

# Exane BNP Paribas 15th European CEO Seminar

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June 12, 2013

Paris



**FRESENIUS  
MEDICAL CARE**

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**If not mentioned differently the term net income after non-controlling interests refers to the net income attributable to the shareholders of Fresenius Medical Care AG Co. KGaA independent of being the reported or the adjusted number. Numbers mentioned are in US-\$.**

# 1

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## Business Update

Q1 2013

## Comparison with previous year not straightforward

	Q1 2013 in \$ millions	Growth in %
Net Revenue	3,464	7
EBIT	493	(2)
Net income	225	(39)
Net income growth adjusted for \$ 127m investment gain in Q1 2012		(8)

- Organic growth in North America improved further to 4% mainly due to strong performance in dialysis services
- Payor mix in North America has improved slightly
- EMEA performance not a trend indication and continued strong growth in Asia
- Not the strongest quarter but remain confident of meeting guidance range for FY 2013

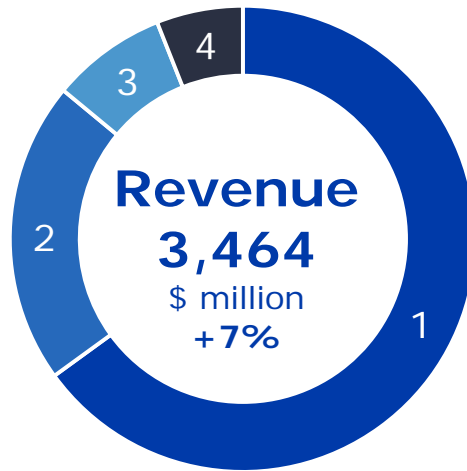
# Good revenue growth - but weak in EMEA

## North America

Revenue	\$ 2,287 m	+ 9%
Organic growth		+ 4%

## International ~ 34% of total revenue

Revenue	\$ 1,169 m	+ 4%cc
Organic growth		+ 5%
EMEA	\$ 716 m	+ 1%cc
Asia-Pacific	\$ 251 m	+ 7%cc
Latin America	\$ 202 m	+ 12%cc



1	North America	66%
2	Europe/Middle East/Africa (EMEA)	21%
3	Asia-Pacific	7%
4	Latin America	6%

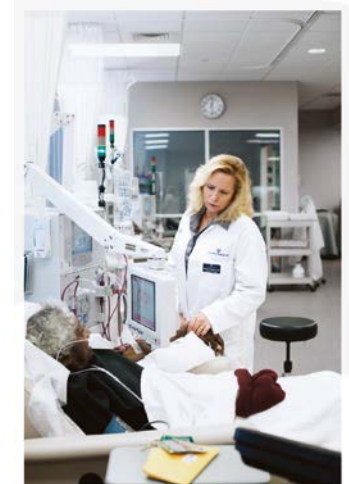
cc = constant currency

# Global market leader franchise

	Clinics as of Mar. 31, 2013	De novo Q1 2013	Acquired* Q1 2013
<b>Total</b>	<b>3,180</b>	<b>15</b>	<b>21</b>
Growth vs. March 31, 2012	+ 2%		
North America	2,090	9	3
Growth vs. March 31, 2012	+2%		
International	1,090	6	18
Growth vs. March 31, 2012	+ 2%		

- ▶ Delivered nearly 9.7 million treatments globally + 5%
  - North America ~6.1 m | International ~3.5 m
  
- ▶ Providing care to more than 261,600 patients globally + 3%
  - North America ~167,200 | International ~94,400

\* before divestments



# Overall good revenue growth in Dialysis Services

	Q1 2012 in \$ millions	Q1 2013 in \$ millions	Growth in %	Growth in %cc	Organic growth in %	Same market growth in %
North America	1,918	<b>2,104</b>	10	10	5	4
International	560	<b>574</b>	3	5	6	3
<b>Total Dialysis Services</b>	<b>2,478</b>	<b>2,678</b>	<b>8</b>	<b>9</b>	<b>5</b>	<b>3</b>

- ▶ Improved growth in North America - organic as well as same store
- ▶ International good organic growth based on inflationary reimbursement adjustment in Latin America, same store growth influenced by timing of de-novos


cc = constant currency

# Patient care outcomes at the forefront

% of patients	U.S.		EMEA		Asia-Pacific	
	Q4 2012	Q1 2013	Q4 2012	Q1 2013	Q4 2012	Q1 2013
Kt/V $\geq$ 1.2	97	97	97	96	97	97
No catheter (>90 days)	82	83	85	85	94	94
Hemoglobin = 10 – 12 g/dl	75	73	58	58	59	56
Hemoglobin = 10 – 13 g/dl (International)	82	79	78	78	67	65
Albumin $\geq$ 3.5 g/dl	85	85	86	86	89	91
Phosphate $\leq$ 5.5 mg/dl	66	65	79	78	71	70
Calcium 8.4 – 10.2 mg/dl	84	83	78	77	75	74
Hospitalization days, per patient	9.8	9.7	9.3	9.2	4.6	4.4



# Dialysis Products

		Q1 2012 in \$ millions	Q1 2013 in \$ millions	Growth in %	Growth in %cc
<b>Total External Revenue</b>		<b>772</b>	<b>786</b>	<b>2</b>	<b>2</b>
of which North America		187	183	(2)	(2)
of which International		576	595	3	3

- ▶ Total renal products (inkl. PD but excl. Pharma) up 2.4%
- ▶ North America machines (units) up 5%
- ▶ International impacted by weak product sales, delayed tender projects and currency impact in Venezuela
- ▶ Decision to reduce unprofitable businesses (e.g. Turkey, Mexico)

cc = constant currency

# Topics of interest – Update from Q4

## ▶ Legislative focus

- „Integrated care – CEC-Model“
- „Sequestration“
- „Re-basing“

## ▶ Pharma management

- „Omontys pilot update“

## ▶ Other matters

# 2

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## Financials & Outlook

Q1 2013

## Profit & Loss

	Q1 2012 in \$ millions	Q1 2013 in \$ millions	Growth in %
Net revenue	3,249	<b>3,464</b>	7 (7cc)
Operating income (EBIT)	503	<b>493</b>	(2)
Operating margin in %	15.5	14.2	
Net income	370	<b>225</b>	(39)

### Influences Q1 2013

- ▶ Strong comparable base Q1 2012 with \$127 m investment gain included
- ▶ Excluding previous year for the investment gain net income would have been (8)%
- ▶ 2 less billing days
- ▶ Significant currency devaluation in Venezuela
- ▶ SG&A up due to increased legal costs

# Day Sales Outstanding (DSO)

In days



Overall excellent trend

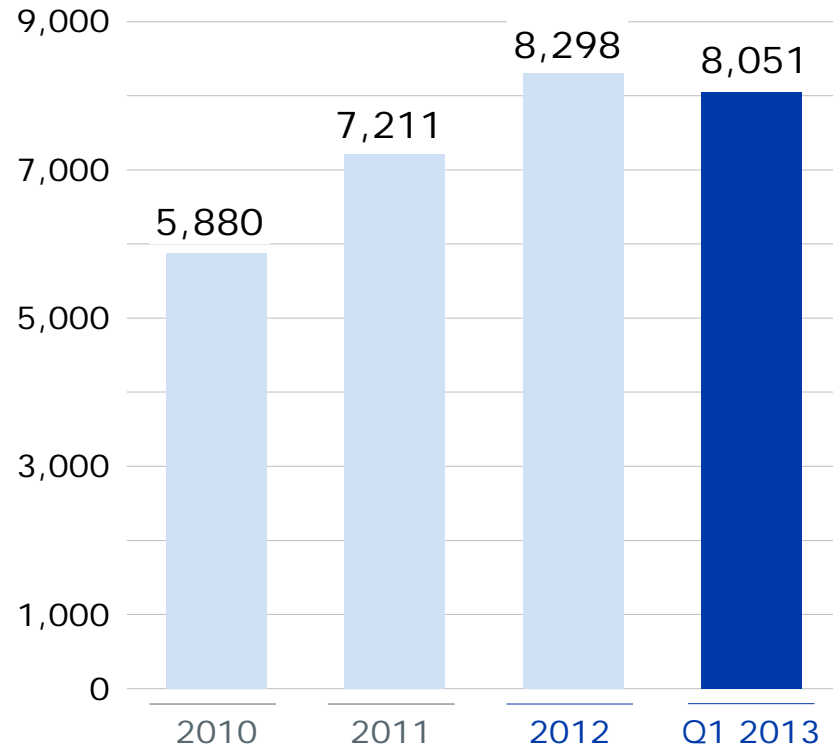
- ▶ Very stable development in North America
- ▶ International increased only by 1 day sequentially and decreased 8 days year-over-year despite ongoing financial distress in several European countries

# Operating cash flow

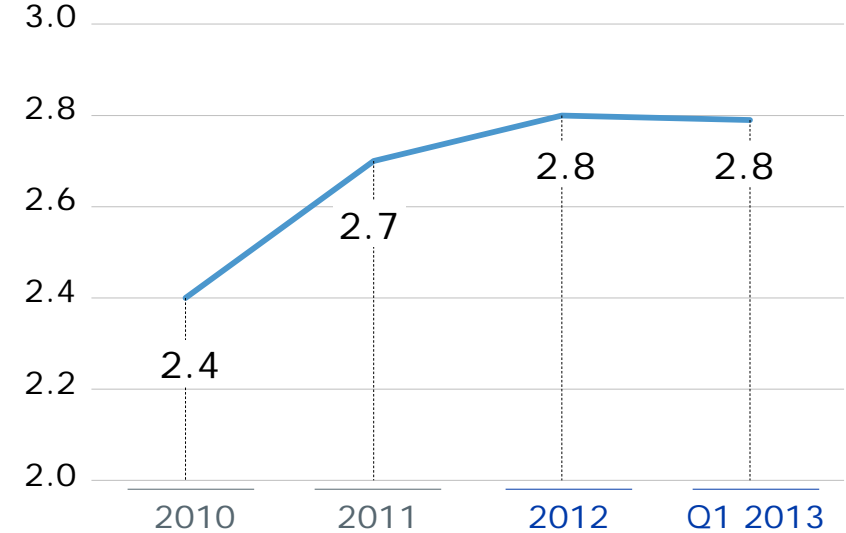
	Q1 2012 in \$ millions	Q1 2013 in \$ millions	Growth in %
Operating cash flow	481	<b>315</b>	(34)
% of revenue	15	<b>9</b>	
Capital expenditures, net	(122)	<b>(146)</b>	
Free cash flow	359	<b>169</b>	
Acquisitions and investments, net of divestitures	(1,526)	<b>(71)</b>	
Free cash flow, after acquisitions and investments	(1,167)	<b>98</b>	

# Total Debt/EBITDA – ratio in line with guidance

Total debt in \$ millions



Total debt/EBITDA-ratio in %



Ratings	S&P	Moody's	Fitch
Company	BB+	Ba1	BB+
Outlook	positive	Stable	Stable

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

# 2013 – Outlook – confirmed

In \$ millions	2012	2013 E	Growth	
	Reported			
Revenue	13,800	> 14,600	> 6%	<p>Medical device tax</p> <p>Sequestration</p> <p>Acquisitions</p> <p>Currency</p> <p>Pharmacy</p> <p>Commercial mix</p> <p>Cost mitigations</p>
EBIT <sup>1)</sup>	2,219	2,300-2,500	4-13%	
Net income	1,187			
Investment gain	-140			
Net income <sup>1)</sup> adjusted for investment gain	1,047	1,100-1,200	5-15%	

<sup>1)</sup> As we previously disclosed, the range of our EBIT and net income guidance also considers the U.S. government reversing the effect of sequestration for the calendar year. If this takes place it represents approximately \$70 million EBIT and \$45 million in net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA. It is possible that the U.S. government may modify all or a portion of this but the likelihood of this diminishes as the year progresses.

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



CREATING A FUTURE WORTH LIVING.  
FOR DIALYSIS PATIENTS.  
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

In \$ millions

<b>External Revenue Q1</b>	Q1 2012	<b>Q1 2013</b>	Growth in %	Growth in %cc
International product revenue	682	704	3	4
- Internal revenue	(106)	(109)	4	5
= International external revenue	576	595	3	3
North America product revenue	371	370		
- Internal revenue	(184)	(187)	1	1
= North America external revenue	187	183	(2)	(2)
<b>Total product revenue</b>	<b>1,061</b>	<b>1,082</b>	<b>2</b>	<b>2</b>
- Internal revenue	(289)	(296)	2	3
<b>Total external revenue</b>	<b>772</b>	<b>786</b>	<b>2</b>	<b>2</b>

<b>Capital Expenditure, net</b>	Q1 2012	<b>Q1 2013</b>		
Purchase of property, plant and equipment	(124)	(147)		
- Proceeds from sale of property, plant & equipment	2	1		
= Capital expenditure, net	(122)	(146)		

# Attachment 2

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

In \$ millions

### Net income

attributable to shareholders of FME AG&CO. KGaA

	Q1 2012	Q1 2013
Net income attributable to shareholders of FME AG&CO. KGaA	370	225
- fair value remeasurement investment gain	(127)	-
Net income attributable to shareholders of FME AG&CO. KGaA - excluding special items	244	225

### Cash Flow

	Q1 2012	Q1 2013
Acquisitions, investments and net purchases of intangible assets	(1,703)	(72)
+ Proceeds from divestitures	177	1
= Acquisitions and investments, net of divestitures	(1,526)	(71)

### Patients, treatments, clinics – Q1 2013

	Clinics	Patients	Treatments in million
North America	2,090	167,233	6.15
Growth in %	2	3	7
International	1,090	94,415	3.53
Growth in %	2	3	2
Europe	615	49,346	1.85
Latin America	227	27,481	1.04
Asia-Pacific	248	17,588	0.64
<b>Total</b>	<b>3,180</b>	<b>261,648</b>	<b>9.68</b>
Growth in %	2	3	5

# Attachment 3

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

In \$ millions

<b>Debt</b>	Q1 2013	FY 2012	FY 2011	FY 2010
Short term borrowings (incl. A/R program)	120	118	99	671
+ Short term borrowing from related parties	7	4	28	10
+ Current portion of long-term debt and capital lease obligations	563	335	1,589	264
+ Current portion of Trust Preferred Securities	-	-	-	625
+ Long-term debt and capital lease obligations less current portion	7,361	7,841	5,495	4,310
<b>TOTAL debt</b>	<b>8,051</b>	<b>8,298</b>	<b>7,211</b>	<b>5,880</b>

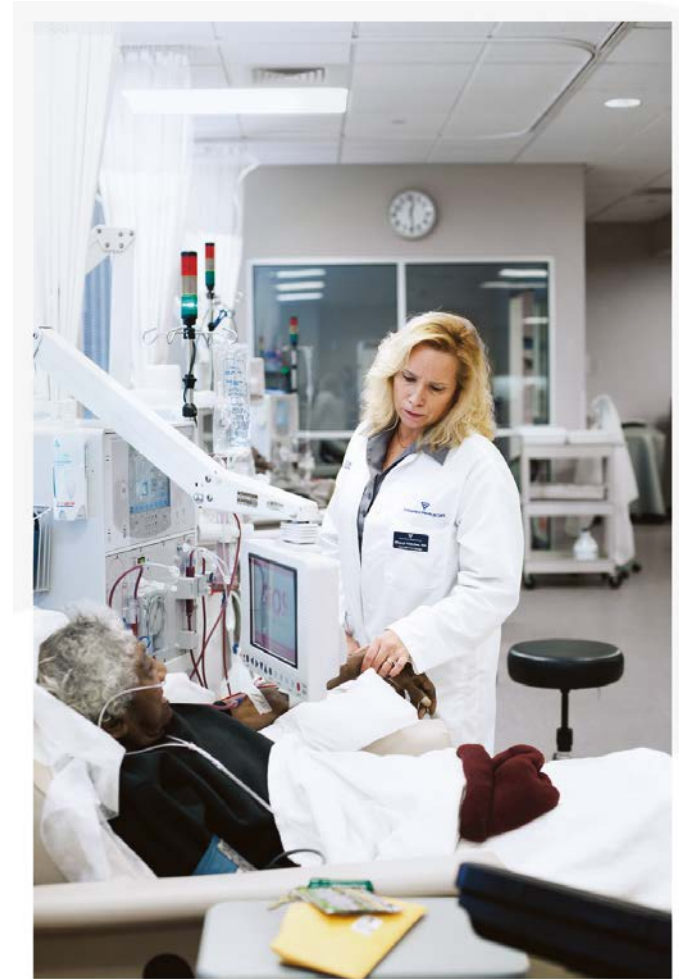
<b>EBITDA</b>	Q1 2013	FY 2012 1)	FY 2011	FY 2010
Last twelve month operating income (EBIT)	2,209	2,225	2,075	1,924
+ Last twelve month depreciation and amortization	616	612	557	503
+ Non-cash charges	68	64	54	45
<b>EBITDA (annualized)</b>	<b>2,893</b>	<b>2,931</b>	<b>2,686</b>	<b>2,472</b>
<b>Total Debt / EBITDA</b>	<b>2.78</b>	<b>2.83</b>	<b>2.69</b>	<b>2.38</b>

1) Pro-forma numbers including Liberty Dialysis Holdings Inc., after FTC mandated divestitures

# Fresenius Medical Care – The world's leading dialysis company

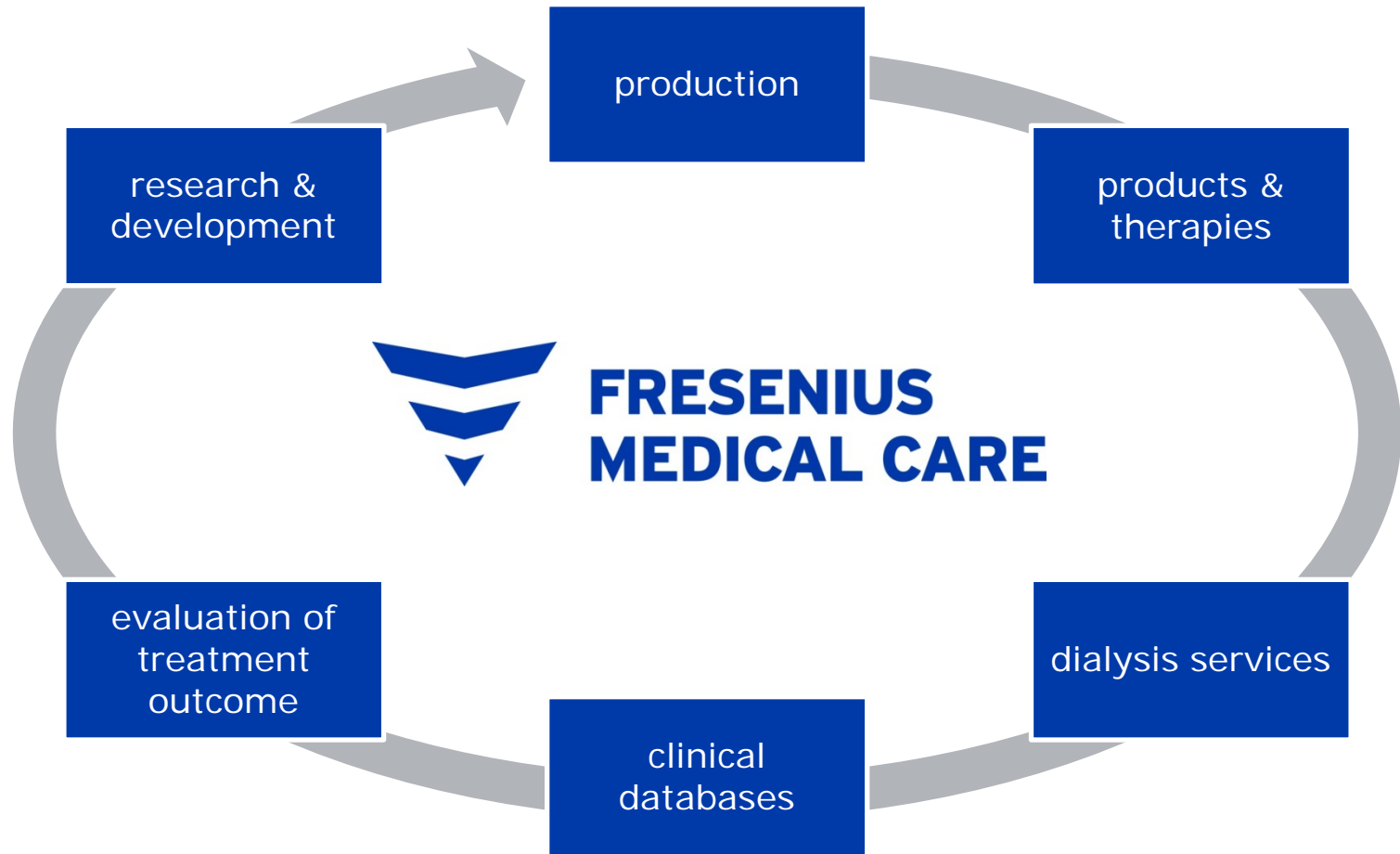
- ▶ Operates in more than 120 countries
- ▶ The only vertical integrated listed dialysis company
- ▶ Founded in 1996 and member DAX30 since 1999
- ▶ Market capitalization of about 20 BN Euro\* (2001: ~6.2 BN Euro)
- ▶ High innovation competence
- ▶ Investment largely insensitive to economic developments

\* As of March 31, 2013



# A vertically integrated company

Global market leader for dialysis products and treatments



# Growth strategy to ensure continued success

## ▶ Leader in growing market

- Dialysis market growing 4%cc and estimated to reach \$ 100 billion by 2020
- Patient growth driven by age, life style and mortality reduction

## ▶ Provide highest standard of patient care

- Vertical integration
- High quality products & services
- Complete therapy offerings

## ▶ Consolidate position as global market leader

- Invest in our people
- Continue to innovate
- Global clinic acquisitions and service portfolio expansion
- Expand into new geographies

## ▶ Deliver shareholder value

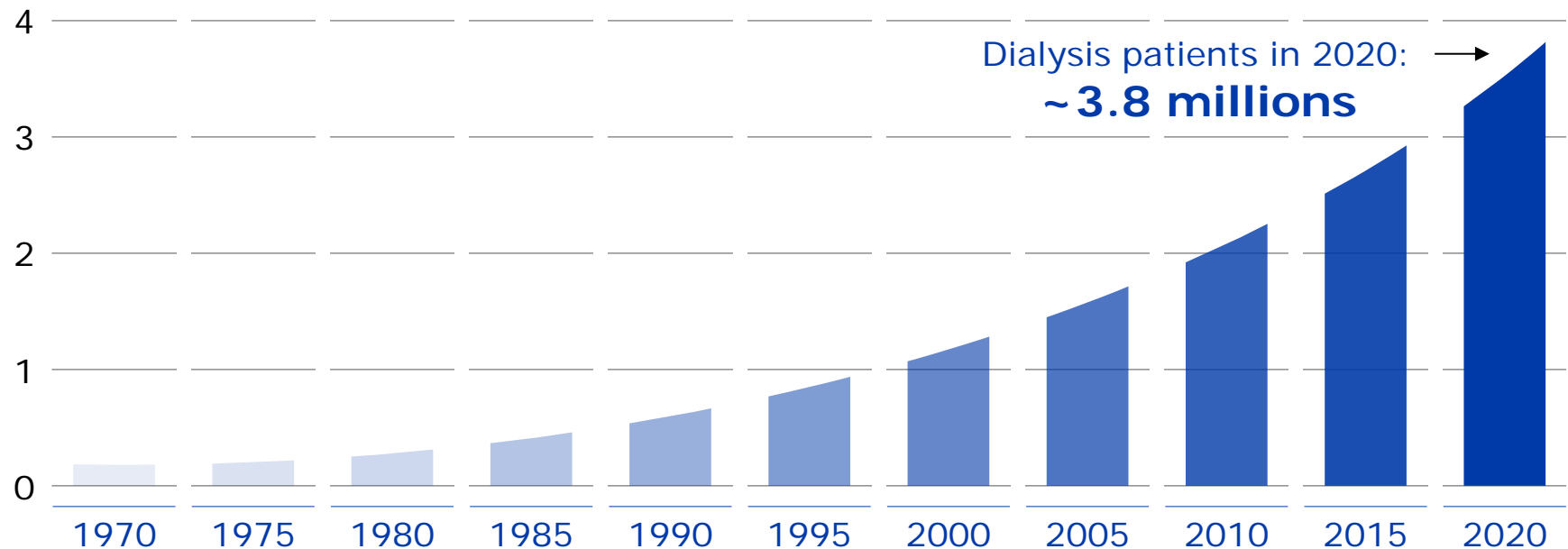
- Ensure continuous development of company
- Deliver profitable growth
- Control financial risks

cc = constant currency

# Expected development of global dialysis patient population

- ▶ Expected patient growth of around 6%
- ▶ Driven by age, lifestyle and higher life expectancy

Number of dialysis patients worldwide – Forecast to 2020<sup>1</sup>  
in millions

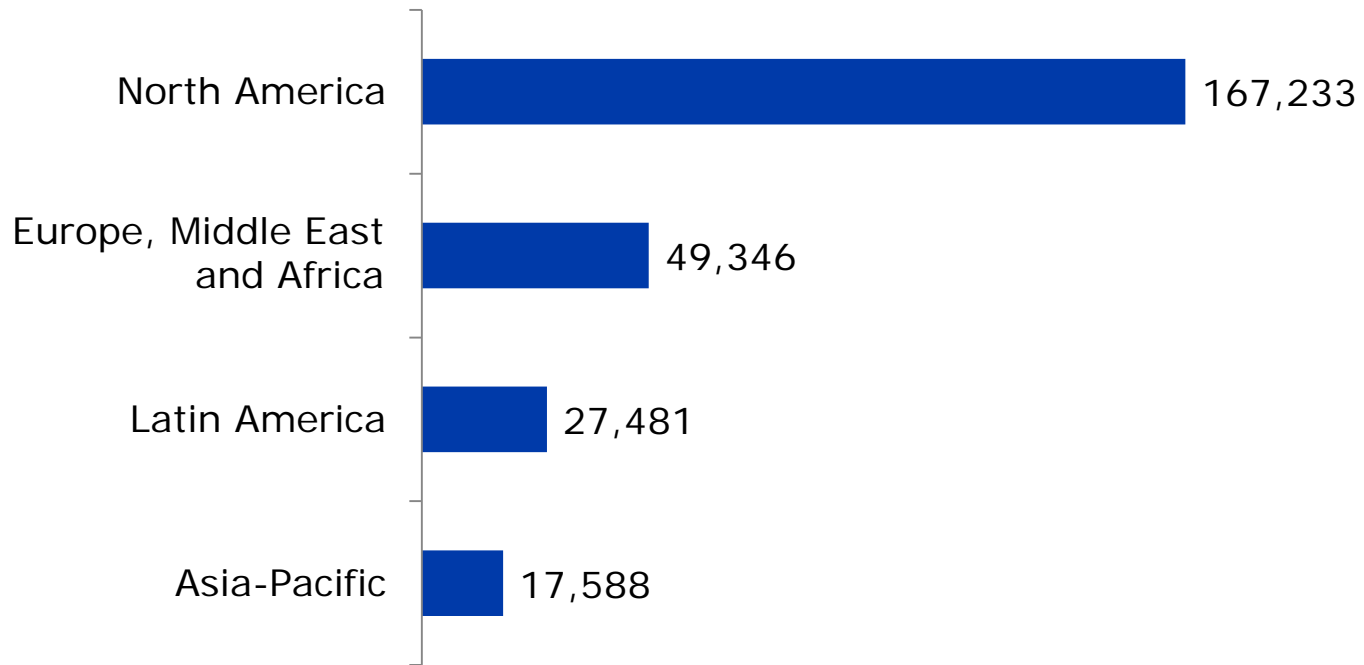


<sup>1</sup> Internal estimates



# Continued global leader in dialysis services

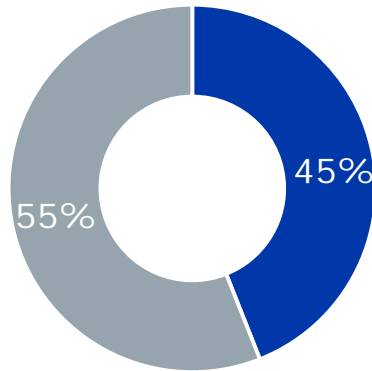
We lead in every major market, treating more than 261,000 patients worldwide.



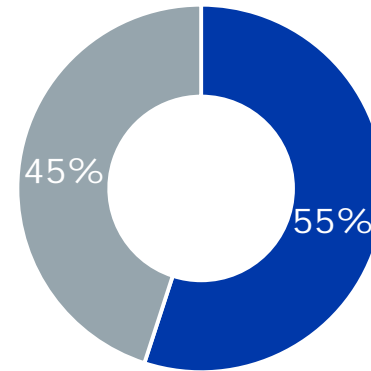
# Market position by major product groups 2012

	Position 1
Dialyzers	FME
Dialysis machines	FME
Hemodialysis concentrates	FME
Bloodlines	FME
Peritoneal dialysis products	Baxter

## Dialyzers



## Dialysis machines



■ FME  
■ Competitors

Sold around 100,000,000 dialyzers in 2012

# Contacts

## Fresenius Medical Care

### Investor Relations

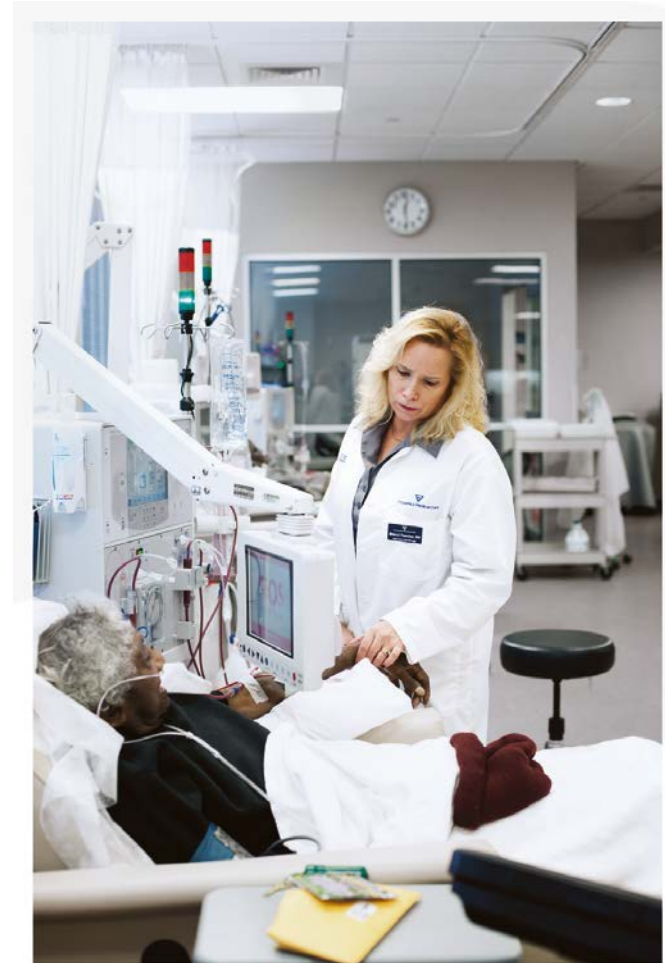
Else-Kröner-Str. 1  
61352 Bad Homburg v.d.H.

Ticker: FME or FMS (NYSE)

WKN: 578 580

ISIN: DE00057858002

- ▶ **Oliver Maier**  
Head of Investor Relations and  
Corporate Communications  
Tel: +49-(0) 6172-609-2601  
Email: [oliver.maier@fmc-ag.com](mailto:oliver.maier@fmc-ag.com)
- ▶ **Gerrit Jost**  
Tel: +49-(0) 6172-609-5216  
Email: [gerrit.jost@fmc-ag.com](mailto:gerrit.jost@fmc-ag.com)
- ▶ **Terry Morris**  
Tel: +1- 800-948-2538  
Email: [terry.morris@fmc-na.com](mailto:terry.morris@fmc-na.com)



# Financial Calendar \*

Jul 30, 2013	Report on 1 <sup>st</sup> – 2 <sup>nd</sup> quarter 2013
Nov 05, 2013	Report on 1 <sup>st</sup> – 3 <sup>rd</sup> quarter 2013
Nov, 2013	Capital Market Day, Boston – most probably 20 <sup>th</sup> /21 <sup>st</sup>

\* 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-U.S. 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-U.S. GAAP revenue. Because the reconciliation is inherent in the disclosure, we believe that a separate reconciliation would not provide any additional benefit.

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