

# UBS

## Nordic Senior Investor Day

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Stockholm | May 23, 2012



**FRESENIUS  
MEDICAL CARE**

# AGENDA

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

# 1

## BUSINESS UPDATE

# Q1 | Overview

## Strong operating performance

- ▶ Excellent revenue growth (North America +9%; International +12% cc)
- ▶ International EBIT-margin up +100 bps and North America up +30 bps (y-o-y)
- ▶ Investment gain as a result of the 49% equity interest in Renal Advantage, Inc.

\$ in m	Q1 2011	<b>Q1 2012</b>	Growth in %
Net revenue	2,984	<b>3,249</b>	9
Net income attributable to FMC AG & Co. KGaA	221	<b>370</b>	68
Earnings per share	0.73	<b>1.22</b>	67
Excluding investment gain:			
Net income attributable to FMC AG & Co. KGaA	221	<b>244</b>	10
Earnings per share	0.73	<b>0.80</b>	10

# Q1 | Revenue split by region

**Total revenue improved 9% (10%cc) to \$ 3,249 m\***

## ▶ North America

Revenue \$ 2,105 m +9%

## ▶ International

~ 35% of total revenue

Revenue \$ 1,136 m +12% cc

EMEA \$ 707 m +10% cc

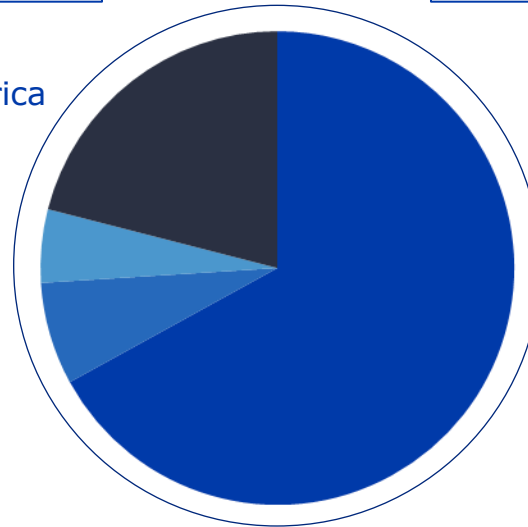
Asia-Pacific \$ 235 m + 5% cc

Latin America \$ 194 m +26% cc

▶ 22% Europe | Middle East | Africa

▶ 6% Latin America

▶ 7% Asia-Pacific



▶ 65% North America

\* incl. Corporate of \$ 8 m

cc = constant currency

# Q1 | Dialysis Services

## Excellent revenue growth of 12% at constant currency

- ▶ Very good organic revenue growth of 5% in International
- ▶ Continued strong same market treatment growth of 4% globally
- ▶ North America with good growth after bundle implementation and supported by acquisitions

\$ in m	Q1 2011	<b>Q1 2012</b>	Growth in %	Growth in % cc	Same market treatment growth in %
North America	1,730	<b>1,918</b>	11	11	3
International	503	<b>560</b>	11	16	5
▶ Total	2,233	<b>2,478</b>	11	12	4

cc = constant currency

# Q1 | Dialysis Services | Quality outcomes

## Excellent quality improvement programs

	U. S.		EMEA		Asia-Pacific	
	Q1 2011	<b>Q1 2012</b>	Q1 2011	<b>Q1 2012</b>	Q1 2011	<b>Q1 2012</b>
% of patients						
Kt/V $\geq$ 1.2	97	<b>97</b>	96	<b>96</b>	97	<b>97</b>
No catheter (all patients)	76	<b>78</b>	81	<b>82</b>	96	<b>93</b>
No catheter (>90 days)	80	<b>82</b>	85	<b>85</b>	97	<b>94</b>
Hemoglobin = 10 – 12 g/dl	73	<b>78</b>	54	<b>57</b>	57	<b>59</b>
Albumin $\geq$ 3.5 g/dl*	84	<b>85</b>	88	<b>86</b>	91	<b>91</b>
Phosphate $\leq$ 5.5 mg/dl	63	<b>64</b>	76	<b>77</b>	69	<b>70</b>
Calcium 8.4 – 10.2 mg/dl	79	<b>82</b>	78	<b>77</b>	74	<b>75</b>
Hospitalization days, per patient	9.8	<b>9.8</b>	9.8	<b>9.4</b>	4.9	<b>4.4</b>

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

# Q1 | Dialysis Services | Clinic network status

## Impressive global expansion

	<b>Clinics</b> as of March 31, 2012	<b>De novo</b> Additions YTD 2012	<b>Acquired</b> YTD 2012
<b>► Total</b>	<b>3,119</b>	<b>12</b>	<b>232</b>
Growth vs. March 31, 2011	+ 13%		
North America	2,053	6	228
Growth vs. March 31, 2011	+ 13%		
International	1,066	6	4
Europe	604	6	2
Latin America	219		1
Asia-Pacific	243		1
Growth vs. March 31, 2011	+ 13%		



# Q1 | Dialysis Products

## Global total product growth of 6% cc (incl. internal)

- ▶ Total product growth
  - ▶ North America (2%)
  - ▶ International +10% cc

\$ in m	Q1 2011	<b>Q1 2012</b>	Growth in %	Growth in % cc
Total product revenue	1,025	1,061	4	6
External revenue	751	771	3	5
North America	195	187	(4)	(4)
International	552	576	4	8

cc = constant currency

## Q1 | Summary

- ▶ Continued global improvement in dialysis outcomes with focus on Anemia, Phosphorous and Hydration Management
- ▶ Large acquisitions are behind us and have achieved the desired global clinic network North America closed
- ▶ Progressing well with the integration of the acquisitions
- ▶ Continue to improve operating metrics while maintaining the highest quality of products and services
- ▶ Maintain tight cost control to compensate for global economic climate
- ▶ Confirm our 2012 guidance with confidence

## Close Liberty / RAI in Q1 2012

- ▶ Closed February 28, 2012.
- ▶ Expected to add annual revenues of around \$700 million and 201 clinics to FME's network for an investment, net of proceeds from the divestiture of approximately \$1.5 billion.
- ▶ Expected to be accretive to earnings in the first year after closing.
- ▶ Completed the sale of 44 dialysis clinics to Dialysis Newco, Inc. ("DSI Renal") as part of the FTC review. An additional 10 clinics are expected to be sold to DSI Renal following receipt of State regulatory approvals.

# Expecting strong revenue growth in 2012

## Maintaining or growing market position

### Growth (Q1 2012 /Q1 2011)

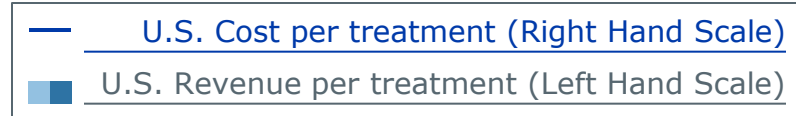
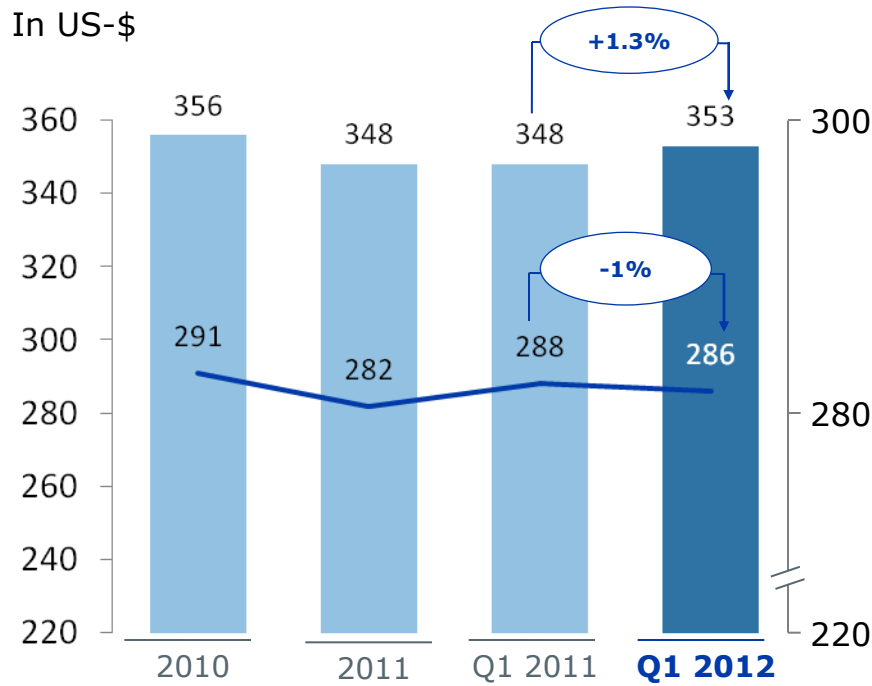
▶ North America	+ 9%
▶ Services	+11%
▶ Products (Total Revenue (North America))	
➢ HD& PD disposables	+6.0%
➢ Total Renal Products (excl. Pharma)	+3.5%
➢ Total RTG Products	-1.6%
▶ Products (External Revenue (North America adj.*))	
➢ HD& PD disposables	+6.3%
➢ Total Renal Products (excl. Pharma)	+1.6%
➢ Total RTG Products	-2.5%

\*Adjusted to exclude Liberty/RAI from External Revenue

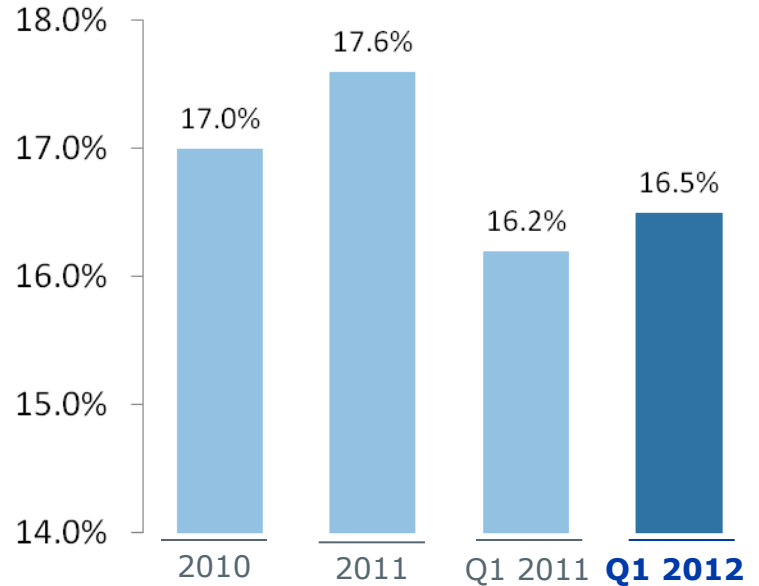
# Continued excellent operating performance

Revenue and cost per treatment development in the U.S. leading to favourable EBIT-margin development in North America

In US-\$



In %



# 2

## FINANCIALS & OUTLOOK

## Q1 | Profit & Loss

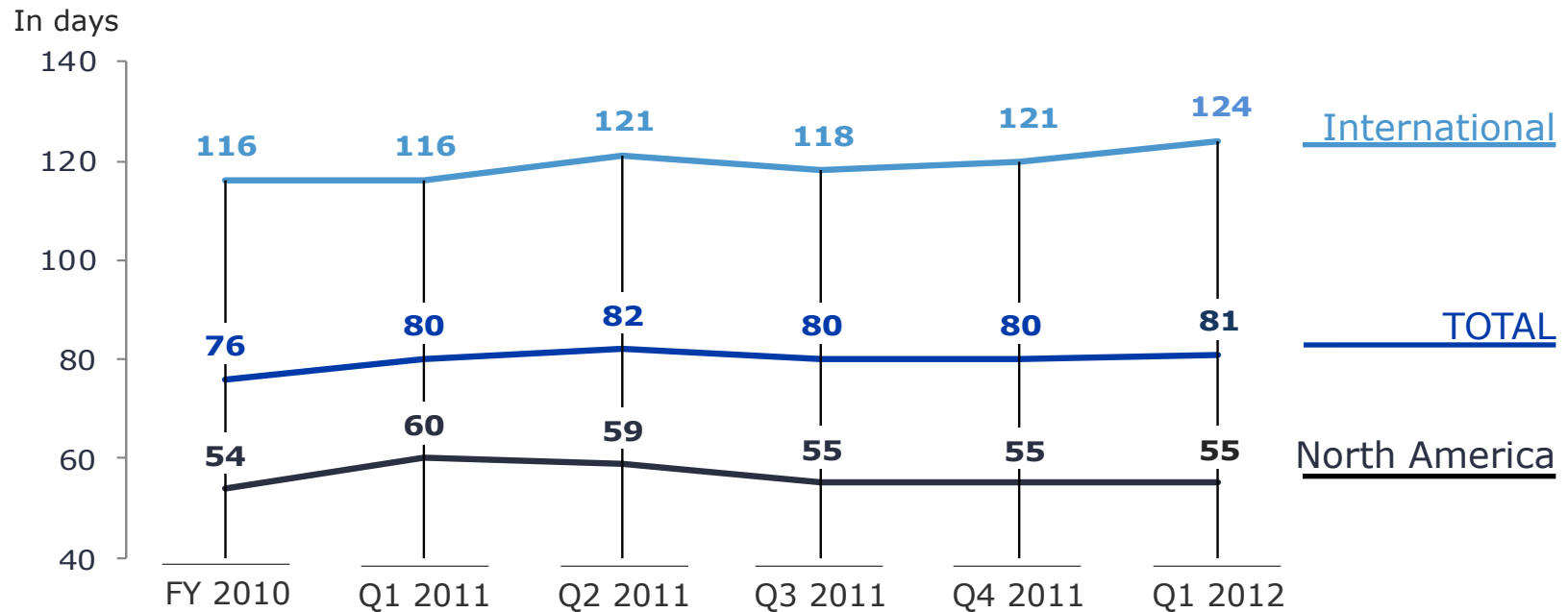
\$ in m	Q1 2011	<b>Q1 2012</b>	Growth in %	
Net revenue	2,984	<b>3,249</b>	9	10% cc
Operating income (EBIT)	445	<b>503</b>	13	
EBIT margin in %	14.9	<b>15.5</b>		
Net interest expense	72	<b>99</b>		
Income before taxes	373	<b>531</b>	42	Excluding investment gain \$404 m +8%
Income tax expense	124	<b>137</b>		
Tax rate in %	33.3	<b>25.8</b>		Excluding investment gain 33.9%
Non-controlling interest	28	<b>23</b>		
Net income attributable to FMC AG & Co. KGaA	221	<b>370</b>	68	Excluding investment gain \$244 m +10%

cc = constant currency

# Q1 | Day Sales Outstanding (DSO)

## DSO for the group showing stable development

- ▶ International DSO increased sequentially by 3 days and in-line with expectations
- ▶ North America DSO sequentially flat and down by 5 days year over year





## Q1 | Cash Flow

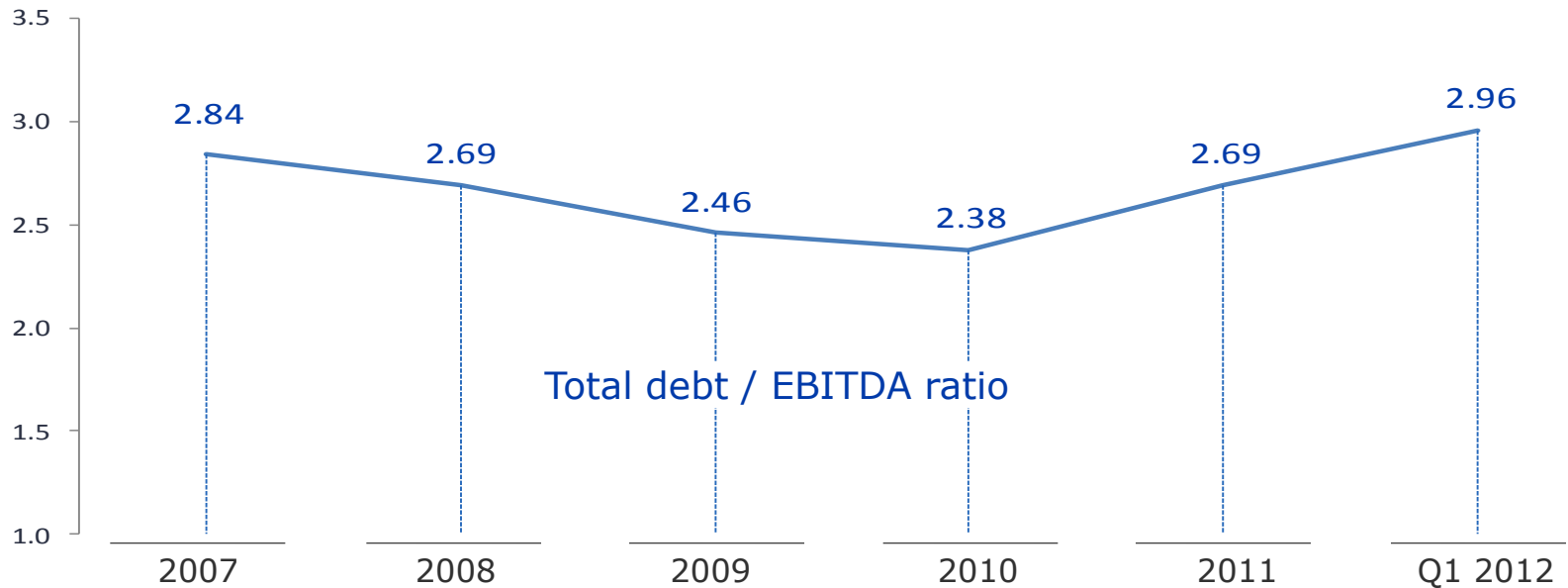
\$ in m	Q1 2011	<b>Q1 2012</b>	Growth in %	
Operating cash flow	175	481	174	Favorable DSO development globally
% of revenue	6	15		
Capital expenditures, net*	(113)	(122)		
Free cash flow	62	359	477	
Acquisitions and investments, net of divestitures*	(339)	(1,526)		Liberty acquisition closed Feb. 28, 2012
Free cash flow after acquisitions and investments	(277)	(1,167)	322	

\* A reconciliation to the most directly comparable U.S. GAAP financial measures is provided in the attachments

# Q1 | Total Debt/EBITDA

## Ratio decreased

- ▶ FY 2012 target of < 3.0
- ▶ Total debt of \$ 8,809 m and annualized EBITDA of \$ 2,975 m



A reconciliation to the most directly comparable U.S. GAAP financial measures is provided in the attachments

## 2012 – Outlook confirmed | excl. investment gain

Revenue growth in constant currency	13 -15%
Revenue	~ \$ 14.0 bn <sup>1)</sup>
EBIT-Margin	~ 16.9%
Net income, attributable to shareholders of FMC AG & Co. KGaA	~ \$ 1.14 bn
Acquisitions	~ \$ 1.8 bn
Capex	~ \$ 0.7 bn
Total debt / EBITDA	< 3.0

1) US-GAAP revenue following first time adoption of Accounting Standards Codification 954-605 where patients service revenues is reduced for bad debt. The comparable revenue for the fiscal year 2011 is \$12,571 million

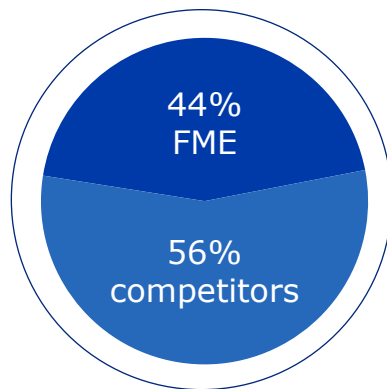
# 3

## GROWTH STRATEGY

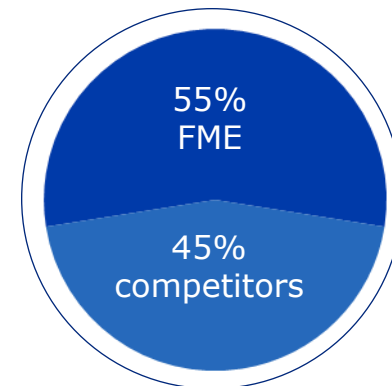
# Market position by major product groups 2011

	<b>Rank 1</b>	<b>Rank 2</b>
Dialyzers	FME	Gambro
Dialysis machines	FME	Nikkiso
Hemodialysis concentrates	FME	Fuso
Bloodlines	FME	Gambro
Peritoneal dialysis products	Baxter	FME

**Dialyzers**



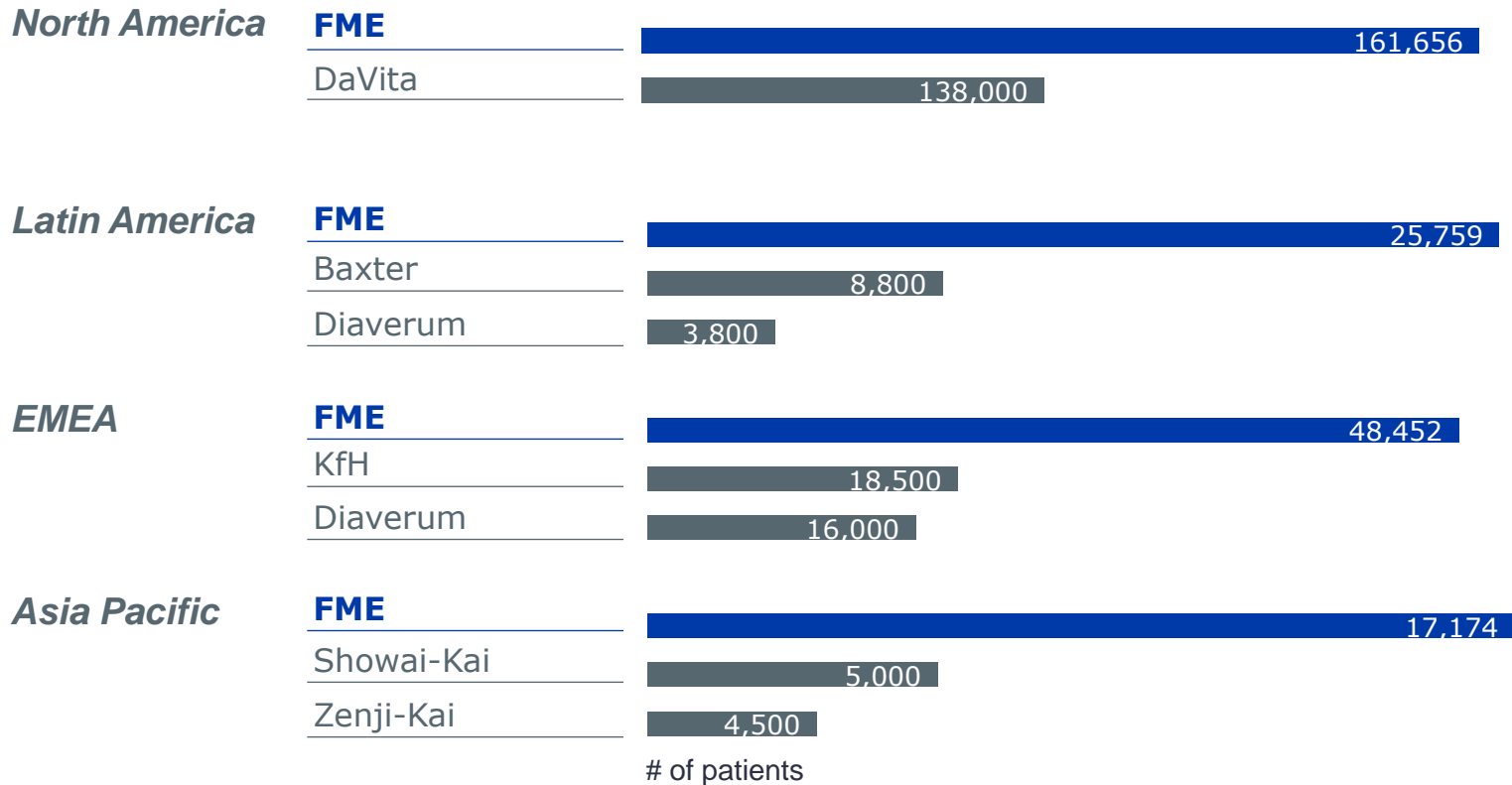
**Dialysis machines**



**Sold around 93,000,000 dialyzers in 2011**

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

We lead in every major market, treating more than 253,041 patients worldwide



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

# FME's Products & Services by Region

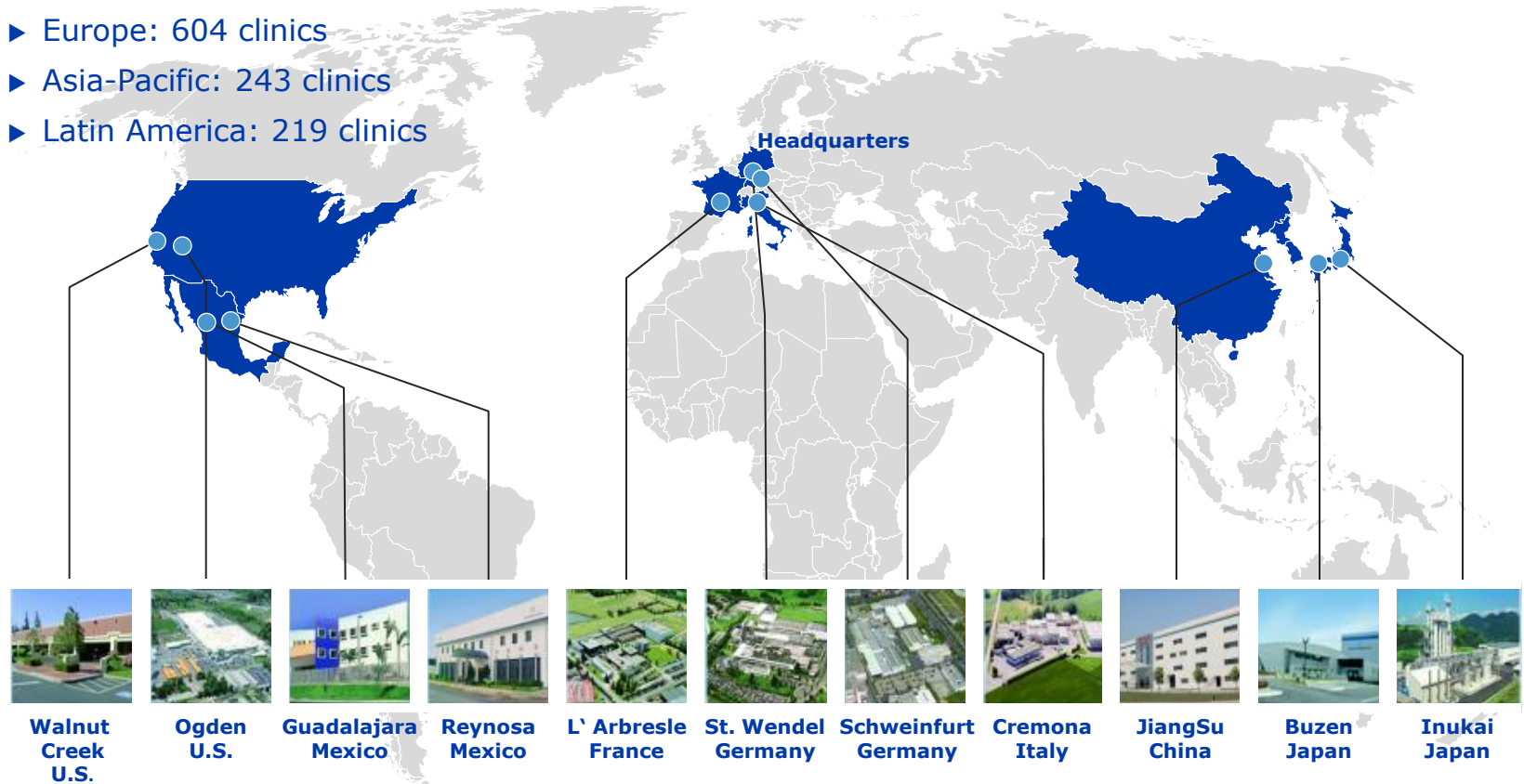


# Major Production Sites

## Dialysis clinics

- ▶ North America: 2,053 clinics
- ▶ Europe: 604 clinics
- ▶ Asia-Pacific: 243 clinics
- ▶ Latin America: 219 clinics

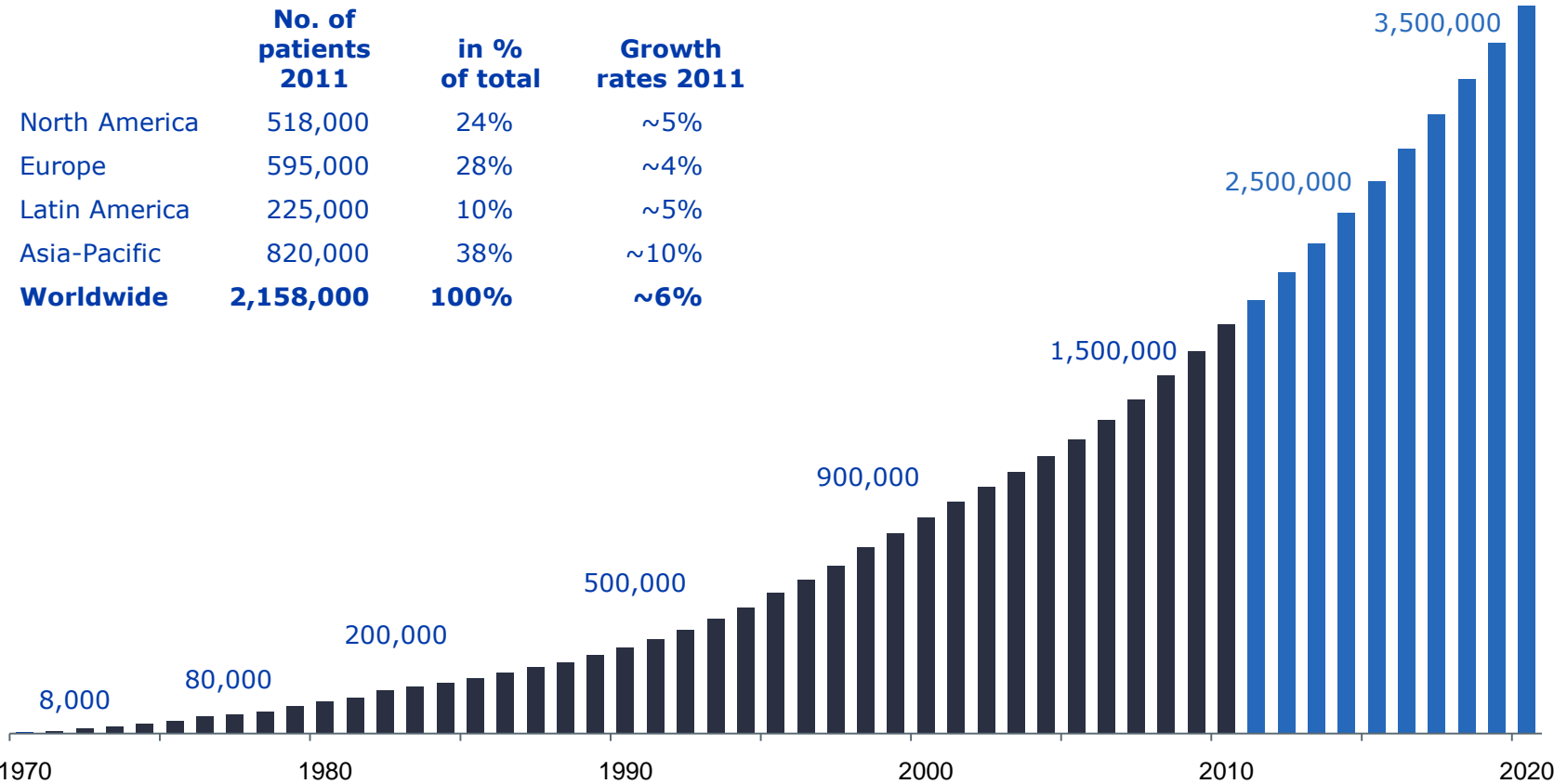
● Major Production Sites





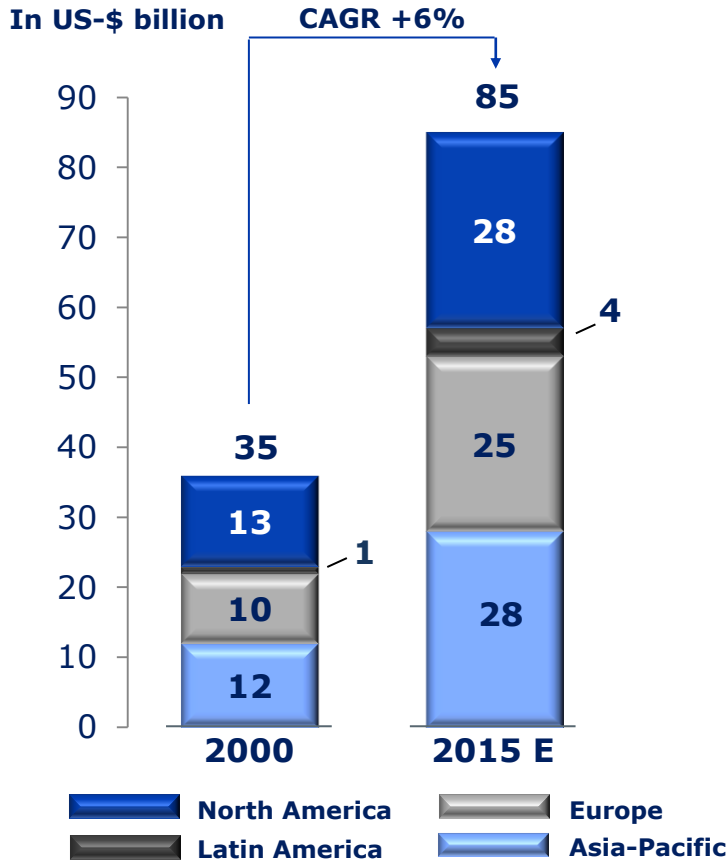
# Development of Dialysis Patient Population Worldwide

**2020: Estimates suggest an increase to 3.8 million dialysis patients**

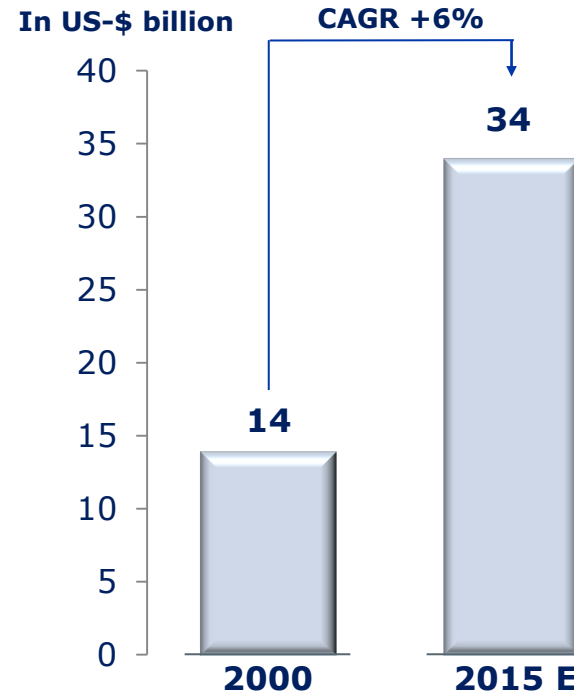


# Global Market Opportunity

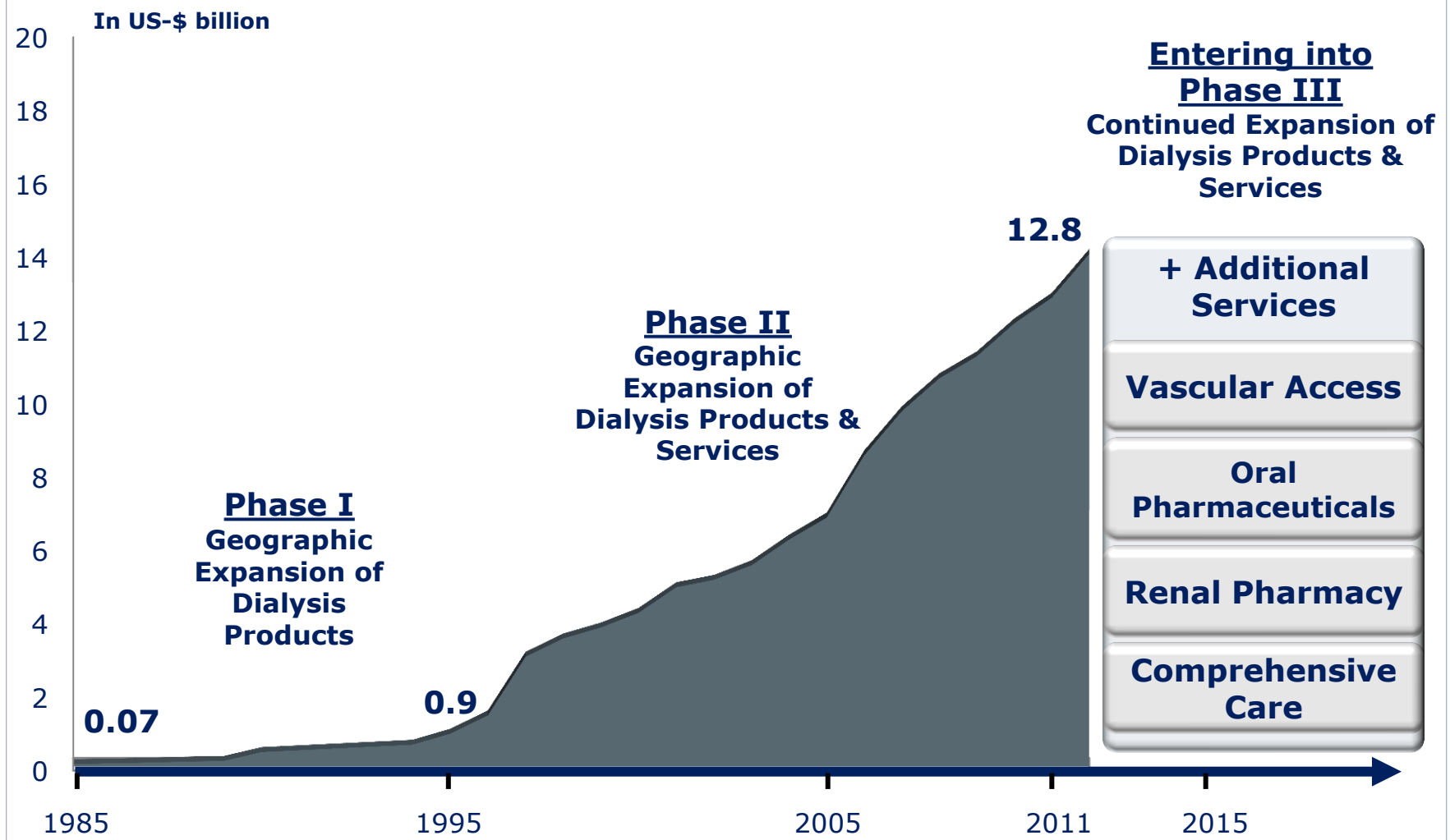
## Dialysis Market by Region



## Global Reimbursement for Dialysis Services

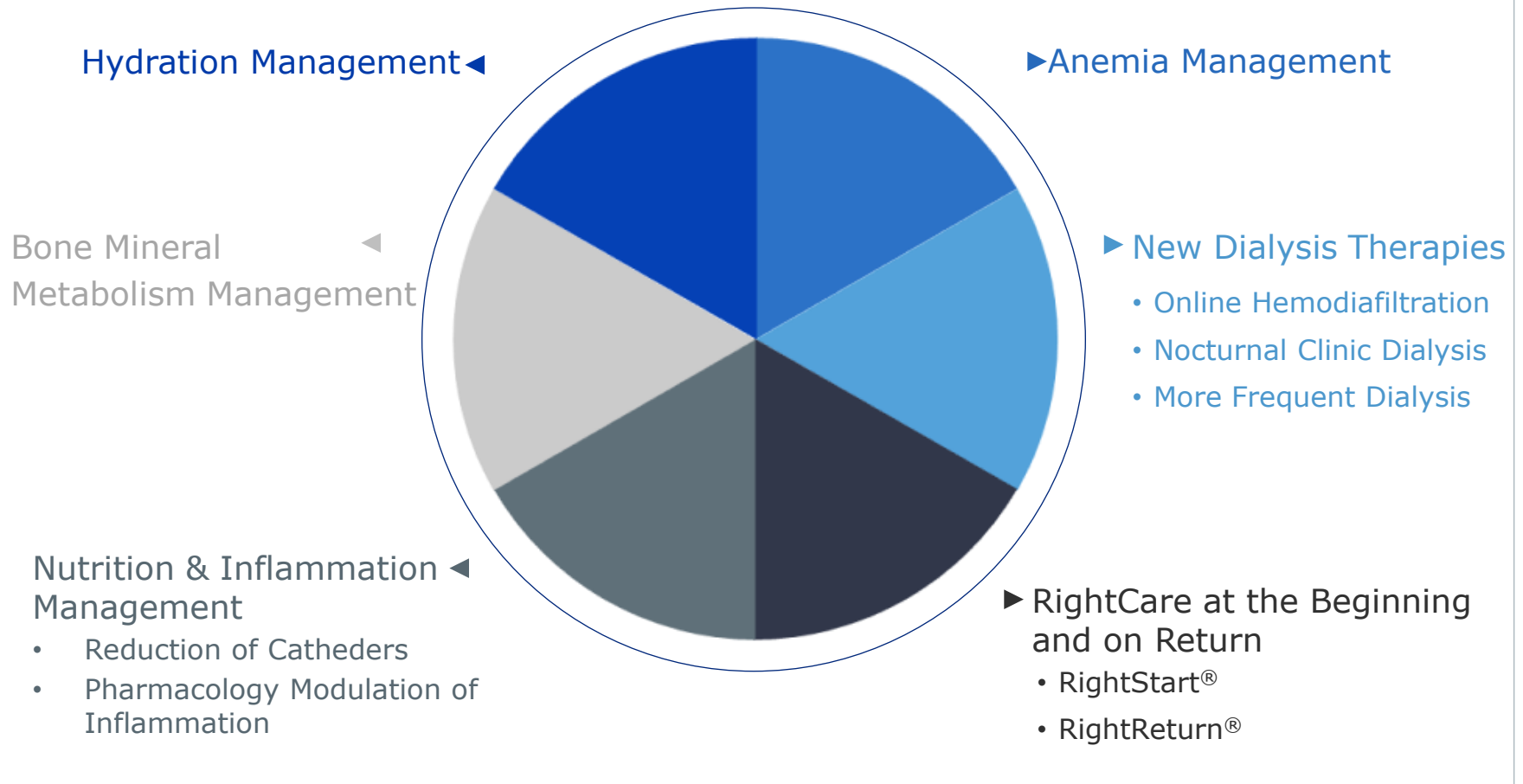


# Market Opportunities for Fresenius Medical Care



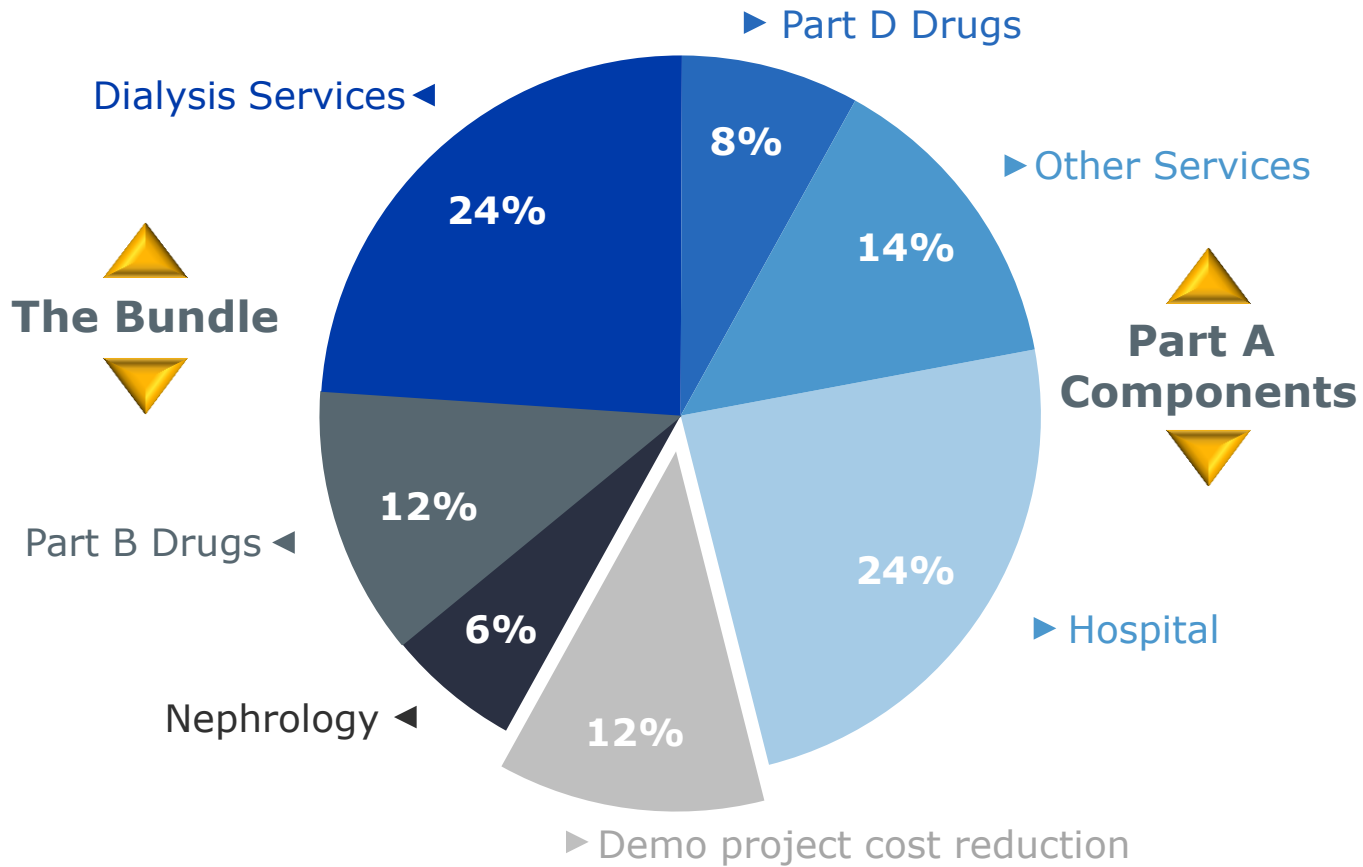
# Global Strategy

## Services – Areas to improve dialysis outcomes



# Global Strategy - Integrated Care Model

## ESRD Demonstration Project / FME Cost Model



# 4

## QUESTIONS & ANSWERS

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

Thank you very much for your attention!

# Attachment 1

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

All numbers are in \$ m

<b>External revenue Q1 (excl. \$8 m Corporate)</b>	Q1 2011	Q1 2012	Growth in %	Growth in % cc
International product revenue	644	682	6	10
- Internal revenue	(92)	(106)		
= International external revenue	552	576	4	8
North America product revenue	377	371	(2)	(2)
- Internal revenue	(181)	(184)		
= North America external revenue	195	187	(4)	(4)
<b>Total product revenue</b>	<b>1,025</b>	<b>1,061</b>	<b>4</b>	<b>6</b>
- Internal revenue	(274)	(290)		
<b>► Total external revenue</b>	<b>751</b>	<b>772</b>	<b>3</b>	<b>5</b>
<b>Capital expenditure, net</b>	Q1 2011	Q1 2012		
Purchase of property, plant and equipment	(117)	(124)		
- Proceeds from sale of property, plant and equipment	4	2		
= Capital expenditure, net	(113)	(122)		



## Attachment 2

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

All numbers are in \$ m

<b>Cash Flow</b>	Q1 2011	Q1 2012
Acquisitions, investments and net purchases of intangible assets	(339)	(1,703)
+ Proceeds from divestitures	-	177
= Acquisitions and investments, net of divestitures	(339)	(1,526)

<b>Patients, treatments, clinics – Q1 2012</b>	Clinics	Patients	Treatments in million
North America	2,053	161,656	5,75
Growth in %	13	17	10
International	1,066	91,385	3,47
Growth in %	13	16	18
Europe	604	48,452	1.84
Latin America	219	25,759	0.99
Asia-Pacific	243	17,174	0.63
<b>► TOTAL</b>	<b>3,119</b>	<b>253,041</b>	<b>9.21</b>
Growth in %	13	17	13

# Attachment 3

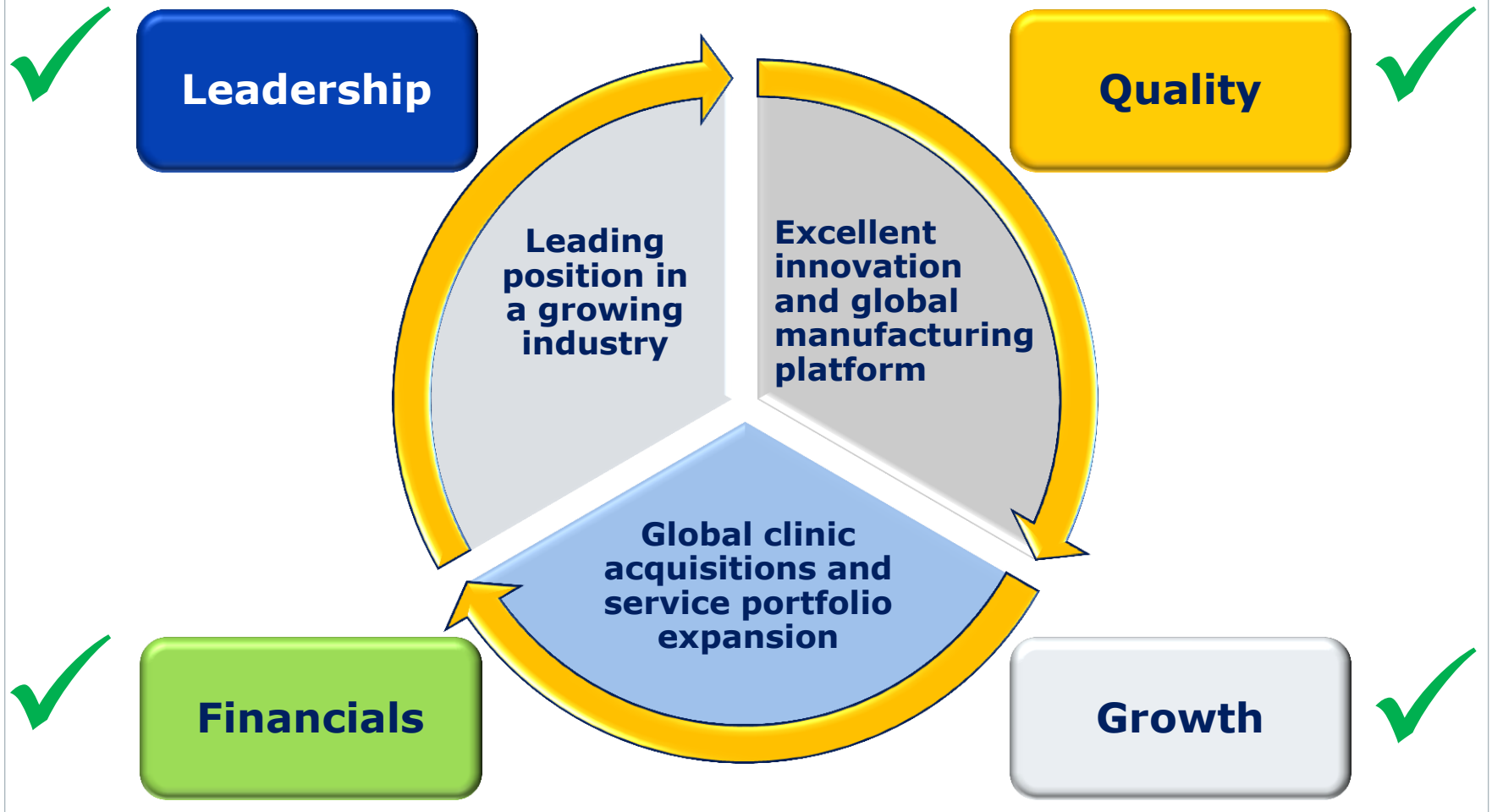
## Reconciliation of non-US-GAAP financial measures to most comparable US-GAAP measure

All numbers are in \$ m

<b>Debt</b>	Q1 2012	FY2011	FY 2010	FY 2009	FY 2008	FY 2007
Short term borrowings (incl. A/R program <sup>1</sup> )	104	99	671	316	684	217
+ Short term borrowing from related parties	15	28	10	10	1	2
+ Current portion of long-term debt and capital lease obligations	3,107	1,589	264	158	455	85
+ Current portion of trust preferred securities	-	-	625	-	-	670
+ Long-term debt and capital lease obligations less current portion	5,583	5,495	4,310	4,428	3,957	4,004
+ Trust preferred securities less current portion	-	-	-	656	641	664
<b>► TOTAL debt</b>	<b>8,809</b>	<b>7,211</b>	<b>5,880</b>	<b>5,568</b>	<b>5,738</b>	<b>5,642</b>
<b>EBITDA</b>	Q1 2012	FY2011	FY 2010	FY 2009	FY 2008	FY 2007
Last twelve months operating income (EBIT)	2,284	2,075	1,924	1,756	1,672	1,580
+ Last twelve months depreciation and amortization	635	557	503	457	416	363
+ Non-cash charges	56	54	45	50	44	41
<b>► EBITDA (annualized)</b>	<b>2,975</b>	<b>2,686</b>	<b>2,472</b>	<b>2,263</b>	<b>2,132</b>	<b>1,984</b>
<b>► Total Debt / EBITDA</b>	<b>2.96</b>	<b>2.69</b>	<b>2.38</b>	<b>2.46</b>	<b>2.69</b>	<b>2.84</b>

<sup>1</sup> 2006 - 2010

# Summary – Well Positioned for the Future



# Contacts

## Fresenius Medical Care

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# Financial Calendar\*

Aug 01, 2012      Report on 1<sup>st</sup> – 2<sup>nd</sup> quarter 2012

Oct 31, 2012      Report on 1<sup>st</sup> – 3<sup>rd</sup> quarter 2012

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

**Constant Currency:** Changes in revenue include the impact of changes in foreign currency exchange rates. We use the non-GAAP financial measure “at constant exchange rates” in our filings to show changes in our revenue without giving effect to period-to-period currency fluctuations. Under U.S. GAAP, revenues received in local (non-U.S. dollar) currency are translated into U.S. dollars at the average exchange rate for the period presented. When we use the term “constant currency,” it means that we have translated local currency revenues for the current reporting period into U.S. dollars using the same average foreign currency exchange rates for the conversion of revenues into U.S. dollars that we used to translate local currency revenues for the comparable reporting period of the prior year. We then calculate the change, as a percentage, of the current period revenues using the prior period exchange rates versus the prior period revenues. This resulting percentage is a non-GAAP measure referring to a change as a percentage “at constant exchange rates.”

We believe that revenue growth is a key indication of how a company is progressing from period to period and that the non-GAAP financial measure constant currency is useful to investors, lenders, and other creditors because such information enables them to gauge the impact of currency fluctuations on its revenue from period to period. However, we also believe that data on constant currency period-over-period changes have limitations, particularly as the currency effects that are eliminated could constitute a significant element of our revenue and could significantly impact our performance. We therefore limit our use of constant currency period-over-period changes to a measure for the impact of currency fluctuations on the translation of local currency revenue into U.S. dollars. We do not evaluate our results and performance without considering both constant currency period-over-period changes in non-U.S. GAAP revenue on the one hand and changes in revenue prepared in accordance with U.S. GAAP on the other. We caution the readers of this report to follow a similar approach by considering data on constant currency period-over-period changes only in addition to, and not as a substitute for or superior to, changes in revenue prepared in accordance with U.S. GAAP. We present the fluctuation derived from U.S. GAAP revenue next to the fluctuation derived from non-GAAP revenue. Because the reconciliation is inherent in the disclosure, we believe that a separate reconciliation would not provide any additional benefit.

**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).

# UBS

## Nordic Senior Investor Day

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Stockholm | May 23, 2012



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MEDICAL CARE**