



# Fresenius Medical Care

The World's Leading  
Renal Therapy Company

Lehman Brothers  
11th Annual Global Healthcare Conference

March 20, 2008, Miami, Florida



Fresenius Medical Care

# 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".



## 1. Business Update

## 2. Financials and Outlook

## 3. Midterm Strategy

## 4. Q&A Session

# FY 2007 – Another Record Year



	Guidance	FY 2007
Revenue	> \$ 9,500 m	\$ 9,720 m
Net income	\$ 685- <u>705</u> m	\$ 717 m

**➔ Exceeded the Upper End of Guidance**

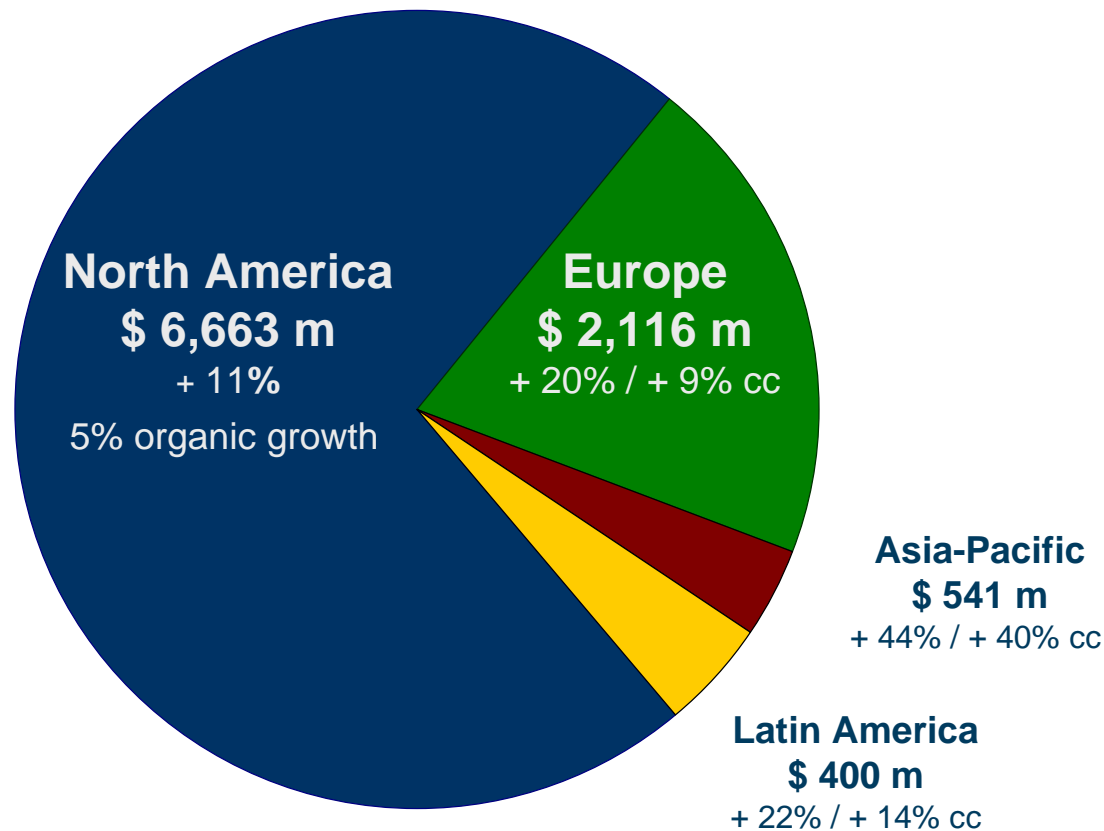
- ▶ All segments and regions contributed to this excellent result
- ▶ On track to achieve mid-term target of > US\$ 11.5 billion in revenues by 2010

# FY 2007 – Strong Revenue Growth



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## Total Revenue Increased 14% to \$ 9,720 m \*



In % of total revenue:

North America	69%
Europe	22%
Asia-Pacific	5%
Latin America	4%

\* 12% growth at constant currency (cc)

## Strong Overall Revenue Growth of 13%cc

\$ in millions	FY 2006	<b>FY 2007</b>	Growth	cc
North America <sup>1)</sup>	5,353	<b>5,962</b>	11%	
International	913	<b>1,211</b>	33%	23%
<b>Total<sup>1)</sup></b>	6,266	<b>7,173</b>	<b>14%</b>	<b>13%</b>

- ▶ Continued strong growth in Europe of 12%cc (11% organic), Latin America with 14%cc (14% organic) and Asia-Pacific of 133%cc (11% organic), y-o-y

1) FY 2006 revenue adjusted for sale of perfusion business in the amount of US\$ 111 m and 2007 adjusted for US\$ 40 m  
cc = constant currency

## Continued Excellent Growth

\$ in millions	FY 2006	<b>FY 2007</b>	Growth	cc
<b>Total revenue</b> (incl. Internal Revenue)	2,773	<b>3,278</b>	18%	12%
<b>External revenue</b>	2,122	<b>2,507</b>	18%	12%
↳ North America	561	<b>661</b>	18%	18%
↳ International	1,560	<b>1,846</b>	18%	10%

cc = constant currency

# Highlights



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- ▶ Impressive EBIT margin of 17.8% in Q4 up 70 bps y-o-y
- ▶ Significant product growth of 17% in Q4 well above market
- ▶ Very good cost control in services and strong underlying private payor contracting



- ▶ Strong EBIT margin development
- ▶ Organic revenue growth of +8% for FY
- ▶ 5008 HD Machine unit sales up 76% y-o-y for FY
- ▶ Bundled rate per treatment for hemodialysis in Portugal



- ▶ Products sales growth for FY of +15%cc y-o-y
- ▶ Revenue growth in China of +21%cc y-o-y for FY
- ▶ Strong treatment growth +121% (17% excl. Excelsior) for FY

FY = Fiscal Year



# Financials and Outlook



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# Profit & Loss <sup>1)</sup>



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\$ in millions	FY 2006	FY 2007	Growth
Net revenue	8,499	<b>9,720</b>	14%*
Operating income (EBIT) <sup>2)</sup>	1,315	<b>1,580</b>	20%
EBIT margin in %	15.5	<b>16.3</b>	
Interest expense, net <sup>2)</sup>	337	<b>371</b>	
Income before income tax <sup>2)</sup>	978	<b>1,209</b>	24%
Income Tax expense <sup>2)</sup>	387	<b>466</b>	
Tax rate	40%	<b>39%</b>	
Minority interest	17	<b>26</b>	
Net income <sup>2)</sup>	574	<b>717</b>	25%

\* 12% growth at constant currency, 6% organic growth

1) Excluding one-time items in 2006

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

# Cash Flow



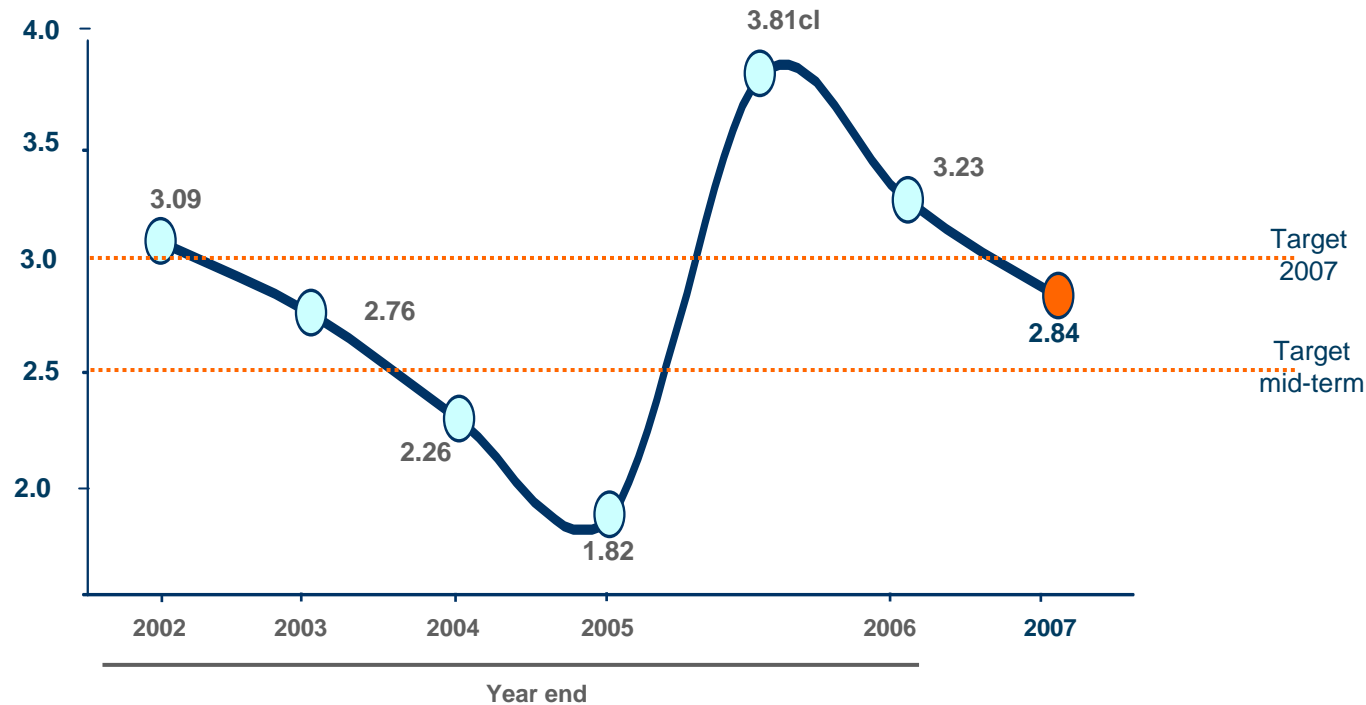
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\$ in millions	FY 2006	FY 2007	Growth
Net cash provided by operating activities <sup>1)</sup>	1,106	<b>1,200</b> 12.3% of revenue	9%
Capital expenditures (net) <sup>1)</sup>	(450)	<b>(549)</b>	
Free Cash Flow	656	<b>651</b>	
Acquisitions, net of divestitures <sup>1)</sup>	(159)	<b>(228)</b>	
Free Cash Flow after acquisitions	497	<b>423</b>	
Free Cash Flow after acquisitions excluding RSI	497	<b>543</b>	

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

## De-leveraging ahead of schedule

Debt / EBITDA Development



# Summary – 2008 Growth Drivers

	North America	Europe	Asia Pacific
Renal Pharma	✓	✓	
Expansion of Clinic Network	✓	✓	✓
Reimbursement Based on Quality	✓	✓	✓
Increased Product Market Share		✓	✓

Targeted Revenue Growth >7%

# Outlook 2008



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\$ in millions	Guidance
Net Revenues	> \$10,400
Net Income	\$805 - 825
Leverage ratio (Debt/EBITDA)	< 2.8
Capital Expenditure	~ \$650 - 750
Acquisitions	~ \$150 - 250

- ▶ **Another strong year ahead**
- ▶ **Increased investment budget driven by further growth opportunities**



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## Midterm Strategy

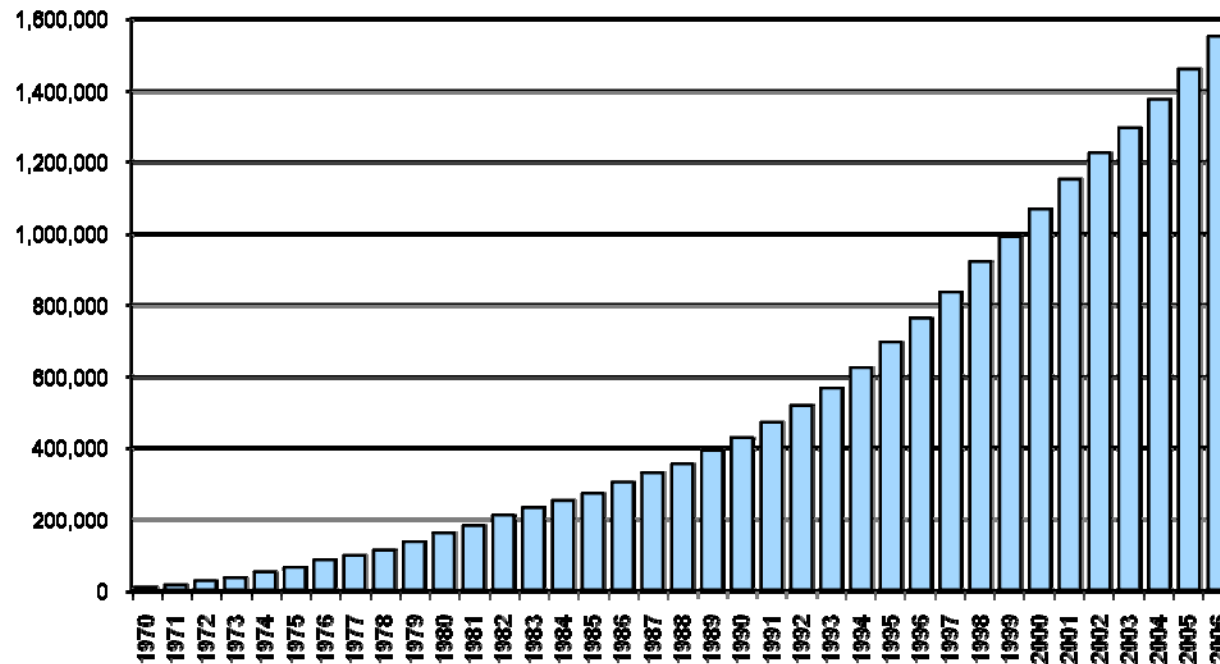


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# Growth in Number of Dialysis Patients – Worldwide



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2 million dialysis  
patients expected in  
2010

4 million dialysis  
patients expected  
around 2025

- Renal failure persists as a chronic worldwide epidemic
- Dialysis is the primary treatment modality for renal failure on a global scale
- Exponential growth trend continues on a global scale as incidence (new cases) and patient survival improve.



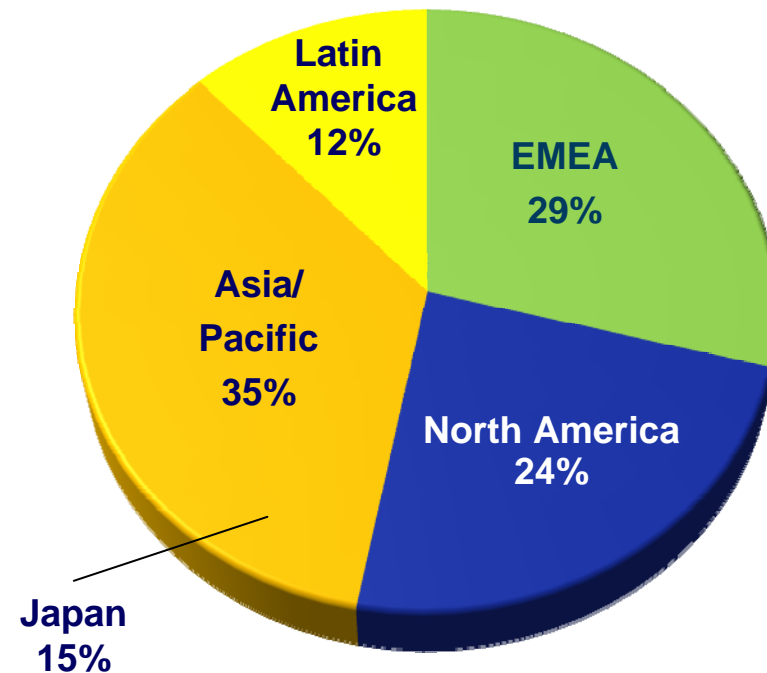
# Sustainable Patient Growth of 5-6% p.a.



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**~ 2 Million Patients Worldwide by 2010**

North America	3%
Europe	4-5%
Latin America	10%
Asia-Pacific	6%
<b>Worldwide</b>	<b>5 - 6%</b>



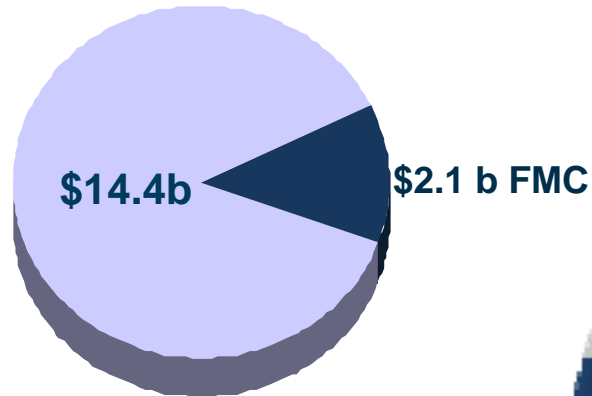
# Market Opportunity



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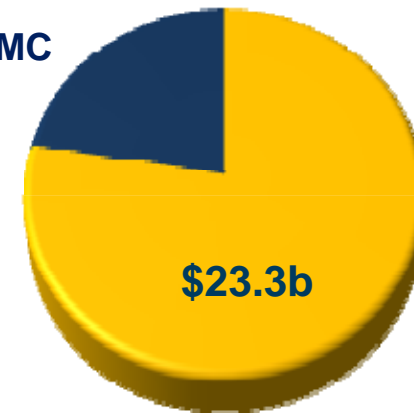
## Europe

\$16.5 Billion Total Market



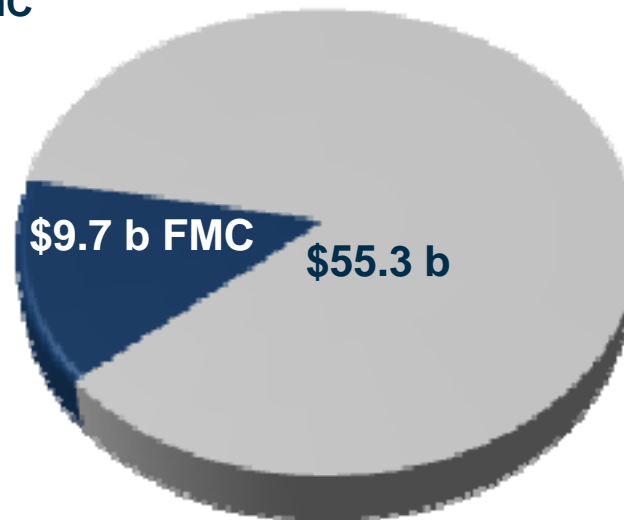
## U.S.

\$30 Billion Total Market



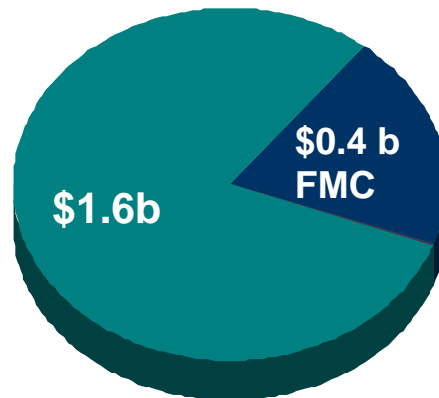
## Worldwide

\$65 Billion Total Market



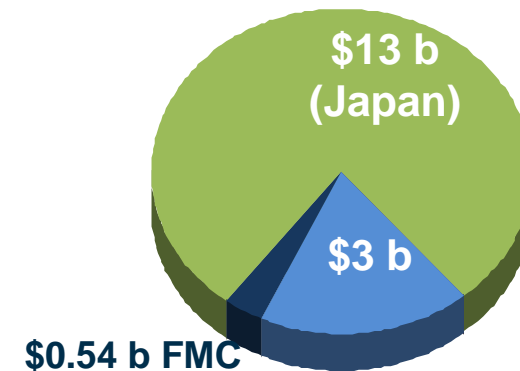
## Latin America

\$2 Billion Total Market



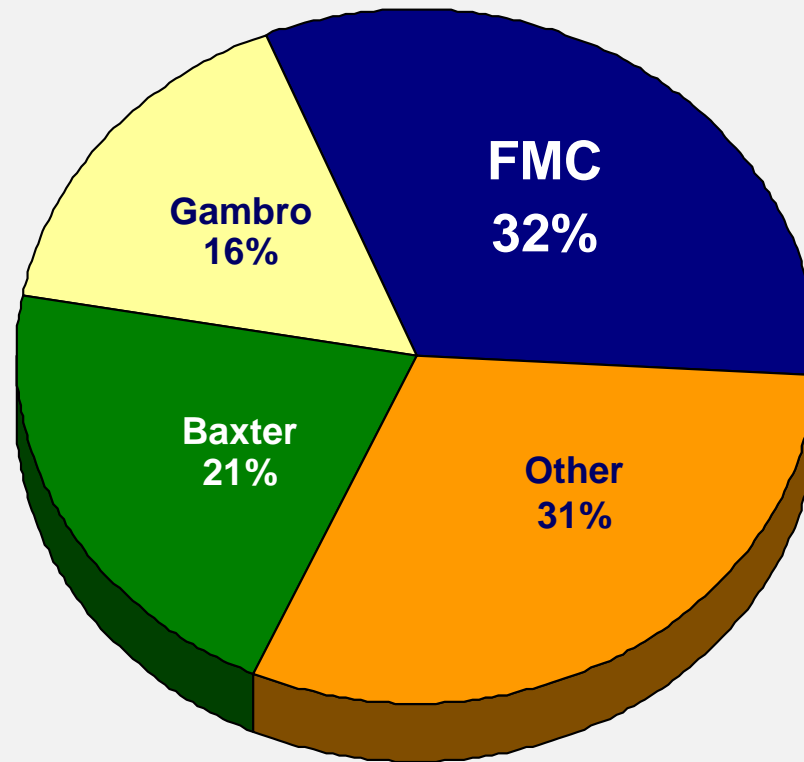
## Asia Pacific

\$16.5 Billion Total Market



# Leader in Products Worldwide

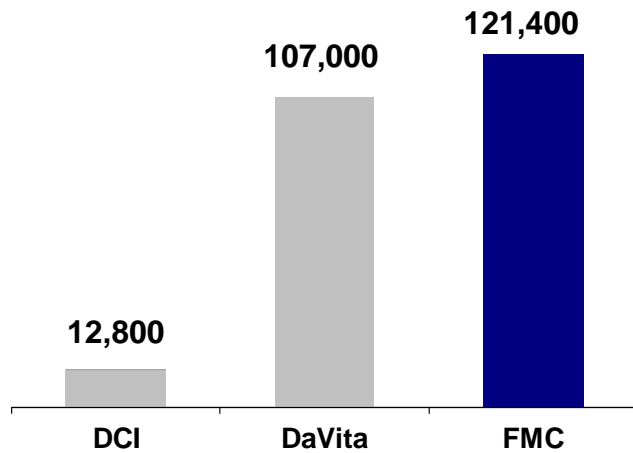
## \$9.8 Billion Products Market



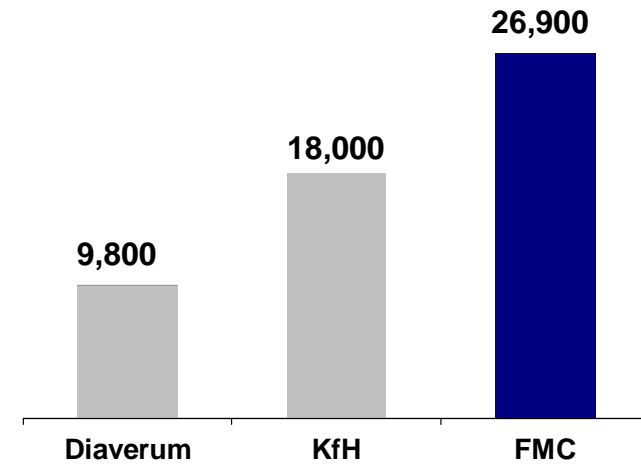
Source: Company data

# Leader in Services Worldwide

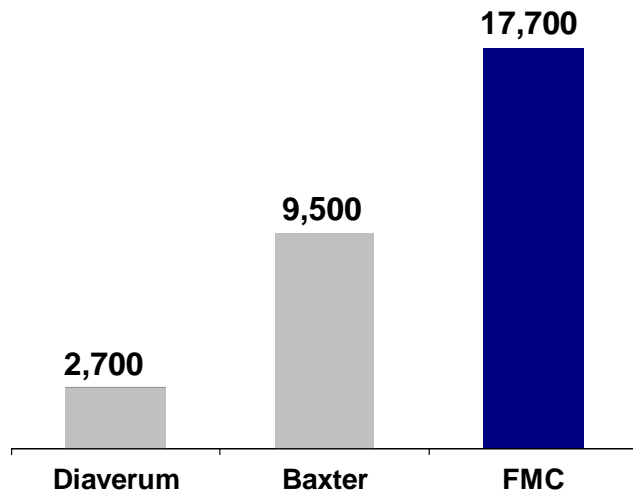
## North America



## EMEA



## Latin America

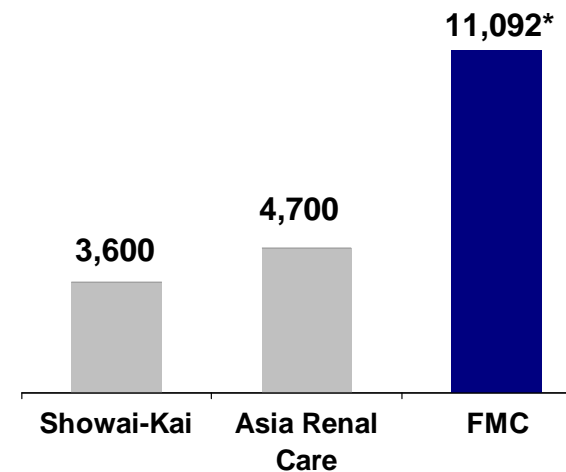


## Worldwide

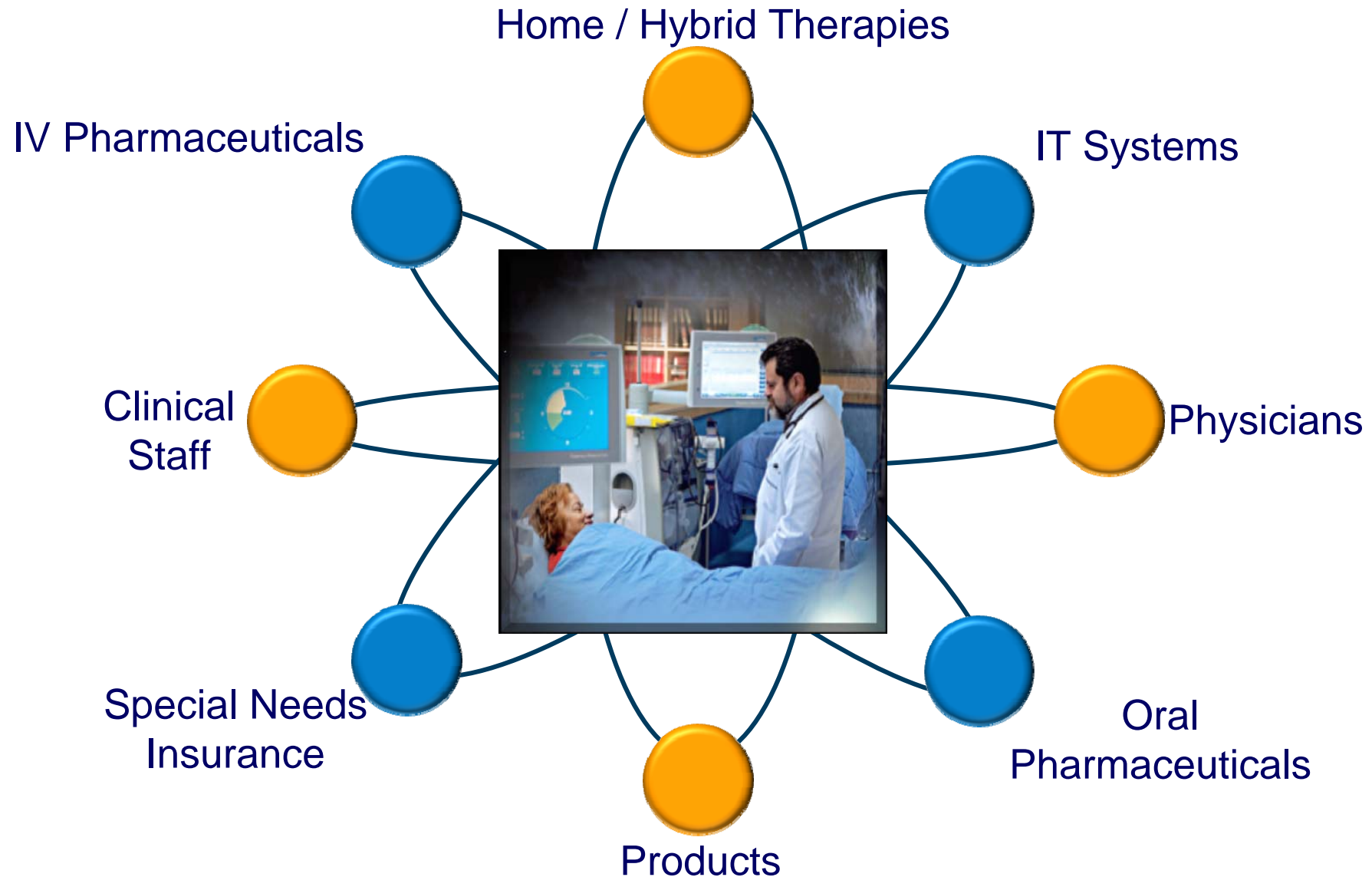
**FMC #1**  
**177,166\***  
**Patients**

\*including managed clinics

## Asia Pacific



# Integrated Patient Care Model – Clinic Centric

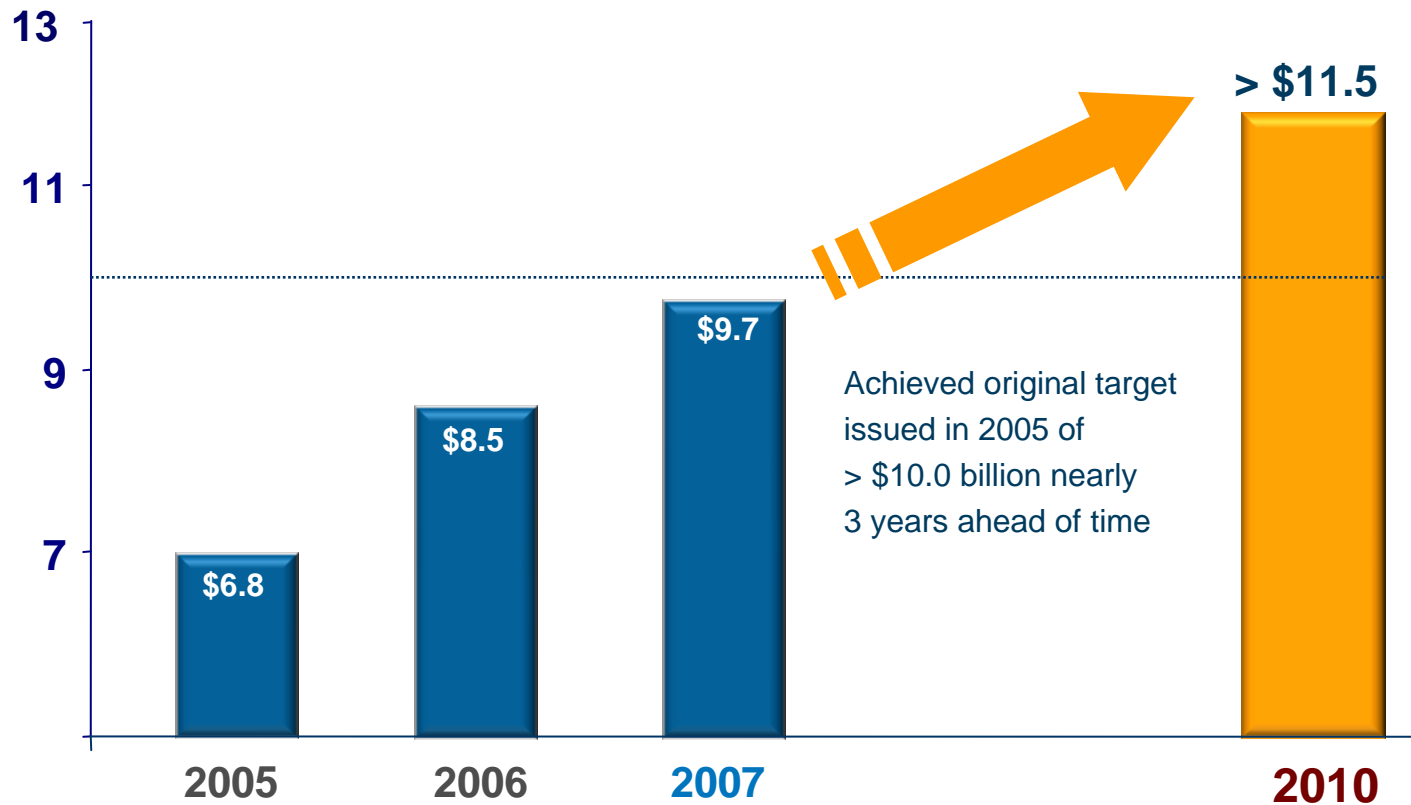


# 2010 Revenue Target



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Revenue  
\$ in billions



**Sustainable Growth of Earnings After Tax – Low to Mid-Teens per year**



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



# Q&A Session



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# Dialysis Services - Global

<b>FY 2007</b>	<b>Clinic</b>	<b>Patients</b>	<b>Treatments</b> (in million)
<b>Total</b>	<b>2,238</b>	<b>173,863</b>	<b>26.4</b>
Growth	+ 6%	+ 6%	+ 11%
<b>North America</b>	<b>1,602</b>	<b>121,431</b>	<b>18.5</b>
Growth	+ 3%	+ 3%	+ 9%
<b>International</b>	<b>636</b>	<b>52,432</b>	<b>8.0</b>
Growth	+ 16%	+ 15%	+ 16%
Europe	362	26,902	4.1
Latin America	169	17,741	2.7
Asia-Pacific	105	7,789	1.2

# Attachment I



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

All numbers are in \$ millions

<b>Debt</b>	FY 2007	FY 2006	FY 2005	FY 2004	FY 2003
Short term borrowings (incl. A/R program) <sup>1)</sup>	217	331	151	419	90
+ Short term borrowings from related parties	2	5	19	6	30
+ Current portion of long-term debt and capital lease obligations	85	160	126	230	90
+ Current portion of Trust Preferred Securities	670				
+ Long-term debt and capital lease obligations, less current portion	4,004	3,829	707	545	1,112
+ Trust Preferred Securities (net of current portion)	664	1,254	1,188	1,279	1,242
+ Accounts receivable securitization program	0	0	0	0	158
= Total debt	5,642	5,579	2,191	2,479	2,722
<b>EBITDA</b>	FY 2007	FY 2006 <sup>2)</sup> (pro forma)	FY 2005	FY 2004	FY 2003
Last twelve months operating income (EBIT)	1,580	1,367	939	852	757
+ Last twelve months depreciation and amortization	363	326	251	233	216
+ Non-cash charges	41	35	14	13	13
= EBITDA (annualized)	1,984	1,728	1,204	1,098	986

1) A/R securitization program off-balance sheet in 2003 and included in short term borrowings from 2004 onwards

2) Excluding restructuring costs and in-process R&D

# Attachment II



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## 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 2007</b>	<b>FY 2006</b>	<b>growth</b>	<b>cc</b>	<b>Q4 2007</b>	<b>Q4 2006</b>	<b>growth</b>	<b>cc</b>
<b>International</b> product revenue	2,099	1,749	+ 20%	+ 11%	608	501	+ 21%	+ 9%
- Internal revenue	(253)	(189)			(75)	(51)		
<b>= External revenue</b>	<b>1,846</b>	<b>1,560</b>	<b>+ 18 %</b>	<b>+ 10%</b>	<b>533</b>	<b>450</b>	<b>+ 18 %</b>	<b>+ 7%</b>
<b>North America</b> product revenue	1,179	1,024	+ 15%		310	284	+ 9%	
- Internal revenue	(518)	(463)			(130)	(131)		
<b>= External revenue</b>	<b>661</b>	<b>561</b>	<b>+ 18%</b>		<b>180</b>	<b>153</b>	<b>+ 17%</b>	
<b>TOTAL</b> product revenue	3,278	2,773	+ 18%	+ 12%	918	785	+ 17%	+ 9%
- Internal revenue	(771)	(651)			(205)	(182)		
<b>= External revenue</b>	<b>2,507</b>	<b>2,122</b>	<b>+ 18%</b>	<b>+ 12%</b>	<b>713</b>	<b>603</b>	<b>+ 18%</b>	<b>+ 10%</b>
<b>Capital expenditure (net)</b>	<b>FY 2007</b>	<b>FY 2006</b>	<b>Q4 2007</b>	<b>Q4 2006</b>				
<b>Purchase of property, plant and equipment</b>	<b>580</b>	<b>467</b>	<b>194</b>	<b>179</b>				
<b>- Proceeds from sale of property, plant and equipment</b>	<b>(31)</b>	<b>(17)</b>	<b>(10)</b>	<b>(2)</b>				
<b>= Capital expenditure (net)</b>	<b>549</b>	<b>450</b>	<b>184</b>	<b>177</b>				

cc = constant currency

# Attachment III



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## 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>	FY 2007	FY 2006	growth	Q4 2007	Q4 2006	growth
Operating income (EBIT)	1,580	1,318	20 %	428	354	21 %
<b>Gain from divestiture + restructuring + in-process R&amp;D</b>	-	<b>(3)</b>		-	<b>25</b>	
Operating income (EBIT) before one-time-items	1,580	1,315	20 %	428	379	13 %
<b>Net income</b>	<b>717</b>	<b>537</b>	<b>34 %</b>	<b>197</b>	<b>152</b>	<b>30 %</b>
<b>Loss from divestiture, restructuring + in-process R&amp;D</b>	-	<b>37</b>		-	<b>18</b>	
Net income before one-time-items	717	574	25 %	197	170	16 %

<b>Profit &amp; Loss Account</b>	Q4 2006	One-time items	Q4 2006 excluding one-time items
<b>Net revenue</b>	<b>2,352</b>		<b>2,352</b>
<b>Operating income (EBIT)</b>	<b>354</b>	<b>25 *</b>	<b>379</b>
EBIT- margin (%)	15.0		16.1
Interest expense, net	(96)		(96)
<b>Income before income taxes</b>	<b>258</b>	<b>25</b>	<b>283</b>
Income Tax expense	(99)	(7)	(106)
Tax rate (%)	38		38
Minority interest	(7)		(7)
<b>Net income</b>	<b>152</b>	<b>18</b>	<b>170</b>

\* Restructuring costs of US\$ 22 m and US\$ 3 m in process R&D

# Attachment IV



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## 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>	FY 2006	One-time items	FY 2006 excluding one-time items
<b>Net revenue</b>	<b>8,499</b>		<b>8,499</b>
<b>Operating income (EBIT)</b>	<b>1,318</b>	<b>(3)</b> *	<b>1,315</b>
EBIT- margin (%)	15.5%		15.5%
Interest expense, net	(351)	14 **	(337)
<b>Income before income taxes</b>	<b>967</b>	<b>11</b>	<b>978</b>
Income Tax expense	(413)	26	(387)
Tax rate (%)	43%		40%
Minority interest	(17)		(17)
<b>Net income</b>	<b>537</b>	<b>37</b>	<b>574</b>
<b>Operating income North America</b>			
		Q4 2006	FY 2006
Revenue		1,658	6,025
Operating income (EBIT)		260	965
<b>EBIT margin (in % of revenue)</b>		<b>15.7%</b>	<b>16.0%</b>
<b>One-time-items</b>		<b>24</b>	<b>(7)</b>
<b>EBIT margin (in % of revenue) before one-time items</b>		<b>17.1%</b>	<b>15.9%</b>

\* US\$ 40 m gain from divestiture, less US\$ 32 m restructuring costs, US\$ 3 m in process R&D and US\$ 2 m costs for transformation of the legal form of the Company

\*\* Write-off of deferred financing costs

# Attachment V



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

All numbers are in \$ millions

Cash Flow	Q4 2007	FY 2007
Acquisitions	(118)	(258)
Proceeds from divestitures	-	30
<b>Acquisitions, net of divestitures</b>	<b>(118)</b>	<b>(228)</b>

Cash Flow	Q4 2006	Tax payments for prior years	RCG acquisition	Q4 2006
<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>	-	(6)	<b>151</b>

Cash Flow	FY 2006	Tax payments for prior years	RCG acquisition	FY 2006
<b>Net cash provided by operating activities</b>	<b>908</b>	99	99	<b>1,106</b>
Capital Expenditures (net)	(450)			(450)
<b>Free Cash Flow</b>	<b>458</b>	99	99	<b>656</b>
Acquisitions and divestitures	(3,791)		3,632	(159)
<b>Free Cash Flow after acquisitions and divestitures</b>	<b>(3,333)</b>	99	3,731	<b>497</b>

# Contacts



Fresenius Medical Care

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# Q&A



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