Life

In Europe we are the leading company in the field of nutrition and infusion therapy. World-wide we offer a unique, comprehensive range of products and services for the hospital and the ambulatory environment. With our philosophy “Caring for Life”, Fresenius Kabi stands for the improvement of the health and quality of life of seriously ill patients in the world.

A strong and reliable partner

Fresenius Kabi has emerged from the integration of the Pharma division of Fresenius AG with the international infusion solution business of Pharmacia & Upjohn, formerly Kabi. As a result, we have combined the knowledge and the experience of two sectors which can look back on decades of history in the field of nutrition and infusion therapy, and have achieved pioneering successes.

We have named this successful development Fresenius Kabi, creating an outstanding base for innovations and future growth.

Expression of our common success

The improvement in the treatment and care of seriously ill patients is our common goal. We concentrate our experience and our ideas on this objective. Our company logo symbolises our focus on human beings – whether on patients, customers or employees – it represents a team that stands up with commitment, determination and power for our objectives and for our joint contribution towards the therapy and care of critically ill people – under the slogan “Caring for Life”.

In the following pages, we invite you to learn more about us: how do we work in the various markets, what does innovation and service mean for us and who are the people who make Fresenius Kabi so unique?

History

Fresenius Pharma

1912	Founding of the Hirsch Pharmacy in Frankfurt am Main (Germany) with production facilities for the manufacture of injection solutions by Dr. Eduard Fresenius
1955	Expansion of the product group infusion solutions after taking over of management by Else Kröner, née Fernau
1971	Introduction of a novel amino acid solution achieving a decisive breakthrough in parenteral nutrition therapy (intake of nutrients directly into the blood stream)
1974	Development of an innovative volume replacement solution (hydroxyethylstarch solution – HES) in the field of fluid therapy/blood substitution
1980	Introduction of Haes-steril®, a further development of the hydroxyethylstarch solution with which Fresenius sets world-wide standards in volume therapy


Based on our unique **expertise**
in **nutrition** and **intravenous therapies**
and due to our dedication to **people** and **innovation**,
we will become the **preferred partner** world-wide
for **saving, treating, and caring** for critically ill patients
with **high-quality products** and **services**
in **hospital** and the **ambulatory environment**.

Beginning of the 1980s

Establishment of the home care concept by which patients who have to be fed enterally (intake of nutrients involving the gastro-intestinal tract) can be cared for at home. At the same time expansion of the enteral nutrition range.

Kabi

- 1877 Founding of the Nordstjernan Pharmacy in Stockholm (Sweden)
- 1929 Beginning of pharmaceutical production under the company name Vitrum; the main focus of research activities is the intravenous nutritional care of patients after operations
- 1944 Introduction of the first amino acid preparation in Europe
- 1962 Market introduction of the revolutionary lipid emulsion Intralipid® for parenteral nutrition, with which Kabi (company name from 1988 on, later Kabi Pharmacia) sets world-wide standards in nutrition therapy

A portrait of a man with dark, wavy hair, smiling and resting his chin on his hand. He is wearing a dark suit jacket, a light blue shirt, and a patterned tie. A watch is visible on his left wrist. The background is a solid blue color.

Vinod Kaushal
Strategic Marketing
Enteral Nutrition

Caring for Life



in the markets

» We are the leading company in Europe in the field of nutrition and infusion therapy – competent and innovative. On our way to becoming a global player, we have already established a world-wide network of subsidiaries and strong sales partners. «

Successful integration

By merging the international infusion solution business of Pharmacia & Upjohn (Kabi) with the former Pharma division of Fresenius AG on January 1, 1999, a new, powerful company has been created: Fresenius Kabi – the leading company in Europe in the field of nutrition and infusion therapy.

In the first year of operation the most important task for us was the world-wide integration of the two divisions Fresenius Pharma and Kabi. In order to meet our customers' demands and requirements even better, we introduced a new organisational structure with four operative divisions at the beginning of 1999.

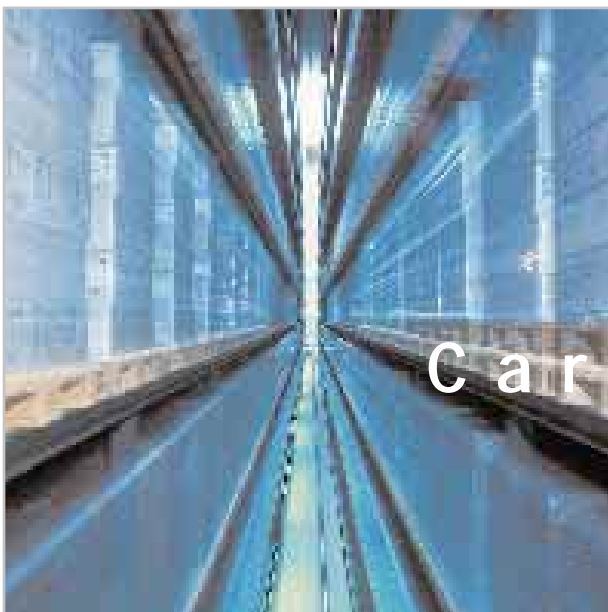
The Fluid Therapy, Parenteral Nutrition and Enteral Nutrition divisions concentrate especially on product offers and thus form our product segment. The Ambulatory Care division is oriented towards the service busi-

ness and concentrates on the care of patients outside hospital. We thus offer a unique, comprehensive programme of products and services world-wide from one source.

The new structure has obvious advantages. It enables us to respond accurately and flexibly to new market needs, as each head of a division assumes the strategic and operative responsibility for his division's performance – from research and development, through production to sales. Each division has its own regional structure which has been considerably strengthened by successfully merging the sales forces of Fresenius Pharma and Kabi. Fresenius Kabi is now represented by its own sales force organisations in more than 30 countries. We thus ensure that our customers are offered optimal local support and service.

Thanks to our employees' willingness to accept changes, we were able to complete the world-wide integration swiftly and efficiently. Its success has been proven by the favourable development of Fresenius Kabi's business in the individual regions.

Use of innovative logistic systems: our fully automated warehouse at the Friedberg factory (Germany)



Caring for Life

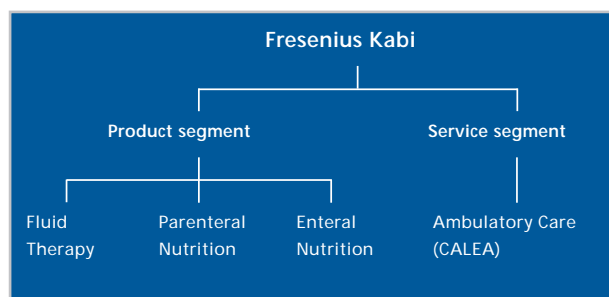
Number one in Germany

In spite of the pressure of strong competition and a stagnating market, we were able to increase sales in the hospital market in Germany. We thus succeeded in maintaining our position as the market leader in the year under review. By introducing new, innovative products (Voluven®, our infusion solution for blood substitution, the three-chamber bag Compleven® for parenteral nutrition, and the PVC-free bag for infusion solutions, freeflex®) Fresenius Kabi was able to assert its position in a market, which is characterised on the consumer side by a concentration on purchasing groups and privately owned hospitals.

In addition, we extended our enteral nutrition programme to include further specific services, supplied to patients in hospitals, practices and at home. In co-operation with external professionals we established care standards for enteral nutrition therapy, which are also recognised and used by third parties.



In the year 2000, we expect the pressure, both from competition and from price declines, to increase further. However, by networking our sales force organisations in hospitals and the alternate site, we will be in a better position to concentrate services and satisfy our customers' expectations. This includes integrating logistic and ordering functions in the electronic media, in order to achieve a flexible flow of goods. As a result of these activities and our position as the leading full service supplier we expect increases in sales despite the difficult market situation.



The new corporate structure of Fresenius Kabi AG was introduced at the beginning of 1999

i n t h e m a r k e t s



Number one in Europe

The merger of Fresenius Pharma and Kabi has made us the market leader in Europe in the field of nutrition and infusion therapy. We used this position in 1999 to penetrate the European health market to a greater extent. In the year under review, the market was characterised by two major trends: on the one hand, a limited growth rate in most European markets, on the other hand, a coping on the side of suppliers with restrictive spending policies. Cost savings, price reductions, expansion of cooperative purchasing consortia and fierce competition shaped most of the national markets.

Despite this difficult market development, we managed to further expand our business in Europe. Externally, we grew as a result of a number of strategically important acquisitions. Organically, our varied innovations promoted positive growth rates. New products were registered, and together with existing products from our programme, introduced into both established and new markets. The range of further qualified service concepts has strengthened our position in the field of ambulatory health care.

Northern European Region and Benelux Countries

The expansion of our range of parenteral products by acquiring Kabi contributed to a significant improvement in our market position, especially in the Northern European region. With a market share of 75 percent in the Scandinavian countries, Fresenius Kabi holds an excellent market position in the field of nutrition therapy. At the same time, we further strengthened our sales activities in the Scandinavian countries. In the Enteral Nutrition division, we established our own sales force and were able to increase our sales in the Northern region. Previously we had been represented only through sales partners.

The factory in Letterkenny (Northern Ireland), which originally belonged to Pharmacia & Upjohn's infusion solution business, was sold off to the local management. Furthermore, as part of our restructuring programme, the production facility in Basingstoke (Great Britain) was closed in order to push ahead with the concentration on just a few production locations in Western Europe. As a result, the production of standard infusion solutions was transferred from Great Britain to France (Louvier) and Norway (Halden).



In the Netherlands, we improved our market position by introducing further products from the enteral nutrition programme. In Ireland, we established our own sales and marketing organisation.

Western European Region

We had great success in Spain and Portugal with the introduction of our products in the field of blood volume substitution and achieved further acceptance of our hydroxyethylstarch solution (HES) which competes against human albumin and gelatine. In Portugal, local marketing of the product range was strengthened when our own subsidiary commenced operations on January 1, 1999.

In France, we introduced the new PVC-free bag for infusion solutions, freeflex®. At the same time we further strengthened the sales force for enteral nutrition products, since we believe that the French market has a strong growth potential in this field.

Southern European Region

In the Parenteral Nutrition division, our subsidiary in Verona performed favourably in the Italian market and further improved its market position. Due to the introduction of new products, we will continue along this path in the future. Prices in the market for standard infusion solutions were under pressure here also. Nevertheless we were able to assert our market position and introduced hydroxyethylstarch (HES) successfully.

The development of our subsidiary in Turkey was especially impressive in the field of parenteral nutrition. In Greece, our new subsidiary started business on May 1, 1999. In just seven months it reached a remarkable growth in sales. Fresenius Kabi Hellas thus enforced its market leadership, which it will further expand in the future.



The most modern production plant for standard infusion solutions in Europe: our production facility in Friedberg (Germany)



Austria, Switzerland and the Eastern European Region

The Austrian market also suffered great price pressure and fierce competition. Despite this difficult market situation we succeeded in enhancing our position in all segments of the market. The development in the fields of infusion therapy and parenteral nutrition was especially encouraging. We also expanded the enteral nutrition programme in connection with ambulatory health care.

Our Swiss subsidiary developed positively throughout the range of infusion solution products, even though pressure from competition was great in certain parts of the market. By acquiring 100 percent of the home care company SITEX, a Geneva-based provider of special ambulatory therapies, Fresenius Kabi emerged as the market leader in the field of ambulatory intensive care.

The Eastern European markets are characterised by low health care budgets, uncertain political structures and massive local competition. Despite this difficult environment, we achieved a double-digit growth in sales in the field of parenteral nutrition in both Hungary and Romania. Similar results were achieved in the field of enteral nutrition in Bulgaria, Romania, the Czech Republic and Hungary. With our HES infusions we are the market leader in the field of blood substitutes (colloids) in many Eastern European countries.

In Poland, one of the most rapidly growing markets in Eastern Europe, our subsidiary commenced operations on April 1, 1999. Despite the difficult health policy situation –

health care financing was transferred from the state to private health insurance companies – we have further expanded our market leadership in the field of blood substitution. The most important objective for the current financial year is the development of business in the fields of nutrition therapy and urology.

In Europe, the integration process was therefore completed successfully in 1999.

International business decisively expanded

In line with our European activities, we also considerably expanded our international business outside Europe by means of innovations and acquisitions.

In China, our business development was decisively influenced by the successful conclusion of the negotiations with the Chinese shareholders of the Sino-Swede Pharmaceutical Company, Ltd. (SSPC). Due to the acquisition, we now hold a 51 percent share of the business. SSPC and the joint venture Beijing Fresenius Pharmaceutical Co., Ltd., make us the market leader in China in the field of nutrition therapy and one of the ten largest foreign companies operating in the Chinese health market. Therefore, we are now in an



excellent starting position in one of the most important markets in the world for standard and special infusion solutions.

Further business expansion was initiated in Asia by the establishment of a subsidiary in Thailand and the start of operations by our subsidiary in Hong Kong. In the other countries of Southeast Asia and in Australia we are represented by distributors.

Our subsidiary in India consolidated its market share in standard infusion solutions. The market share of our special solutions could be increased, among other things as a result of the local production of the blood volume substitute, HAES-steril®. In addition, India was the first country in the region of Asia where the intravenous anaesthetic Fresofol 1%® (Propofol) was introduced, which will contribute to an expansion of our business activities.

In South Africa, our subsidiary based in Johannesburg began operations on March 1, 1999. This new company focuses on the sale of nutrition and infusion solutions and simultaneously serves as the strategic base for the expansion of our business in numerous other African countries. We expect a further rise in sales for the year 2000 as a result of introducing new products.

Market conditions in Latin America were, on the whole, difficult in the year under review, particularly due to the currency situation. Nevertheless, Fresenius Kabi's Brazilian subsidiary maintained its level of sales while the Mexican subsidiary increased sales. A large number of new products, such as Dipeptiven®, our innovative lipid emulsion, the trace element concentrate Tracitrans Plus®, Fresofol 1%® and Lipovenös MCT/LCT®, contributed to this achievement. We intend to expand our market share even more in the current financial year by introducing further products.

Fresenius Kabi – active world-wide


With the successful completion of the integration process, Fresenius Kabi emerged from the year 1999 in a stronger position. Our objective now lies in becoming the world-wide leading supplier of products and services in the field of nutrition and infusion therapy as well as of ambulatory health care.

The year 1999 has already taken us closer to achieving this goal. Over the next few years, we will adhere to our growth strategy to increase sales and earnings consistently.



Intralipid® in bags. At the end of 1999 we received the manufacturing licence for this form of packaging



A portrait of Lena Söderström, a woman with shoulder-length blonde hair, smiling warmly. She is wearing a dark blue zip-up jacket and has her arms crossed. The background is a solid dark blue.

Lena Söderström
Project Management Three-Chamber Bag
Parenteral Nutrition

Caring for Life



by innovation

» We grow through our innovations. And those are not just empty words for us. Already today we are the technology leader in nutrition and infusion therapy. World-wide we set new standards of excellence with tailor-made and practical solutions. «

Leading in Research and Development

Through Fresenius Kabi's intensive research and development work, we have established a comprehensive product and service portfolio in nutrition and infusion therapy. Our research activities concentrate on the therapeutic benefit for critically ill patients. Our innovative packaging concepts facilitate the daily care of patients, whether in hospital or at home. At the same time, we are developing service concepts which optimally complement our product innovations.

Combined innovative strength

Through the merger of Fresenius Pharma and Kabi, we have strengthened our innovative power and thus our international competitive position. The swift and successful integration of research and development was an important task in the year under review.

We concentrated our know-how in the Parenteral Nutrition and Fluid Therapy divisions in the two newly created centres of competence in Uppsala (Sweden) and Friedberg (Germany). Both centres are supplemented by further locations both in and outside Europe. By means of this structure, we have created a constant transfer of knowledge in order to develop further.

A new generation of blood substitutes

One core competence of Fresenius Kabi is blood substitution, volume substitutes which are employed in emergency medicine, in anaesthesia, in surgery and in intensive care. Through intensive research on and with the substance maize starch, we have developed a new generation of hydroxyethylstarch (HES) for volume therapy. The new patented infusion solution with the trade name Voluven® was launched in Germany in the year under review. With its unique specification (HES 130/0.4, 6%), Voluven® offers a reliable volume stabilisation in combination with an improved safety profile. The new solution does not accumulate in the plasma and thus significantly reduces the intermediate storage in the tissue – even if the patient is treated over a longer period. A further advantage is the markedly reduced influence on blood coagulation, leading to a reduced blood loss. In the field of volume therapy, Voluven® is thus also an economical alternative for the use in hospitals.

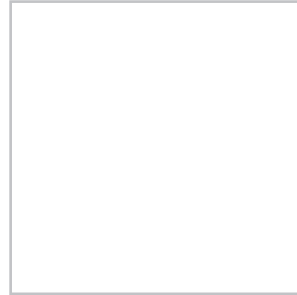
Added value through convenient three-chamber bags

In parenteral nutrition, we are setting further standards in the development of user-friendly and convenient packaging concepts with the introduction of the three-chamber bags Compleven® and Kabiven®. Our multiple-

With *freeflex*® we have developed an innovative, PVC-free bag for infusion solutions to minimise the impact on our environment



Caring for Life



chamber bags ensure the simultaneous infusion of all important nutrients and cover a patient's complete day's requirement for parenteral nutrition in one container. Carbohydrates, amino acids, fat, as well as electrolytes are kept in three separate chambers during storage and in this way guarantee a long shelf life and storage without refrigeration. They are only mixed together directly before usage. Thanks to the simple application of opening the peel seams, the risk of contamination is reduced, compared to the use of single units, and only one infusion set is needed and to be monitored. In addition, the time-consuming mixing procedure is eliminated. Our three-chamber bags are simple and safe to handle and come in an environmentally friendly packaging. With the regimens available (Kabiven® central, Kabiven® peripheral and Compleven®) the nutritional needs of approximately 80 percent of the patients can be met with these products.

The remaining 20 percent of patients in hospital are still in need of individual tailored nutrition, due to the severeness of their illness.

Structolipid® – a new generation of lipid emulsion

Structolipid® is the first product in a new generation of lipid emulsions, containing structured triglycerides, which combines the provision of rapidly available energy through medium-chain fatty acids and the supply of essential fatty acids through long-chain triglycerides (LCT) to critically ill patients. Thanks to a special process, we have succeeded in manufacturing triglycerides containing both medium-chain and long-chain fatty acids bound on one glycerol molecule, which guarantees several metabolic advantages. This modified structure of the triglyceride molecule makes Structolipid® unique. The product is supplied in a handy, light infusion bag.



We research in order to constantly improve the therapeutic benefit for patients

by innovation



EasyBag® – simplified care

Our 1.5 litre nutrition bag EasyBag® is a further Fresenius Kabi innovation for enteral nutrition. This product will set new standards for enteral tube feeding. Without the need to change the nutrition bag several times a day, the patient can be supplied with the quantity of nutrients he requires. EasyBag® allows simple, safe and, above all, hygienic handling. The risk of potential bacterial contamination is eliminated. Apart from the safety for the patient, a further advantage is the simple handling for the nursing staff. In 1999, we successfully offered the product Fresubin® 1200 complete for the first time in this new bag in Germany.

LEAD² technology for new fat-soluble drugs

Many drug substances are not soluble in water, creating a serious problem for the pharmaceutical industry, as these substances cannot be administered by intravenous infusion. Using our unique LEAD² technology (Lipid Emulsion Applied Drug Delivery) we produce drug substances in a soluble form, making administration by intravenous infusion possible. As a result, new drugs could be developed and the effectiveness of many existing medications could be increased using LEAD².

Production at its best

A major milestone in the year under review was the commissioning of the production plant in Uppsala, Sweden. In autumn 1999, we received the production licence for the factory, our competence centre for infusion solutions in bags for parenteral nutrition. In future, we will manufacture our internationally successful products for parenteral nutrition in Sweden: the lipid emulsions Intralipid® and Structolipid®, the amino acid solutions Glamin®, Vamin®, Aminosteril® and Aminoven®, as well as nutrition solutions in multiple-chamber bags.

Production of our innovative PVC-free bag for infusion solutions, *freeflex*®, began at our facility in Friedberg in 1999. As a state-of-the-art container concept, *freeflex*® is technically far superior to traditional infusion solution bags. The bag is free of plasticisers and at the same time extremely flexible, is compatible with drugs and safe and simple to use. Moreover, *freeflex*® has been developed to minimise the impact on our environment. Fresenius Kabi pioneers the usage of environmentally friendly materials in the health care field.

Our highly automated production plant in Uppsala (Sweden) is our competence centre for infusion solutions in bags for parenteral nutrition



Future projects

In addition to these product innovations, we are working on further promising projects. In the field of biotechnology, we are in a partnership with the American Company Genzyme Transgenics investigating the possibility of obtaining human albumin from the milk of transgenic cows. The objective is independence from human blood as a source of human albumin. In addition, we are doing research to develop a new generation of infusion solutions for blood volume substitution, such as oxygen-carrying blood substitute solutions.


Growth through innovation

In 1999, we significantly strengthened our market position by developing and introducing numerous innovative products, technologies and services in the field of nutrition and infusion therapy. We will continue along this path. By focusing on research and development, we are further expanding our position as the innovative and technological leader in our field. Our objective is clear: growth through innovation.



Compleven® –
our innovative
three-chamber bag
for parenteral
nutrition covers
a patient's complete
nutrition requirement
for one day in
a single bag



A portrait of Carol Withenshaw, a woman with short blonde hair, smiling and resting her chin on her hand. She is wearing a light blue blazer and a pearl earring. The background is dark blue.

Carol Withenshaw
Ambulatory Care
Great Britain

Caring for Life



b y s e r v i c e s

» With Ambulatory Care, we are the strong partner in providing ambulatory health care. We have consistently continued enhancing our knowledge in our long years of experience, focusing closely on the patient. Already today we care for 23,000 patients worldwide with innovative services – and they are growing in number day by day. «

Putting people first

Apart from innovative products in the field of nutrition and infusion therapy, Fresenius Kabi also offers a comprehensive service programme for ambulatory health care. Our objective lies in becoming the preferred partner world-wide for the therapy and care of patients in the ambulatory environment. We have specialised in managing and providing these therapies. Seriously and critically ill patients can now be cared for individually in their accustomed environment at home and thus experience a considerable improvement in their quality of life. Our highly skilled and experienced nursing staff form the interface between physician and patient.

Ambulatory Care – the new service segment

With the establishment of Fresenius Kabi in 1999, Ambulatory Care, our company's service division, started its operation. Our Caremark companies in Germany, the Netherlands, France and Canada as well as the international Home Care business of Fresenius Pharma were integrated in this new division. We are concentrating our experience and know-how in this field in order to position ourselves optimally with a clear strategic orientation in the dynamically expanding home care markets.

The market requirements are changing constantly. New health policy concepts, rising hospital costs and an increasingly closer inter-connection of the ambulatory and in-patient sectors are just some examples. With our new structure we are well equipped to adapt to this kind of change.

Our Ambulatory Care division concentrates on the organisation and provision of ambulatory therapies by which patients can be cared for individually at home in their accustomed surroundings



Caring for Life

Excellent service with innovative concepts

With over thirty therapeutic concepts, we are active in the Ambulatory Care division with antiviral, antimycotic, antibiotic and cytostatic infusion therapies, enteral and parenteral nutrition therapies, as well as respiratory therapies and ostomy services. Chronically and critically ill patients with varied medical conditions, such as cancer, cystic fibrosis or HIV, can be treated with these therapies.

The range of services offered by our Ambulatory Care service division is extensive; we supply our patients with the necessary medical products and take on the organisation and implementation of the therapies, from regular care to qualified day and night intensive care with our own, specially trained nursing staff.

In 1999, we developed new, innovative service concepts. In Great Britain, Switzerland and Canada, we attend and support patients on behalf of pharmaceutical manufacturers, using their medications in training programmes and supporting them in the case of questions. The patients are cared for through call centres and by qualified nursing staff. Possible side effects can thus be communicated to the manufacturers immediately. The successful outcome of the therapy can be markedly enhanced by these measures.

In Great Britain, we improved the quality of our services by using innovative technologies, such as telemedicine. Patients who on account of their medical condition have to be given regular ambulatory treatment in hospitals, can now be cared for at home via computer-aided telemonitoring. The virtual consultation hour has thus become reality. With these and similar concepts we have increased our technological lead.



b y s e r v i c e s

Leading provider of ambulatory infusion therapy in Germany

In Germany, Fresenius Kabi with its Ambulatory Care division is the leading full service provider of ambulatory infusion and injection therapies. Our Caremark company provides patients with parenteral nutrition and individually prepared nutrition solutions and with drug infusions by ambulatory or home care. Our range of services extends from the individual preparation of solutions to organisational training for the complete therapy requested.

Despite a difficult market environment, Caremark Germany achieved an excellent result in the year under review with a double-digit growth rate, thus further expanding its market leadership. The individual nutrition and infusion therapies for patients as well as the development of new therapy concepts, such as the care of patients with bone marrow transplants and immune therapies, promoted this process. We expect to achieve significant sales increases in the current financial year with this comprehensive therapy and service programme.

International presence strengthened

In 1999, we successfully expanded the activities of our Ambulatory Care division, especially in Austria, Great Britain and France. Our business development was characterised by high increases in sales and a further expansion of the market shares, aided by the consistent development of our existing business activities and the introduction of new therapy concepts.

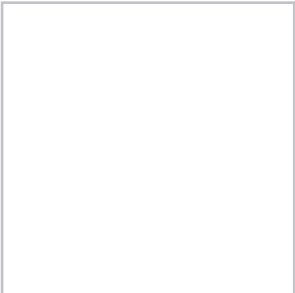
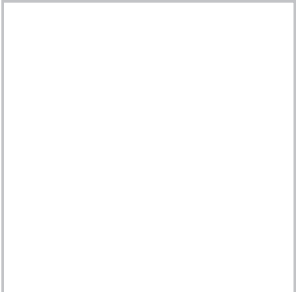
In Canada, Fresenius Kabi, with its Caremark company, is the market leader in ambulatory health care. We further strengthened our leading market position in 1999 by expanding the “Drug Management Service” programme, which cares for patients undergoing a specific therapy. Since we see outstanding growth opportunities in this sector, we have expanded the service in the current financial year by acquiring the Canadian Information Healthcare Marketing Corp. (Info Health) which operates a call centre (hotline service) for medical advice. The call centre’s services supplement Fresenius Kabi’s existing core business in Canada optimally, thus broadening the platform for future growth.



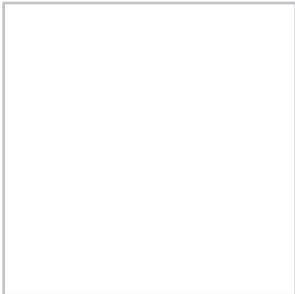
In order to further expand our international activities, we have made acquisitions in selected countries. In Switzerland, Fresenius Kabi became the market leader in the field of home hospitalisation by acquiring the home care company SITEX, which specialises in ambulatory therapies. In France, we were able to specifically increase our offer of respiratory therapies by acquiring the RESPI SERVICE company, thus entering the largest market for ambulatory health care in France.


Outstanding opportunities for the future

The global market for ambulatory health therapies will continue to develop dynamically. The expansion of ambulatory services is under intensive discussion world-wide, and various projects in numerous countries indicate a promising development. Innovative services, a high degree of flexibility and customer-orientation are the prerequisites for acting successfully in such growing markets. With Ambulatory Care we have created a structure for utilising this market potential actively and thus considerably increasing the sales and earnings. We will therefore continue to consistently develop our international activities in this field with comprehensive service offers and new fields of therapies.



Nutrition and application systems from Fresenius Kabi for the complete enteral nutrition by tube at home: Frenta®System and EasyBag Fresubin® IsoFibre



A portrait of a man with short dark hair and a friendly smile, wearing a blue patterned button-down shirt and a dark tie with red polka dots. His hands are clasped in front of him. The background is a solid dark blue.

Titus Alexander
Human Resources

People -



Caring for Life

» Every day, all over the world, our employees perform exceptionally because we not only want to fulfil our customers' expectations, but we want to exceed them. Only a motivated and well-trained team can do that – and we are one. «

The key to success

Nearly 8,600 employees, in over 30 countries, work towards a common goal: making Fresenius Kabi the preferred partner in the field of nutrition and infusion therapy by means of innovative products and comprehensive service concepts.

And when optimum services for our customers, quality and innovation are concerned, we all speak a common language. This is our strength and distinguishes us from other companies. A constant transfer of knowledge and a competent team are indispensable prerequisites for reaching our common goal. They are our key to success.

We strengthen interfunctional thinking and purposeful co-operation by working in teams and groups



Jointly active world-wide

The merger of Fresenius Pharma and Kabi is the perfect starting base for our new company. Fresenius Kabi combines immense knowledge and long years of experience in the field of nutrition and infusion therapy, at the same time envisioning a common future. In 1999, this meant sensibly networking a multitude of tasks at an international level. Importance lay not only in the integration of product and service programmes and the harmonisation of processes and structures, but also in the integration of people. To achieve this goal we formed multinational teams for our many and varied projects. The integration process was an important step in the development towards becoming a world-wide active company: more than 40 percent of our employees work outside Germany in various parts of Europe, and 30 percent are based in the growth markets in Asia and Latin America. This multinational knowledge will help us in further expanding our international business activities.

People –

The employees are our entrepreneurs

Our employees are important corner stones in the integration process, supporting Fresenius Kabi and filling the new company with life. Their commitment, purposeful approach and motivation were essential for our success. In order to further promote this, our Fresenius Group's management development programme "Entrepreneurs in the enterprise" creates a corporate culture, which supports and acknowledges our employees' great dedication. The programme promotes their entrepreneurial actions and acceptance of responsibility in numerous ways, for instance, regular staff meetings play a key role in the process of defining targets by joint efforts. They show what each individual has already achieved and what tasks still lie before them. By means of working in teams and groups, we strengthen interfunctional thinking and target-orientated co-operation. Therefore international project teams already work together in many sectors of our company.

In addition, a performance-oriented system of salaries gives employees the possibility of participating in our company's success. Further essential elements for strengthening entrepreneurial behaviour are the profit-sharing scheme in the form of shares, which we introduced in the Fresenius Group in 1997, and the share option programme for managerial staff. With these programmes we create incentives for achieving a sustained growth in company value.

As the future of Fresenius Kabi depends greatly on the success factors motivation and entrepreneurship, we introduced the "Entrepreneur of the Year" award in 1999. In future, a particularly successful entrepreneur at Fresenius Kabi will be honoured with this prize.



Caring for Life



Open for new challenges

Many achievements are due to our employees' willingness to accept and implement changes. In the past year, the people at Fresenius Kabi have made the most of the potentials that were created by the merger. Despite additional and intensive work in order to implement the integration process, we always had operational business and our customers in mind.

We have great plans for the future. The expansion of our business world-wide requires further efforts and the willingness to support innovation. For the people at Fresenius Kabi, a wide variety of opportunities open up as a result of an international, constantly changing environment. Together with our international Human Resources team, we are working on the creation of the necessary framework to support this development. With our executive programmes for management personnel and the "Fresenius Graduate Development Programme" for university graduates, together with our parent company we have already set important courses in selected fields.

Our employees determine Fresenius Kabi's future

The expansion of our international development programmes and our knowledge management schemes will play a decisive role in the success of our future activities. Only by making use of this enormous potential for ideas, knowledge, experience and creativity among our employees will we reach our common goal.

It is our objective to become the preferred partner world-wide for the care and therapy of seriously ill patients in the field of nutrition and fluid therapy – whether in hospital or in the ambulatory environment.

Thanks to our employees, Fresenius Kabi is on the right track.



Fresenius Kabi Management Report

- Successfully positioned world-wide
- Integration process successfully completed
- Sales considerably increased
- Result improved
- Solid financial position
- Growth basis for the future: investments and acquisitions
- New employees in growth markets
- Focus on innovation
- Positive development continued in the year 2000
- Clear growth prospects for the coming years



Management Report Fresenius Kabi

In the past financial year, the market for medical products and services in the health care sector was characterised by efforts to achieve significant savings in most industrialised countries. This was accompanied by pressure on prices and competition in numerous product segments. In Western Europe, the trend towards privately managed hospitals and concentration through purchasing alliances continued. This meant that the hospital market in this region was characterised by a slow-down in growth. We do not expect any fundamental changes of this situation in the future.

By contrast, in the field of ambulatory care we are expecting considerable growth. Rising hospital costs, cost-cutting measures, new models for health care policy and an increasingly closer link between hospital and ambulatory care of patients will further increase the need for ambulatory therapy services.

In Asia, Latin America, Eastern Europe and South Africa we expect a continuously high growth potential in the entire health care field.

Successfully positioned world-wide

Fresenius Kabi AG is a one hundred percent subsidiary of Fresenius AG and operates as one of the four legally independent business segments within the Fresenius Group. The year 1999 was the first full financial year of Fresenius Kabi. It was mainly influenced by the merger of the Pharma division of Fresenius AG with the international infusion business of Pharmacia & Upjohn (Kabi) acquired at the end of 1998.

In order to implement our strategies, we introduced a new organisational structure with four operating divisions. The Fluid Therapy, Parenteral Nutrition and Enteral Nutrition divisions concentrate especially on product offers, while the Ambulatory Care division focuses on our service business. The new structure offers us the possibility to react swiftly and flexibly to customers' requirements and to focus on our fields of work based on our long years of experience. Hence we make sure that we are excellently equipped for new market challenges.

Fresenius Kabi is outstandingly well positioned. In Europe, we are the leading company in the field of nutrition and infusion therapy. At the same time, we have achieved a leading market position in the internationally important growth regions, such as Latin America, India and China, which will form the base for further growth. With our Ambulatory Care division we are active in Germany,

Austria, France, Great Britain, the Netherlands, Switzerland and Canada, all markets with growing needs in the field of ambulatory care.

In China, towards the end of the last financial year, we significantly improved our position by acquiring 51 percent of the shares of the Chinese joint venture Sino-Swede Pharmaceutical, Ltd. (SSPC), from Pharmacia & Upjohn. Together with our already existing joint venture, Beijing Fresenius Pharmaceutical Co., Ltd., we are already the market leader in nutrition therapy. In addition, by starting operations in Hong Kong, South Africa, Poland, Portugal and Greece with wholly-owned subsidiaries, as well as by establishing a subsidiary in Thailand, we continued to expand our international presence. We further strengthened our Ambulatory Care division by acquisitions in France and Switzerland.

Integration process successfully completed

The merger of the divisions Fresenius Pharma and Kabi into Fresenius Kabi was the most important task for us in the first year. It was efficiently completed by the end of 1999. The integration of all employees was at the centre of our efforts. In order to do justice to the requirements of a company active on a global scale, we re-organised our executive and management structures. In addition, we realigned the product portfolio.

Special attention was given to the synergy potentials and to adjusting our business

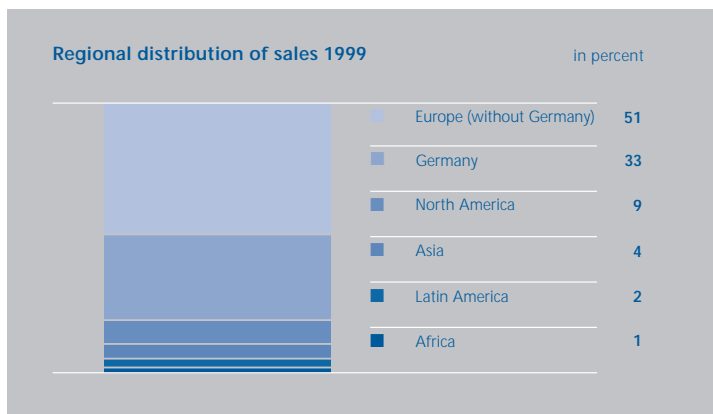
structure for the future. The world-wide restructuring programme for production plants was of considerable significance here. One measure within the scope of this programme was the closing-down of the factory in Basingstoke (Great Britain). At the end of 1999, production of standard infusion solutions was transferred from this factory to factories in Louvier (France) and Halden (Norway). Through a management buyout, the production facility in Letterkenny (Northern Ireland) which was part of Pharmacia & Upjohn was sold off already before the purchase agreement with P & U became effective. In order to further improve the result by concentrating on a few production locations in Western Europe, the restructuring programme is being continued in the current financial year.

Our new, highly automated factory for infusion solutions in bags for parenteral nutrition in Uppsala (Sweden) received its manufacturing licence in the year under review. Towards the end of the year, we were thus able to take up production on the first industrial line. The commissioning of further production lines in the Uppsala plant is planned for the next two years.

In Friedberg (Germany), the most modern factory for the manufacture of standard infusion solutions in Europe, we have been producing our innovative PVC-free bag for infusion solutions, *freeflex*®, since the end of 1999.

Sales considerably increased

Fresenius Kabi's sales in 1999 amounted to € 964 million, reaching a growth rate of 36 percent compared to the previous year's turnover for Fresenius AG's Pharma division. The organic growth rate amounted to 7 percent. In the year under review, Kabi contributed € 243 million to the increase in sales. 67 percent of our sales were realised outside Germany.



The major part of all business transactions was carried out within the Euro zone. Nevertheless, in 1999, Fresenius Kabi had to accept a negative exchange rate effect (translation loss) of about € 3 million. This was mainly due to the developments of the South American currencies.

The increasing pressure of costs on national health care services as well as the great international competitive pressure present us with a permanent challenge. As a consequence we realigned our product and service portfolio. By means of product and service innovations that stand out through their higher additional value for the customer, we further expanded our company's position in 1999. In the

product segment we achieved sales of € 870 million with the Fluid Therapy, Parenteral Nutrition and Enteral Nutrition divisions, while the Ambulatory Care service segment contributed to Fresenius Kabi with a sales of € 94 million in 1999. The Ambulatory Care division achieved a growth rate of 23 percent compared with the previous year and will continue to be an important growth motor for us also in the future.

Result improved

Despite the expected high expenditure for integration and restructuring, the EBIT (earnings before interest and taxes) were increased by 8 percent to € 79 million (previous year € 73 million). This is equivalent to an EBIT margin of 8 percent.

Fresenius Kabi earned more than 80 percent of its EBIT outside Germany. 67 percent was attributable to Europe (excluding Germany) and 13 percent to North and South America, particularly Canada and Mexico. The product segment contributed € 70 million to the EBIT, an EBIT margin of 8 percent. Our Ambulatory Care division achieved an EBIT of € 9 million. This is equivalent to an EBIT margin of approximately 10 percent.

As expected, financing the acquisitions put a burden on our financial result. The net interest expenses for 1999 resulted in € 16 million.

The result after taxes amounts to € 37 million with a tax ratio of approximately 41 percent.

Solid financial position

Our company has a solid financial position. The equity ratio amounts to 26 percent with a balance-sheet total of € 1,230 million. An operative cash flow (before investments and acquisitions) of € 44 million was earned. This includes the financing of € 40 million working capital necessary for the integration of Kabi due to the fact that Kabi was acquired without receivables and payables.

The Y2K changeover was effected without any problems. In order to take precautions against the Y2K changeover, stocks were slightly increased in the year under review with a non-recurrent negative effect on the cash flow.

Growth basis for the future: investments and acquisitions

Gross investments in the year 1999 totalled € 80 million. The main points of focus were the investments in various production locations as well as in further infrastructure improvement for our information technology. More than half of these investment expenses were financed by the cash flow.

The largest investment project of the last year was the production facility in Uppsala (Sweden), in which we will invest also in the next few years. This will serve to expand capacity for the production of multiple-chamber bags for parenteral nutrition.

We also expanded the capacities in our factory in Louvier (France) in order to transfer the production of standard infusion solutions from Great Britain to France. In Mexico and Italy, we invested in the modernisation of production and improvement of quality. In addition, we increased productivity at our plant Ranjangaon in India.

In the information technology sector, we implemented numerous projects with corresponding investments in the year under review. The objective was to standardise and accelerate the most important business processes. The spectrum of these projects ranges from logistics to financial reporting. As a result, we were and are able to take advantage of cost-cutting potentials and achieve improvements in efficiency.

In 1999, we made acquisitions totalling € 61 million. In China, we decisively expanded our market position through our majority holding in the Chinese joint venture SSPC. As the market leader in nutrition therapy, we now hold a unique starting position in one of the most important markets world-wide for standard and special solutions. Payment of the purchase price for this acquisition is taking place in the financial year 2000.

In Switzerland we acquired the home care company SITEX and in France the RESPI SERVICE company. Both acquisitions expand our range of services in the Ambulatory Care division.

New employees in growth markets

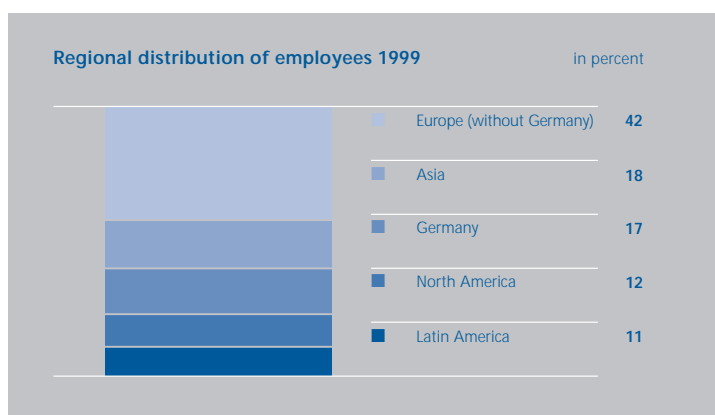
At the end of 1999, Fresenius Kabi had 8,587 employees on its payroll (1998: 7,402), including the 623 employees of SSPC which were taken over at the end of the year. Half of the increase in employment resulted from the business expansion in Asia and Latin America, and was due to the start-up of the new subsidiaries in Europe and South Africa. In addition, the expansion of production in France, Italy and Germany led to a rise in the number of employees. We also took on a number of new employees in the rapidly growing Ambulatory Care division.

On the way to becoming a company active world-wide, the choice of staff and development of our employees in the various countries is an important focal point of activity. We attach great importance here to training and on-going education. Therefore, in the year under review we established an international team of Human Resources personnel to support the entrepreneurs in the subsidiaries with appropriate programmes.

Focus on innovation

In the year under review, we spent 5 percent of the sales on research and development. A large part of this expenditure was used for the activities at the competence centre for parenteral nutrition in Uppsala (Sweden) and at the research centre for infusion therapy at Friedberg (Germany). The main focus of research in the Parenteral Nutrition division lay in the expansion of the world-wide product programme for parenteral nutrition as well as on the development of the innovative LEAD² technology (Lipid Emulsion Applied Drug Delivery) for the production of fat-soluble drugs. At our research centre in Friedberg in 1999, we brought a series of important products up to market introduction, such as *free-flex*[®], our innovative PVC-free bag for infusion solutions, and Voluven[®], a new generation of volume replacement solutions (hydroxyethylstarch). In the Enteral Nutrition division, we developed the 1.5 l nutrition bag EasyBag[®], a product which brings advantages for users especially for care at home and in nursing homes.

In the biotechnology sector, we terminated our co-operation with the Canadian Hemosol company on the development of an oxygen-carrying haemoglobin solution, as it became clear that the product Hemolink[®] will not be developed for the indication we were aiming at, e.g. compensation for severe blood losses. Fresenius Kabi is continuing research on the development of an oxygen-carrying blood substitute suitable for this indication.



In the year under review, we continued our intensive research and development activities for producing human albumin through transgenic technologies. Together with the American company Genzyme Transgenics, we are working on replacing human albumin which at present is obtained by means of fractionating plasma with a product which is produced by a process not involving human blood. We achieved further advances in the project by optimising the cleaning process and the degree of purity.

Positive development continued in 2000

In the year 2000, too, we consistently continue the expansion of Fresenius Kabi's international business. In January, we purchased the Information Healthcare Marketing Corp. (Info Health) in Canada and thus further expanded the activities of the Ambulatory Care division. Info Health operates a call centre (hotline service) on behalf of various pharmaceutical companies for the medical counselling of patients. The call centre services complement Fresenius Kabi's present core business in Canada in an optimal manner.

As a supplier of ambulatory therapies and services, the Ambulatory Care division acts independently of product suppliers for these therapies. In order to strengthen this positioning, our Ambulatory Care service division has introduced a separate branding under the name of CALEA as of March 2000.

CALEA is a word creation based on the term CAre LEAders, excellently reflecting Ambulatory Care's service philosophy. The new name highlights Ambulatory Care's objective: to improve the quality of life of the patients.

In order to strengthen our market position in the emerging markets, we signed an agreement to acquire the standard infusion solution manufacturer Intramed Pty. Ltd., Port Elizabeth, South Africa, in March 2000. Intramed is one of the leading suppliers of standard infusion solutions in South Africa with a market share of about 30 percent. With the acquisition of Intramed, we will complete the existing product portfolio and thus become a supplier of the full range of products in the field of nutrition and fluid therapy, both in South Africa and in the entire southern part of the continent. In Poland, we signed an agreement in April of this year to purchase the largest supplier of infusion solutions, Polfa Kutno S. A. in Kutno. This acquisition is an important step to expand our activities in the Fluid Therapy division, providing us with a key position for further expansion in Eastern Europe.

Clear growth perspectives for the coming years

Fresenius Kabi has achieved a leading position through innovative products and comprehensive service concepts in many markets, thus creating the prerequisites for a further positive business development. We see outstanding growth opportunities in the future, especially in the regions of Asia, Latin America and Eastern Europe. We will utilise these in order to further increase sales and earnings. The Fluid Therapy and Parenteral Nutrition divisions will expand the existing international market leadership even further, while the Enteral Nutrition and Ambulatory Care divisions will increase their market shares considerably. Our committed employees as well as our financial resources form the foundation for this improvement.

In addition to the strategic objective of expanding internationally, we are focusing on product and service innovations. We will expand the portfolio continuously in order to further improve profitability. At the same time, the programme for the restructuring of production will be continued as planned. Over the coming years, the on-going concentration on the most productive production locations within the company will lead to continuous improvements in results.

Our objective is a faster growth of Fresenius Kabi than of the market. We are targeting an annual growth in sales of over 10 percent. Already in the current financial year, the EBIT margin is expected to increase by approximately one percent. We will achieve further improvements in the following years as the result of our activities in the markets as well as in production and logistics.

Balance sheet

(abridged)

<i>in million €</i>	1999
Fixed assets	670
Current assets	524
Equity	316
Liabilities and provisions	914
thereof interest bearing debts	476
Balance sheet total	1,230

Profit and loss account

(abridged)

<i>in million €</i>	1999	1998 ¹⁾
Sales	964	711
EBITDA	139	109
Depreciations and amortisation	60	36
EBIT (operating profit)	79	73
Balance of interest	-16	-3
Earnings before taxes	63	70
Taxes ²⁾	26	-
Net income ²⁾	37	-

¹⁾ Pharma division of Fresenius AG

²⁾ Figures given starting from the financial year 1999

Major subsidiaries

	<i>Fresenius capital share (in percent)</i>	<i>Sales 1999 in million €</i>	<i>Employees Dec 31, 1999</i>
Affiliated companies in Germany			
1 Caremark Deutschland GmbH, <i>Neufahrn</i>	100	38.8	173
2 Fresenius Kabi Deutschland GmbH <i>Frankfurt am Main (with profit-and-loss transfer agreement)</i>	100	359.0	1,261
Affiliated foreign companies			
3 Fresenius Kabi France S. A., <i>Sèvres, France</i>	100	122.6	708
4 Fresenius Kabi Italia S. p. A., <i>Verona, Italy</i>	100	70.6	353
5 Fresenius Kabi España S. A. <i>Vilassar de Dalt, Spain</i>	100	25.8	182
6 Fresenius Kabi İlaç Limited Şirketi <i>Istanbul, Turkey</i>	100	8.1	79
7 Fresenius Kabi Ltd. <i>Basingstoke/Hampshire, Great Britain</i>	100	75.3	249
8 Fresenius Kabi Austria GmbH <i>Graz, Austria</i>	100	97.9	485
9 Fresenius Kabi (Schweiz) AG, <i>Stans, Switzerland</i>	100	12.5	27
10 Fresenius Kabi B. V. <i>'s-Hertogenbosch, Netherlands</i>	100	10.7	30
11 Fresenius Kabi N. V. <i>Wilrijk (Antwerp), Belgium</i>	100	22.0	47
12 Fresenius Kabi Norge A. S., <i>Oslo, Norway</i>	100	31.5	333
13 Fresenius Kabi AB, <i>Stockholm, Sweden</i>	100	158.4	966
14 Fresenius Kabi Clayton L. P. <i>Wilmington, Delaware, USA</i>	100	24.7	156
15 Caremark Group, <i>Ontario, Canada</i>	100	24.2	157
16 Grupo Fresenius México S. A. de C. V. <i>Guadalajara, Mexico</i>	100	35.7	696
17 Fresenius Kabi Brasil Ltda. <i>Campinas/São Paulo, Brazil</i>	100	14.6	615
18 Endomed Laboratório Farmacêutico Ltda. <i>Aquiraz/Ceará, Brazil</i>	100	5.5	342
19 Beijing Fresenius Pharmaceutical Co., Ltd. <i>Beijing, China</i>	75	13.5	262
20 Fresenius Kabi India Ltd., <i>Pune, India</i>	100	7.7	295

Supervisory Board

Dr. Gerd Krick, *Chairman*
Chief Executive Officer Fresenius AG
Königstein, Germany

Udo Werlé
Chief Financial Officer and
Labour Relations Director Fresenius AG
Lampertheim, Germany

Christian Fischer
Senior Vice President Group Controlling
Fresenius AG
Eschborn, Germany

Management Board

Dr. Matthias Schmidt, *Chairman*
Parenteral Nutrition
Königstein, Germany

Paul Douglas Critchlow
Enteral Nutrition
Cheshire, Great Britain

Marc Crouton
Fluid Therapy
Nantes, France

Mats Henriksson
Chief Financial Officer
Oberursel, Germany

Prof. Dr. Burghard Weidler
Ambulatory Care
Ober-Mörlen, Germany

Supervisory Board and Management Board

Products of Fresenius Kabi

Aminosteril® / Aminoven® Amino acid solutions containing essential, semi-essential and non-essential amino acids for parenteral nutrition

Compleven® Three-chamber bag for parenteral nutrition ensuring the appropriate nutrition for most patients in a single bag. Convenient, time saving usability and easy handling

Dipeptiven® / Dipeptamin® 20% solution of the dipeptide alanyl-glutamine for the parenteral administration of glutamine to critically ill patients

EasyBag® Ready filled bag for the administration of enteral tube feeding

freeflex® Innovative, flexible, PVC-free bag concept for all kinds of infusion solutions for the preparation and reconstitution of active substances

Glamin® First balanced amino acid solution for critically ill patients containing the dipeptides glycyl-glutamine and glycyl-tyrosine

HAES-steril® The classic hydroxyethylstarch (HES 200/0.5)
Colloidal volume substitute solutions on the basis of maize starch for the therapy and prophylaxis of states of volume deficiency (hypovolaemia) in connection with operations, injuries, infections and burns. For acute normovolaemic haemodilution as well as for therapeutic haemodilution. Mainly used in anaesthesia, surgery, intensive care, emergency medicine, internal medicine as well as neurology

Intralipid® Well established lipid emulsion for parenteral nutrition, based on soybean oil providing essential fatty acids and high amount of energy

Kabiven® Three-chamber bag for parenteral nutrition with separate compartments for amino acids, fat and a combination of glucose and electrolytes. Available in 2 variations and 4 sizes for central and peripheral use. Convenient, time saving usability and easy handling

Lipovenoes MCT/LCT® Lipid emulsion for parenteral nutrition which contains 50% long-chain and 50% medium-chain fatty acids which are present as medium-chain or long-chain triglycerides

Omegaven® 10% lipid emulsion made from fish oil for the parenteral supply of omega-3 fatty acids

Propofol 1 % Fresenius / Fresofol 1 %® Intravenous anaesthetic (hypnotic) agent for the introduction and maintenance of anaesthesia, in a sterile oil-in-water emulsion containing 10 mg propofol/ml

Structolipid® Lipid emulsion for parenteral nutrition containing 64% long-chain and 34% medium-chain fatty acids as structured triglycerides

Tracitrans Plus® Trace element concentrate which is used as an additive in parenteral nutrition

Vamin® Amino acid solution containing essential, semi-essential and non-essential amino acids for parenteral nutrition

Voluven® The new HES generation (HES 130/0.4, 6%)
Colloidal volume substitute solution on the basis of maize starch for the therapy and prophylaxis of volume deficiency (hypovolaemia) and acute normovolaemic haemodilution. Mainly used in anaesthesia, surgery, intensive care and emergency medicine

Services of Fresenius Kabi

Ambulatory infusion therapy *Infusion therapy*

is the administration of drugs directly into the blood (intravenous administration).

This therapy can be implemented partially ambulatory (e.g. at a doctor's surgery, in special ambulatory doctor's offices or in a patient's home)

Antiviral infusion therapy *Administration* *of antiviral drugs (to combat viruses) directly into the blood*

Antimycotic infusion therapy *Administration* *of antimycotic drugs (to combat fungi) directly into the blood*

Antibiotic infusion therapy *Administration* *of antibiotic drugs (to combat bacteria) directly into the blood*

Cytostatic infusion therapy *Administration* *of cytostatic drugs directly into the blood.* *Cytostatics intervene in the process of cell division and are used for the treatment of cancers*

Health care as well as nutrition and infusion therapy related terms

Amino acid *Smallest element in proteins, source of nitrogen*

Colloid *Blood and plasma substitute*

Cystic fibrosis *Congenital metabolic disease leading to increased production of secretion in the respiratory passages and in the digestive tract*

Electrolytes *Vital minerals*

Enteral nutrition *Administration of nutrition as sip and tube feed involving the gastro-intestinal tract*

Haemoglobin solution *Oxygen-carrying blood substitute on a haemoglobin basis*

Human albumin *Protein occurring in human blood*

Hydroxyethylstarch solution *Infusion solution with the active ingredient hydroxyethylstarch made out of maize starch. Fields of application: therapy and prophylaxis of blood volume deficiency and shock in connection with operations, injuries, infections and burns, therapeutic blood dilution, reducing the use of donor blood in surgery*

Infusion solution *Solution administered directly via veins into the blood*

Omega-3 fatty acids *Long-chain, highly unsaturated fatty acids of a special structure contained especially in fish oil*

Parenteral nutrition *Administration of nutrients directly into the blood (intravenous administration)*

Transgenic organisms *Organisms carrying artificially transferred genes in their genotype*

Triglyceride *Fat element*

Volume substitute *Infusion solution to compensate for blood loss*

Integration swiftly and successfully completed

Market leadership

- Market leader in Europe in nutrition and infusion therapy
- Market leader in China in nutrition therapy through the majority holding in the joint venture Sino-Swede Pharmaceutical, Ltd. (SSPC)
- Well positioned world-wide in growth markets
- Represented by strong partners in the USA and Japan

Leading in innovations

- Market introduction of the innovative products Voluven®, *freeflex*® and EasyBag® in Europe
- Registration of the products Aminoven®, Compleven®, Kabiven® and Structolipid®
- Research activities for the production of transgenic albumin continued

Technology and cost leadership

- Realignment of the product portfolio
- Restructuring of product activities
- Grant of the manufacturing licence for the state-of-the-art production plant in Uppsala, Sweden (infusion solutions in bags for parenteral nutrition)
- Manufacture of PVC-free flexible container concepts at the factory in Friedberg (Germany)
- Establishment of LEAD² technology (Lipid Emulsion Applied Drug Delivery) for the manufacture of fat-soluble drugs

Leading service supplier

- Servicing 23,000 patients world-wide with more than 30 ambulatory care concepts
- Establishment of drug management programmes and call centres (hotline services) for medical counselling
- Start of telemedicine and e-health activities
- Opening up of additional therapy fields in the ambulatory health care sector through acquisitions in France and Switzerland

Highlights 1999

Fresenius Kabi – Products and Services

Product segment	Enteral Nutrition
Fluid Therapy	Complete balanced diets
Infusion solutions for	<ul style="list-style-type: none"> Standard diets Disease-specific diets Nutritional supplements
<ul style="list-style-type: none"> Volume replacement and haemodilution therapy Osmotherapy Therapy with antibiotics and virustatic agents Catecholamine therapy Liver therapy 	Application systems
Anaesthetics	<ul style="list-style-type: none"> Transnasal tubes Percutaneous tubes Transfer systems Feeding pumps
Electrolyte and standard solutions	Accessories
Carbohydrate solutions	Home enteral nutrition therapy
Clinical medical products	
<ul style="list-style-type: none"> Irrigation solutions and application technology Technical equipment for irrigation solutions Suprapubic drainage systems Infusion devices and accessories In-dwelling venous cannulae Central venous catheters Wound drainage systems Implantable port systems Portable drug pumps Disinfectants 	
Parenteral Nutrition	Service segment
Industrial All-In-One mixtures	Ambulatory Care
<ul style="list-style-type: none"> Three- and two-chamber bags All-In-One bags 	Management and provision of ambulatory therapies
Standard and special amino acid solutions	<ul style="list-style-type: none"> Antiviral, antimycotic, antibiotic and cytostatic infusion therapies Enteral and parenteral nutrition therapies Respiratory therapies Ostomy services Wound care
Lipid emulsions	
Products for immunonutrition	
Additives	
Technical devices and support tools for mixing parenteral nutrition	
Training and education	

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