

# UBS Investor Day 2014

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Stockholm  
May 7, 2014



**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. The Company has based these forward-looking statements on its views with respect to future events and financial performance. 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. Given these uncertainties, readers should not put undue reliance on any forward-looking statements. 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).

Forward-looking statements represent estimates and assumptions only as of the date that they were made. The information contained in this presentation is subject to change without notice and the company does not undertake any duty to update the forward-looking statements, and the estimates and assumptions associated with them, except to the extent required by applicable law and regulations.

If not mentioned differently the term net income refers to the net income attributable to the shareholders of Fresenius Medical Care AG Co. KGaA. Amounts are in US-\$ if not mentioned otherwise.

# 1

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## Business Update

Q1 2014

## Slow start into 2014 - in line with FY guidance

	Q1 2014 in \$ millions	Growth in %
Net Revenue	3,564	3
Earnings before interest and tax (EBIT)	445	(10)
Net income	205	(9)
Earnings per ordinary share (EPS)	0.68	(7)

- ▶ North America with overall good topline growth but earnings impacted by:
  - Last quarter of sequestration impact
  - Rebasing impact more than offset the market-basket-update needed, to cover the cost of care
- ▶ International growth impacted by:
  - Reorganization of distribution-network in China
  - Delay in product sales after a strong Q4
- ▶ The company is on track to achieve its full year guidance and cost savings target for 2014

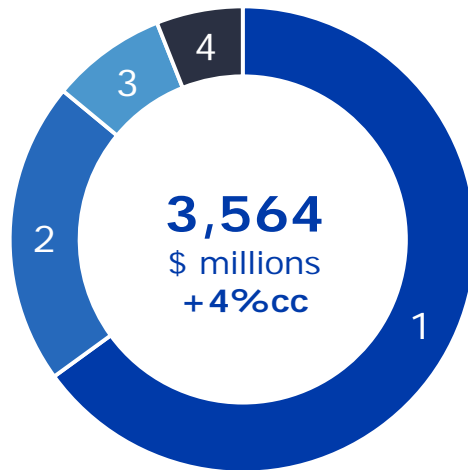
# Revenue breakdown for Q1 2014

## North America

Revenue	\$ 2,393 m	+ 5%
Organic growth		+ 4%

## International ~ 33% of total revenue

Revenue	\$ 1,161 m	+ 4%cc
Organic growth		+ 3%
Europe	\$ 732 m	+ 2%cc
Asia-Pacific	\$ 243 m	+ 1%cc
Latin America	\$ 186 m	+ 13%cc



1	North America	67%
2	Europe/Middle East/Africa	21%
3	Asia-Pacific	7%
4	Latin America	5%

cc = constant currency


# Revenue growth in Dialysis Services

	Q1 2013 in \$ millions	Q1 2014 in \$ millions	Growth in %	Growth in %cc	Organic growth in %	Same market growth in %
North America	2,104	<b>2,201</b>	5	5	3	3
International	574	<b>581</b>	1	8	7	4
<b>Total Dialysis Services</b>	<b>2,678</b>	<b>2,782</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>4</b>

- ▶ Good growth in North America
  
- ▶ International service business influenced by currency but strong underlying organic growth

cc = constant currency

# Revenue growth in Dialysis Products (external)

		Q1 2013 in \$ millions	Q1 2014 in \$ millions	Growth in %	Growth in %cc
North America		183	192	5	5
International		595	580	(2)	(1)
<b>Total Dialysis Product</b>		<b>786</b>	<b>782</b>	<b>(1)</b>	<b>0</b>

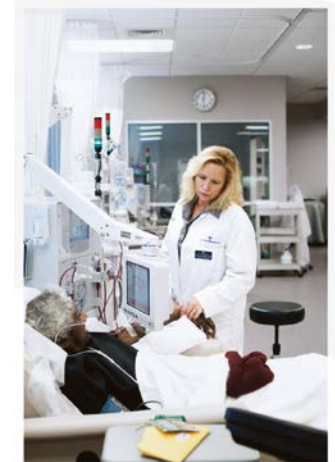
- ▶ Good product growth in North America following a strong Q4
- ▶ International product business mainly influenced by reorganization of distribution-network in China and delays in product sales

cc = constant currency

# Our global service franchise in Q1 2014

	<b>Clinics</b> as of Mar. 31, 2014	De novo Q1 2014	Acquired Q1 2014
<b>Total</b>	<b>3,263</b>	<b>20</b>	<b>3</b>
Growth vs. Mar. 31, 2013	+ 3%		
<b>North America</b>	<b>2,142</b>	<b>12</b>	<b>0</b>
Growth vs. Mar. 31, 2013	+2%		
<b>International</b>	<b>1,121</b>	<b>8</b>	<b>3</b>
Growth vs. Mar. 31, 2013	+ 3%		

- ▶ Delivered more than 10 million treatments globally +4%
  - North America ~6.38 m | International ~3.73 m
  
- ▶ Providing care to more than 270,500 patients globally +3%
  - North America ~171,100 | International ~99,400





# Quality outcomes

% of patients	U.S.		EMEA		Asia-Pacific	
	Q4 2013	<b>Q1 2014</b>	Q4 2013	<b>Q1 2014</b>	Q4 2013	<b>Q1 2014</b>
Kt/V $\geq$ 1.2	97	<b>97</b>	96	<b>96</b>	96	<b>97</b>
No catheter (>90 days)	83	<b>83</b>	83	<b>83</b>	92	<b>92</b>
Hemoglobin = 10 – 12 g/dl	75	<b>73</b>	60	<b>60</b>	59	<b>58</b>
Hemoglobin = 10 – 13 g/dl (International)	81	<b>78</b>	78	<b>77</b>	68	<b>66</b>
Albumin $\geq$ 3.5 g/dl	86	<b>85</b>	88	<b>89</b>	91	<b>91</b>
Phosphate $\leq$ 5.5 mg/dl	66	<b>65</b>	77	<b>78</b>	70	<b>68</b>
Calcium 8.4 – 10.2 mg/dl	84	<b>83</b>	80	<b>79</b>	75	<b>75</b>
Hospitalization days, per patient	9.4	<b>9.4</b>	9.4	<b>9.5</b>	4.2	<b>4.1</b>

# Summary

- ▶ First quarter is a reflection of the Full Year guidance
- ▶ In April at the CMD we gave a clear strategy for future growth
- ▶ The global efficiency program will enhance performance over time

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## Financials & Outlook

Q1 2014

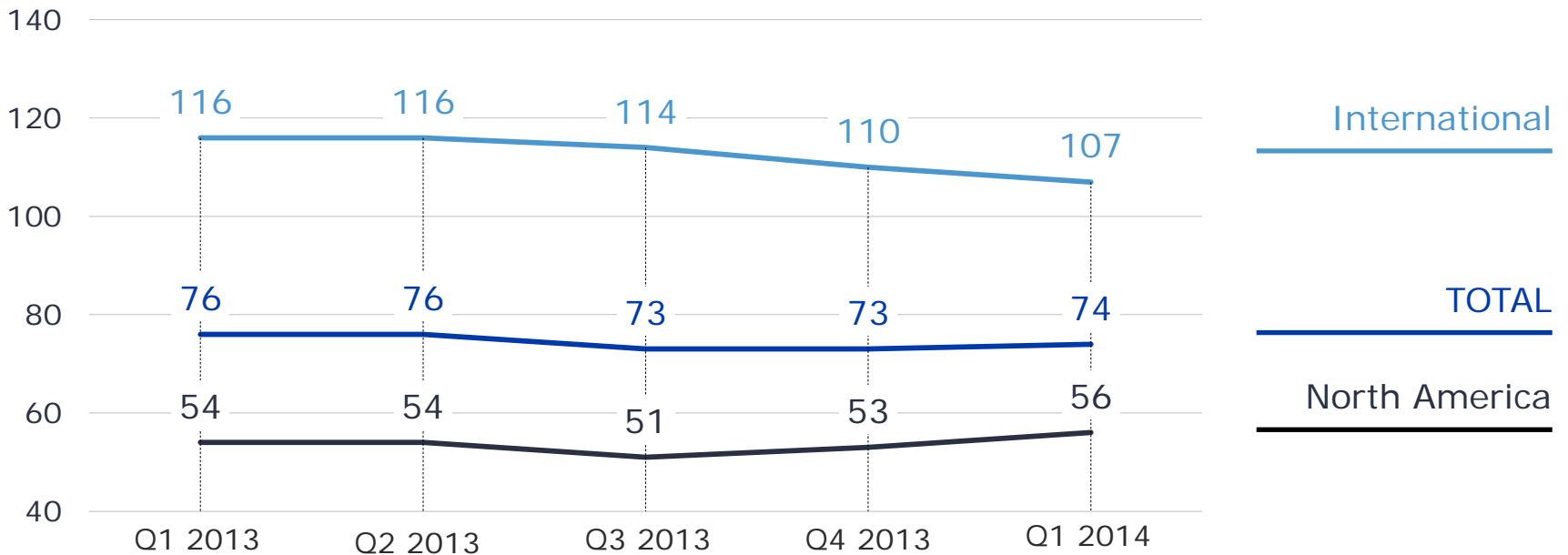
## Q1 Profit & Loss

	Q1 2013 in \$ millions	Q1 2014 in \$ millions	Growth in %
Net revenue	3,464	<b>3,564</b>	3
Operating income (EBIT)	493	<b>445</b>	(10)
EBIT-margin in %	14.2	<b>12.5</b>	
Net interest expense	104	<b>96</b>	
Income before taxes	389	<b>349</b>	(10)
Income tax expense	260	<b>247</b>	
Tax rate in %	33.2	<b>29.1</b>	
Non-controlling interest	35	<b>42</b>	
Net income	225	<b>205</b>	(9)

- ▶ Negative impact by sequestration and new rebasing rule of approx. \$23 m on operating income
- ▶ Unfavourable currency effects, higher personnel expenses and continued enhancements of quality and compliance systems

# Day Sales Outstanding (DSO)

In days



- ▶ Very positive trend in International and benchmark level in North America
- ▶ North America up 2 days y-o-y and International down 9 days y-o-y

# Cash Flow

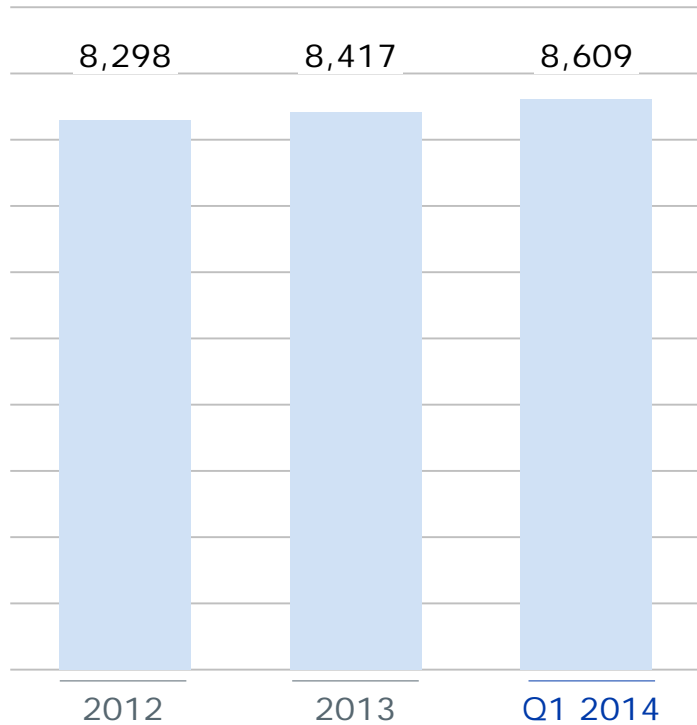
	Q1 2013 in \$ millions	Q1 2014 in \$ millions
<b>Operating cash flow</b>	<b>315</b>	<b>112</b>
Capital expenditures, net	(146)	(197)
<b>Free cash flow</b>	<b>169</b>	<b>(85)</b>
Acquisitions and investments, net of divestitures	(71)	(135)
<b>Free cash flow</b> , after acquisitions and investments	<b>98</b>	<b>(220)</b>

- ▶ Operating Cash Flow was influenced by
  - the W.R. Grace bankruptcy settlement payment of \$115 m
  - increased inventory and lower cash collections

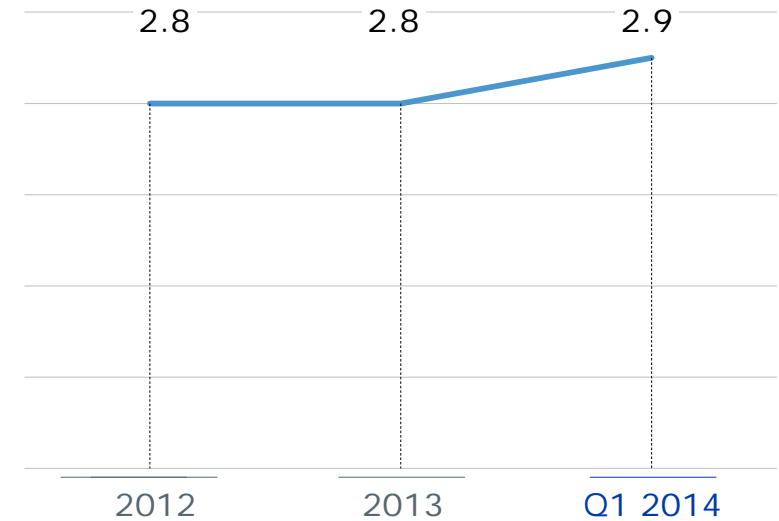
A reconciliation to the most directly comparable U.S. GAAP financial measures is provided in the attachments

# Total Debt/EBITDA-ratio

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

# 2014 Outlook – Confirmed

In \$ millions	2013	2014 E
	Reported	
Revenue	14,610	~ 15,200
EBIT	2,256	~ 2.2bn
Net income	1,110	1.0–1.05bn

- ▶ Q1 performance in line with FY guidance
- ▶ Outlook excludes potential net cost savings from the global efficiency program
- ▶ Program on track to achieve up to \$60 million before tax for 2014



# 3

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## Questions & Answers

CREATING A FUTURE WORTH LIVING.  
FOR DIALYSIS PATIENTS.  
WORLDWIDE.  
EVERY DAY.

Thank you very much for your attention!

### Patients, treatments, clinics – Q1 2014

	Clinics	Patients	Treatments in million
North America	2,142	171,123	6.38
Growth in %	2	2	4
International	1,121	99,447	3.73
Growth in %	3	5	6
Europe	637	52,264	1.96
Latin America	231	29,051	1.11
Asia-Pacific	253	18,132	0.66
<b>Total</b>	<b>3,263</b>	<b>270,570</b>	<b>10.11</b>
Growth in %	<b>3</b>	<b>3</b>	<b>4</b>

### Exchange rates

	Q1 2013	FY 2013	Q1 2014
<b>\$:€</b>			
Period end	1.281	1.379	1.379
Average	1.321	1.328	1.370
<b>\$:ARS</b>			
Period end	5.131	6.514	7.981
Average	5.012	5.478	7.603

### Dialysis days per quarter

	2013	2014	2015
Q1	76	76	77
Q2	78	78	78
Q3	79	79	79
Q4	80	79	79
<b>Full Year</b>	<b>313</b>	<b>312</b>	<b>313</b>

# Attachment 1

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

In \$ millions

<b>Debt</b>	Q1 2014	FY 2013	FY 2012
Short term borrowings	157	97	118
+ Short term borrowing from related parties	135	62	4
+ Current portion of long-term debt and capital lease obligations	301	511	335
+ Long-term debt and capital lease obligations less current portion	8,016	7,747	7,841
<b>TOTAL debt</b>	<b>8,609</b>	<b>8,417</b>	<b>8,298</b>

<b>EBITDA</b>	Q1 2014	FY 2013	FY 2012 <sup>1)</sup>
Last twelve month operating income (EBIT)	2,208	2,256	2,255
+ Last twelve month depreciation and amortization	659	648	612
+ Non-cash charges	67	68	64
<b>EBITDA (annualized)</b>	<b>2,934</b>	<b>2,972</b>	<b>2,931</b>
<b>Total Debt / EBITDA</b>	<b>2.9</b>	<b>2.8</b>	<b>2.8</b>

<sup>1)</sup> EBITDA 2012: pro forma numbers incl. Liberty Dialysis Holdings Inc., after FTC mandated divestitures

## Attachment 2

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

In \$ millions

<b>Cash Flow</b>	Q1 2013	Q1 2014
Acquisitions, investments and net purchases of intangible assets	(72)	(137)
+ Proceeds from divestitures	1	2
= Acquisitions and investments, net of divestitures	(71)	(135)

<b>Capital Expenditure, net</b>	Q1 2013	Q1 2014
Purchase of property, plant and equipment	(147)	(200)
- Proceeds from sale of property, plant & equipment	(1)	3
= Capital expenditure, net	(146)	(197)

<b>Total Product Revenue</b>	Q1 2013	Q1 2014	Growth in %	Growth in %cc
International product revenue	701	694	(1)	1
- Internal revenue	(106)	(114)	6	14
= International external revenue	595	580	(2)	(1)
North America product revenue	370	387	5	5
- Internal revenue	(187)	(195)	5	5
= North America external revenue	183	192	5	5
<b>Total product revenue</b>	<b>1,079</b>	<b>1,091</b>	<b>1</b>	<b>2</b>
- Internal revenue	(293)	(309)	5	8
<b>Total external revenue</b>	<b>786</b>	<b>782</b>	<b>(1)</b>	<b>-</b>

**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.

# Contacts

## Fresenius Medical Care

### Investor Relations

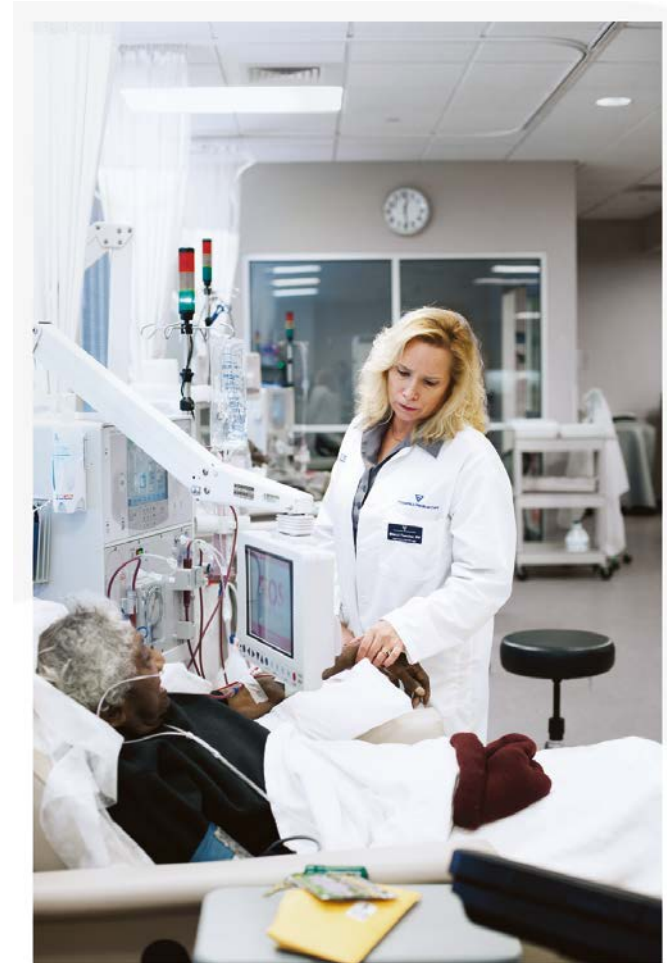
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# Financial Calendar \*

May 06, 2014	Report on 1 <sup>st</sup> quarter 2014
July 31, 2014	Report on 1 <sup>st</sup> – 2 <sup>nd</sup> quarter 2014
Nov 05, 2014	Report on 1 <sup>st</sup> – 3 <sup>rd</sup> quarter 2014

NEW

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



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May 7, 2014



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