

# Fresenius Medical Care

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Credit Suisse European Credit Conference

Barcelona, September 21 - 23, 2011



**FRESENIUS  
MEDICAL CARE**

**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 detail in Fresenius Medical Care AG & Co. KGaA's (FMC AG & Co. KGaA) reports filed with the Securities and Exchange Commission (SEC) and the German Exchange Commission (Deutsche Börse).

# AGENDA

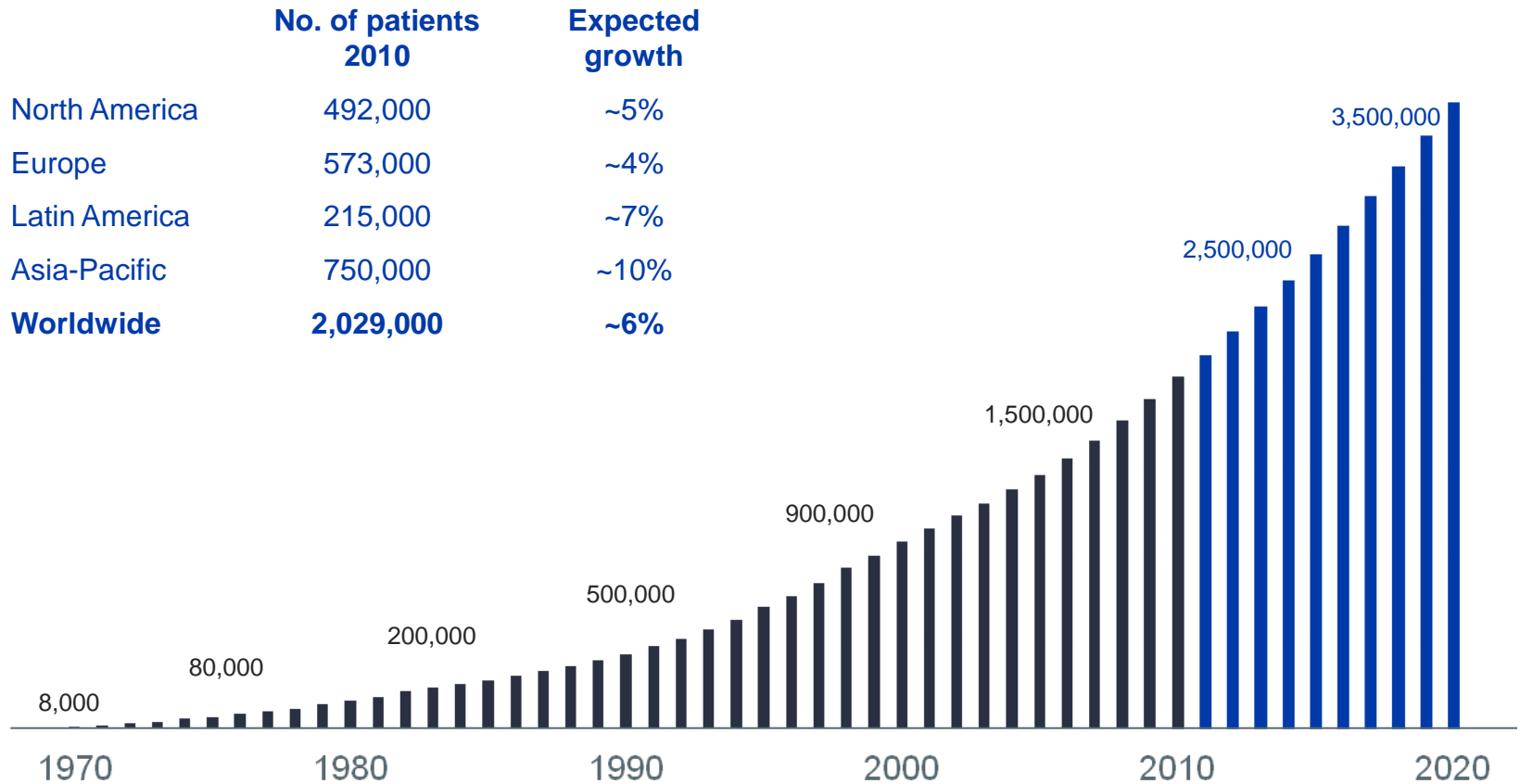
- ▶ 1 COMPANY OVERVIEW AND BUSINESS UPDATE
- ▶ 2 FINANCIAL OVERVIEW

# 1

## COMPANY OVERVIEW AND BUSINESS UPDATE

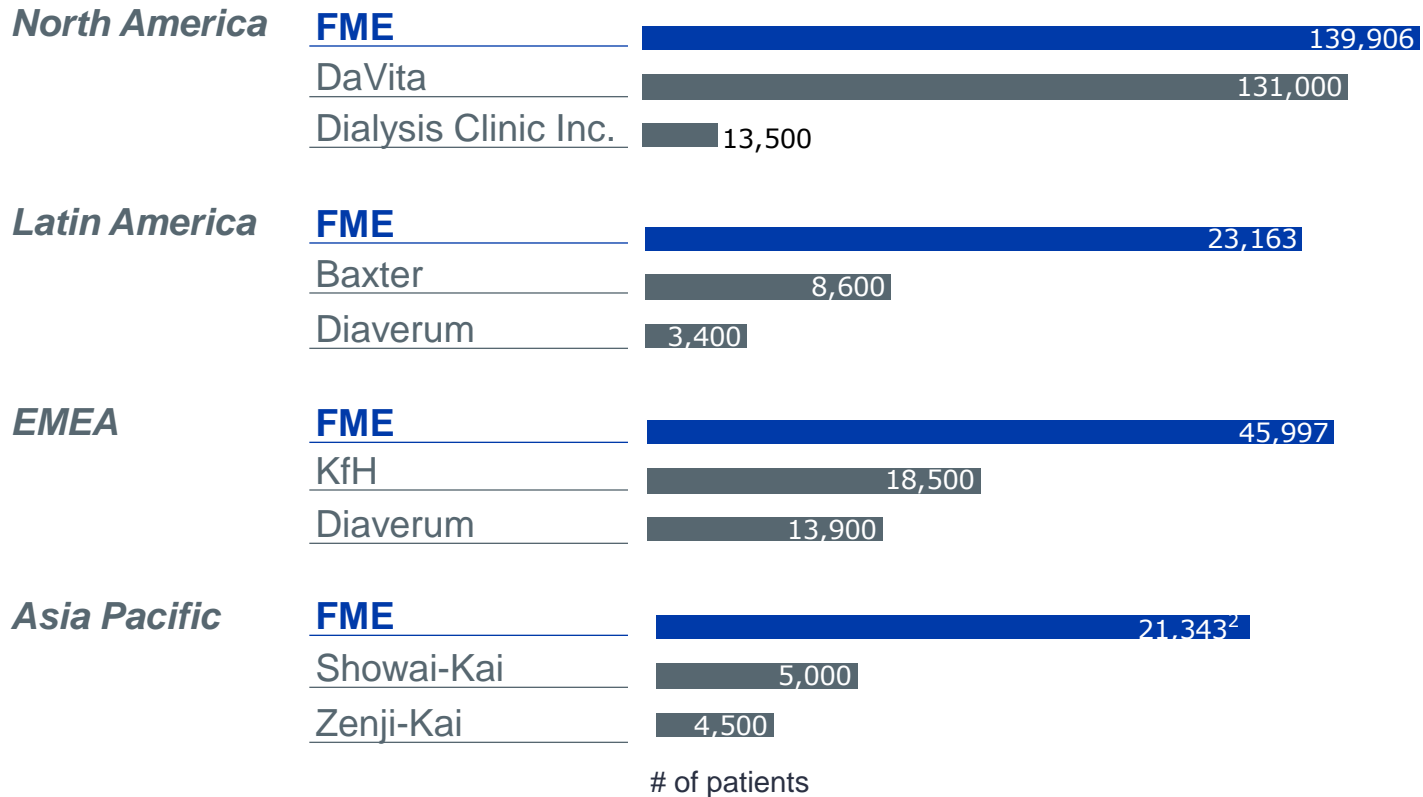
# Development of Dialysis Patient Population Worldwide

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



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

We lead in every major market, treating more than 225,909 patients worldwide



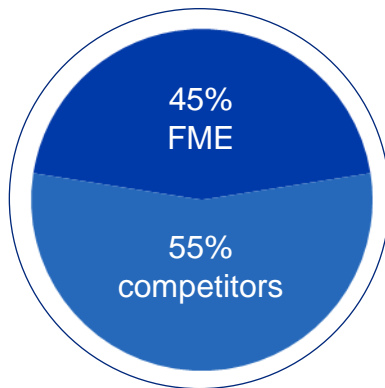
<sup>1</sup> Based on company statements and estimates

<sup>2</sup> Patients including managed clinics (4,500 patients AP)

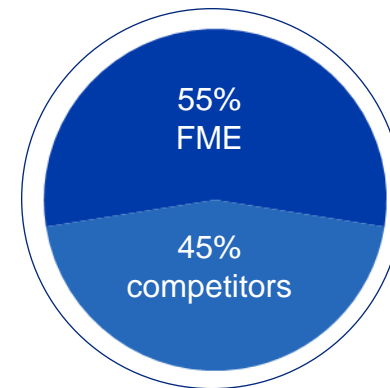
# Market position by major product groups 2010

	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**



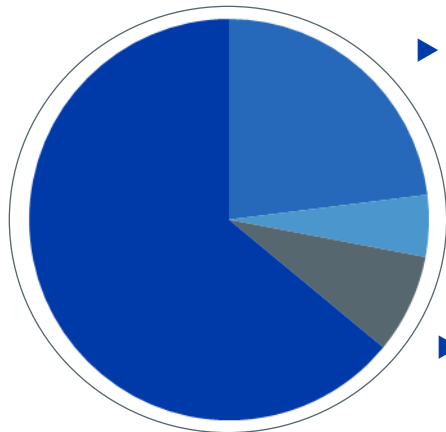
# Fresenius Medical Care | Large & Global

Enterprise Value<sup>1</sup> \$27.4 bn  
Market Cap \$20.7 bn

Sales LTM<sup>2</sup> \$12.5 bn  
EBITDA LTM<sup>2</sup> \$2.5 bn

## H1 2011 Geographic Split

▶ 64% North America  
Revenue \$4,005 m  
Growth 0% cc



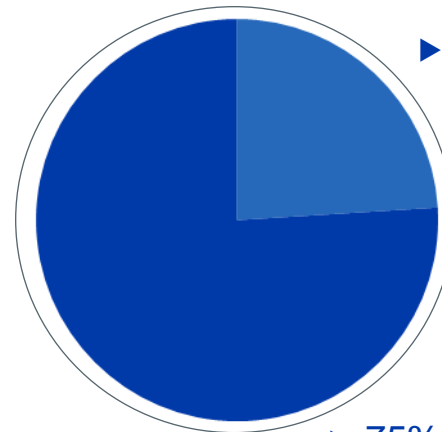
▶ 23% Europe  
Revenue \$1,419 m  
Growth 16% / 10% cc

▶ 5% Latin America  
Revenue \$334 m  
Growth 19% / 14% cc

▶ 8% Asia-Pacific  
Revenue \$464 m  
Growth 37% / 28% cc

## H1 2011 Business Split

▶ 25% Dialysis Products  
Revenue \$1,584 m  
Growth 10% / 6% cc



▶ 75% Dialysis Services  
Revenue \$4,647 m  
Growth 6% / 5% cc

<sup>1</sup> Based on market capitalization as of August 31, 2011 and net debt as of June 30, 2011.

<sup>2</sup> Sales and EBITDA are calculated for the twelve-month period ended June 30, 2011. LTM = last twelve months

cc = constant currency



# U.S. Healthcare reform update

Fresenius Medical Care and the entire community appreciate the government's hard work and dedication in this effort

## Prospective Payment System (PPS) Rule for Medicare patients

- ▶ We have successfully implemented the new reimbursement system
- ▶ The agency followed its Congressional mandate and included a 1.8% increase in dialysis reimbursement for 2012

## Quality Incentive Program (QIP)

- ▶ ESRD Quality Incentive Program is the first federal health care program whose reimbursement is directly tied to quality outcomes and we continue to support the Quality Incentive Program (QIP) since we believe that, by and large, CMS is moving in the right direction (measures for 2012 are good and measures for 2013 and 2014 are proposed only yet)
- ▶ We will continue to work with CMS and Congress to ensure that all measures are transparent and consistent with current medical guidelines, and that all incentives are aligned so that patients continue to receive the highest possible care

## Debt ceiling negotiations

- ▶ We are watching the debt ceiling negotiations very closely, and we have reached out to the Administration and Congress to let them know of the critical importance of raising the debt ceiling for Medicare beneficiaries on dialysis
- ▶ In the event the debt ceiling is not raised, the Administration will be faced with the difficult task of determining which programs to fund. Simply put, life sustaining therapies such as dialysis should continue uninterrupted, and we would expect the Administration to prioritize dialysis payments accordingly

# Acquisition of Liberty Dialysis Holdings, Inc.

## Strategic rationale

- ▶ Transaction includes 100% of Liberty Dialysis (Liberty) and 51% of Renal Advantage (RAI) not owned by Fresenius Medical Care
- ▶ Liberty/RAI provide today dialysis to 19,000 patients in ~ 260 clinics
- ▶ Liberty/RAI with its involved group of healthcare professionals has excellent quality outcomes with an industry leading percentage of patients with no catheters
- ▶ Liberty is largely based on a fast-growing joint venture business model
- ▶ Liberty/RAI expand Fresenius Medical Care's presence in 50 Metropolitan Statistical Areas (MSA's) where we are not present today
- ▶ The merger allows Fresenius Medical Care to incorporate a geographically more complete network into any shared savings or capitated contracts with federal and state health programs

# Acquisition of Liberty Dialysis Holdings, Inc. continued

## Financial implications

- ▶ The incremental purchase price including assumed debt will be approx. \$1.7 bn excluding the previous investment of approx. \$300 m in Renal Advantage in Q1 2011
- ▶ The acquisition would add ~ \$1 bn of revenue
- ▶ Merging the operations will provide excellent growth opportunities, no material cost synergies
- ▶ The acquisition will be accretive in the first year and funded through cash flow from operations and debt
- ▶ On a pro forma basis for calendar year 2012 this transaction - combined with our updated 2011 acquisition guidance - will not cause us to exceed 3.0x Debt/EBITDA



# Acquisition of American Access Holdings, LLC

## Strategic rationale

- ▶ Fresenius Medical Care currently operates 13 ESRD access centers. The acquisition of 28 centers will give Fresenius Medical Care critical mass in North America to ensure that its well positioning for CMS's proposed new quality standards and future reimbursement changes
- ▶ Vascular access and its complications are a key challenge for ESRD patients
- ▶ Approximately 700,000 access procedures are performed each year for ESRD patients
- ▶ About 1/3 of vascular access procedures are performed in outpatient settings

## Financial implications

- ▶ The purchase price for American Access Care will be \$385 m and add approx. \$175 m incremental annual revenue
- ▶ The acquisition is expected to be accretive in the first year

# 2

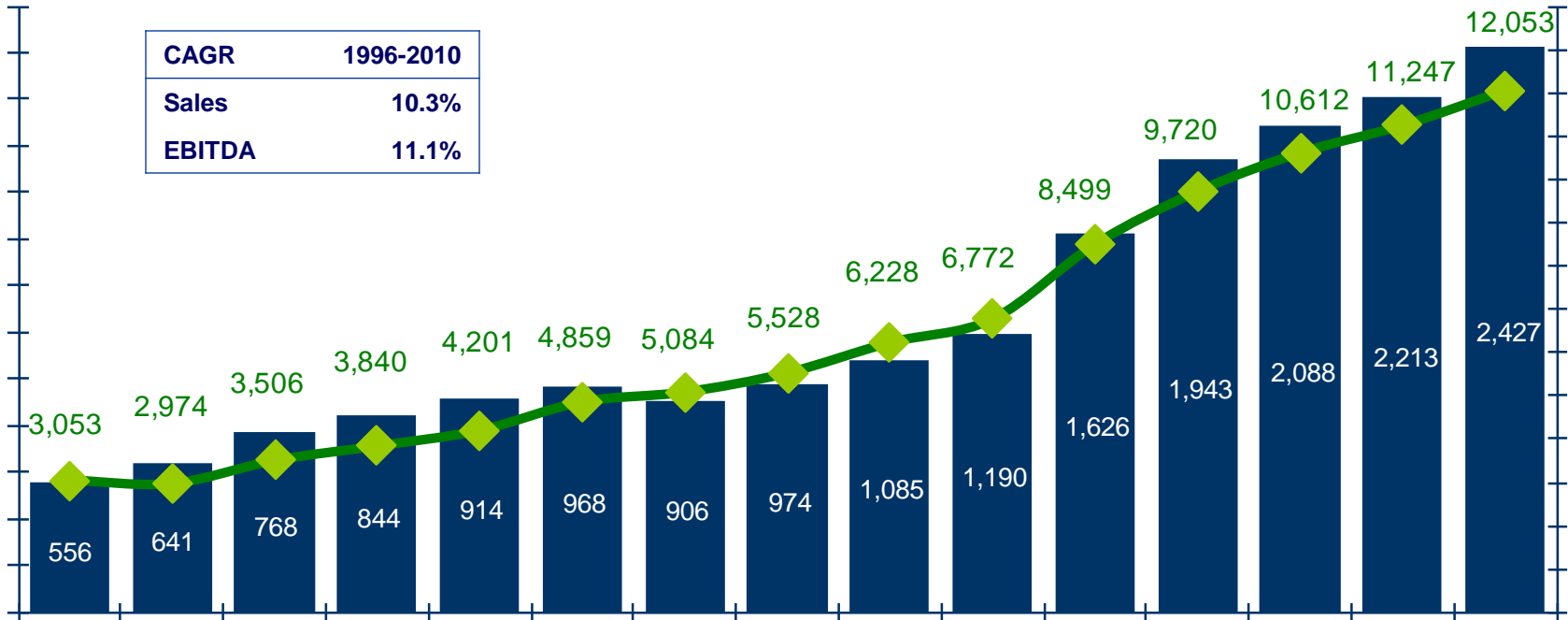
## FINANCIAL OVERVIEW



# Growth Track Record 1996 - 2010

**EBITDA**  
in \$ m

**Sales**  
in \$ m



<b>CAGR</b>	<b>1996-2010</b>
<b>Sales</b>	<b>10.3%</b>
<b>EBITDA</b>	<b>11.1%</b>

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
3,053	2,974	3,506	3,840	4,201	4,859	5,084	5,528	6,228	6,772	8,499	9,720	10,612	11,247	12,053
556	641	768	844	914	968	906	974	1,085	1,190	1,627	1,943	2,088	2,213	2,427



# 1H 2011 | Profit & Loss

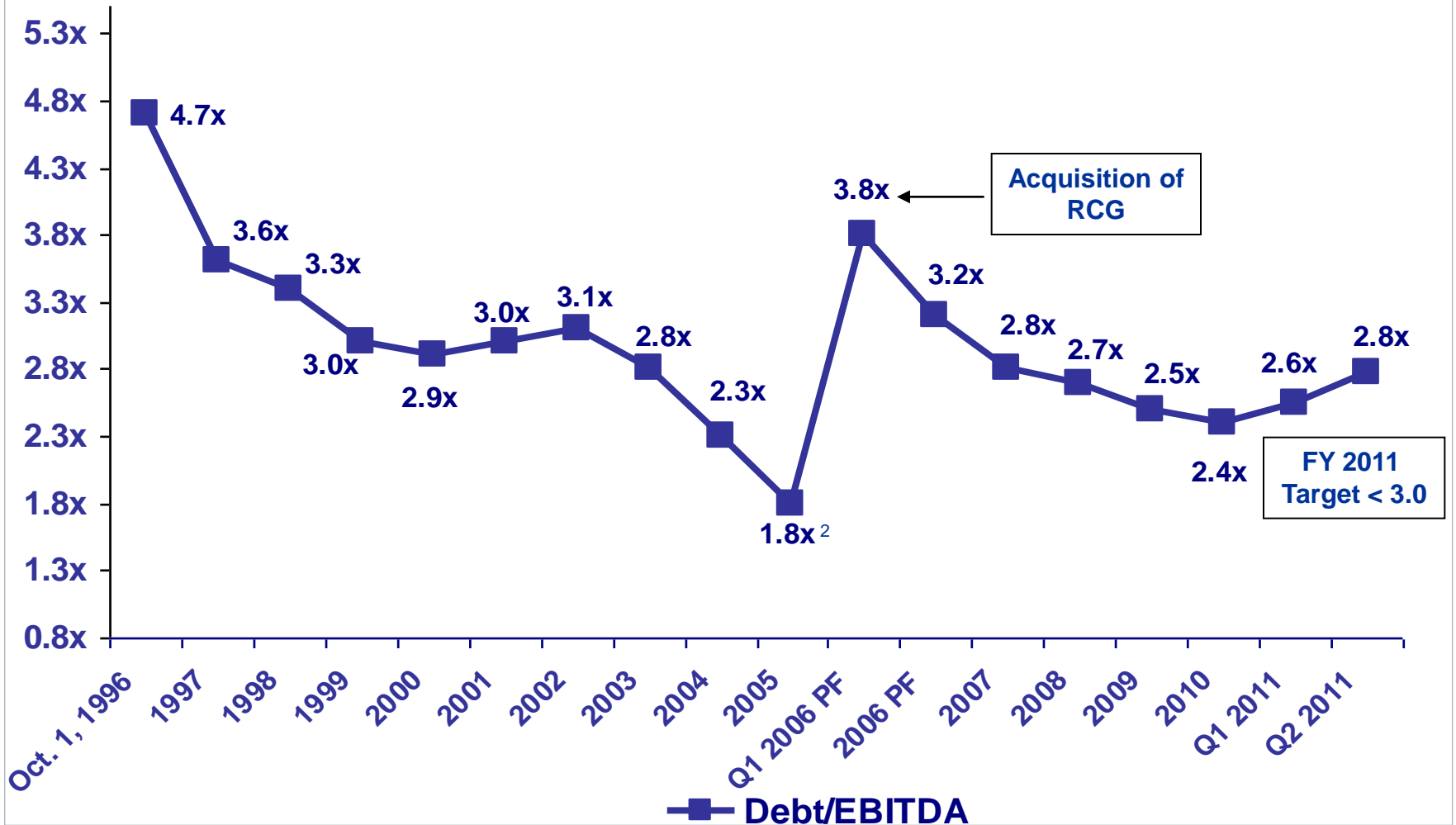
in \$ m	H1 2010	<b>H1 2011</b>	Growth in %
Net revenue	5,828	<b>6,230</b>	7 5% cc
Operating income (EBIT)	892	<b>955</b>	7
EBIT margin in %	15.3	<b>15.3</b>	
Net interest expense	135	<b>146</b>	
Income before taxes	757	<b>809</b>	7
Income tax expense	257	<b>273</b>	
Tax rate in %	34	<b>34</b>	
Non-controlling interest	41	<b>55</b>	
Net income <small>attributable to FMC AG &amp; Co. KGaA</small>	459	<b>481</b>	5

cc = constant currency

# 1H 2011 | Cash Flow

in \$ m	H1 2010	<b>H1 2011</b>	
Operating cash flow	643	<b>487</b>	Unfavorable DSO development and higher inventory levels
% of revenue	11	<b>8</b>	Expect to be in the targeted range of 10% for FY 2011
Capital expenditure, net	(218)	<b>(231)</b>	
Free cash flow	425	<b>256</b>	
Acquisitions and investments, net of divestitures	(283)	<b>(1,122)</b>	Acquisition of Euromedics, investment in Renal Advantage, others
Free cash flow after acquisitions and investments	142	<b>(866)</b>	

# Leverage Ratio <sup>(1)</sup> 1996 – 2011



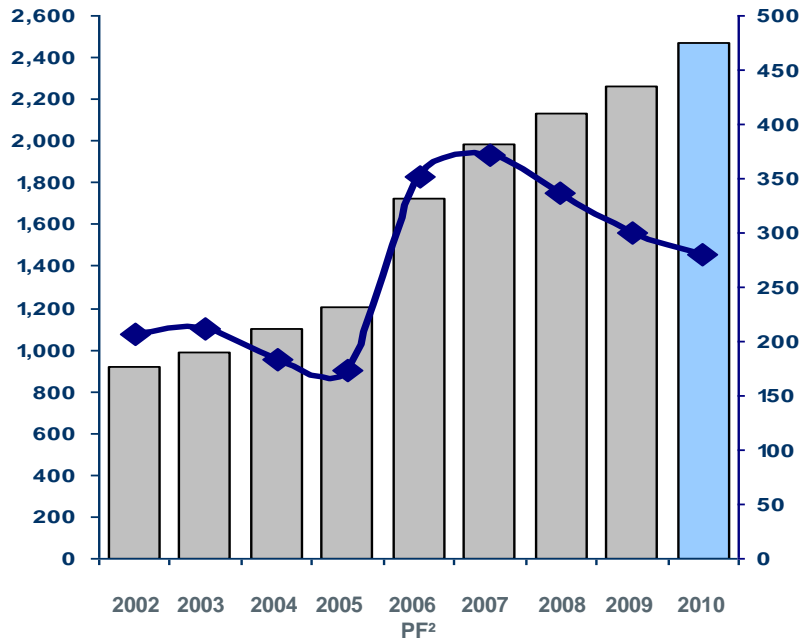
<sup>1</sup> - Debt excl. letters of credit

<sup>2</sup> - 2005 EBITDA includes \$22 million one-time costs

# Interest Coverage 2002 - 2010

**EBITDA<sup>1</sup>**  
in \$ m

**Interest**  
in \$ m



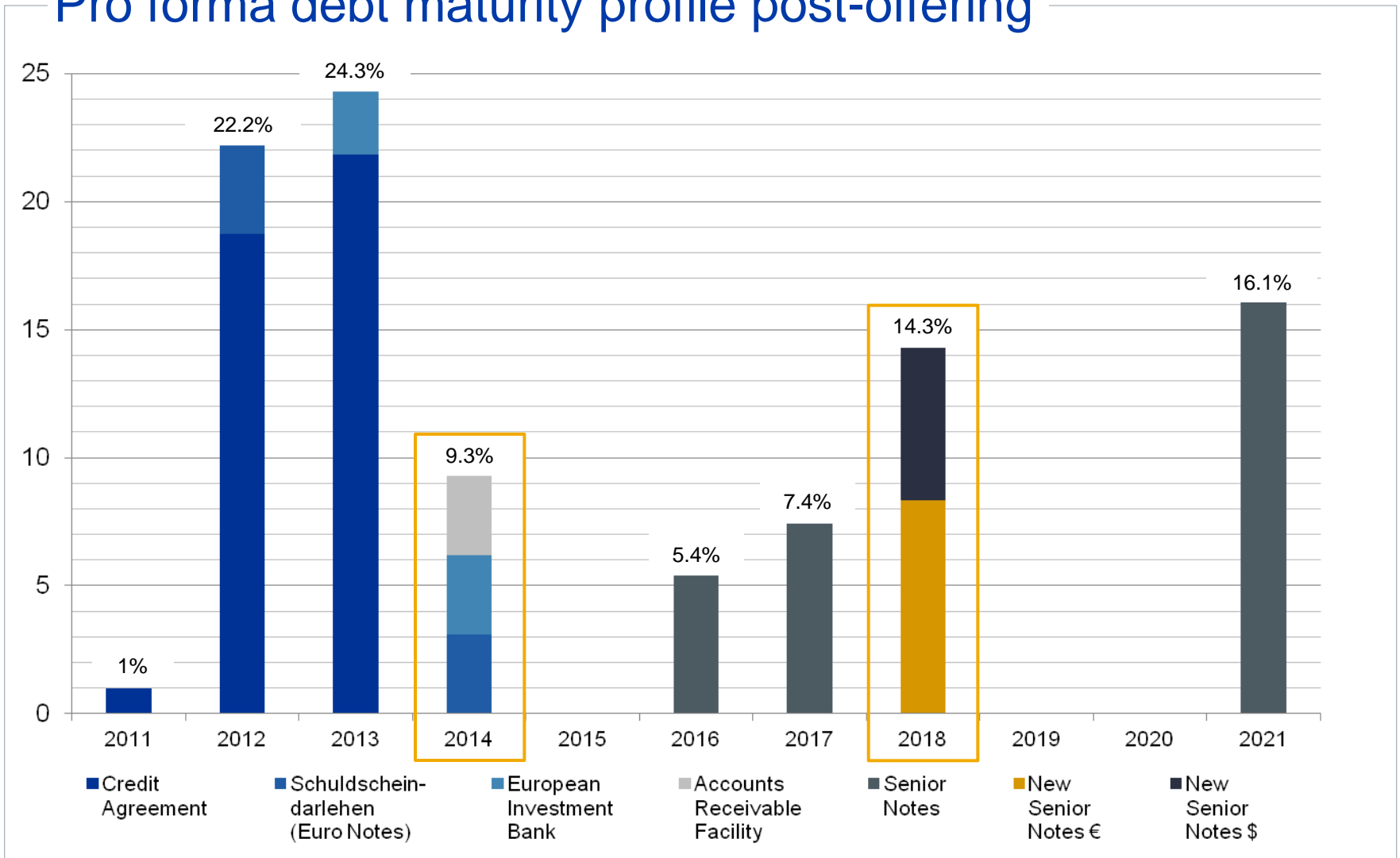
**EBITDA / Interest Development**



<sup>1</sup> Excluding non-cash charges and excluding restructuring costs, in-process R&D and gain from the sale of dialysis clinics

<sup>2</sup> Pro Forma incl. Renal Care Group

# Pro forma debt maturity profile post-offering<sup>1</sup>



<sup>1</sup> Based on utilization of major financing instruments

# 2011 | Sales and earning outlook confirmed

## Another record year to be expected

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

\$ in m	FY 2011
Net revenue	> 13,000
Net income attributable to FMC AG & Co. KGaA	1,070 – 1,090
Capital expenditure in % of revenue	~ 5%
Acquisitions	~ 1,900
Leverage ratio (Debt/EBITDA ratio)	< 3.0

**NEW<sup>1</sup>**

<sup>1</sup> Update with publication of 2nd quarter 2011 results

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

Thank you very much for your attention!



# Contacts



## Fresenius Medical Care

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# Financial Calendar\*

## Fresenius Medical Care

02.11.2011	Report on 1 <sup>st</sup> – 3 <sup>rd</sup> quarter 2011
21.02.2012	Report on Fiscal Year 2011
03.05.2012	Report on 1 <sup>st</sup> quarter 2012
10.05.2012	Annual General Meeting, Frankfurt/Main
01.08.2012	Report on 1 <sup>st</sup> half 2012
31.10.2012	Report on 1 <sup>st</sup> – 3 <sup>rd</sup> quarter 2012

\* Please notice that these dates might be subject to change

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