

# Fresenius Medical Care

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Deutsche Bank  
15<sup>th</sup> Annual European Leverage Finance Conference  
London, June 9, 2011



**FRESENIUS  
MEDICAL CARE**

# AGENDA

- ▶ 1 BUSINESS UPDATE
- ▶ 2 GROWTH STRATEGY & OUTLOOK
- ▶ 3 QUESTIONS & ANSWERS

# 1

## Business Update

*First Quarter 2011*

Fresenius Medical Care Reports Strong Start for 2011 and Raises Guidance for Full Year 2011

## Q1 | Overview

**Good start into 2011 despite U.S. Medicare reimbursement reform and raising full year guidance by targeting another record year 2011**

- ▶ Strong underlying operating performance
- ▶ Revenue growth of 5% at constant currency
- ▶ Organic revenue growth of 3%
- ▶ Raising full year 2011 guidance

\$ in millions	Q1 2010	<b>Q1 2011</b>	Growth in %
Net revenue	2,882	<b>3,036</b>	5
Net income attributable to FMC AG & Co. KGaA	211	<b>221</b>	5
Earnings per share	0.70	<b>0.73</b>	4

# Q1 | Revenue split by region

Total revenue improved 5% to \$ 3,036 million\*

## ▶ North America

Revenue	\$ 1,977 m	+ 1%
Organic growth		+ 1%
Corrected for transition adjustment		+ 2%

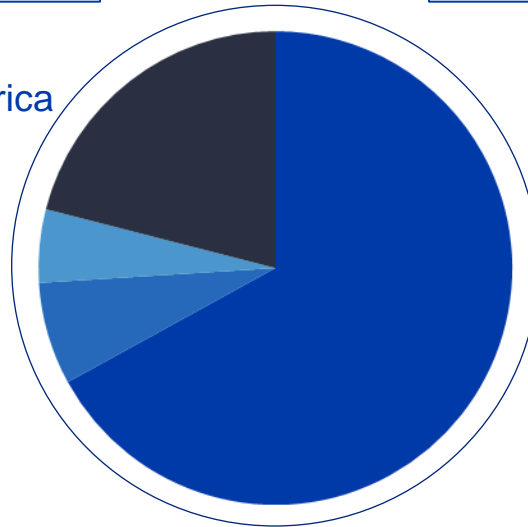
## ▶ International ~ 35% of total revenue

Revenue	\$ 1,055 m	+13%cc
Organic growth		+ 6%
EMEA	\$ 674m	+ 9%cc
Asia-Pacific	\$ 222m	+30%cc
Latin America	\$ 159m	+12%cc

▶ 22% Europe | Middle East | Africa (EMEA)

▶ 5% Latin America

▶ 8% Asia-Pacific



▶ 65% North America

\* including Corporate of \$ 4 m

cc = constant currency

# Q1 | Dialysis Services

## Strong global revenue growth

- ▶ Excellent organic revenue growth in International + 9%
- ▶ Continued impressive same market growth + 4%
- ▶ North America on target with the „bundle“ implementation in the clinics

\$ in millions	Q1 2010	Q1 2011	Growth in %	Growth in %cc	Organic growth in %	Same market growth in %
North America	1,760	1,782	1	1	1.2	3.7
International	411	503	23	21	9.3	5.6
▶ <b>Total</b>	<b>2,171</b>	<b>2,285</b>	<b>5</b>	<b>5</b>	<b>2.7</b>	<b>4.3</b>

cc = constant currency

# U.S. Healthcare reform update

## CMS announced final transition adjuster rule

- ▶ Final transition adjuster will be 0% from April 1 to December 31, 2011 after being at -3.1% in Q1 2011
- ▶ The new calculation is based on the actual number of facilities that elected to participate in the new reimbursement scheme (PPS) for Medicare patients
- ▶ Fresenius Medical Care and the entire community appreciate the government's hard work and dedication in this effort. This correction will help to improve the lives of all Medicare beneficiaries on dialysis.

# Q1 | Dialysis Products

Global product growth of 5%cc after being flat in Q4 2010

- ▶ Total external product growth in International of 6%cc
- ▶ Asia-Pacific external product growth of 19%cc
- ▶ North America total product growth of 3% with peritoneal dialysis product growth of 20%

\$ in millions	Q1 2010	Q1 2011	Growth in %	Growth in %cc
Total product revenue (incl. internal)	957	1,025	7	6
External revenue	711	751	6	5
North America	200	195	(2)	(2)
International	511	552	8	6
Corporate	0	4		

cc = constant currency



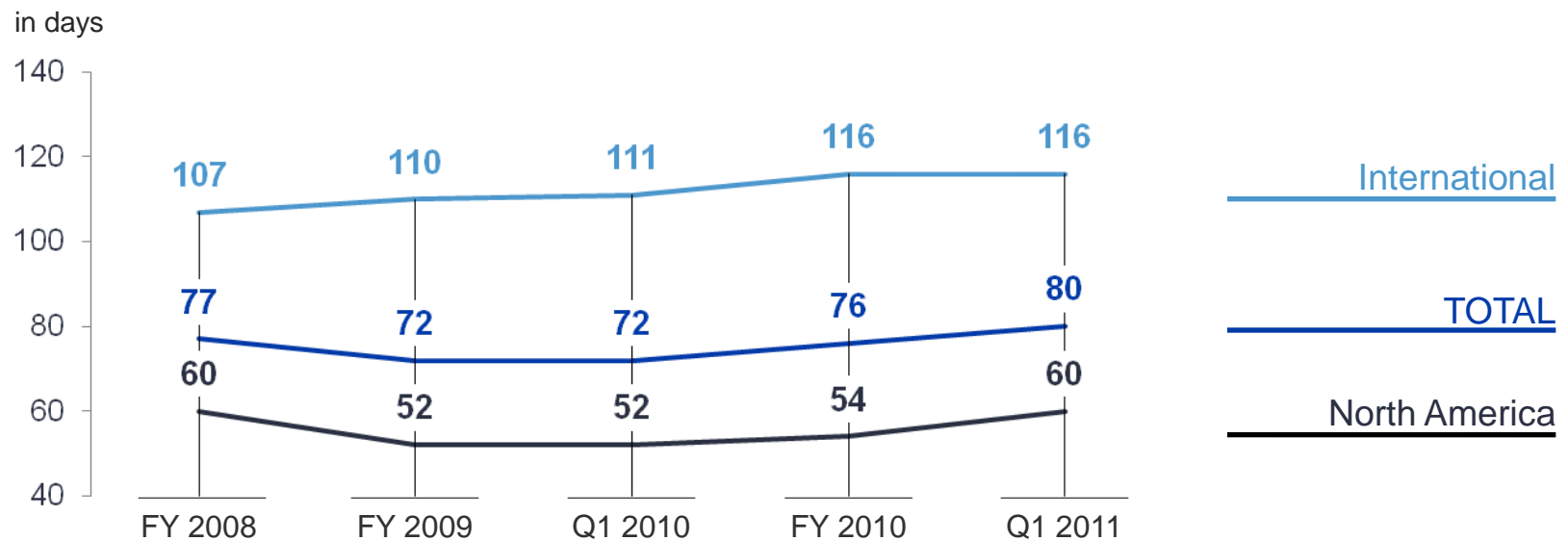
## Q1 | Profit & Loss

\$ in millions	Q1 2010	Q1 2011	Growth in %
Net revenue	2,882	<b>3,036</b>	5 5%cc
Operating income (EBIT)	425	<b>445</b>	5
EBIT margin in %	14.8	<b>14.7</b>	
Interest expense, net	67	<b>72</b>	
Income before taxes	358	<b>373</b>	4
Income tax expense	128	<b>124</b>	
Tax rate in %	36	<b>33</b>	
Non-controlling interest	19	<b>28</b>	
Net income <small>attributable to FMC AG &amp; Co. KGaA</small>	211	<b>221</b>	5

# Q1 | Day Sales Outstanding (DSO)

## DSO level in North America up as indicated and expected

- ▶ International DSO are flat vs. FY 2010 despite deficit pressure in some countries
- ▶ North America DSO up by 6 days also as a consequence of the new Medicare reimbursement scheme
- ▶ Expect the DSO level in North America to normalize in the course of the year



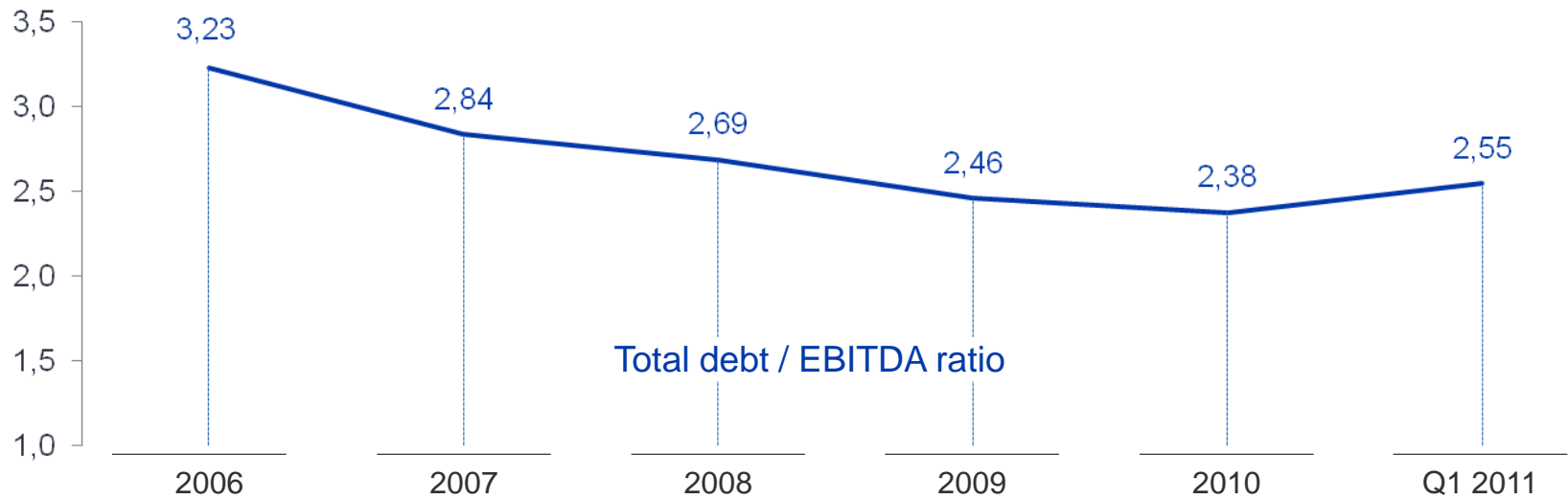
## Q1 | Cash Flow

\$ in millions	Q1 2010	<b>Q1 2011</b>	Growth in %	
Operating cash flow	349	<b>175</b>	(50)	Unfavorable DSO development and higher inventory levels
% of revenue	12	<b>6</b>		Expect to be in the targeted range of 10% for FY 2011
Capital expenditure, net	(99)	<b>(113)</b>		
Free cash flow	250	<b>62</b>	(75)	
Acquisitions and investments, net of divestitures	(82)	<b>(339)</b>		
Free cash flow after acquisitions and investments	168	<b>(277)</b>		

# Q1 | Total Debt/EBITDA

Ratio slightly up based on recently announced acquisitions

- ▶ Fully on track to achieve FY 2011 target of  $\leq 2.8$
- ▶ Total debt of \$ 6,397 m and annualized EBITDA of \$ 2,505 m



# Major Debt Portfolio and Maturities

As of March 31, 2011

	Amount in Million	
Accounts Receivable Facility	\$ 700	2010 - 11
Credit Agreement Rev. / TLA	\$ 2,505	2010 - 13
Credit Agreement TLB	\$ 1,534	2010 - 13
Senior Notes 2010 – 2016	€ 250	2010 - 16
Senior Notes 2007 – 2017	\$ 500	2010 - 17
Senior Notes 2011 – 2021	\$ 650	2011 - 21
Senior Notes 2011 – 2021	€ 300	2011 - 21
Trust Preferred Securities IV	\$ 225	2010 - 11
Trust Preferred Securities V	€ 300	2010 - 11
Notes Schuldscheindarlehen	€ 200	2009 - 12 / 14
EIB	\$ 165	2010 - 12
EIB	€ 140	2010 - 13

# Financial Cushion

As of March 31, 2011

\$ in millions	Facility	Utilization <sup>1</sup>	Cushion
Revolving Credit Facility	1,200	<b>99</b>	1,101
Term Loan A	1,305	<b>1,305</b>	0
Term Loan B	1,534	<b>1,534</b>	0
<b>Senior Credit Agreement</b>	<b>4,039</b>	<b>2,938</b>	<b>1,101</b>
Accounts Receivable Program <sup>2</sup>	700	<b>0</b>	700
Other Bank Facilities	677	<b>424</b>	253
<b>Subtotal</b>	<b>5,416</b>	<b>3,362</b>	<b>2,054</b>
Bank Deposits			<b>192</b>
<b>► Total</b>			<b>2,246</b>

<sup>1</sup> Utilization may differ from balance sheet debt due to off-balance sheet items (e.g. letters of credit and guarantees)

<sup>2</sup> \$700 million facility amount, limit represents maximum amount of eligible receivables

# 2011 | Summary

## Fresenius Medical Care

- ▶ Good start despite the reimbursement change in U.S. Medicare and expect momentum to accelerate
- ▶ Continue focusing on superior quality in services and products
- ▶ Benefit from product innovations and new product launches
- ▶ Take advantage of international growth potential and introduce new therapy offerings

## North America

- ▶ Implementation of the “bundle” for Medicare beneficiaries on target
- ▶ Adjustment of the transition adjuster supports patient care
- ▶ Investment in Renal Advantage Partners LLC

## International

- ▶ Strong expansion of business operations
- ▶ Asia-Pacific continues to deliver excellent product growth

# 2

## Growth Strategy & Outlook

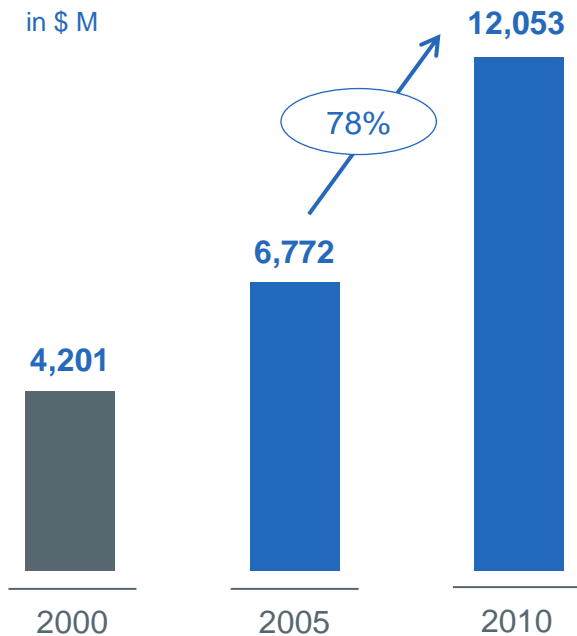


# Decade of Growth & Exceeded GOAL 10 Targets

## Revenue

11% CAGR 2000 – 2010  
17% CAGR 2005 – 2010

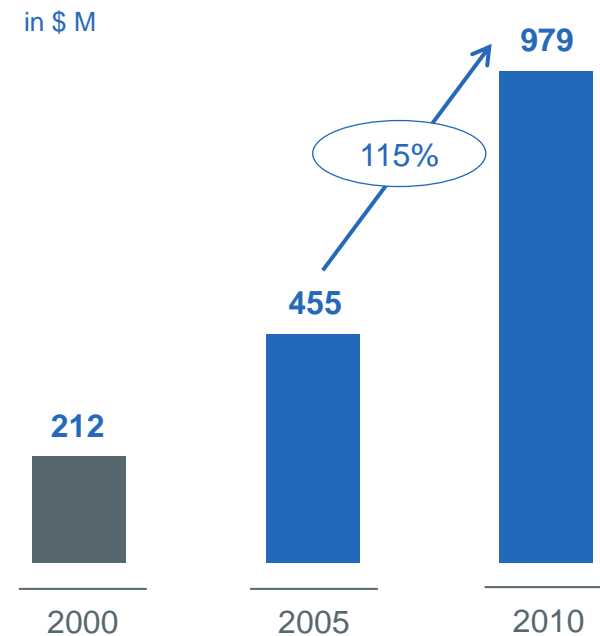
in \$ M



## Net income

17% CAGR 2000 – 2010  
12% CAGR 2005 – 2010

in \$ M

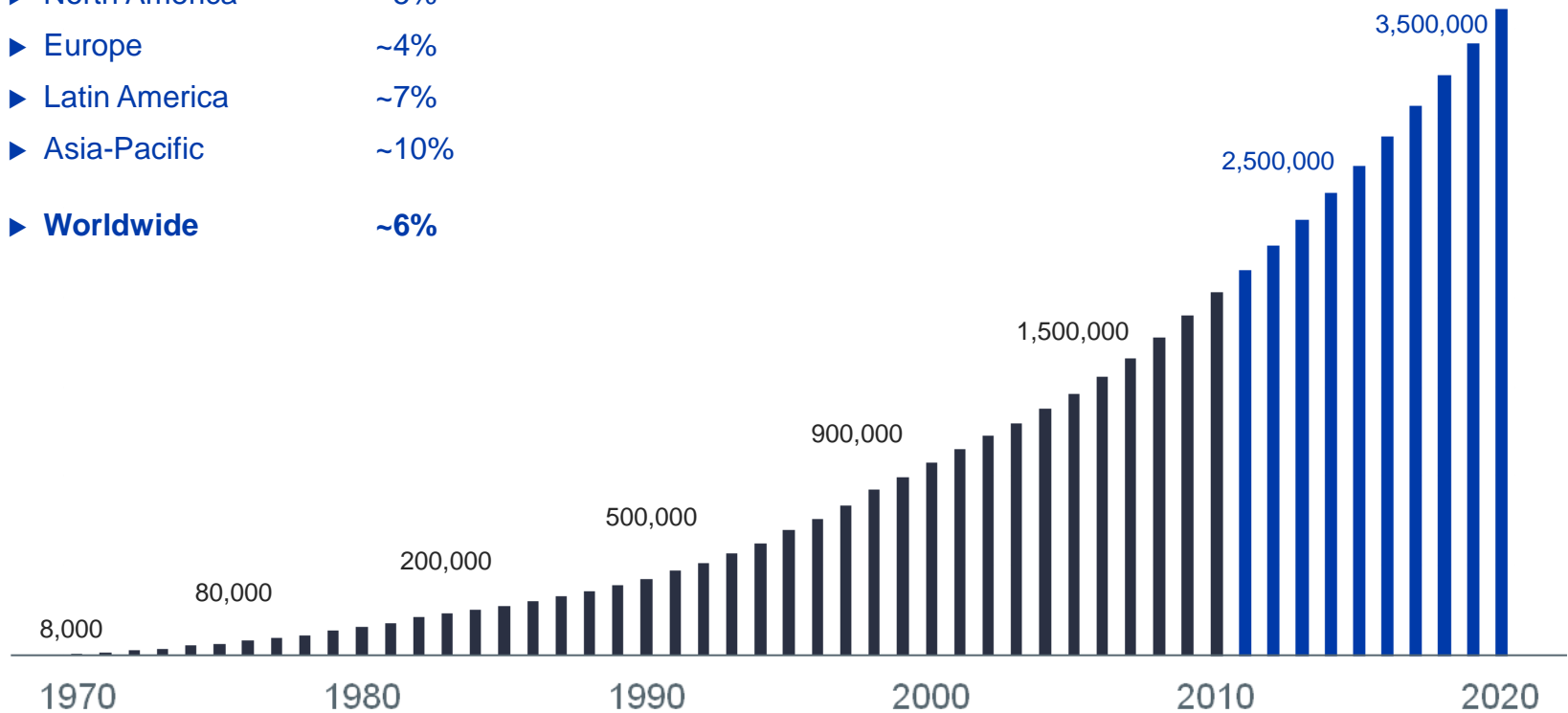


CAGR = Compound annual growth rate

# Development of Dialysis Patient Population

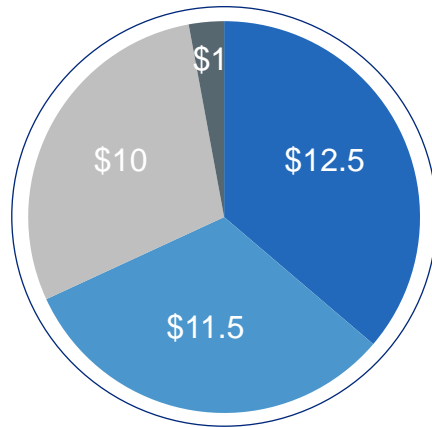
2020: Estimates suggest an increase to nearly 4 million dialysis patients

- ▶ North America ~5%
- ▶ Europe ~4%
- ▶ Latin America ~7%
- ▶ Asia-Pacific ~10%
- ▶ **Worldwide ~6%**

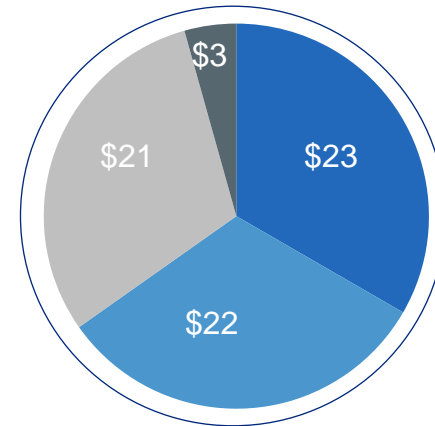


# Market Opportunity by Region

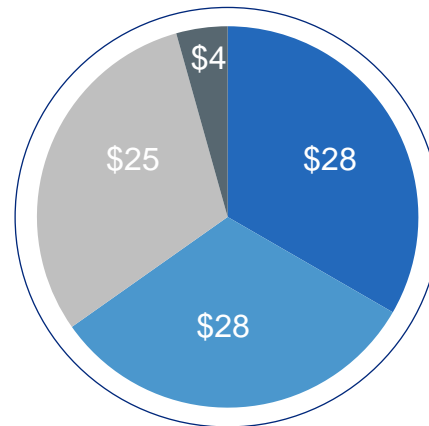
**2000**  
\$ 35 BN Market



**2010**  
\$ 69 BN Market



**2015**  
\$ 85 BN Market

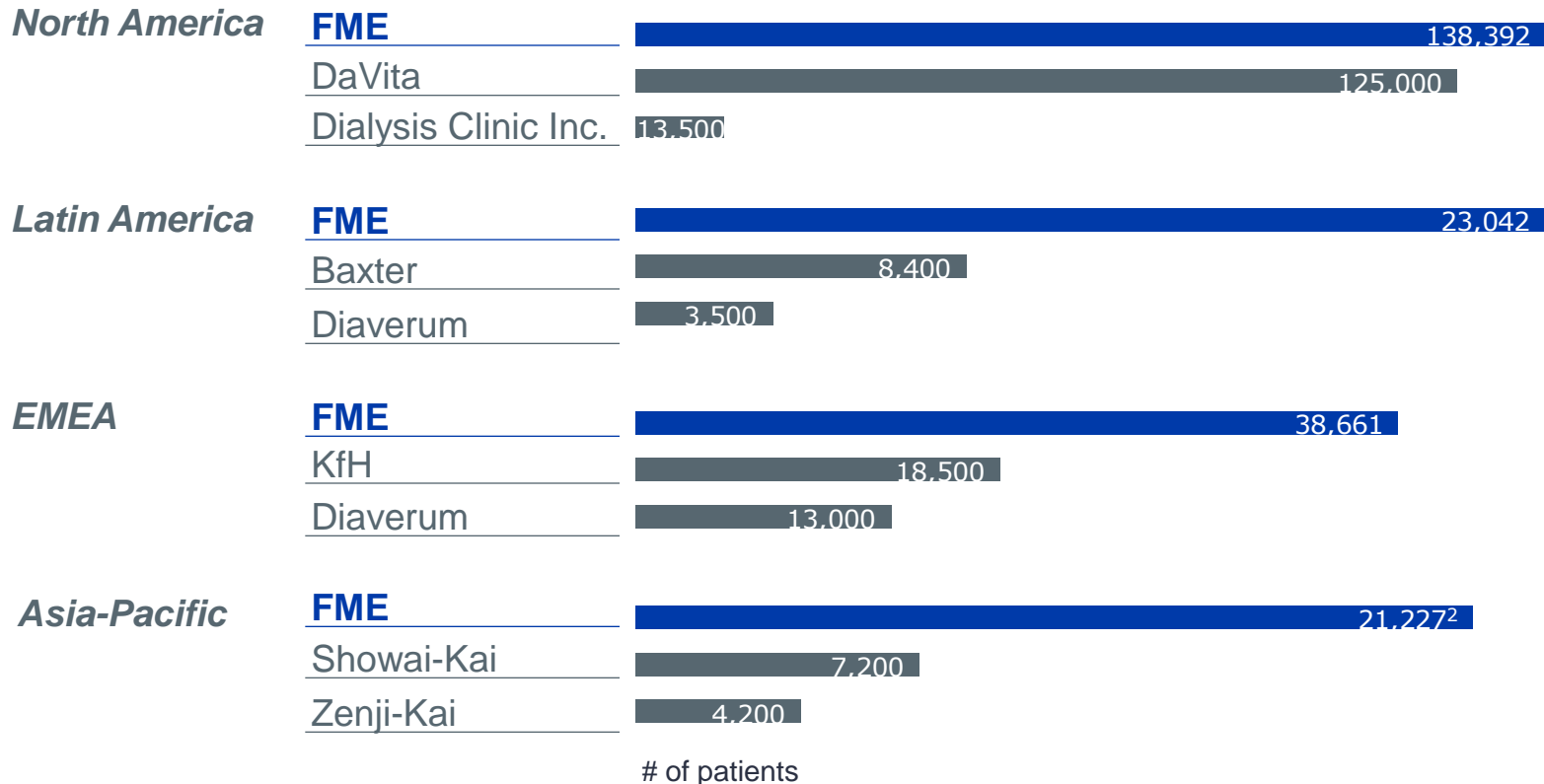


- North America
- Asia-Pacific
- Europe, Middle East and Africa
- Latin America

Data in \$ BN

# World Leader in Dialysis Services<sup>1</sup>

We lead in every major market, treating more than 216,942 patients worldwide



# of patients

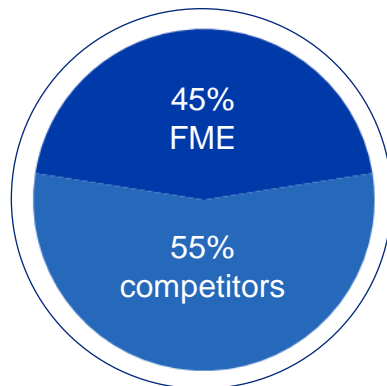
<sup>1</sup> Based on company statements and estimates

<sup>2</sup> Patients including managed clinics

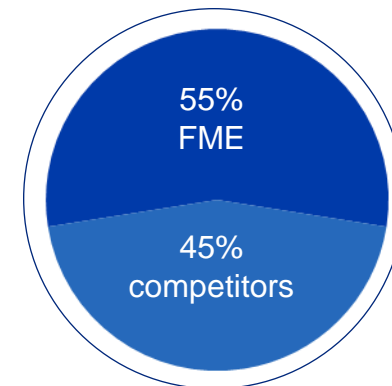
# Market Position by Major Product Groups 2010

	Rank 1	Rank 2
Dialyzers	FME	Gambro
Dialysis machines	FME	Gambro
Hemodialysis concentrates	FME	Fuso
Bloodlines	FME	Gambro
Peritoneal dialysis products	Baxter	FME

**Dialyzers**

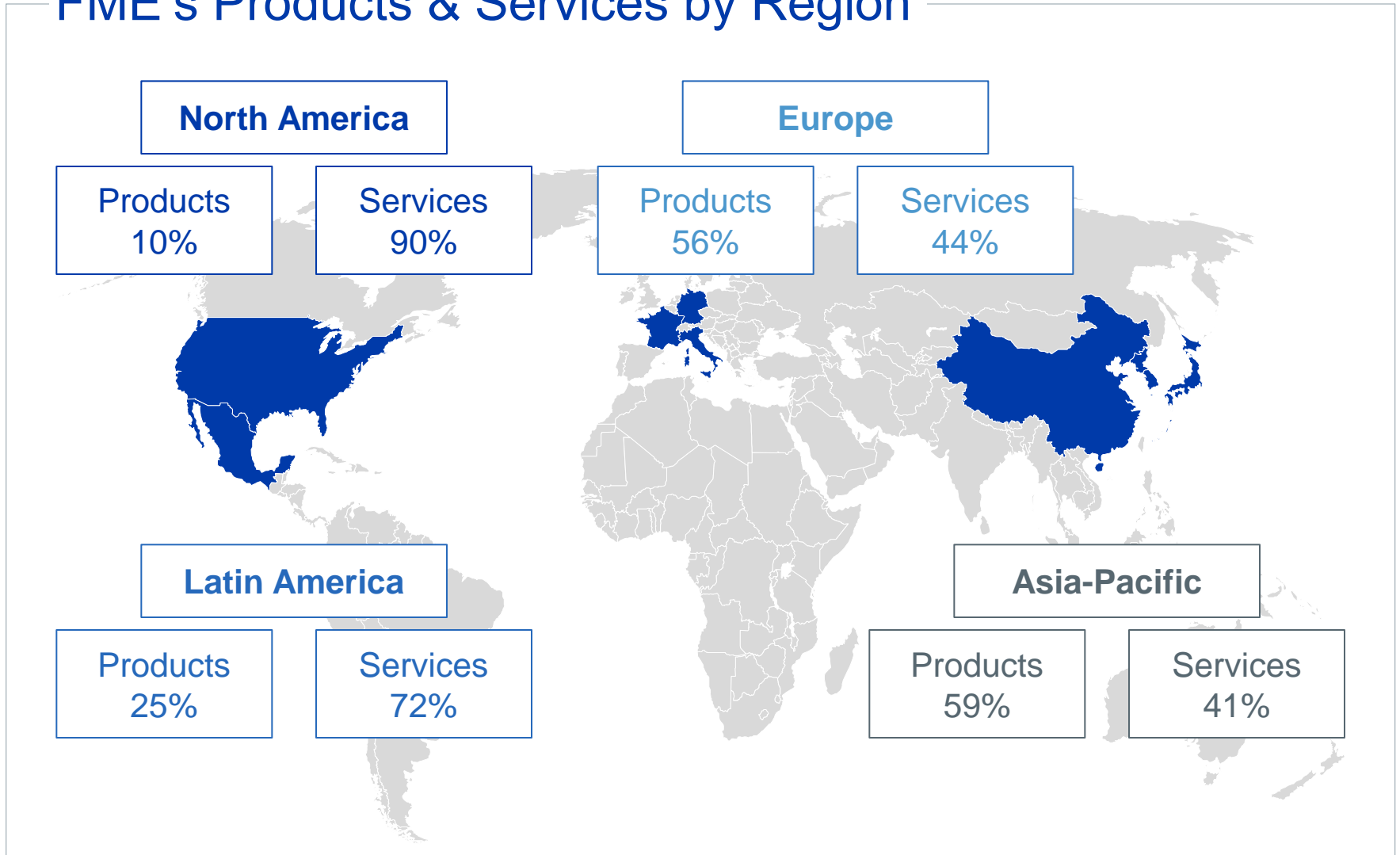


**Dialysis machines**



Produced more than ~92,000,000 dialyzers in 2010

# FME's Products & Services by Region



## 2010 | 2011 – Expansion

- ▶ Refinanced, extended or issued new debt totaling \$4 billion
- ▶ Acquisition of Asia Renal Care with ~80 clinics
- ▶ Acquisition of Gambro peritoneal dialysis business
- ▶ Joint venture with Galenica
- ▶ Acquisition of Euromedic's dialysis services business with ~70 clinics

# 2010 | 2011 – Product Launches

## USA



Liberty Cycler



2008T



2008K  
@home

## International



4008S  
classic

5008S

## New Dialyzers



Optiflux 250 Dialyzer

## Peritoneal Dialysis



Neutral pH  
solution

## Future Technology

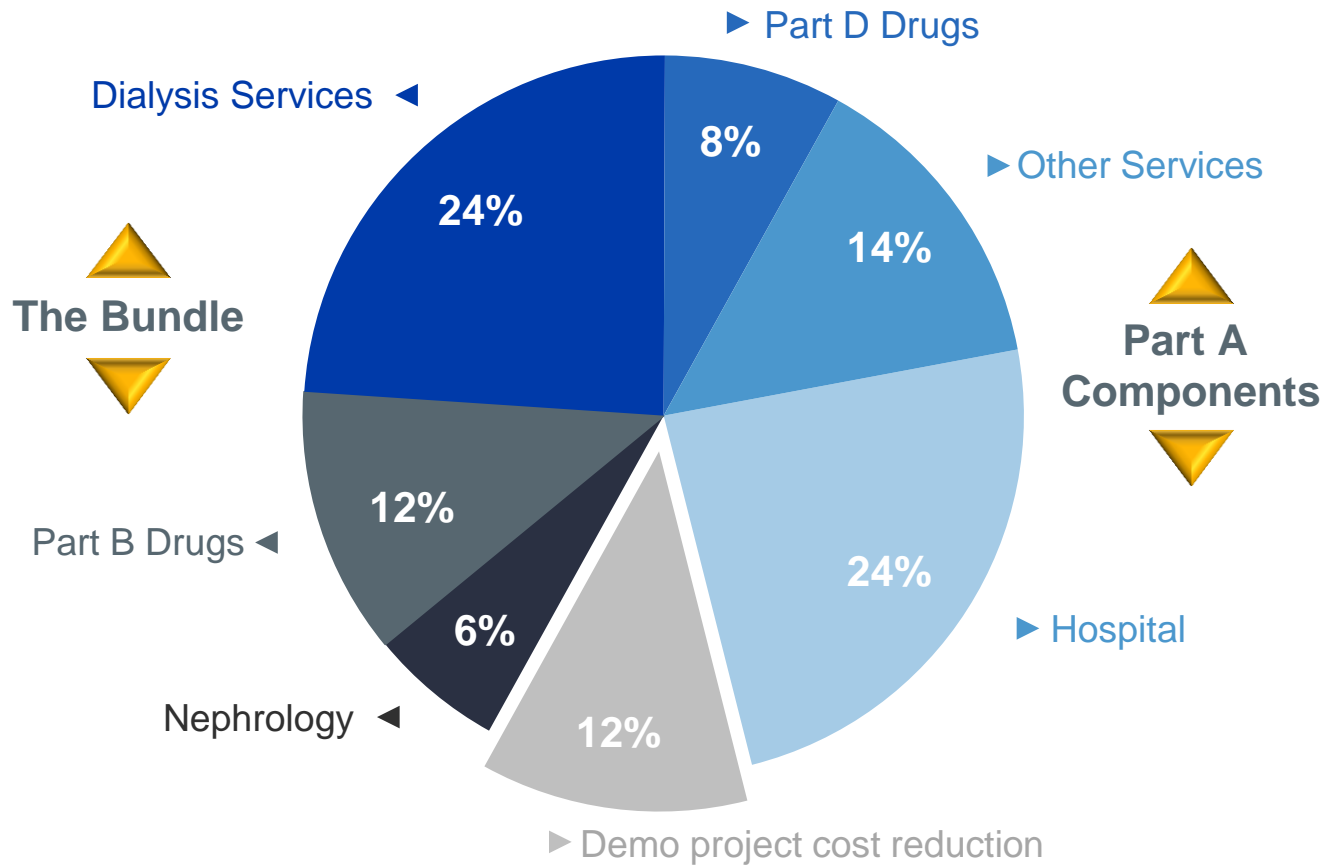


Portable Artificial Kidney



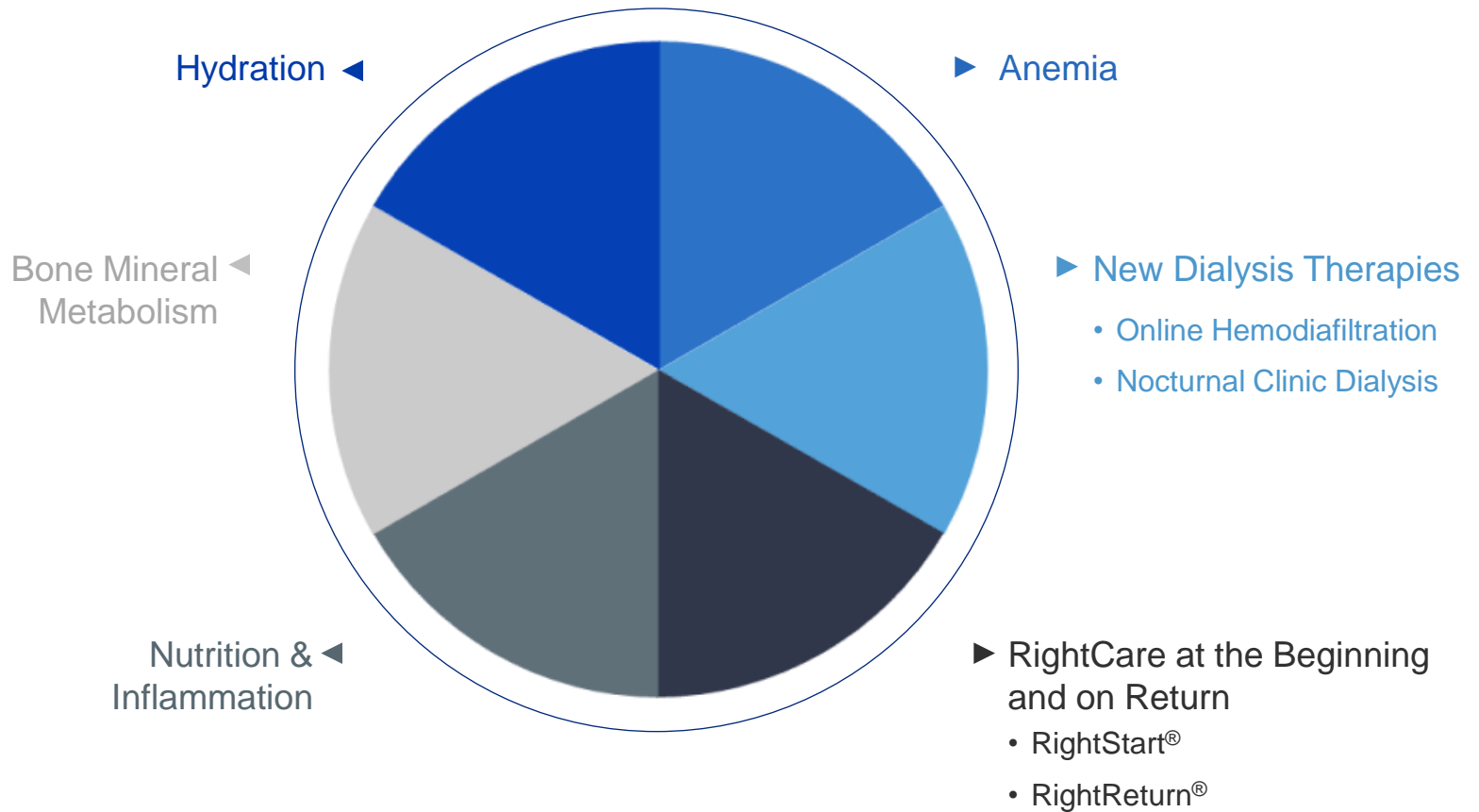
# Global Strategy: Integrated Care Model

ESRD Demonstration Project / FME Cost Model



# Global Strategy:

Services – Areas to improve dialysis outcomes



# 2011 | Outlook raised

## Another record year to be expected

- ▶ For 2011 strong revenue growth and further earnings momentum expected

\$ in millions	Outlook Feb. 2011	<b>FY 2011 NEW</b>
Net revenue	12,800 – 13,000	> 13,000
Net income attributable to FMC AG & Co. KGaA	1,035 – 1,055	1,070 – 1,090
Capital expenditure in % of revenue	~ 5%	~ 5%
Acquisitions	~ 1,200	~ 1,200
Leverage ratio (Debt/Ebitda ratio)	≤ 2.8	≤ 2.8

# Goal 2013 Strategic Financial Objectives

	<b>GOAL 13</b>
Net revenue	<b>6-8 % Growth*</b>
EBIT margin	<b>10 – 20 bps</b> (incremental increases p.a.)
Net income <small>attributable to FMC AG &amp; Co. KGaA</small>	<b>High single to low double digit growth rate</b>
Operating cash flow	<b>&gt; 10% of revenue</b>

\* in constant currency

CREATING A FUTURE WORTH LIVING.  
FOR PEOPLE. WORLDWIDE.  
EVERY DAY.

Thank you very much for your attention!

# 3

## QUESTIONS & ANSWERS

# Attachment 1

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

All numbers are in \$ millions

<b>External Revenue Q1 (excl. \$ 4 m Corporate)</b>	Q1 2010	Q1 2011	Growth in %	Growth in % cc
International product revenue	591	644	9	8
- Internal revenue	(80)	(92)		
= International external revenue	511	552	8	6
North America product revenue	366	377	3	3
- Internal revenue	(166)	(182)		
= North America external revenue	200	195	(2)	(2)
<b>Total product revenue</b>	957	1,025	7	6
- Internal revenue	(246)	(274)		
<b>► Total external revenue</b>	<b>711</b>	<b>751</b>	<b>6</b>	<b>5</b>
<b>Capital Expenditure, net</b>			Q1 2010	Q1 2011
Purchase of property, plant and equipment			(106)	(117)
- Proceeds from sale of property, plant and equipment			7	4
= Capital expenditure, net			(99)	(113)

## Attachment 2

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

All numbers are in \$ millions

<b>Cash Flow</b>	Q1 2010	Q1 2011
Acquisitions, investments and net purchases of intangible assets	(84)	(339)
+ Proceeds from divestitures	2	-
= Acquisitions and investments, net of divestitures	(82)	(339)

<b>Patients, treatments, clinics – Q1 2011</b>	Clinics	Patients	Treatments in million
North America	1,823	138,392	5.24
Growth in %	3	4	4
International	946	78,550	2.93
Growth in %	19	20	19
Europe	505	38,661	1.45
Latin America	198	23,042	0.87
Asia-Pacific	243	16,847	0.61
<b>▶ TOTAL</b>	<b>2,769</b>	<b>216,942</b>	<b>8.17</b>
Growth in %	8	9	9



# Attachment 3

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

All numbers are in \$ millions

<b>Debt</b>	Q1 2011	FY2010	FY 2009	FY 2008	FY 2007	FY 2006
Short term borrowings (incl. A/R program)	132	671	316	684	217	331
+ Short term borrowing from related parties	36	10	10	1	2	5
+ Current portion of long-term debt and capital lease obligations	265	264	158	455	85	160
+ Current portion of Trust Preferred Securities	651	625	-	-	670	-
+ Long-term debt and capital lease obligations less current portion	5,313	4,310	4,428	3,957	4,004	3,829
+ Trust Preferred Securities less current portion	-	-	656	641	664	1,254
<b>▶ TOTAL debt</b>	<b>6,397</b>	<b>5,880</b>	<b>5,568</b>	<b>5,738</b>	<b>5,642</b>	<b>5,579</b>
<b>EBITDA</b>	Q1 2011	FY2010	FY 2009	FY 2008	FY 2007	FY 2006
Last twelve month operating income (EBIT)	1,944	1,924	1,756	1,672	1,580	1,367
+ Last twelve month depreciation and amortization	514	503	457	416	363	326
+ Non-cash charges	47	45	50	44	41	35
<b>▶ EBITDA (annualized)</b>	<b>2,505</b>	<b>2,472</b>	<b>2,263</b>	<b>2,132</b>	<b>1,984</b>	<b>1,728</b>
<b>▶ Total Debt / EBITDA</b>	<b>2.55</b>	<b>2.38</b>	<b>2.46</b>	<b>2.69</b>	<b>2.84</b>	<b>3.23</b>

## Q1 | Dialysis Services

**Strong growth despite U.S. Medicare reimbursement change and supported by impressive revenue per treatment development in International**

- ▶ Rev/tmt in North America total would be approx. \$5 higher adjusted for the U.S. Medicare reimbursement change

Q1 2011	Clinics	De novo	Acquired	Rev/tmt
Total	2,769	22	9	
Growth vs. Q1 2010	+ 8%			
North America	1,823	15	1	\$348*
Growth vs. Q1 2010	+ 3%			- 2%
International	946	7	8	\$170cc
Growth vs. Q1 2010	+ 19%			+ 2%cc

\* excl. Mexico

cc = constant currency

# Q1 | Dialysis Services | Quality outcomes

## Excellent quality improvement programs

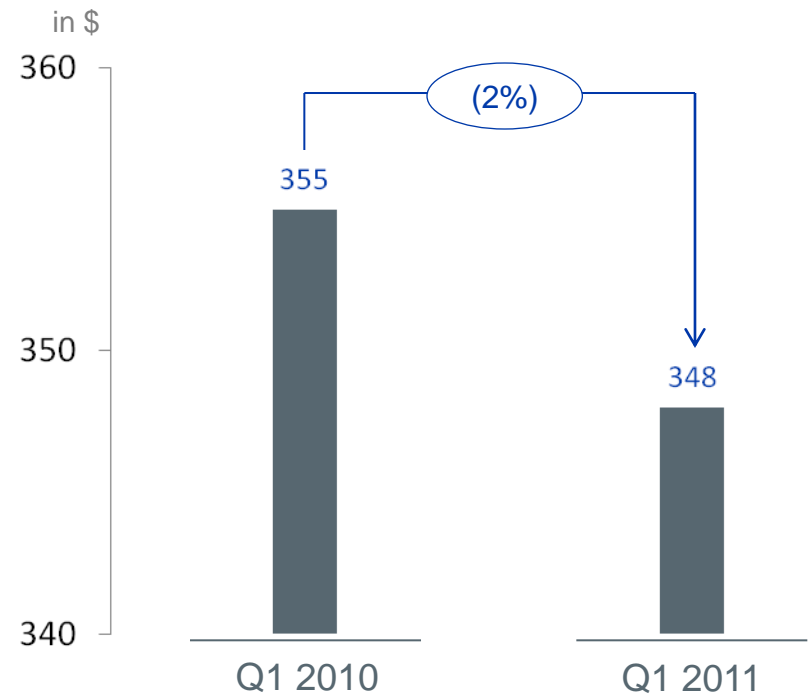
	United States		EMEA	
	Q1 2010	Q1 2011	Q1 2010	Q1 2011
% of patients				
Kt/V $\geq$ 1.2	96	<b>97</b>	95	<b>96</b>
Hemoglobin = 10-12 g/dl	65	<b>73</b>	52	<b>54</b>
Albumin $\geq$ 3.5 g/dl*	83	<b>84</b>	87	<b>89</b>
Phosphate $\leq$ 5.5 mg/dl	60	<b>63</b>	77	<b>76</b>
Calcium 8.4 – 10.2 mg/dl	80	<b>79</b>	79	<b>77</b>
No Catheter (all patients)	73	<b>76</b>	81	<b>82</b>
No Catheter (>90 days)	n/a	<b>80</b>	85	<b>86</b>
Hospitalization days – per patient	9.9	<b>9.8</b>	8.9	<b>9.8</b>

\* In the U.S. the albumin results are calculated with the BCG-method (bromocresol green)

# Q1 | Dialysis Services | Revenue per treatment U.S.

## Revenue per treatment on target

- ▶ Q1 reduction in revenue per treatment driven by lower Medicare rate in U.S. including the transition adjuster and pharma utilization
- ▶ Transition adjuster of 0% from April 1st, 2011 for Medicare bundle reimbursement
- ▶ Positive trend sequentially expected going forward since transition adjuster has been fixed

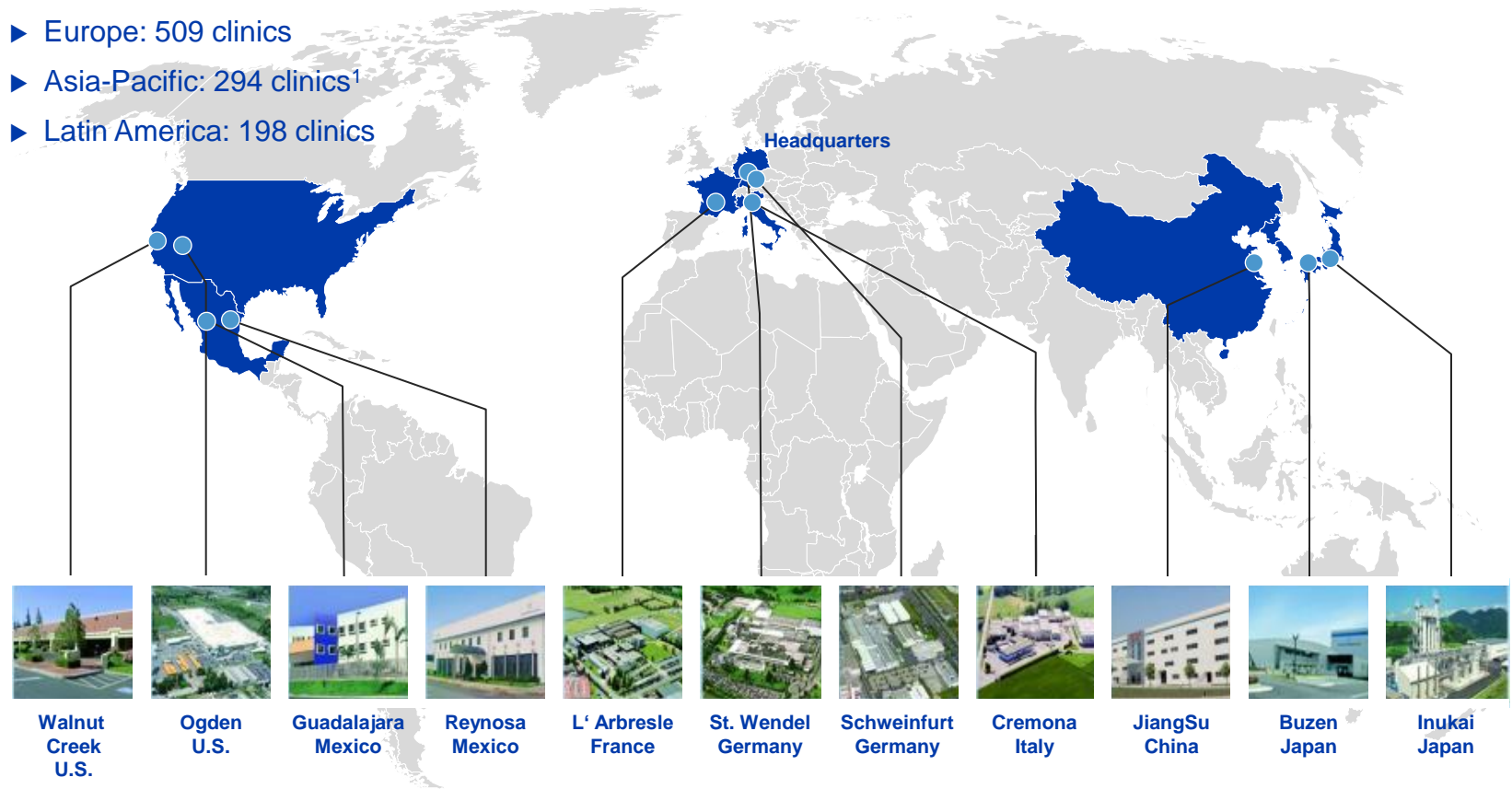


# Major Production Sites

## Dialysis clinics

- ▶ North America: 1,823 clinics
- ▶ Europe: 509 clinics
- ▶ Asia-Pacific: 294 clinics<sup>1</sup>
- ▶ Latin America: 198 clinics

● Major Production Sites



<sup>1</sup> Clinics including managed clinics

# Contacts



## Fresenius Medical Care

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