



# Fresenius Medical Care

**The World's Leading Renal Therapy Company**



**Analyst Meeting, February 22, 2007**

# Safe Harbor Statement

This presentation includes certain forward-looking statements. 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 detailed in the Company's reports filed with the Securities and Exchange Commission and the German Exchange Commission "Deutsche Börse".



# Agenda

## **I. Business Update**

- FY 2006 / Q4 2006
- Quality
- 2007 Growth/Earnings drivers
- Strategic Objectives

## **II. Financials Q4 / FY 2006**

- Q4 2006
- FY 2006
- Guidance 2007

## **III. Q&A Session**



# FY 2006 – A Record Year



**Revenue** **\$ 8,499 m** **+26%** ✓

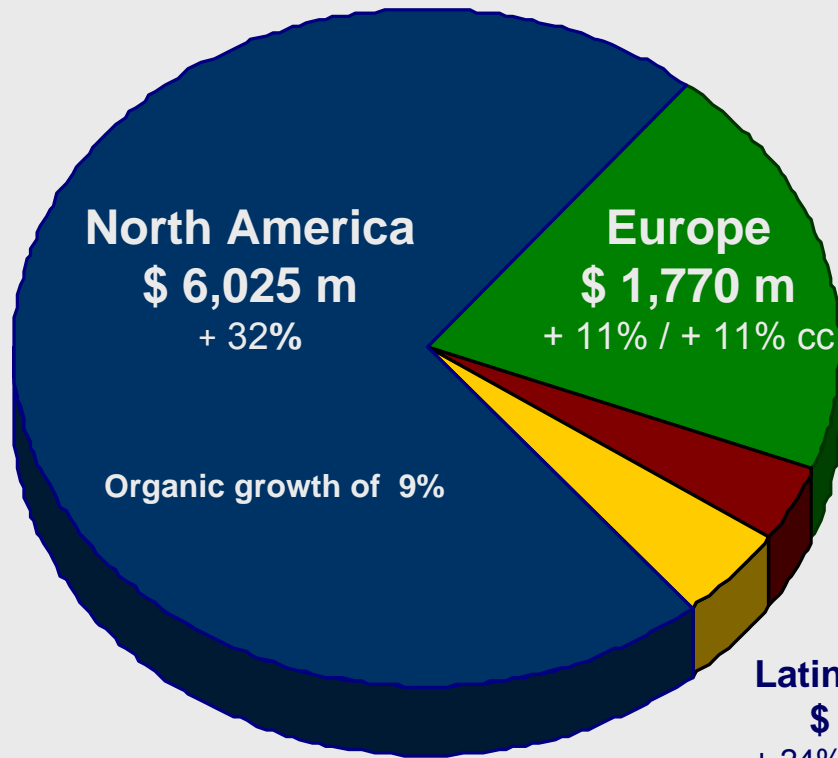
**Net income** **\$ 584 m** **+24%** ✓✓  
(excluding one-time items and SFAS 123R)

- Record revenues and earnings
- Industry leading profitability
- Momentum continued

**➔ Delivered on our commitment**

# FY 2006 – Very Strong Revenue Growth in All Regions

**Total revenue increased 26% to \$ 8,499 m \***



In % of total revenue:

North America	71%
Europe	21%
Asia-Pacific	4%
Latin America	4%

\* 25% growth at constant currency (cc)



## FY 2006 – Excellent Growth

### Dialysis Services

\$ in millions	FY 2005	FY 2006	Growth
<b>North America</b>	4,054	5,464	35%
<b>International</b>	813	913	12%
<b>Total</b>	4,867	6,377	31%

- Strong organic growth of 9% in North America
- Double digit growth in International



## FY 2006 – Excellent Growth

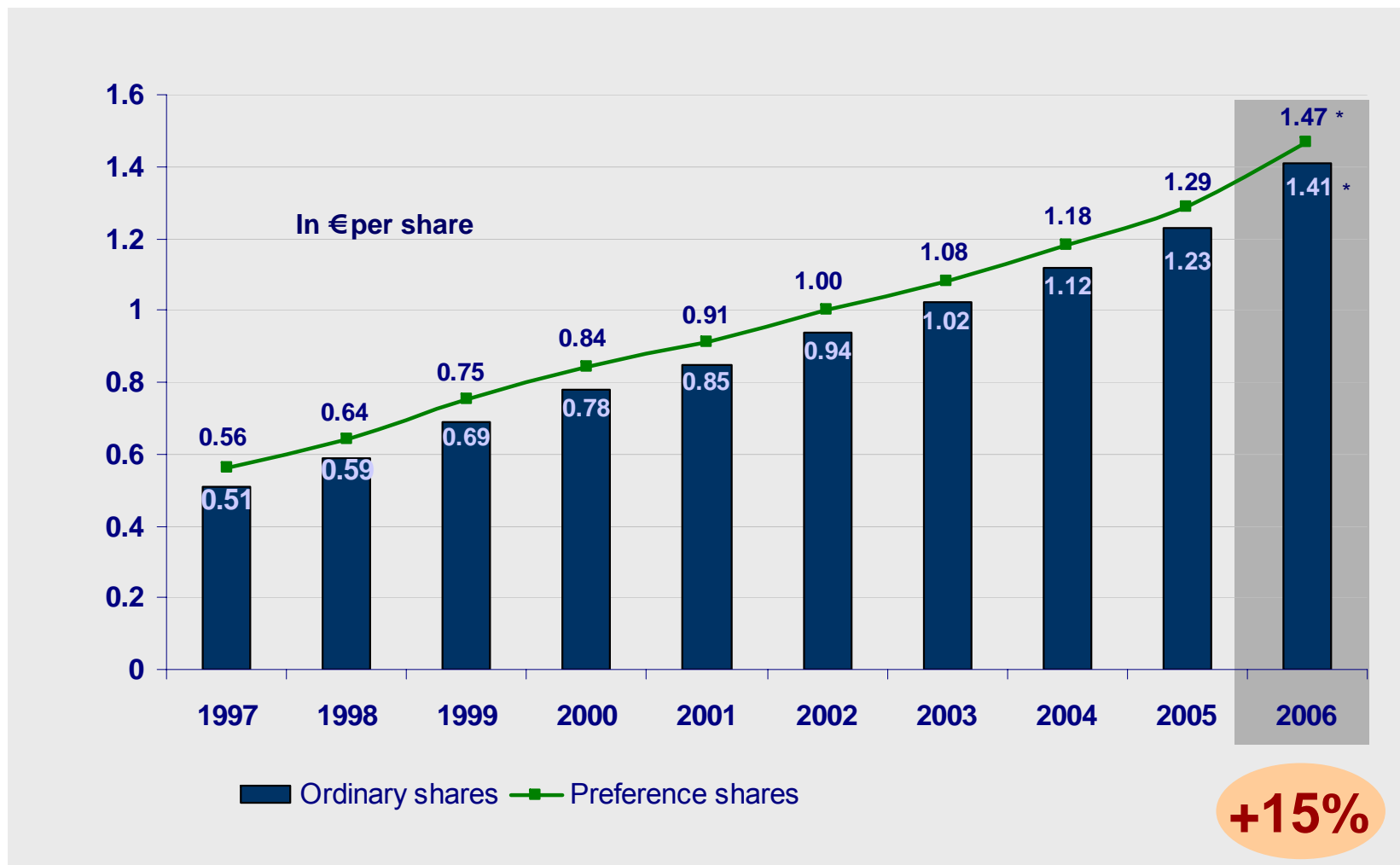
### Dialysis Products

\$ in millions	FY 2005	FY 2006	Growth
<b>North America</b>	<b>523</b>	<b>561</b>	<b>7%</b> (13% excl. RCG)
<b>International</b>	<b>1,382</b>	<b>1,561</b>	<b>13%</b>
<b>External revenue</b>	<b>1,905</b>	<b>2,122</b>	<b>11%</b>
<b>Total revenue</b>	<b>2,458</b>	<b>2,773</b>	<b>13%</b>

- Growth of more than twice the market excluding RCG-effect in North America
- Strong growth from high base in International



# 2006: 10<sup>th</sup> Consecutive Annual Dividend Increase Proposed



\* To be approved by shareholders at the Annual General Meeting on May 15, 2007





## Q4 2006 – Continued Growth Momentum



<b>Revenue</b>	<b>\$ 2,352 m</b>	<b>+ 33%</b>
		31% cc

<b>Net income</b>	<b>\$ 172 m</b>	<b>+ 35%</b>
(excluding one-time items and SFAS 123R)		

- Excellent organic revenue growth of 11%
- Excellent net income increase of 35%<sup>1)</sup>

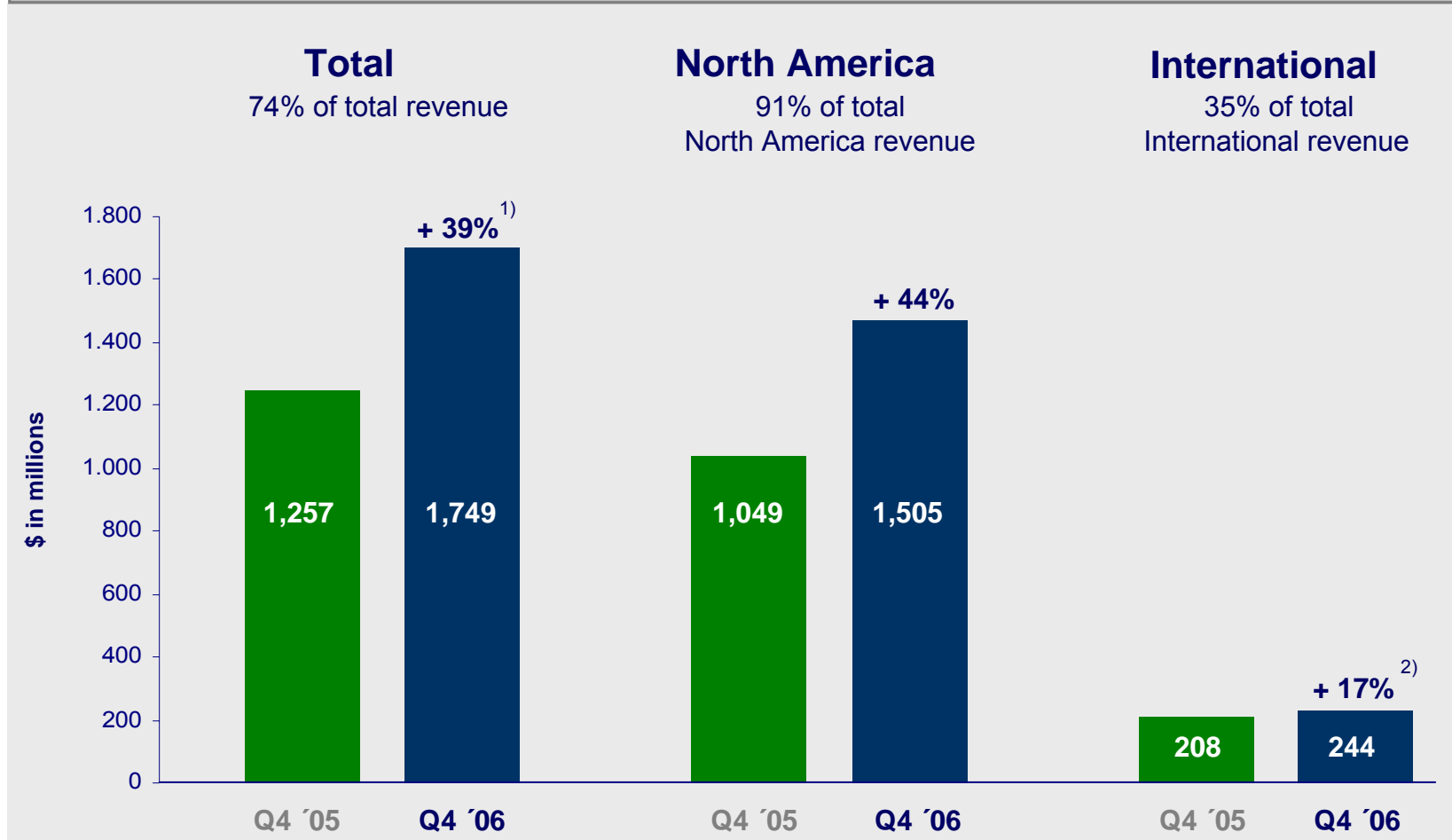
<sup>1)</sup> on a comparable basis excl. one-time items and accounting change SFAS 123R

cc = constant currency



# Q4 2006 – Global Dialysis Services

**Outstanding performance – net revenue increased 39%**



<sup>1)</sup> 38% growth at constant currency

<sup>2)</sup> 13% growth at constant currency



## Q4 2006 – Global Dialysis Services

### Outstanding organic revenue growth of 11%

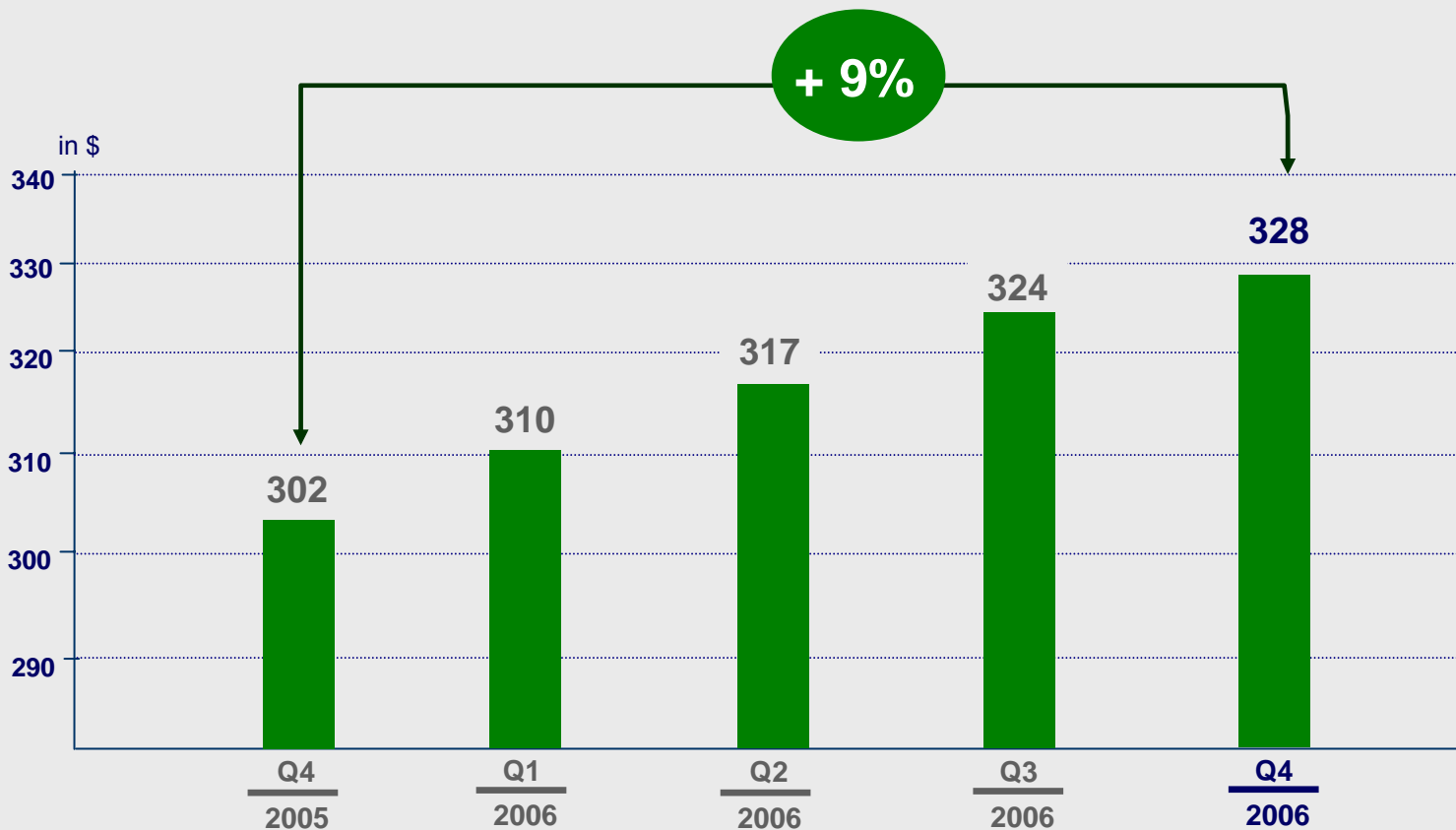
	Total	North America	International
<b>Organic revenue growth</b>	<b>+ 11%cc</b>	<b>+ 11%</b>	<b>+ 13%</b>
Same-market treatment growth	+ 4.5%	+ 2.3%	+ 9.1%
Revenue per treatment	\$ 277	\$ 325 <sup>1)</sup>	\$ 138
Growth (cc=constant currency)	+11%cc	+ 9%	+ 4%cc
Treatments (in million)	6.31	4.54	1.77
Growth	+24%	+ 32%	+ 8%

<sup>1)</sup> including Mexico



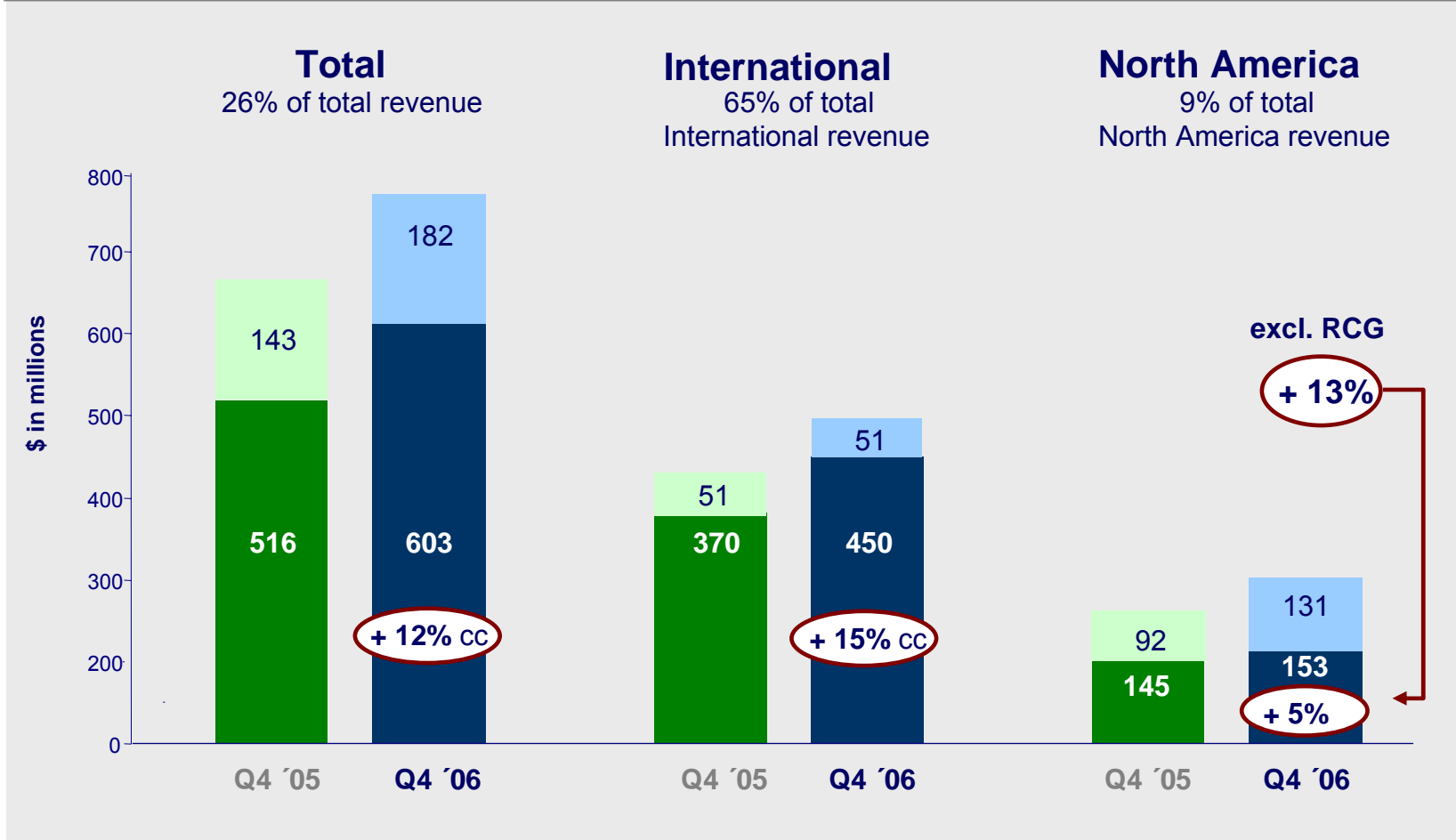
# United States – Dialysis Services

**Very positive revenue per treatment development**



# Q4 2006 – Global Dialysis Products

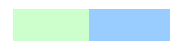
**Total external revenue increased 12% cc**



cc = constant currency



External Sales



Internal Sales



## Q4 2006 – Global Dialysis Services

### Quality outcomes – excellent clinical performance

#### Dialysis Adequacy (% of all FME patients)

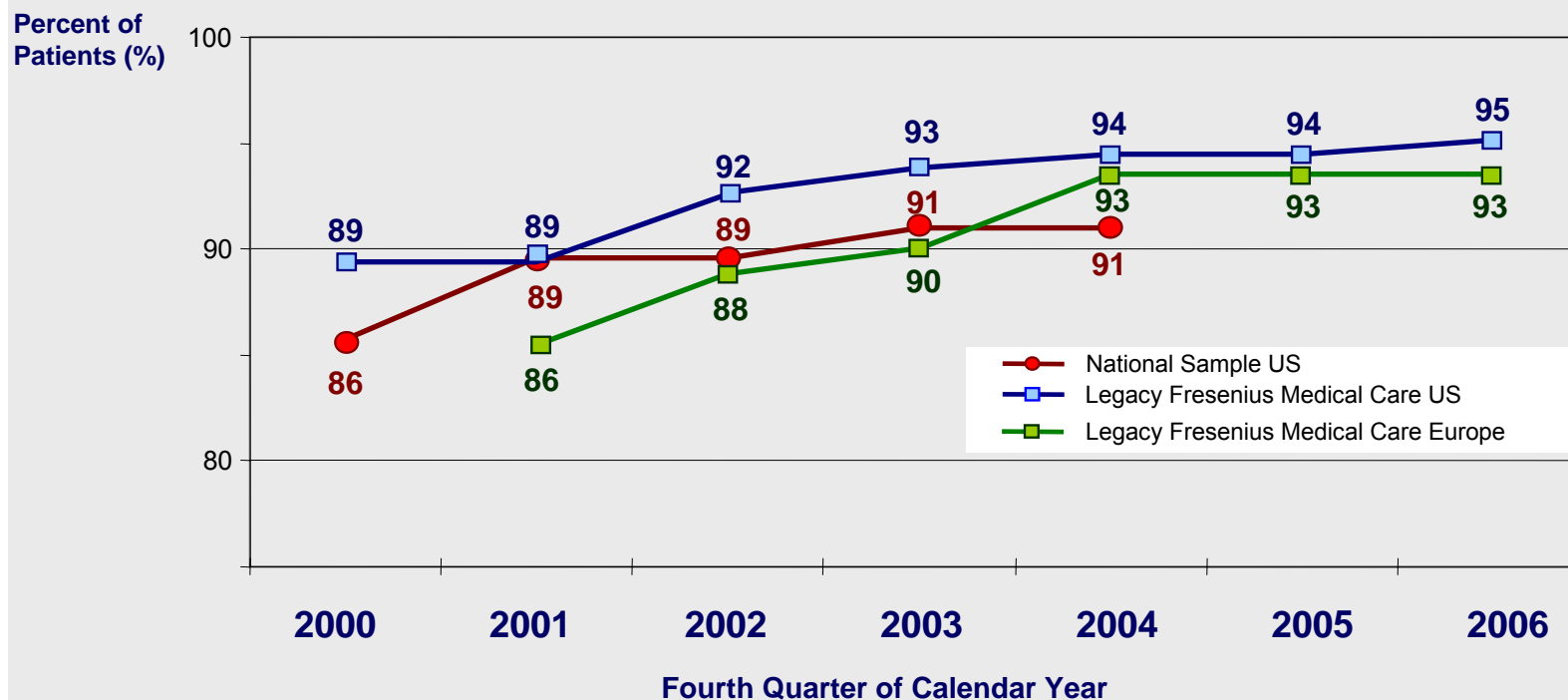
	North America		Europe	
	<u>Q4 2006</u>	<u>Q4 2005</u>	<u>Q4 2006</u>	<u>Q4 2005</u>
Kt/V $\geq$ 1.2	95%	94%	93%	93%
Hemoglobin $\geq$ 11 g/dl	83%	82%	71%	66%
Albumin $\geq$ 3.5 g/dl	80%	79%	87%	86%
Hospitalization days	11.7	11.9	8.2	8.3



# Worldwide Focus on Quality

## Excellent Dialysis Adequacy Trend

% of Adult in-Center Hemodialysis Patients w/ mean Kt/v  $\geq$  1.2

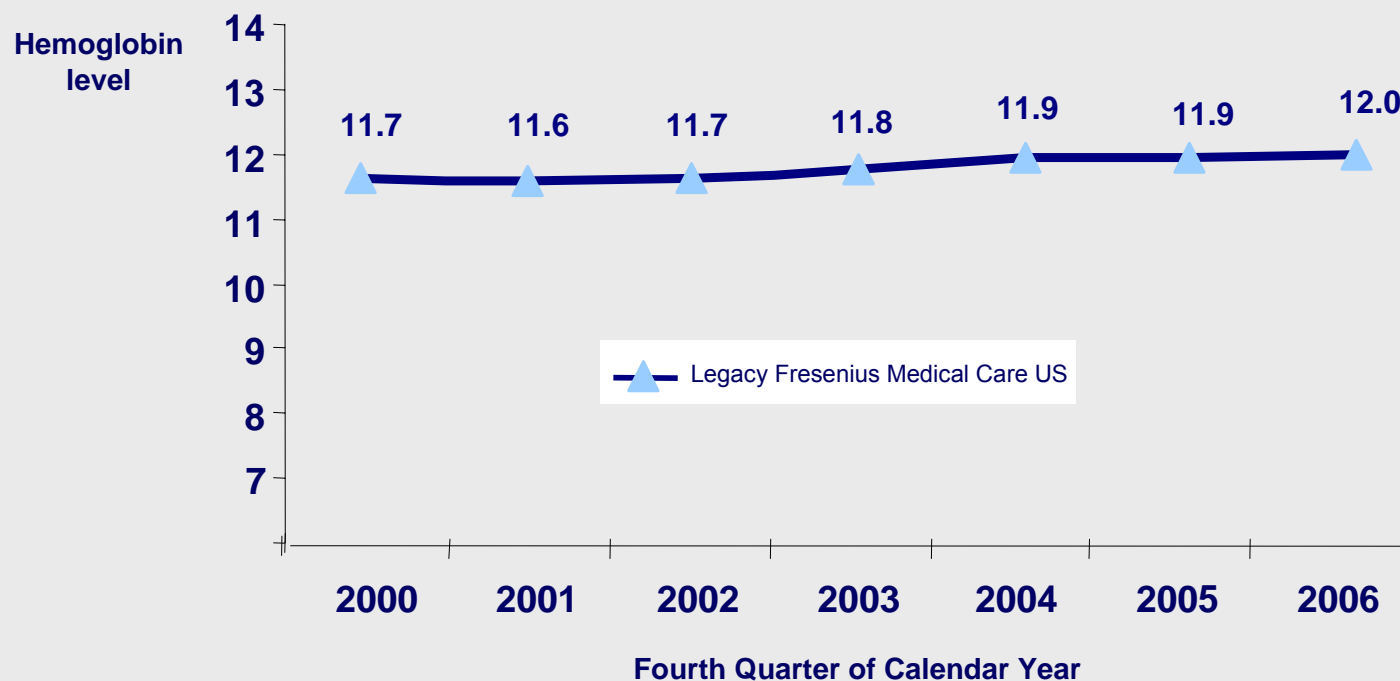


Data Source: Clinical Performance Management (CPM) Data

# U.S. – Practice Guidelines

## Anemia Management Trend – Fresenius Medical Care

Mean 3-Month Average Hemoglobin among FME Legacy Facilities  
(All Permanent Patients, w/ or w/o Epo)

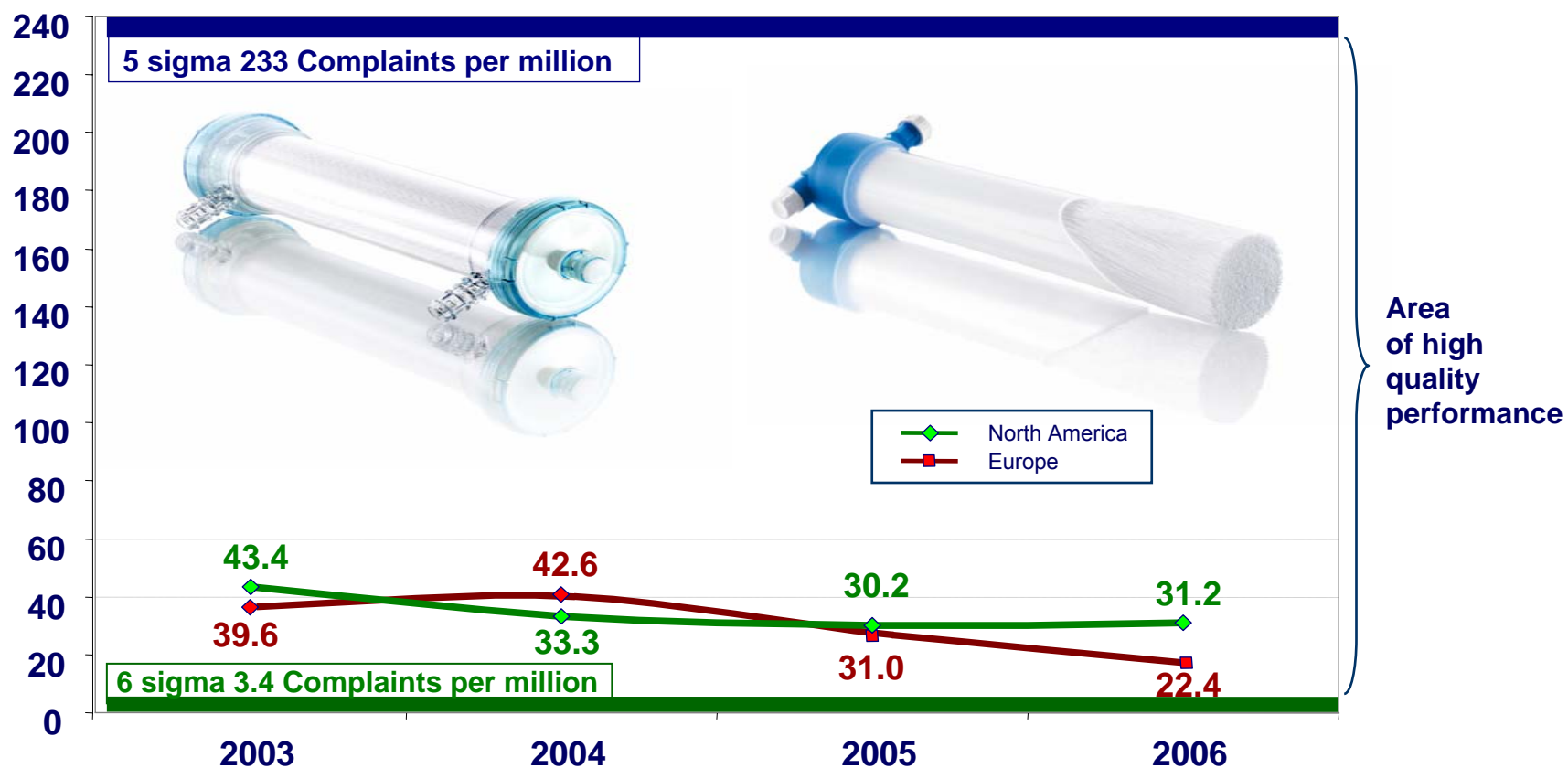


Data Source: Clinical Performance Management (CPM) Data



# Focus on Quality – Fresenius Medical Care

**Dialyzer quality – near 6 sigma – industry leading**



Data Source: Clinical Performance Management (CPM) Data System

## Strategic Objectives

### 2007 driving forces for continued growth

- Favorable reimbursement environment
- Organic treatment growth
- Further expansion of clinic network in Asia and Europe
- Increase product market share
- Accelerate Renal Pharma Strategy (Pharma-Tech)



# Financials Q4 / FY 2006



## Results 2006 – Delivered on our commitment

	FY 2005 In US\$ m	Guidance	2006 Results
<b>Net revenue</b>	6.772	~ \$8.4 bn	<b>~ \$8.5 bn</b>
<b>Net income</b> (before one-time items)	472	≥ \$557 m	<b>\$584 m<sup>1)</sup></b>
Growth		≥ 18%	24%
Net income (after one-time items)	455	≥ \$513 m	\$537 m
<b>Leverage ratio</b> (Debt/EBITDA) <sup>2)</sup>		< 3.5	<b>3.2</b>
Capital expenditures and acquisitions <sup>3)</sup>		~ \$550 m	~ \$609 m
Effect of RCG acquisition <sup>1)</sup>		Neutral / slightly accretive	Slightly accretive

<sup>1)</sup> excl. one-time items such as Transformation and Settlement costs, Restructuring costs and in-process R&D, write-off FME prepaid financing fees, the after-tax impact of the sale of dialysis clinics, and the change in stock option compensation expense (SFAS 123R)

<sup>2)</sup> pro-forma <sup>3)</sup> pro-forma and as reported



## Q4 2006 – Excellent Top & Bottom Line Growth

\$ in millions	Q4 2005	Q4 2006	%
<b>Net revenue</b>	1,772	<b>2,352</b>	<b>+ 33<sup>*</sup></b>
<i><u>Excluding one-time items and SFAS 123R</u></i>			
<b>Operating income (EBIT)<sup>1)</sup></b>	258	<b>383</b>	<b>+ 48</b>
EBIT margin in %	14.6	16.3	
<b>Net income<sup>1)</sup></b>	127	<b>172</b>	<b>+ 35</b>
Operating income (EBIT)	244	354	+ 45
EBIT margin in %	13.8	15.0	
Net income	116	152	+ 32

\* 31% growth at constant currency

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



## P&L before one-time items and SFAS 123R – Q4 2006

\$ in millions	Q4 2005	Q4 2006	%
<b>Net revenue</b>	1,772	<b>2,352</b>	+ 33 <sup>*</sup>
Organic growth		11%	
<b>Operating income (EBIT)<sup>1)</sup></b>	258	<b>383</b>	+ 48
EBIT margin in %	14.6	16.3	
Interest expense, net	46	96	
<b>Income before income tax<sup>1)</sup></b>	212	<b>287</b>	+ 36
<b>Tax expense<sup>1)</sup></b>	84	<b>108</b>	
Tax rate	40%	38%	
Minority Interest	1	7	
<b>Net income<sup>1)</sup></b>	127	<b>172</b>	+ 35

\* 31% growth at constant currency

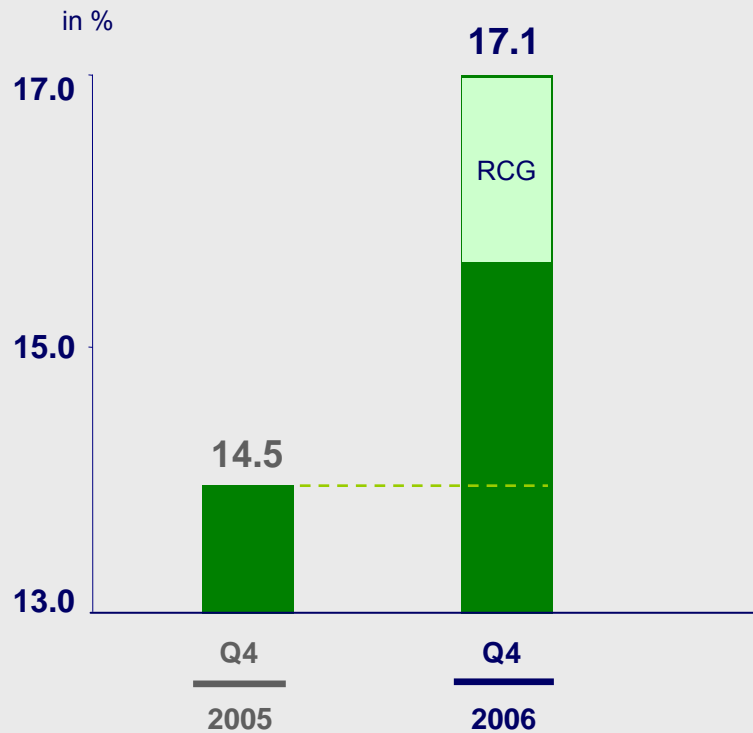
<sup>1)</sup> A reconciliation to the most directly comparable US-GAAP financial measure is provided in the attachment.



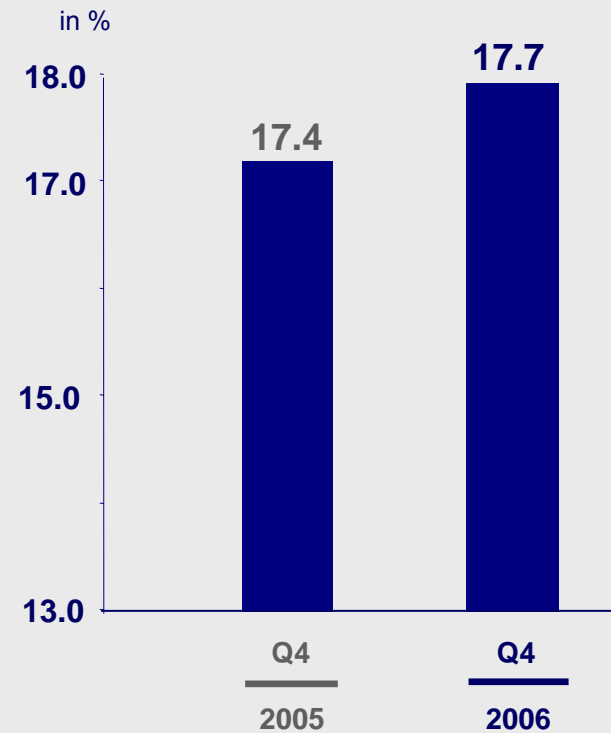
# EBIT margin – Q4 2006 \*

**Exceptional development in both regions**

## North America



## International



\* Excluding one-time items and SFAS 123R



## Cash Flow – Q4 2006

\$ in millions	Q4 2005	Q4 2006	%
<b>Net cash provided by operating activities</b> <sup>1,2)</sup>	283	<b>443</b> 19% of revenue	57
<b>Capital expenditures (net)</b> <sup>2)</sup>	(135)	<b>(177)</b>	
<b>Free Cash Flow</b>	148	<b>266</b>	80
<b>Acquisitions (excluding RCG)</b> <sup>2)</sup>	(39)	<b>(115)</b>	
<b>Free Cash Flow (after acquisitions excl. RCG)</b>	109	<b>151</b>	39

1) The \$283 m for 2005 excludes tax payments for prior years and transformation and settlement costs.

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





## FY 2006 – Excellent Top & Bottom Line Growth

\$ in millions	FY 2005	FY 2006	%
<b>Net revenue</b>	6,772	<b>8,499</b>	<b>+ 26*</b>
<i><u>Excluding one-time items and SFAS 123R</u></i>			
<b>Operating income (EBIT)<sup>1)</sup></b>	961	<b>1,329</b>	<b>+ 38</b>
EBIT margin in %	14.2	15.6	
<b>Net income<sup>1)</sup></b>	472	<b>584</b>	<b>+ 24</b>
Operating income (EBIT)	939	1,318	+ 40
EBIT margin in %	13.9	15.5	
Net income	455	537	+ 18

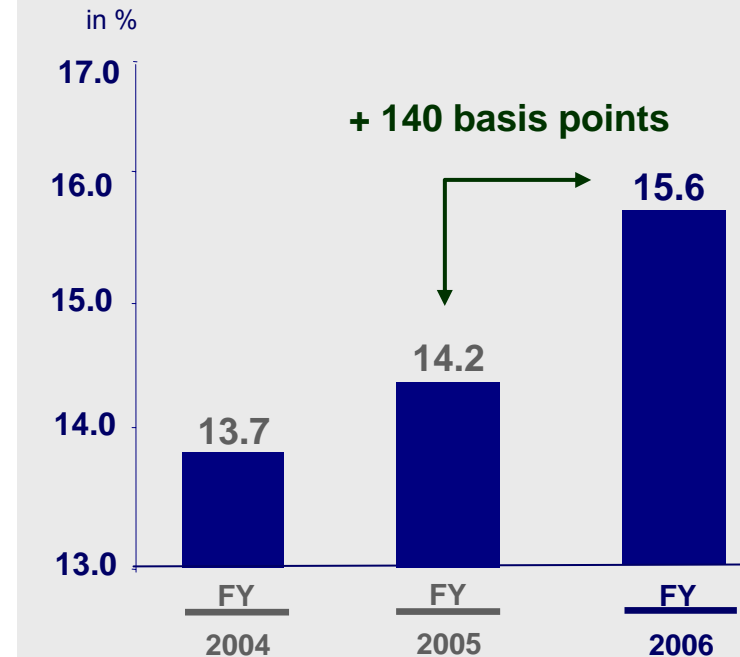
\* 25% growth at constant currency

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



# Worldwide Excellent EBIT-margin\* Development

## Strong operating performance



\* Excluding one-time items and SFAS 123R

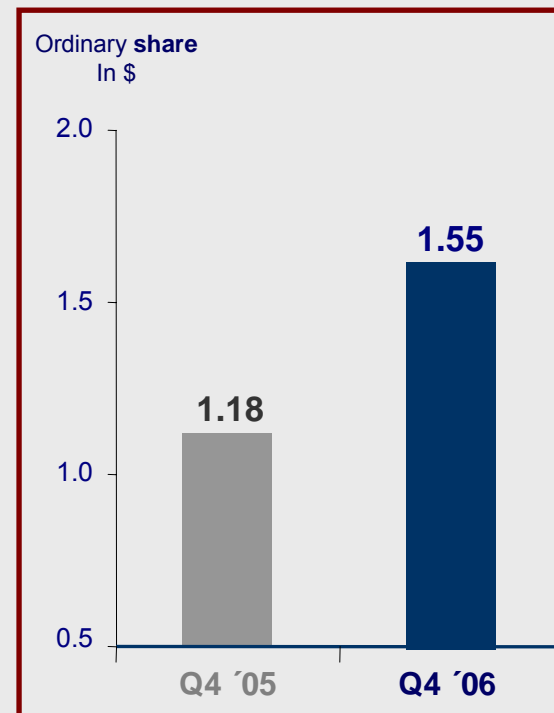
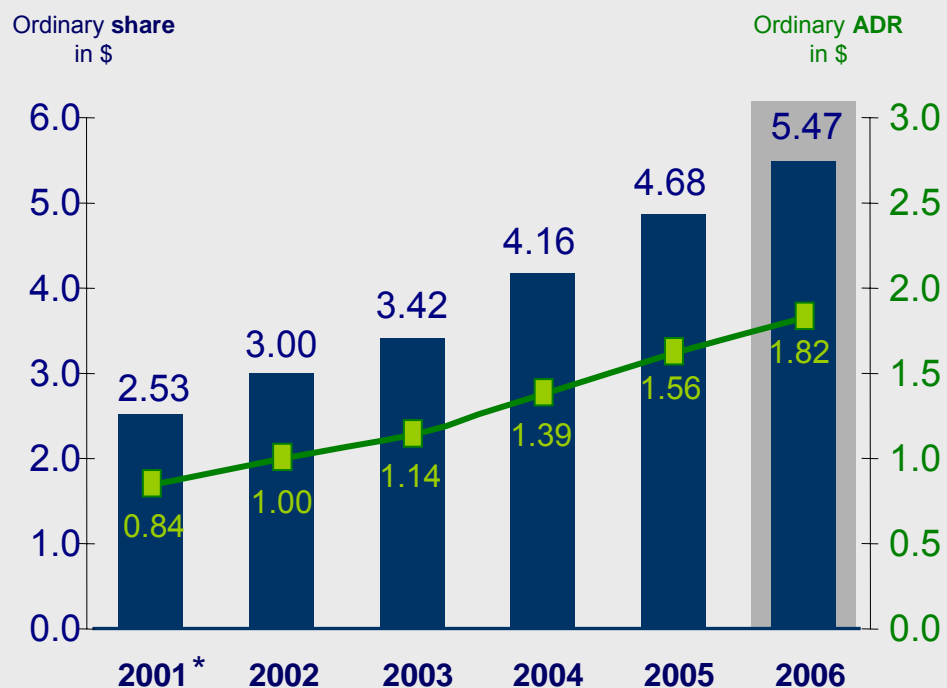


# Continued Strong Earnings per Share Growth

## Earnings per share

5-yr CAGR = **17%**

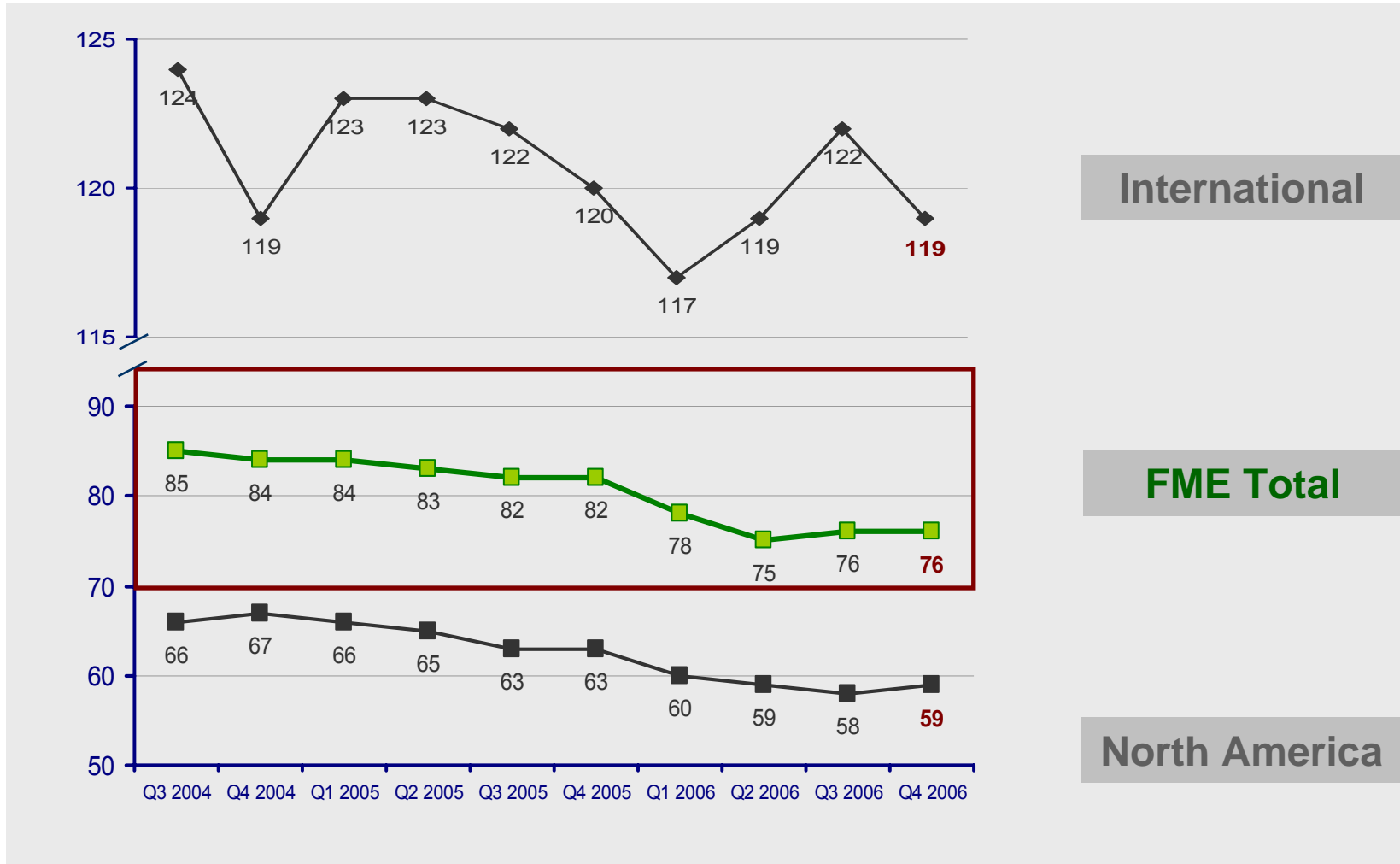
Q4 '06 = **+ 31%**



\* Adjusted for special charge and related expenses



# Days Sales Outstanding (DSO) – Best in Industry



## Cash Flow – FY 2006

\$ in millions	FY 2005	FY 2006	%
<b>Net cash provided by operating activities<sup>1,2)</sup></b>	805	<b>1,106</b> 13% of revenue	37
<b>Capital expenditures (net)<sup>2)</sup></b>	(297)	(450)	
<b>Free Cash Flow</b>	508	<b>656</b>	29
<b>Acquisitions (excluding RCG)<sup>2)</sup></b>	(125)	(159)	
<b>Free Cash Flow (after acquisitions excl. RCG)</b>	383	<b>497</b>	30

1) Excluding audit related tax payments in the US of \$ 99 m and payments in connection with the RCG acquisition of \$ 99 m in 2006 and tax payments for prior years and transformation and settlement costs in 2005.

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



# Debt / EBITDA development



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

## Guidance FY 2007

	FY 2006 \$ in millions	Guidance	Growth
<b>Net revenue</b>	\$8.5 bn	~ \$9.4 bn	11%
<b>Net income</b> (before one-time items)	\$574 m <sup>1)</sup>	\$675 - 695 m	18 - 21%
<b>Net income</b> (US-GAAP reported)	\$537 m	\$ 675 - 695 m	26 - 29%
<b>Leverage ratio (Debt/EBITDA)</b> <sup>2)</sup>	3.23	< 3.0	
<b>CapEx and acquisitions</b> <sup>3)</sup>	\$609 m	~ \$650 m	7%

<sup>1)</sup> Not adjusted for SFAS 123R    <sup>2)</sup> pro-forma    <sup>3)</sup> excluding cash spend for RCG



**Thank You  
for your interest in  
Fresenius Medical Care !**





# Q&A Session





# Fresenius Medical Care

**The World's Leading Renal Therapy Company**



**Analyst Meeting, February 22, 2007**

# Attachment I

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

All numbers are in \$ millions

<b>Capital expenditure (net)</b>	<b>FY 2006</b>	<b>FY 2005</b>	<b>Q4 2006</b>	<b>Q4 2005</b>
Purchase of property, plant and equipment	467	315	179	139
- Proceeds from sale of property, plant and equipment	(17)	(18)	(2)	(4)
<b>= Capital expenditure (net)</b>	<b>450</b>	<b>297</b>	<b>177</b>	<b>135</b>

<b>Debt</b>	<b>FY 2006</b>	<b>FY 2005</b>	<b>FY 2004</b>	<b>FY 2003</b>	<b>FY2002</b>
Short term borrowings (incl. A/R program) <sup>1)</sup>	331	151	419	90	125
+ Short term borrowings from related parties	5	19	6	30	6
+ Current portion of long-term debt and capital lease obligations	160	126	230	90	23
+ Long-term debt and capital lease obligations, less current portion	3,829	707	545	1,112	1,089
+ Trust Preferred Securities	1,254	1,188	1,279	1,242	1,145
+ Accounts receivable securitization program	0	0	0	158	445
<b>= Total debt</b>	<b>5,579</b>	<b>2,191</b>	<b>2,479</b>	<b>2,722</b>	<b>2,833</b>

<b>EBITDA</b>	<b>FY 2006 (pro forma)<sup>2)</sup></b>	<b>FY 2005</b>	<b>FY 2004</b>	<b>FY 2003</b>	<b>FY 2002</b>
Last twelve months operating income (EBIT)	1,367	939	852	757	695
+ Last twelve months depreciation and amortization	326	251	233	216	211
+ Non-cash charges	35	14	13	13	10
<b>= EBITDA (annualized)</b>	<b>1,728</b>	<b>1,204</b>	<b>1,098</b>	<b>986</b>	<b>916</b>

<sup>1)</sup> A/R securitization program off-balance sheet in 2003 and included in short term borrowings in 2004

<sup>2)</sup> Excluding gain from divestitures, restructuring costs and in-process R&D



# Attachment II

## 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>FY 2006</b>	<b>FY 2005</b>	<b>growth</b>	<b>cc</b>	<b>Q4 2006</b>	<b>Q4 2005</b>	<b>growth</b>	<b>cc</b>
<b>International product revenue</b>	1,749	1,571	+ 11%	+ 10%	501	421	+ 19%	+ 12%
- Internal revenue	(188 )	(189 )			(51 )	(51 )		
<b>= External revenue</b>	<b>1,561</b>	<b>1,382</b>	<b>+ 13 %</b>	<b>+ 12 %</b>	<b>450</b>	<b>370</b>	<b>+ 22 %</b>	<b>+ 15%</b>
<b>North America product revenue</b>	1,024	887	+ 15%		284	237	+ 20%	
- Internal revenue	( 463)	( 364)			( 131)	( 92)		
<b>= External revenue</b>	<b>561</b>	<b>523</b>	<b>+ 7%</b>		<b>153</b>	<b>145</b>	<b>+ 5%</b>	
<b>Operating performance before one-time items</b>					<b>Q4 2006</b>	<b>Q4 2005</b>	<b>growth</b>	
<b>Operating income (EBIT)</b>					<b>354</b>	<b>244</b>	<b>45 %</b>	
Transformation, settlement and SFAS 123R + divestiture gain + restructuring + in-process R&D					29	14		
<b>Operating income (EBIT) before one-time-items</b>					<b>383</b>	<b>258</b>	<b>48 %</b>	
<b>Net income</b>					<b>152</b>	<b>116</b>	<b>32 %</b>	
Transformation, settlement and SFAS 123R+ divestiture gain + restructuring + in-process R&D					20	11		
<b>Net income before one-time-items</b>					<b>172</b>	<b>127</b>	<b>35 %</b>	

cc = constant currency



# Attachment III

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

All numbers are in \$ millions

<b>Operating performance before one-time items</b>	<b>FY 2006</b>	<b>FY 2005</b>	<b>growth</b>
<b>Operating income (EBIT)</b>	<b>1,318</b>	<b>939</b>	<b>40 %</b>
Transformation, settlement and SFAS 123R + divestiture gain + restructuring + in-process R&D	11	22	
<b>Operating income (EBIT) before one-time-items</b>	<b>1,329</b>	<b>961</b>	<b>38 %</b>
<b>Net income</b>	<b>537</b>	<b>455</b>	<b>18 %</b>
Transformation, settlement and SFAS 123R+ divestiture gain + restructuring + in-process R&D	38	17	
Write-off FME prepaid financing fees	9		
<b>Net income before one-time-items</b>	<b>584</b>	<b>472</b>	<b>24 %</b>

<b>Cash Flow</b>	<b>Q4 2006</b>	<b>Tax payments for prior years</b>	<b>RCG acquisition</b>	<b>Q4 2006</b>
<b>Net cash provided by operating activities</b>	<b>443</b>			<b>443</b>
Capital expenditures (net)	( 177)			( 177)
<b>Free Cash Flow</b>	<b>266</b>	-		<b>266</b>
Acquisitions and divestitures	( 109)		(6 )	( 115)
<b>Free Cash Flow after acquisitions and divestitures</b>	<b>157</b>	-	<b>(6)</b>	<b>151</b>



# Attachment IV

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

All numbers are in \$ millions

Cash Flow	FY 2006	Tax payments for prior years	RCG acquisition	FY 2006
<b>Net cash provided by operating activities</b>	<b>908</b>	<b>99</b>	<b>99</b>	<b>1,106</b>
Capital expenditures (net)	(450 )			(450 )
<b>Free Cash Flow</b>	<b>458</b>	<b>99</b>	<b>99</b>	<b>656</b>
Divestitures	516		(516 )	-
Acquisitions	(4,307 )		4,148	(159)
<b>Free Cash Flow after acquisitions and divestitures</b>	<b>( 3,333 )</b>	<b>99</b>	<b>3,731</b>	<b>497</b>

\$ 64 m tax payments  
\$ 35 m restructuring costs and  
acquisition related payments

Cash Flow	Q4 2005	FY 2005
Net cash provided by operating activities	200	670
+ Net tax payments for prior years	78	124
+ Cash out for transformation & settlement	5	11
<b>= Net cash adjusted</b>	<b>283</b>	<b>805</b>



# Attachment V

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

All numbers are in \$ millions

<b>Profit &amp; Loss Account</b>	<b>Q4 2006</b>	<b>One-time items and SFAS 123R</b>	<b>Q4 2006 excluding one-time items and SFAS 123R</b>
Net revenue	2,352		2,352
Operating income (EBIT)	354	29	383
EBIT- margin (%)	15.0		16.3
Interest expense, net	96		96
Income before income taxes	258	29	287
Tax expense	99	9	108
Tax rate (%)	38		38
Minority interest	7		7
<b>Net income</b>	<b>152</b>	<b>20</b>	<b>172</b>

<b>Profit &amp; Loss Account</b>	<b>Q4 2005</b>	<b>One-time items and SFAS 123R</b>	<b>Q4 2005 excluding one-time items and SFAS 123R</b>
Net revenue	1,772		2,352
Operating income (EBIT)	244	14	258
EBIT- margin (%)	13.8		14.6
Interest expense, net	46		46
Income before income taxes	198	14	212
Tax expense	81	3	84
Tax rate (%)	42		40
Minority interest	1		1
<b>Net income</b>	<b>116</b>	<b>11</b>	<b>127</b>



## Contacts

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Mail: [oliver.maier@fmc-ag.com](mailto:oliver.maier@fmc-ag.com)

<b>Ordinary shares</b>	<b>96.8 million</b>
WKN	578 580
ISIN	DE0005785802
SEDOL1	5129074 DE

North America:

**Terry L. Proveaux**

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Mail: [terry.proveaux@fmc-na.com](mailto:terry.proveaux@fmc-na.com)

<b>Preference shares</b>	<b>1.2 million</b>
WKN	578 583
ISIN	DE0005785836
SEDOL1	5160073 DE





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