



# Fresenius Medical Care

The World's Leading Renal Therapy Company

**Commerzbank German Investment Seminar**

New York, January 12, 2010



Fresenius Medical Care



# Forward Looking Statements

**Safe Harbor Statement:** This presentation includes certain forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Act of 1934, as amended. Actual results could differ materially from those included in the forward-looking statements due to various risk factors and uncertainties, including changes in business, economic competitive conditions, regulatory reforms, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings and the availability of financing. These and other risks and uncertainties are discussed in detailed in the Company's reports filed with the Securities and Exchange Commission (SEC) and the German Exchange Commission (Deutsche Börse).



## 1. Business Update

## 2. Growth Strategy





# Third Quarter 2009 - Quality Outcomes

**Overall strong quality performance**

	North America		EMEA		STATUS
	Q3 2008	Q3 2009	Q3 2008	Q3 2009	
% of FME patients					
Kt/V ≥ 1.2	95%	<b>96%</b>	95%	<b>95%</b>	
Hemoglobin = 10-12 g/dl	58%	<b>64%</b>	51%	<b>53%</b>	
Hemoglobin = 10-13 g/dl	86%	<b>87%</b>	76%	<b>74%</b>	
Albumin ≥ 3.5 g/dl	81%	<b>82%</b>	85%	<b>85%</b>	Improve
Phosphate 3.5-5.5 mg/dl	53%	<b>54%</b>	60%	<b>58%</b>	Improve
Hospitalization days	10.5	<b>10.0</b>	7.6	<b>7.8</b>	

\* The hospitalization rates for the US reflects FMS adoption of CMS policy



## Continued strong organic growth of 8% and improving outcomes

### Dialysis Services:

- Continued superior clinical outcomes
- New Therapies
  - USA – Clinic Nocturnal
  - Europe – Online Hemodiafiltration

patient growth y-o-y

+39%

+47%

} Albumin and Phosphate outcomes improved !

### Dialysis Products:

- Highest quality levels across all production plants and product lines
- Renal Pharma revenue on target
- New PD and HD products very well received



## Very good third quarter

	Q3 2008	Q3 2009	Growth
<b>Revenue</b>	\$ 2,713 m	\$ 2,889 m	+ 6%
<b>Net income</b> <small>attributable to FME AG &amp; Co. KGaA</small>	\$ 206 m	\$ 225 m	+9%
<b>Earnings per share</b>	\$ 0.69	\$ 0.76	+9%

- Continued strong revenue growth of +10%cc
- Strong sequential EBIT-margin improvement of 50 bps in the third quarter
- Improved net income growth of +9%

# Nine Months 2009 – Overview

**Strong performance with ongoing currency headwinds**

	9M 2008	9M 2009	Growth
<b>Revenue</b>	\$ 7,890 m	\$ 8,212 m	+ 4%
<b>Net income</b> <small>attributable to FME AG &amp; Co. KGaA</small>	\$ 603 m	\$ 645 m	+ 7%
<b>Earnings per share</b>	\$ 2.03	\$ 2.16	+ 6%

- For the 9M 2009 a total revenue growth of +9%cc and organic growth of +8%

cc = constant currency

# Third Quarter 2009 - Dialysis Products



**Strong external product growth of 8%cc**

US-\$ in millions	Q3 2008	Q3 2009	Growth	cc
<b>Total Revenue</b> (incl. Internal Revenue)	943	<b>988</b>	5%	11%
<b>External Revenue</b>	728	<b>742</b>	2%	8%
North America	184	<b>209</b>	14%	
International	544	<b>533</b>	-2%	6%

cc = constant currency



# Third Quarter 2009 - Dialysis Services Global



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## Very strong revenue growth globally

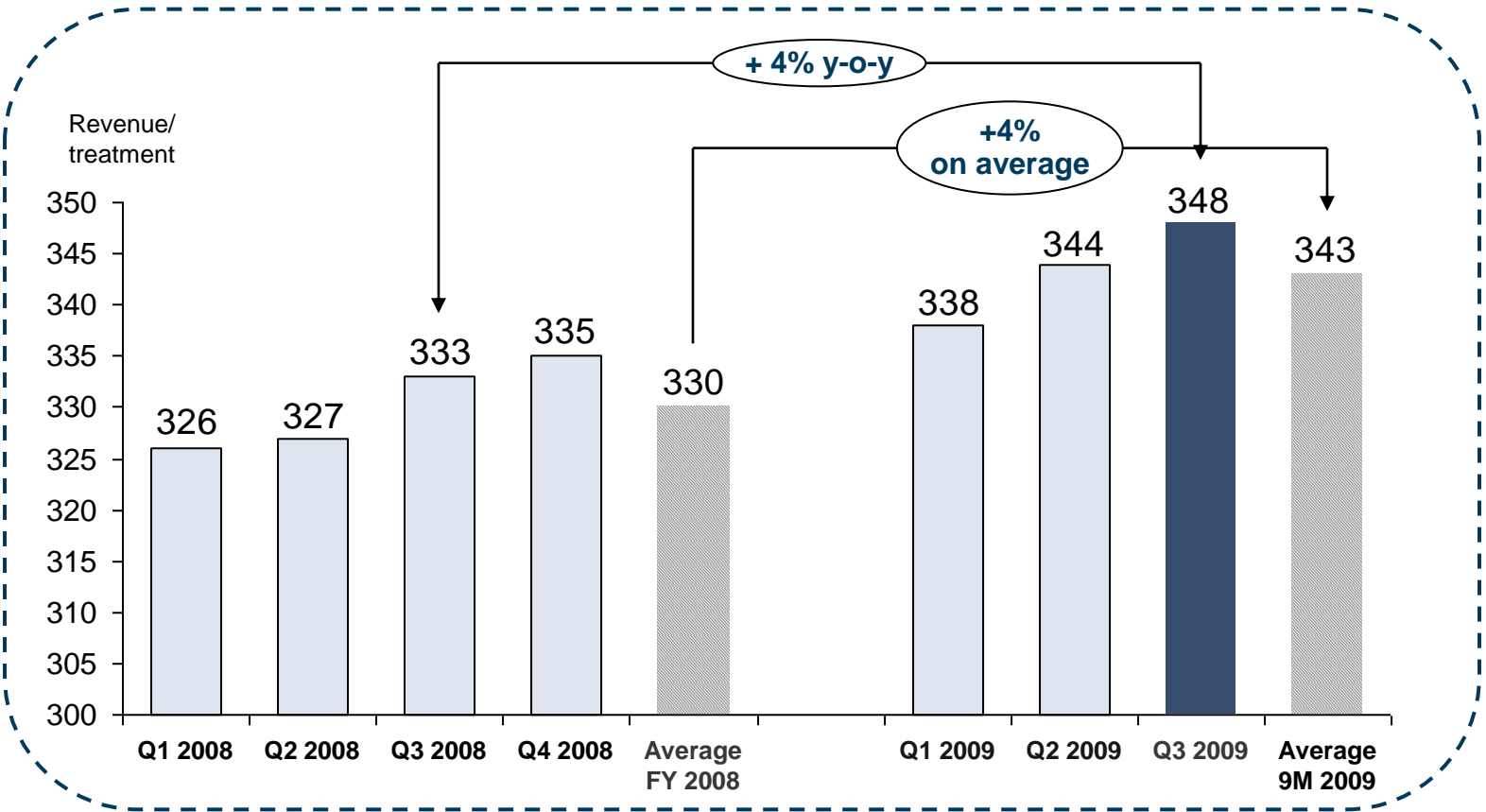
US-\$ in millions	Q3 2008	Q3 2009	Growth	cc
<b>North America</b>	1,587	<b>1,741</b>	10%	
<b>International</b>	398	<b>406</b>	2%	12%
<b>Total</b>	1,985	<b>2,147</b>	8%	10%

Treating more than 192,800 patients in ~ 2,510 clinics

cc = constant currency

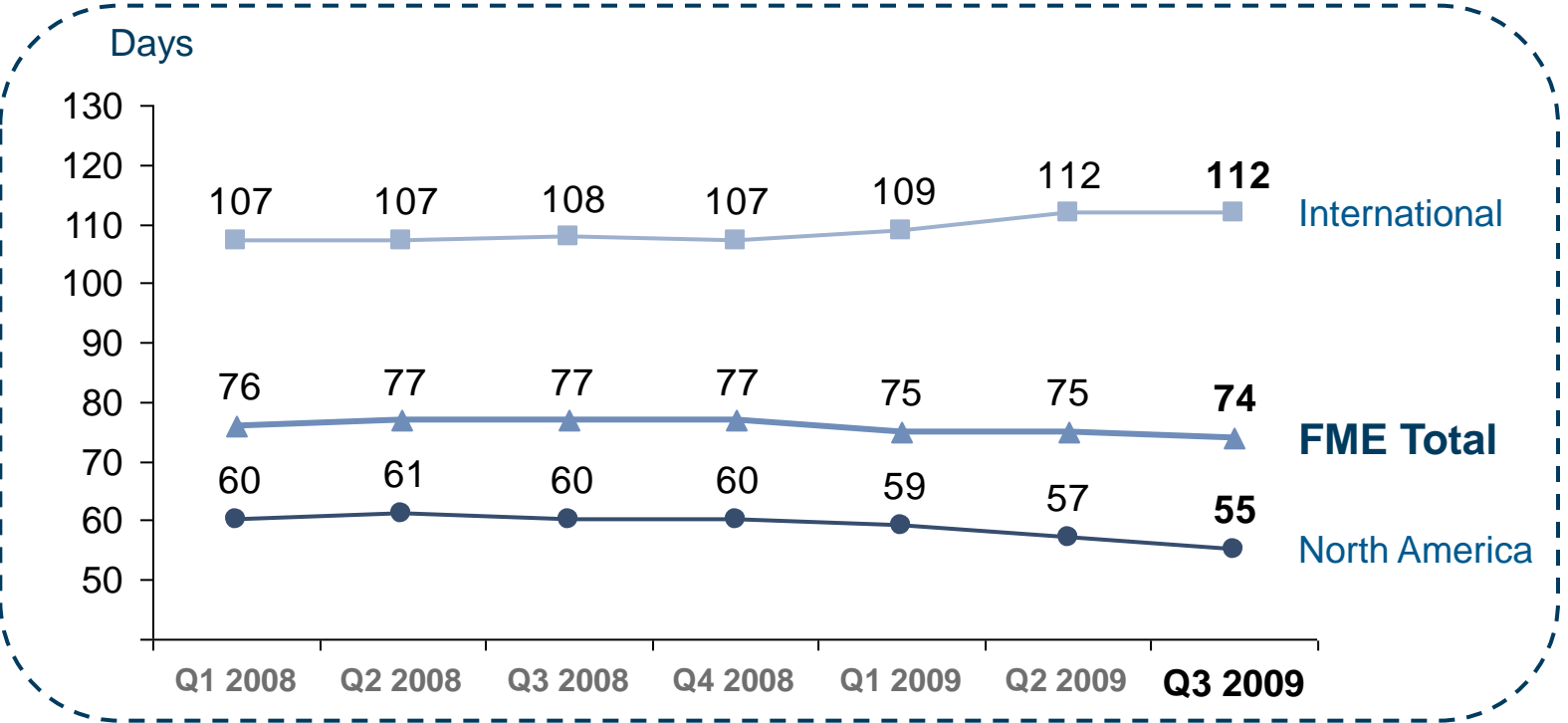


## Favorable reimbursement trend



# Days Sales Outstanding (DSO)

**Excellent cash collection in North America**





# Nine Months 2009 – Cash Flow

## Operating cash flow at 11% of revenue

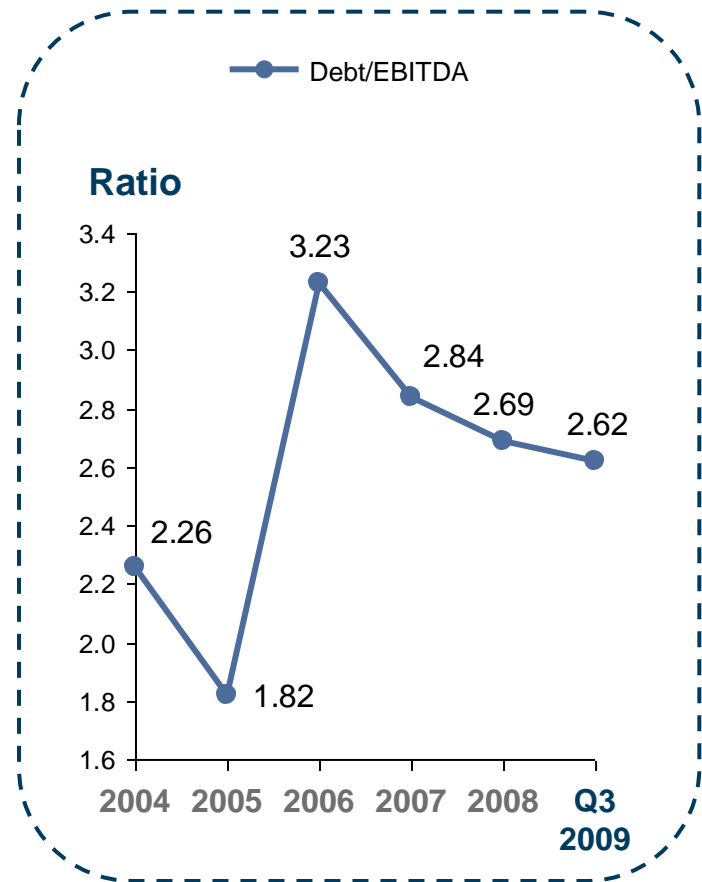
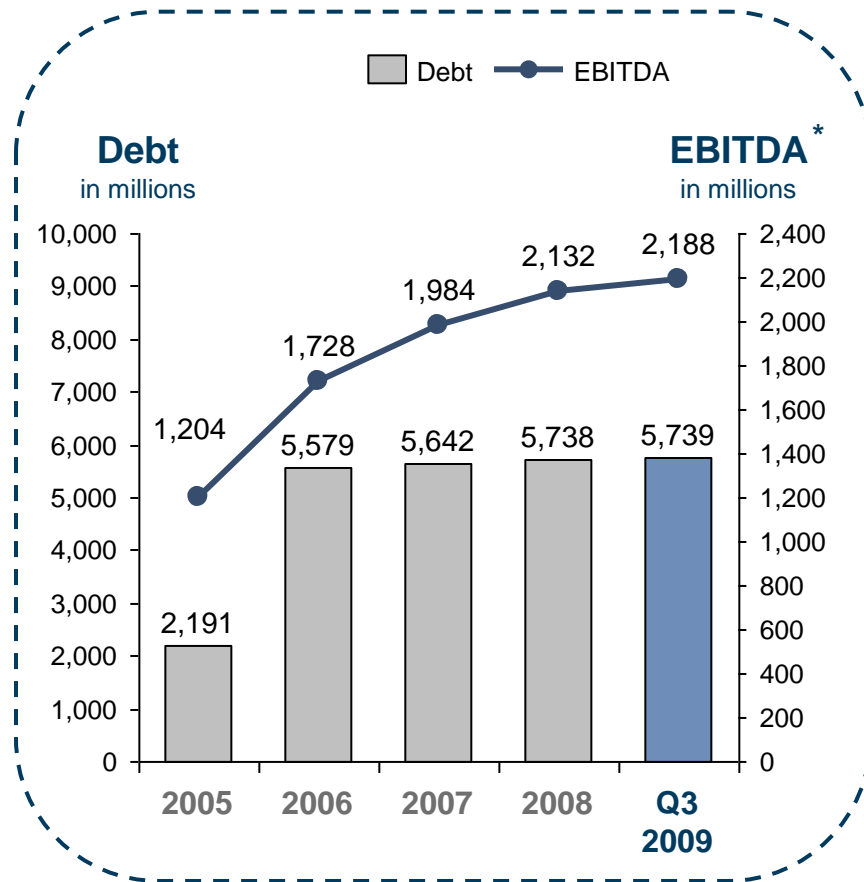
\$ in millions	9M 2008	<b>9M 2009</b>	Growth
Operating Cash Flow <sup>1)</sup>	716	<b>880</b>	23%
Capital Expenditures, net <sup>1)</sup>	(493)	<b>(388)</b>	
Free Cash Flow	223	<b>492</b> 6% of revenue	120%
Acquisitions, net of divestitures <sup>1)</sup>	(130)	<b>(57)</b>	
Free Cash Flow, after acquisitions	93	<b>435</b> 5% of revenue	

1) A reconciliation to the most directly comparable US-GAAP financial measure is provided in the attachment.



# Q3 2009 - Debt and EBITDA Development

## Debt/EBITDA ratio ahead of target



\* including non-cash charges and in 2006/2007 excluding restructuring costs, in-process R&D and gain from the sale of dialysis clinics. A reconciliation to the most directly comparable US-GAAP financial measure is provided in the attachment.



## Bundling – 2011

- Final rule anticipated in 1st half of 2010
- Current assessment:
  - Insufficient data available to duplicate the CMS analysis
  - Some areas would result in reimbursement reductions (e.g. case mix, transition adjustment)
  - Part D oral drugs are significantly underfunded as proposed
  - Proposed rule does not address coordination of secondary insurance coverage
- FME and the dialysis community are working cooperatively with CMS to address these issues

## Healthcare Reform Initiatives

- House and Senate bills passed
- No cuts anticipated for dialysis providers
- Medicare Accountable Care Organization (ACO) and Medicare Special Needs Plans (SNP) reforms remain positive
- Specific issues to be watched



## Improved guidance for 2009

US-\$ in millions	OLD	Guidance
Net Revenues	> \$ 11,100	~ \$ 11,200
Net Income <small>attributable to FME AG &amp; Co. KGaA</small>	\$ 850 - 890	\$ 865 – 890
Leverage ratio (Debt/EBITDA)	< 2.7	< 2.7
Capital Expenditures	~ \$ 550 - 650	~ \$ 550 - 650
Acquisitions	~ \$ 200 - 300	~ \$ 200 - 250



**Superior quality performance in both products and services**

**Continued expansion of new products and therapies worldwide**

**Strong sequential EBIT- margin improvement**

**Very strong Cash Flow development**

**Continued focus on R&D**

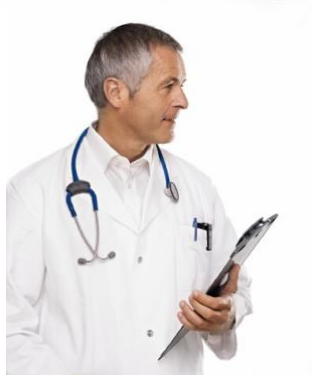
**Upgraded lower end of earnings guidance**

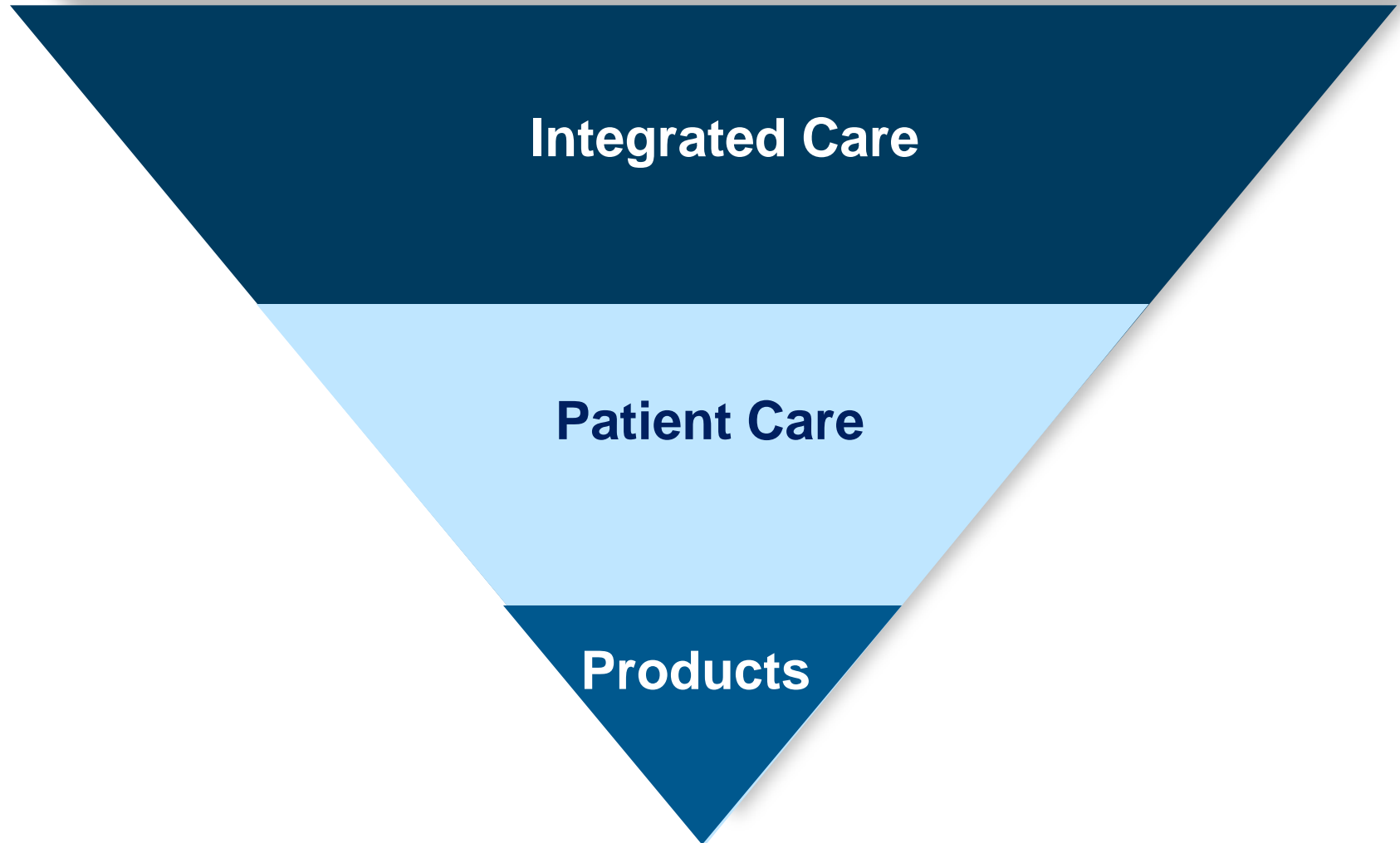


# Agenda

1. Business Update

2. Growth Strategy

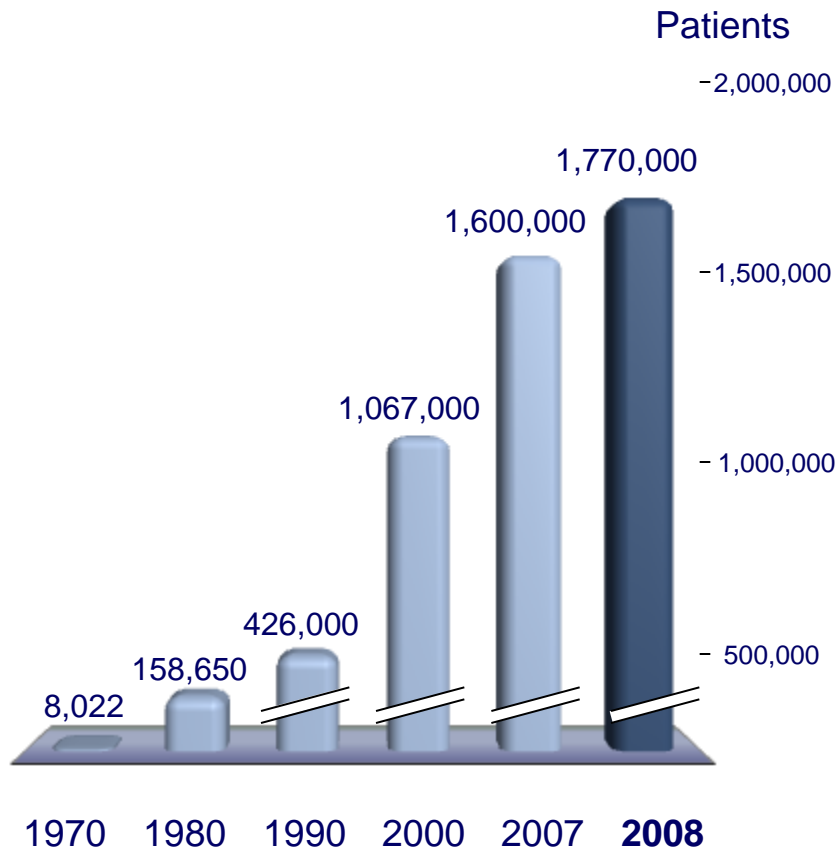
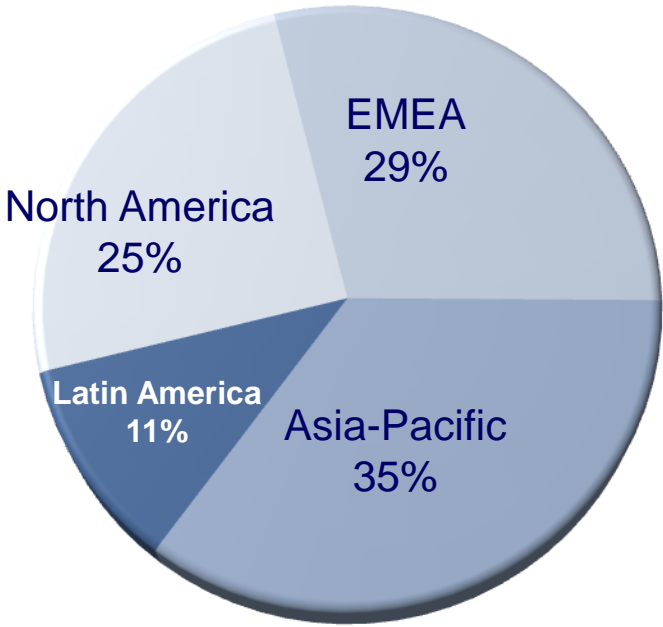




# Global Patients by Region

**2008: 1.77 million dialysis patients worldwide**

**2025: ~ 4 million dialysis patients**



**Sustainable Patient Growth of 5 - 6% p.a.**

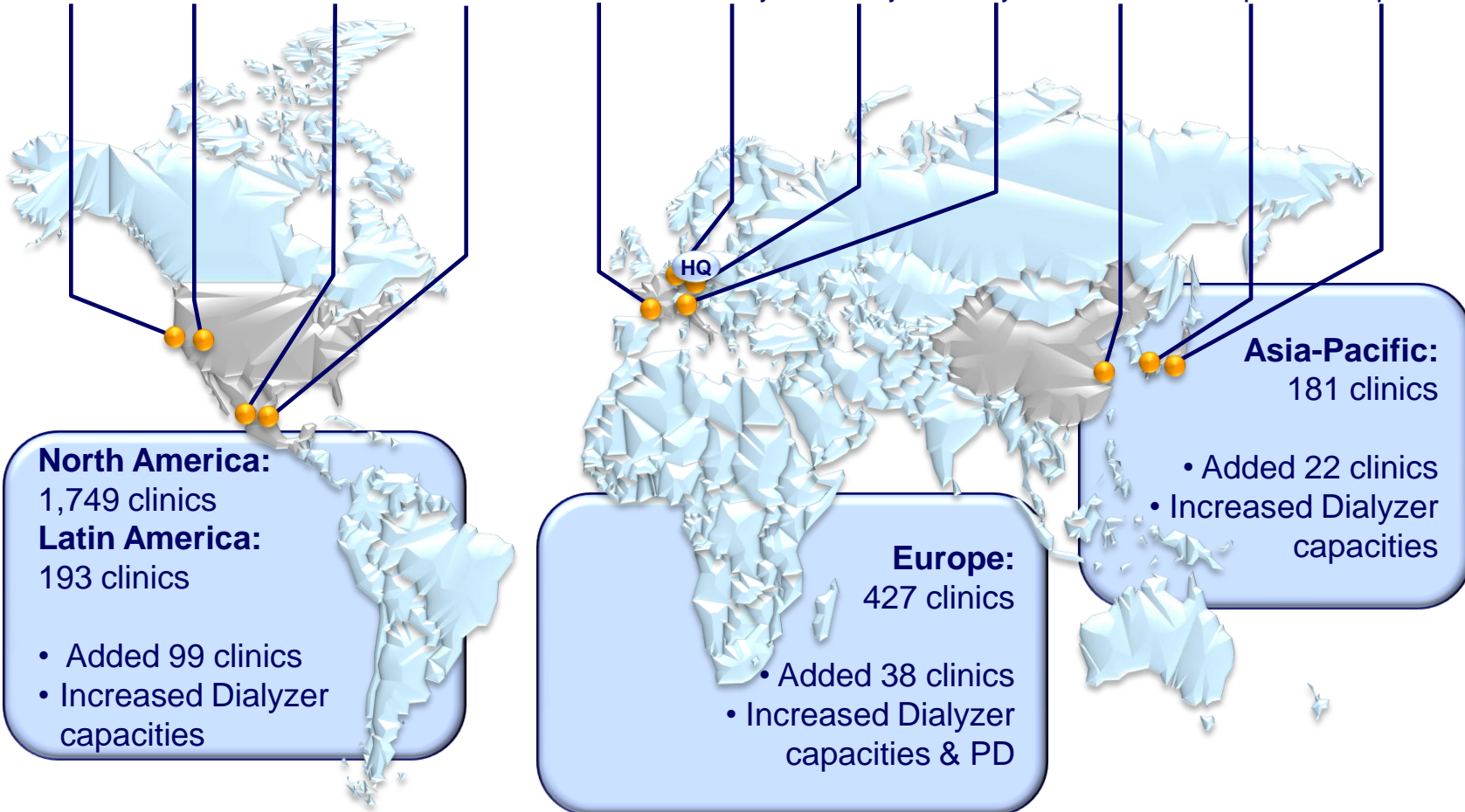
Source: Company data as of December 2008



# Expanded Leading Global Presence



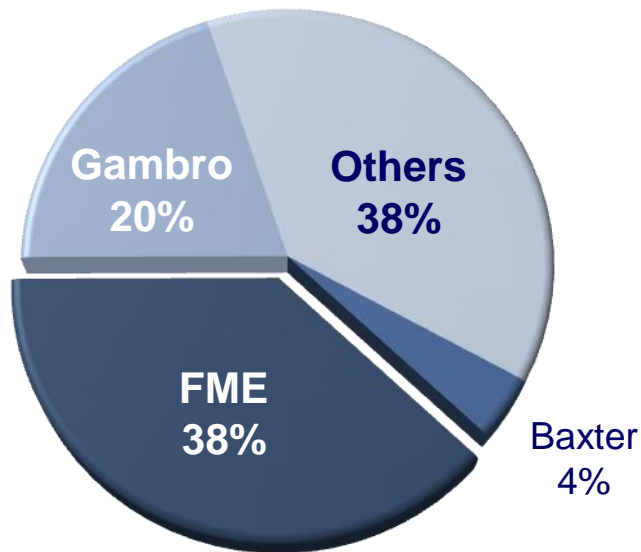
Walnut Creek U.S.   Ogden U.S.   Guadalajara Mexico   Reynosa Mexico   L' Arbresle France   St. Wendel Germany   Schweinfurt Germany   Cremona Italy   JiangSu China   Buzen Japan   Inukai Japan





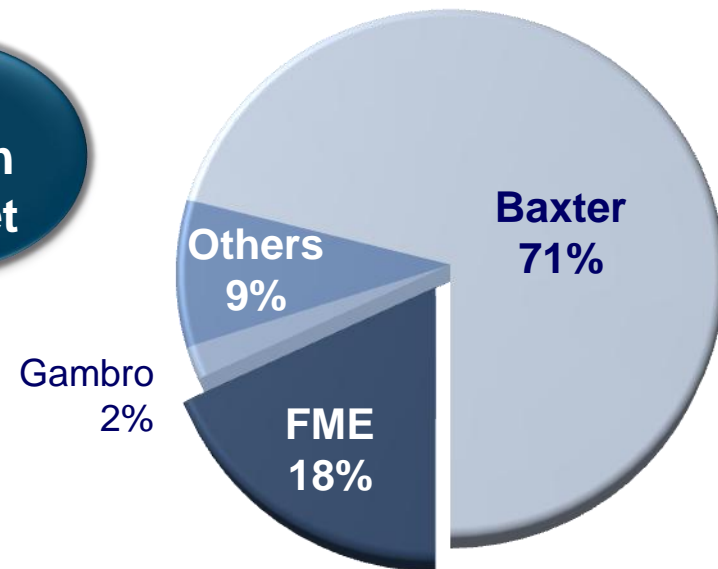
# Dialysis Products Worldwide

**Hemodialysis (HD)**  
= 90% of all treatments



**\$10.5 Billion Market**

**Peritoneal Dialysis (PD)**  
= 10% of all the treatments



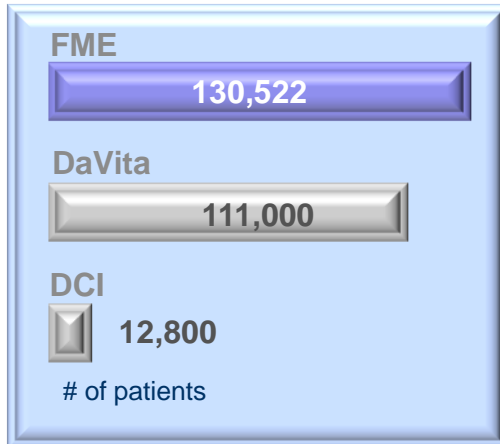
**Produced more than 80.000.000 Dialyzers in 2008**

Source: Company data as of December 2008

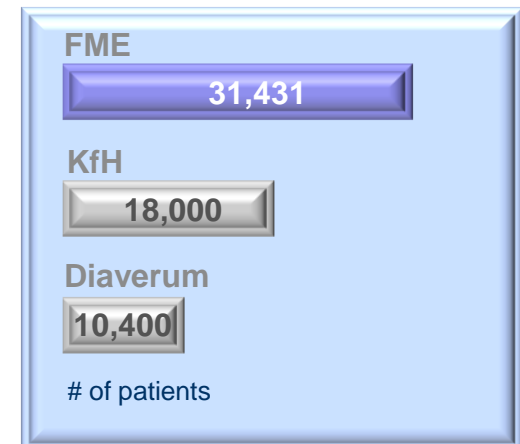


# Dialysis Services Worldwide - Patients

## North America



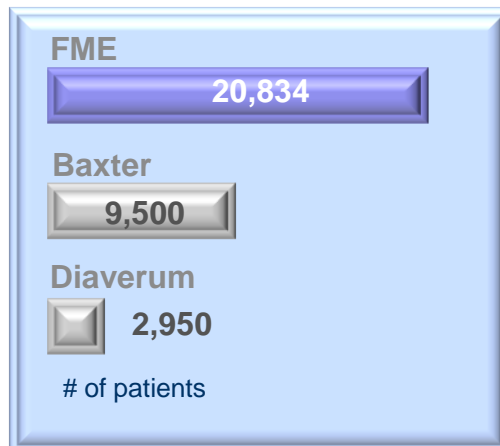
## EMEA



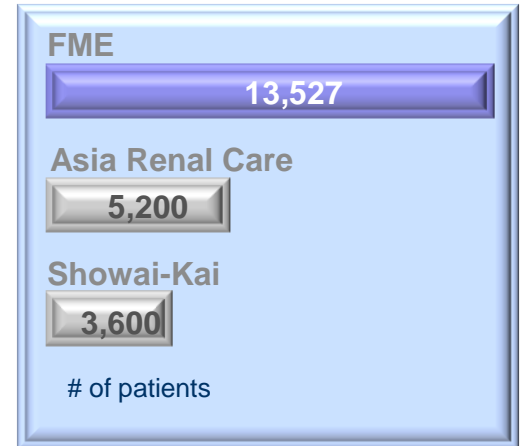
**\$55 Billion Market**

**We Lead in Every Major Market, Treating more than 190,000 Patients Worldwide**

## Latin America



## Asia Pacific



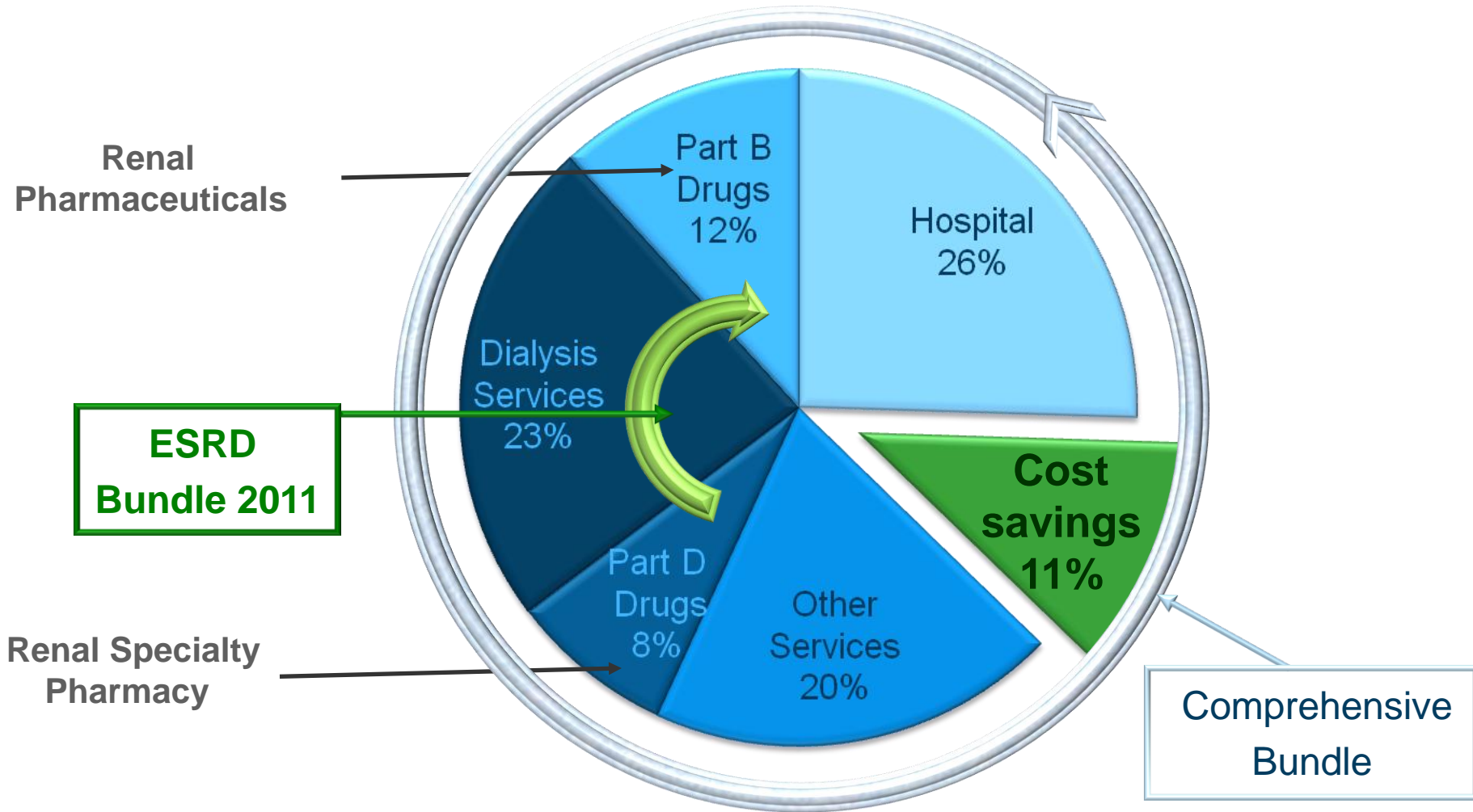
Source: Company data as of December 2008 (except FME, based on Q3/2009)

# Fresenius Medical Care – North America

## Health Plan 2nd year results



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<i>Medicare Fee For Service</i>	<i>100% of costs per annum</i>
<i>FMC Health Plan (Capitation – Special Needs Plan/SNP)</i>	<i>89% of costs per annum</i>



# Our Growth Opportunities

1. Increased Product Market Share

2. Reimbursement Based on Quality

3. Expansion of Dialysis Network

4. Renal Pharma – Enhanced Therapy

5. New Clinical Services / Comprehensive Bundle







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# Dialysis Services - Global

9M 2009	Clinic	Patients	Treatments (in million)
Total	2,509	192,804	21.8
Growth	+ 7%	+ 6%	+ 6%
North America	1,749	130,522	14.8
Growth	+ 5%	+ 4%	+ 4%
International	760	62,282	7.1
Growth	+ 11%	+ 10%	+ 10%
Europe	427	31,431	3.6
Latin America	193	20,834	2.4
Asia-Pacific	140	10,017	1.1



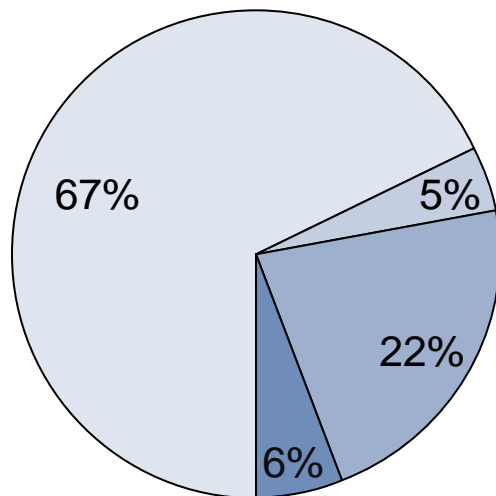
# Third Quarter 2009 – Revenue

**Total revenue increased 6% to \$2,889 m (10%cc)**

**International \$939 m**  
▪ 33% of total revenue  
▪ 7% organic growth

**North America**  
Revenue \$1,950 m  
Growth 10%

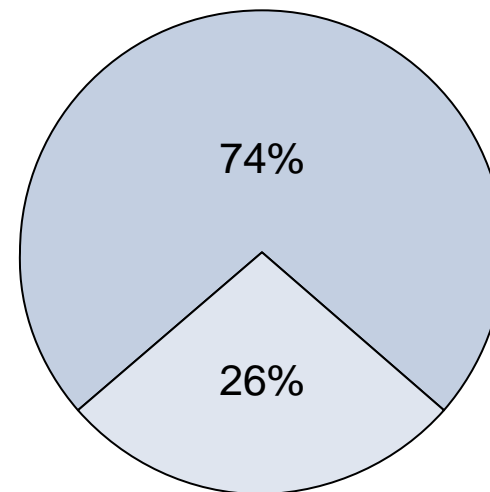
**Dialysis Services**  
Revenue \$2,147 m  
Growth 8% / 10%cc



**Latin America**  
Revenue \$138 m  
Growth 1% / 14%cc

**Europe**  
Revenue \$636 m  
Growth -3% / 7%cc

**Asia-Pacific**  
Revenue \$165 m  
Growth 9% / 12%cc



**Dialysis Products**  
Revenue \$742 m  
Growth 2% / 8%cc

cc = constant currency



## Excellent performance in all key metrics

Q3 2009	Total	North America	International
<b>Organic revenue growth</b>	<b>+ 8%</b>	<b>+ 8%</b>	<b>+ 9%</b>
Same market treatment growth	+ 4%	+ 4%	+ 4%
Revenue per treatment		<b>\$ 342<sup>1)</sup></b>	<b>\$ 167</b>
Growth		+ 4%	+ 3% <sup>cc</sup>
<b>Number of clinics</b>	<b>2,509</b>	<b>1,749</b>	<b>760</b>
Growth	+ 7%	+ 5%	+ 11%
<b>De novos</b> (including managed clinics)	<b>23</b>	<b>18</b>	<b>5</b>

1) including Mexico

cc = constant currency



# Third Quarter 2009 - Profit & Loss

\$ in millions	Q3 2008	Q3 2009	Growth
Net revenue	2,713	<b>2,889</b>	6%*
Operating income (EBIT)	422	<b>451</b>	7%
EBIT margin in %	15.6	15.6	
Interest expense, net	87	75	
Income before income tax	335	<b>376</b>	12%
Income Tax expense	120	<b>131</b>	
Tax rate	36%	35%	
Non controlling interest	9	20	
<b>Net income</b> attributable to FME AG & Co. KGaA	206	<b>225</b>	9%

\* 10% growth at constant currency, 8% organic growth



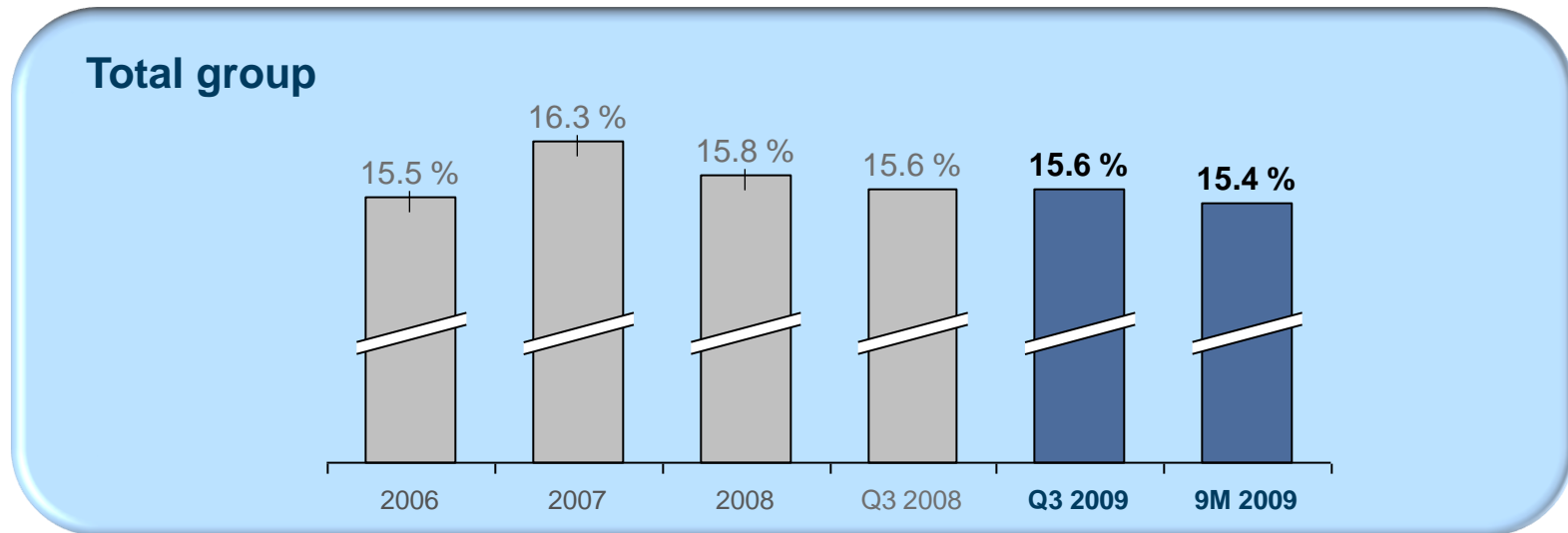
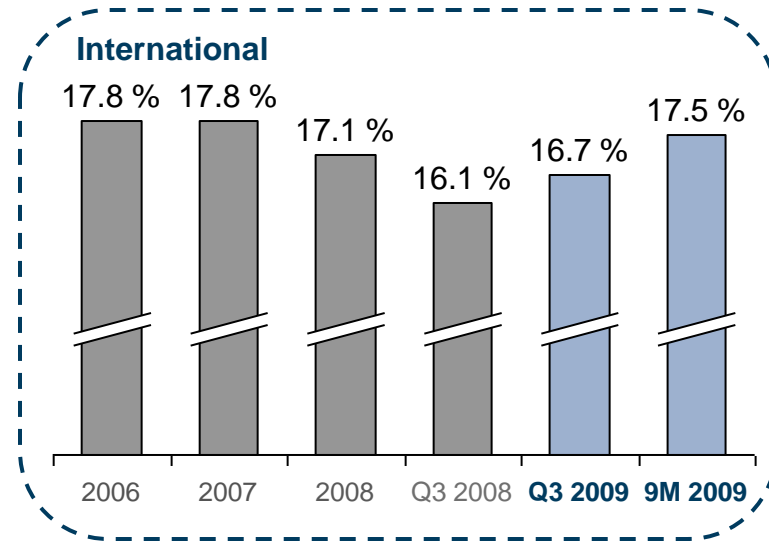
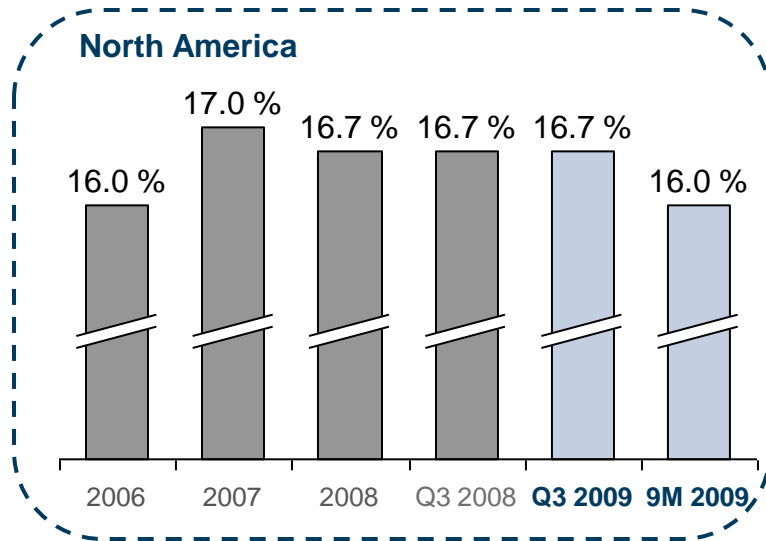
# Nine Months 2009 - Profit & Loss

\$ in millions	9M 2008	<b>9M 2009</b>	Growth
Net revenue	7,890	<b>8,212</b>	4% *
Operating income (EBIT)	1,240	<b>1,265</b>	2%
EBIT margin in %	15.7	15.4	
Interest expense, net	252	225	
Income before income tax	988	<b>1,040</b>	5%
Income Tax expense	357	<b>345</b>	
Tax rate	36%	33%	
Non controlling interest	28	50	
<b>Net income</b> attributable to FME AG & Co. KGaA	603	<b>645</b>	7%

\* 9% growth at constant currency, 8% organic growth



# Operating Margin Development





## Operating cash flow at 15% of revenue

\$ in millions	Q3 2008	Q3 2009	Growth
Operating Cash Flow <sup>1)</sup>	315	<b>443</b>	41%
Capital Expenditures, net <sup>1)</sup>	(160)	<b>(139)</b>	
Free Cash Flow	155	<b>304</b> 11% of revenue	97%
Acquisitions, net of divestitures <sup>1)</sup>	(39)	<b>(26)</b>	
Free Cash Flow, after acquisitions	116	<b>278</b> 10% of revenue	

1) A reconciliation to the most directly comparable US-GAAP financial measure is provided in the attachment.





## Reconciliation of non US-GAAP financial measures to the most directly comparable US-GAAP financial measure

All numbers are in \$ millions

<b>Debt</b>	Q3 2009	FY 2008	FY 2007	FY 2006	FY 2005
<b>Short term borrowings (incl. A/R program)</b>	<b>312</b>	<b>684</b>	<b>217</b>	<b>331</b>	<b>151</b>
+ Short term borrowings from related parties	43	1	2	5	19
+ Current portion of long-term debt and capital lease obligations	160	455	85	160	126
+ Current portion of Trust Preferred Securities		0	670		
+ Long-term debt and capital lease obligations, less current portion	4,561	3,957	4,004	3,829	707
+ Trust Preferred Securities (net of current portion)	663	641	664	1,254	1,188
<b>= Total debt</b>	<b>5,739</b>	<b>5,738</b>	<b>5,642</b>	<b>5,579</b>	<b>2,191</b>

<b>EBITDA</b>	Q3 2009	Q3 2008	FY 2008	FY 2007 <sup>1)</sup>	FY 2006 (pro forma)	FY 2005
<b>Last twelve months operating income (EBIT)</b>	<b>1,697</b>	<b>1,668</b>	<b>1,672</b>	<b>1,580</b>	<b>1,367</b>	<b>939</b>
+ Last twelve months depreciation and amortization	443	410	416	363	326	251
+ Non-cash charges	48	44	44	41	35	14
<b>= EBITDA (annualized)</b>	<b>2,188</b>	<b>2,122</b>	<b>2,132</b>	<b>1,984</b>	<b>1,728</b>	<b>1,204</b>

1) Excluding restructuring costs and in-process R&D



Reconciliation of non US-GAAP financial measures to the most directly comparable US-GAAP financial measure

All numbers are in \$ millions

<b>External Revenue</b>	<b>Q3 2009</b>	<b>Q3 2008</b>	<b>growth</b>	<b>cc</b>
<b>International</b> product revenue	613	622	- 2%	+ 7%
- Internal revenue	(80)	(78)		
<b>= External revenue</b>	<b>533</b>	<b>544</b>	<b>- 2%</b>	<b>+ 6%</b>
<b>North America</b> product revenue	376	321	+ 17%	
- Internal revenue	(167)	(137)		
<b>= External revenue</b>	<b>209</b>	<b>184</b>	<b>+ 14%</b>	
<b>TOTAL</b> product revenue	988	943	+ 5%	+ 11%
- Internal revenue	(246)	(215)		
<b>= External revenue</b>	<b>742</b>	<b>728</b>	<b>+ 2%</b>	<b>+ 8%</b>

<b>Capital expenditure (net)</b>	<b>9M 2009</b>	<b>9M 2008</b>	<b>Q3 2009</b>	<b>Q3 2008</b>
Purchase of property, plant and equipment	(398)	(502)	(145)	(160)
- Proceeds from sale of property, plant and equipment	10	9	6	(0)
<b>= Capital expenditure (net)</b>	<b>(388)</b>	<b>(493)</b>	<b>(139)</b>	<b>(160)</b>

<b>Cash Flow</b>	<b>9M 2009</b>	<b>9M 2008</b>	<b>Q3 2009</b>	<b>Q3 2008</b>
Acquisitions and Investment and net purchases of intangible assets	(109)	(176)	(27)	(44)
Proceeds from divestitures	52	46	1	5
<b>Acquisitions, net of divestitures</b>	<b>(57)</b>	<b>(130)</b>	<b>(26)</b>	<b>(39)</b>

cc = constant currency



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## Q4 and Full Year Results 2009 – February 24, 2010

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