

# Baader Investment Conference

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Munich  
September 24, 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 independent of being the reported or the adjusted number. Amounts are in US-\$ if not mentioned otherwise.**

# 1

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## Business Update

Q2 and Half Year 2014

## Strong operational performance in Q2

	Q2 2014 in \$ millions	Growth in %
Net Revenue	3,835	6
Earnings before interest and tax (EBIT)	556	2
Net income, reported	234	(11)
Earnings per share (EPS), reported	0.77	(10)
Net income, adjusted*	252	(4)
Earnings per share (EPS), adjusted*	0.83	(3)

- ▶ Accelerated growth sequentially supported by all major regions
- ▶ Important steps towards expanding „care coordination“ business
- ▶ Confirmed guidance for 2014

\* Adjusted for a special tax impact of U\$18 million.

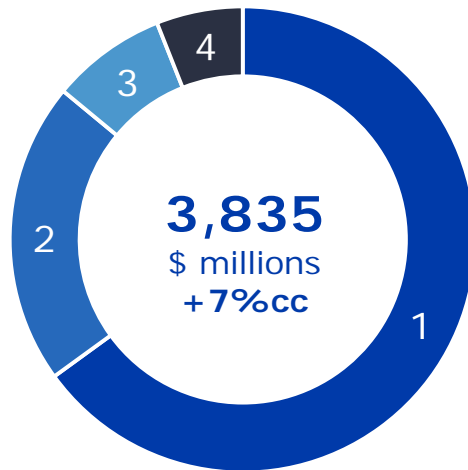
# Revenue breakdown Q2 2014

## North America

Revenue	\$ 2,521 m	+ 6%
Organic growth		+ 4%

## International ~ 34% of total revenue

Revenue	\$ 1,297 m	+ 7%cc
Organic growth		+ 5%
Europe	\$ 790 m	+ 2%cc
Asia-Pacific	\$ 309 m	+ 20%cc
Latin America	\$ 198 m	+ 10%cc



1	North America	66%
2	Europe/Middle East/Africa	21%
3	Asia-Pacific	8%
4	Latin America	5%

cc = constant currency

## Revenue growth in Dialysis Services

	Q2 2013 in \$ millions	<b>Q2 2014</b> in \$ millions	Growth in %	Growth in %cc	Organic growth in %	Same market growth in %
North America	2,157	<b>2,316</b>	7	7	5	3
International	586	<b>633</b>	8	12	8	4
<b>Total Dialysis Services</b>	<b>2,743</b>	<b>2,949</b>	<b>7</b>	<b>8</b>	<b>6</b>	<b>4</b>


	H1 2013 in \$ millions	<b>H1 2014</b> in \$ millions	Growth in %	Growth in %cc	Organic growth in %	Same market growth in %
North America	4,261	<b>4,517</b>	6	6	4	3
International	1,161	<b>1,214</b>	5	10	7	4
<b>Total Dialysis Services</b>	<b>5,422</b>	<b>5,731</b>	<b>6</b>	<b>7</b>	<b>5</b>	<b>4</b>


cc = constant currency

# Quality outcomes

% of patients	U.S.		EMEA		Asia-Pacific	
	Q1 2014	<b>Q2 2014</b>	Q1 2014	<b>Q2 2014</b>	Q1 2014	<b>Q2 2014</b>
Kt/V $\geq$ 1.2	97	<b>97</b>	96	<b>96</b>	97	<b>97</b>
No catheter (>90 days)	83	<b>83</b>	83	<b>83</b>	92	<b>92</b>
Hemoglobin = 10 – 12 g/dl	73	<b>74</b>	60	<b>63</b>	58	<b>59</b>
Hemoglobin = 10 – 13 g/dl (International)	78	<b>79</b>	77	<b>77</b>	66	<b>67</b>
Albumin $\geq$ 3.5 g/dl	85	<b>82</b>	89	<b>89</b>	91	<b>91</b>
Phosphate $\leq$ 5.5 mg/dl	65	<b>63</b>	78	<b>77</b>	68	<b>71</b>
Calcium 8.4 – 10.2 mg/dl	83	<b>84</b>	79	<b>78</b>	75	<b>74</b>
Hospitalization days, per patient	9.4	<b>9.4</b>	9.5	<b>9.4</b>	4.1	<b>4.2</b>

## Revenue growth in Dialysis Products (external)

		Q2 2013 in \$ millions	Q2 2014 in \$ millions	Growth in %	Growth in %cc
<b>Product Revenue</b>		<b>870</b>	<b>886</b>	<b>2</b>	<b>1</b>
of which North America		218	205	(6)	(6)
of which International		642	664	3	3

		H1 2013 in \$ millions	H1 2014 in \$ millions	Growth in %	Growth in %cc
<b>Product Revenue</b>		<b>1,654</b>	<b>1,667</b>	<b>1</b>	<b>1</b>
of which North America		401	397	(1)	(1)
of which International		1,236	1,244	1	1

cc = constant currency



# Summary

- ▶ Second quarter is much improved from first quarter
- ▶ In April at the CMD we gave a clear strategy for future growth
- ▶ The global efficiency program will enhance performance over time

# 2

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## Financials & Outlook

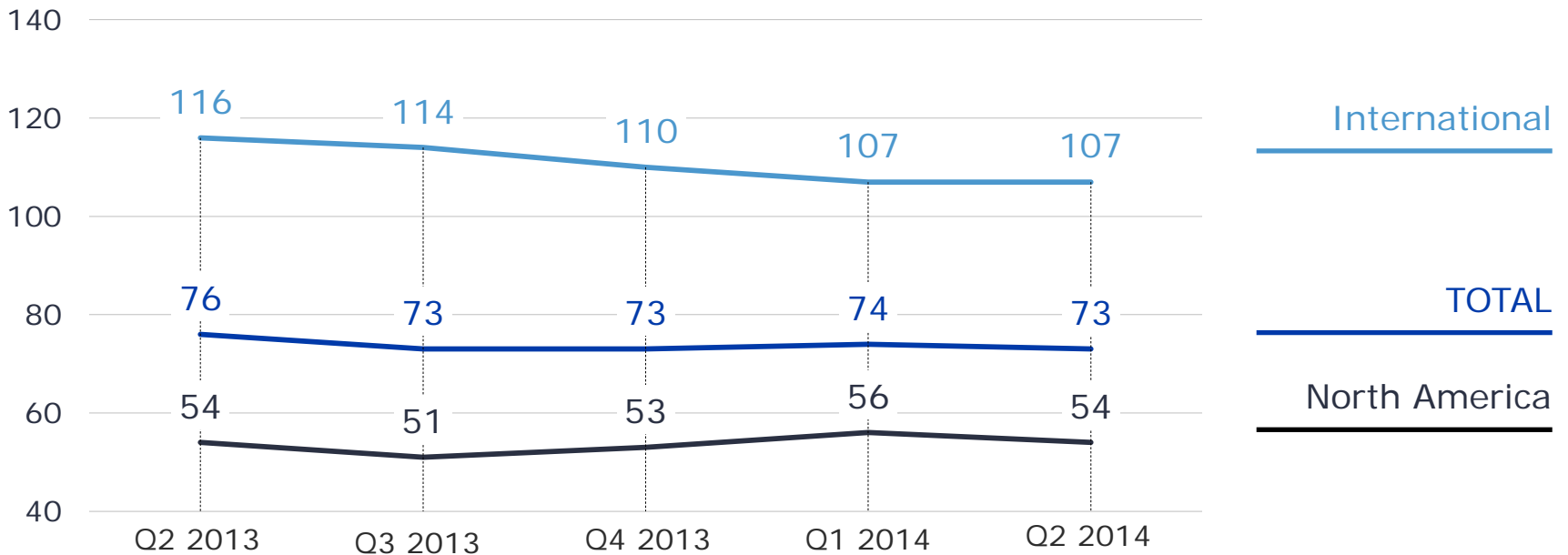
Q2 and Half Year 2014

## Q2 Profit & Loss

	Q2 2013 in \$ millions	Q2 2014 in \$ millions	Growth in %
Net revenue	3,613	<b>3,835</b>	6
Operating income (EBIT)	544	<b>556</b>	2
EBIT-margin in %	15.1	<b>14.5</b>	
Net interest expense	103	<b>98</b>	
Income before taxes	441	<b>458</b>	4
Income tax expense	144	<b>177</b>	
Tax rate in %	32.6	<b>38.7</b>	Adjusted tax rate 34.8%
Non-controlling interest	34	<b>47</b>	
Net income	263	<b>234</b>	(11) Adjusted net income \$252 m (4)

# Day Sales Outstanding (DSO)

In days



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

# Cash Flow

	Q2 2013 in \$ millions	<b>Q2 2014</b> in \$ millions	Growth in %
<b>Operating cash flow</b>	<b>525</b>	<b>449</b>	<b>(14)</b>
Capital expenditures, net	(173)	(218)	
<b>Free cash flow</b>	<b>352</b>	<b>231</b>	
Free cash flow, after acquisitions and investments	339	(66)	

	H1 2013 in \$ millions	<b>H1 2014</b> in \$ millions	Growth in %
<b>Operating cash flow</b>	<b>841</b>	<b>562</b>	<b>(33)</b>
Capital expenditures, net	(319)	(415)	
<b>Free cash flow</b>	<b>522</b>	<b>147</b>	
Free cash flow, after acquisitions and investments	438	(285)	

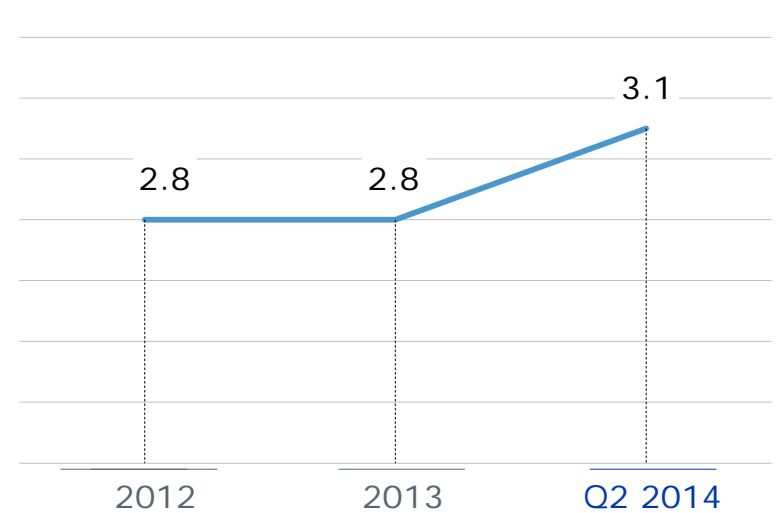
A reconciliation to the most directly comparable U.S. GAAP financial measures is provided in the attachments

# 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	positive

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

# 2014 Guidance confirmed

In \$ millions	2014 E
	confirmed
Revenue	~ 15,200
EBIT	~ 2.2bn
Net income	1 –1.05bn

- ▶ Outlook excludes potential net cost savings of up to \$60 m before taxes for 2014
- ▶ Investments in quality/compliance systems and legal cost to continue to comply with standards
- ▶ Outlook excludes revenue contribution from acquisitions of ~\$500 m

# 3

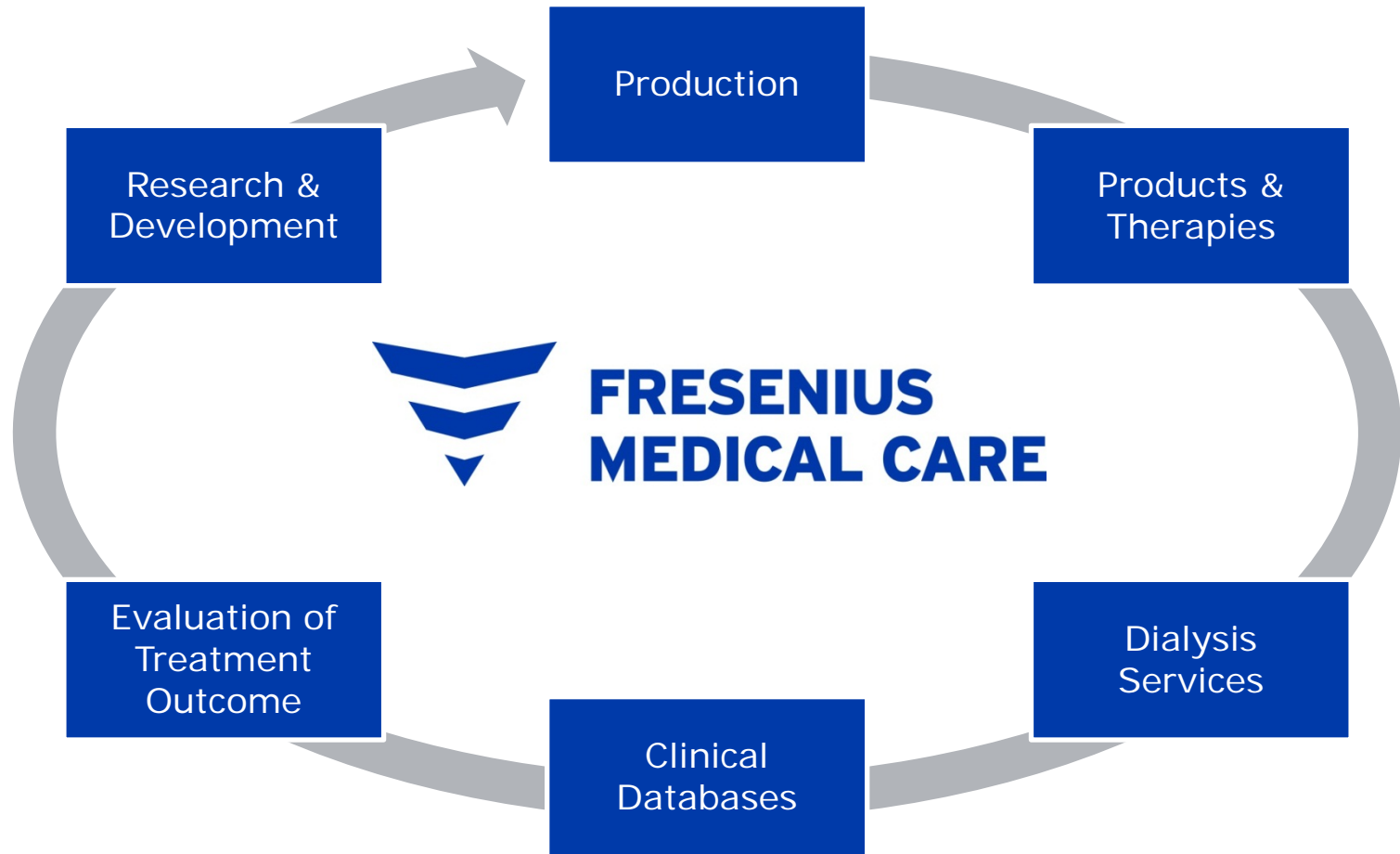
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## Strategy & Vision

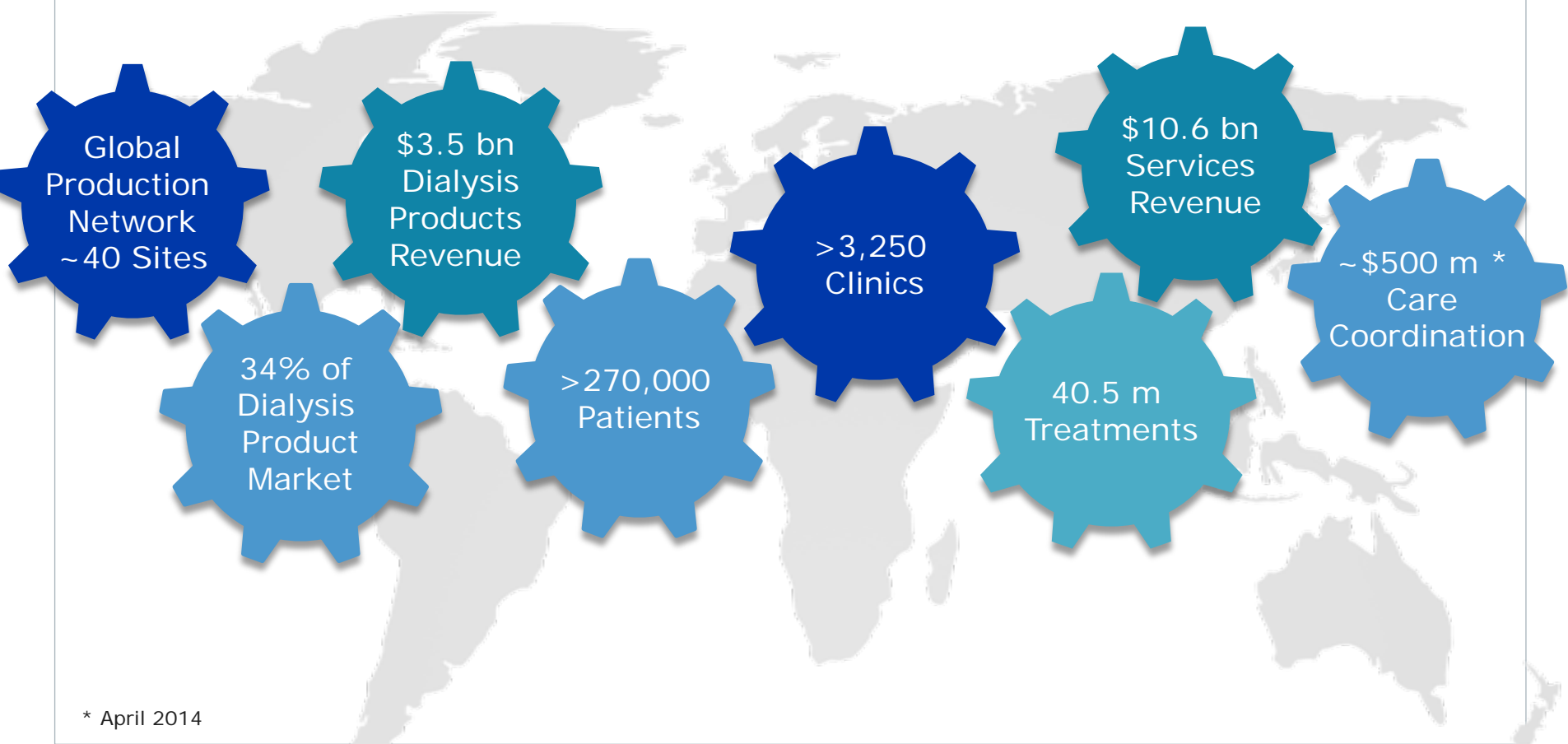


# A vertically integrated company

Global market leader for dialysis products and treatments

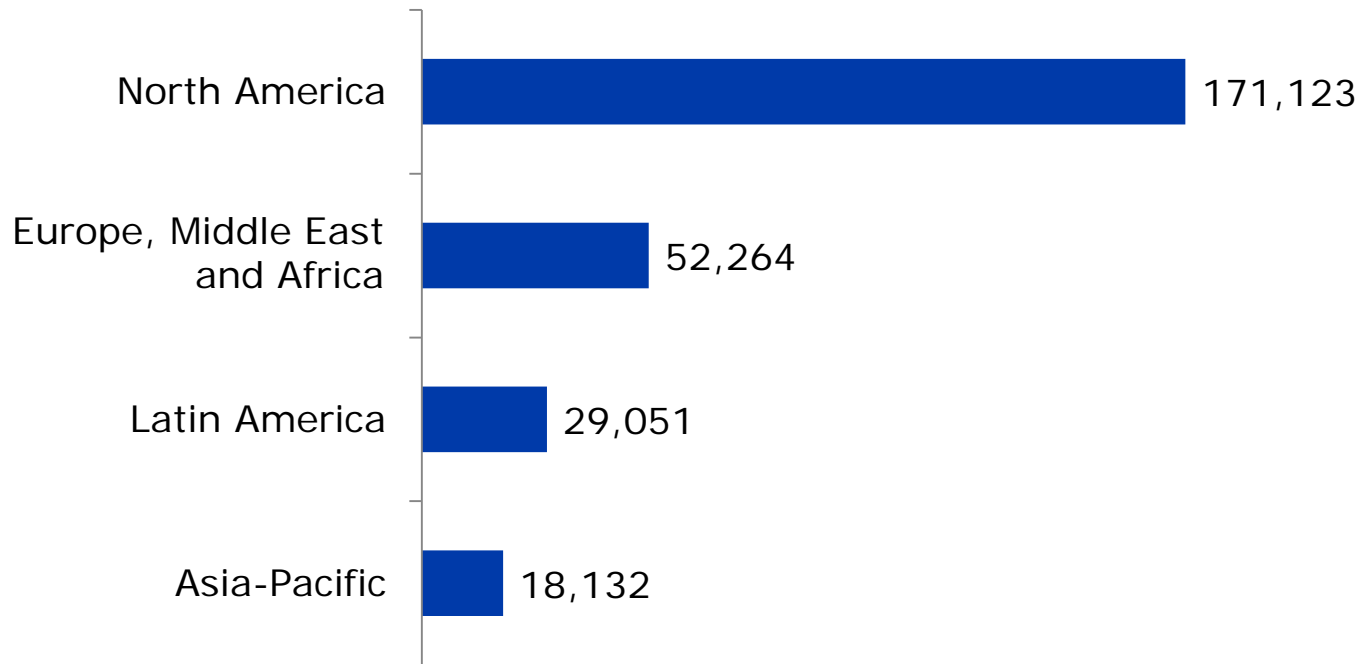


# Fresenius Medical Care today



# Continued global leader in dialysis services

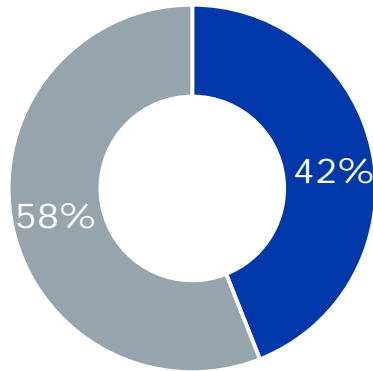
We lead in every major market, treating more than 270,000 patients worldwide.



# Market position by major product groups 2013

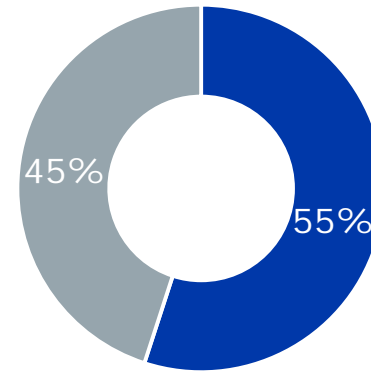
	Position 1
Dialyzers	FME
Dialysis machines	FME
Hemodialysis concentrates	FME
Bloodlines	FME
Peritoneal dialysis products	Baxter

## Dialyzers



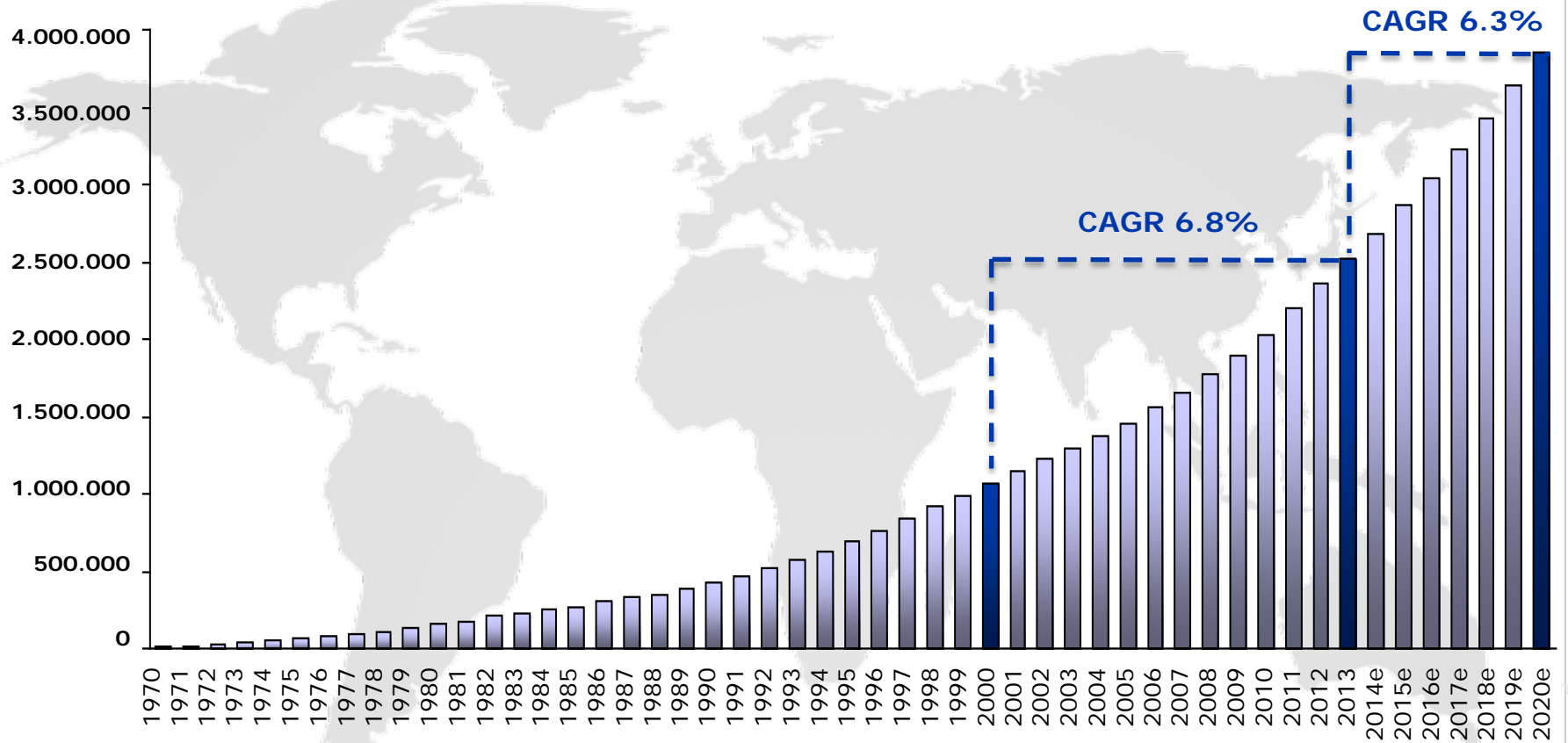
■ FME  
■ Competitors

## Dialysis machines



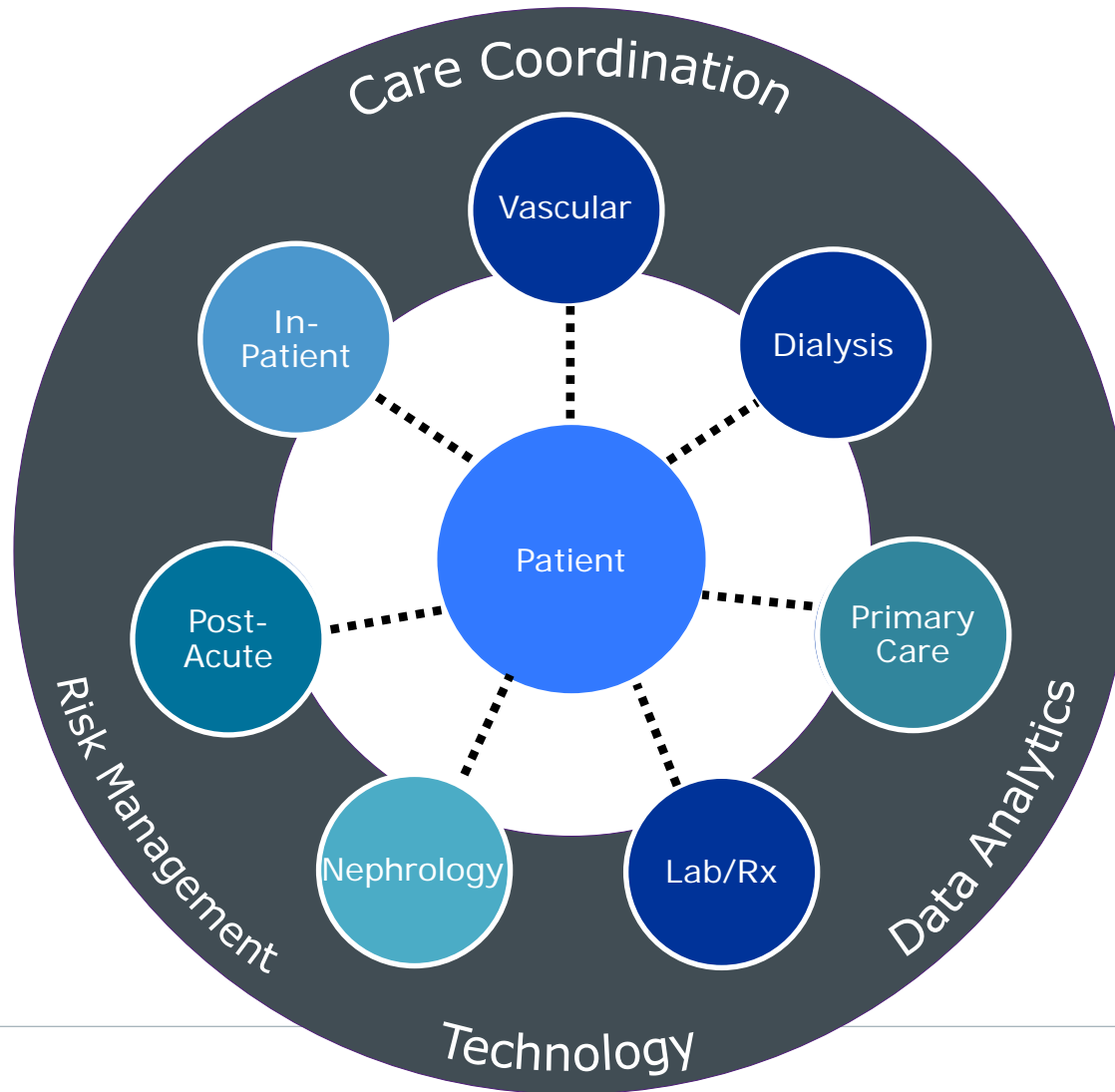
Sold around 106,000,000 dialyzers in 2013

# Development of dialysis patient numbers

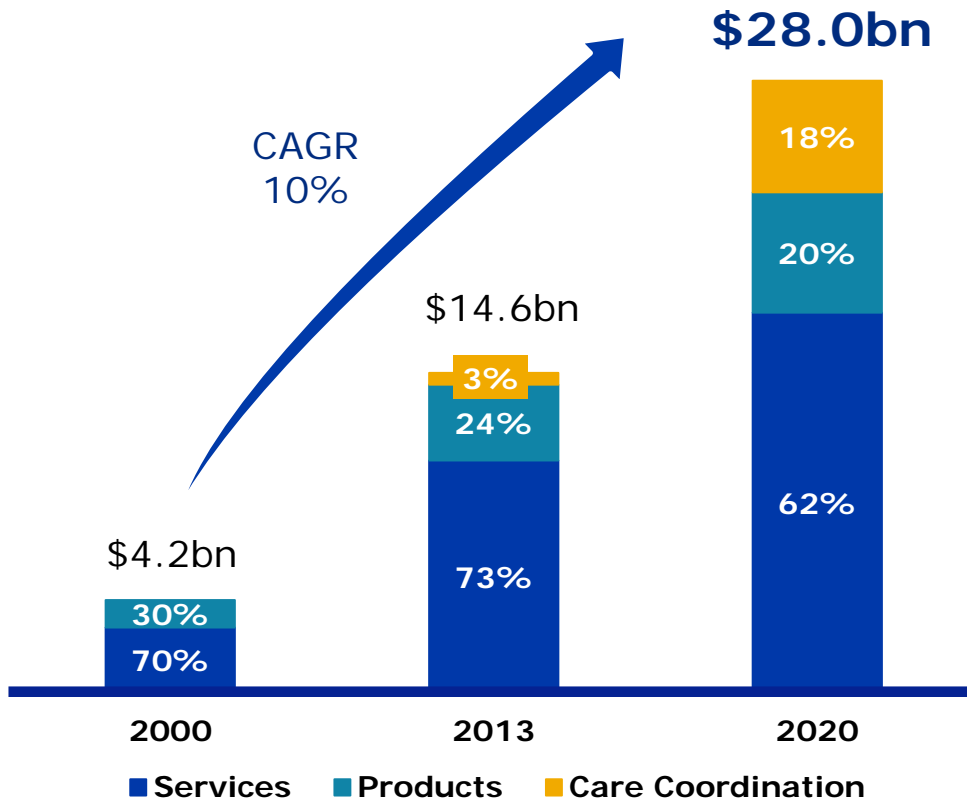


Source: 2013 Company data and estimates

# Our Vision of Care Coordination: The Renal Care Network



# New targets for 2020



**2015 – 2020**  
Growth rates p.a.

Revenue ~ 10%

Net Income High Single Digit

CAGR = Cumulative annual growth rate

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

Thank you very much for your attention!



# H1 Profit & Loss

	H1 2013 in \$ millions	<b>H1 2014</b> in \$ millions	Growth in %
Net revenue	7,076	<b>7,398</b>	5
Operating income (EBIT)	1,038	<b>1,001</b>	(4)
EBIT-margin in %	14.7	<b>13.5</b>	
Net interest expense	207	<b>195</b>	
Income before taxes	831	<b>806</b>	(3)
Income tax expense	273	<b>278</b>	
Tax rate in %	32.8	<b>34.5</b>	Adjusted tax rate 32.3%
Non-controlling interest	70	<b>89</b>	
Net income	488	<b>439</b>	(10) Adjusted net income \$457 m (6)

## Exchange rates

\$:€	Q2 2013	H1 2013	Q2 2014	H1 2014
Period end	1.308	1.308	1.366	1.366
Average	1.306	1.313	1.371	1.370

\$:ARS	Q2 2013	H1 2013	Q2 2014	H1 2014
Period end	5.379	5.379	8.133	8.133
Average	5.235	5.124	8.054	7.827

## Dialysis days per quarter

	Q1	Q2	Q3	Q4	Full Year
2012	78	78	78	80	<b>314</b>
2013	76	78	79	80	<b>313</b>
2014	76	78	79	79	<b>312</b>
2015	77	78	79	79	<b>313</b>

### Patients, treatments, clinics – H1 2014

	Clinics	Patients	Treatments in million
North America	2,159	173,557	12.99
Growth in %	3	3	4
International	1,176	107,385	7.64
Growth in %	6	12	6
Europe	634	52,905	3.97
Latin America	231	29,507	2.26
Asia-Pacific	311	24,973	1.41
<b>Total</b>	<b>3,335</b>	<b>280,942</b>	<b>20.63</b>
Growth in %	4	6	4

### Net income - Reconciliation

	Q2 2013	Q2 2014	H1 2013	H1 2014
attributable to shareholders of FME AG&Co. KGaA				
<b>Net income, reported</b>				
attributable to shareholders of FME AG&Co. KGaA	263	234	488	439
- excluding special tax impact	-	18	-	18
<b>Net income, adjusted</b>				
attributable to shareholders of FME AG&Co. KGaA	263	252	488	457

<b>Total Product Revenue</b>	Q2 2013	Q2 2014	Growth in %	Growth in %cc
International product revenue	763	792	4	4
- Internal revenue	(123)	(128)	5	9
= International external revenue	642	664	3	3
North America product revenue	422	419	(1)	(1)
- Internal revenue	(204)	(214)	5	5
= North America external revenue	218	205	(6)	(6)
<b>Total product revenue</b>	1,196	1,229	3	3
- Internal revenue	(327)	(343)	5	7
<b>Total external revenue</b>	<b>870</b>	<b>886</b>	<b>2</b>	<b>1</b>

<b>Total Product Revenue</b>	H1 2013	H1 2014	Growth in %	Growth in %cc
International product revenue	1,466	1,486	1	2
- Internal revenue	(230)	(242)	5	11
= International external revenue	1,236	1,244	1	1
North America product revenue	792	806	2	2
- Internal revenue	(390)	(409)	5	5
= North America external revenue	401	397	(1)	(11)
<b>Total product revenue</b>	2,275	2,319	2	3
- Internal revenue	(621)	(652)	5	7
<b>Total external revenue</b>	<b>1,654</b>	<b>1,667</b>	<b>1</b>	<b>1</b>

# Attachment 1

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

In \$ millions

<b>Debt</b>	H1 2014	FY 2013	FY 2012
Short term borrowings (incl. A/R program)	198	97	118
+ Short term borrowing from related parties	162	62	4
+ Current portion of long-term debt and capital lease obligations	335	511	335
+ Long-term debt and capital lease obligations less current portion	8,444	7,747	7,841
<b>TOTAL debt</b>	<b>9,139</b>	<b>8,417</b>	<b>8,298</b>

<b>EBITDA</b>	H1 2014	H1 2013	FY 2012
Last twelve month operating income (EBIT)	2,220	2,164	2,255
+ Last twelve month depreciation and amortization	669	624	612
+ Non-cash charges	51	79	64
<b>EBITDA (annualized)</b>	<b>2,940</b>	<b>2,867</b>	<b>2,931</b>
<b>Total Debt / EBITDA</b>	<b>3.1</b>	<b>2.8</b>	<b>2.8</b>

## Attachment 2

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

In \$ millions

<b>Cash Flow</b>	Q2 2013	<b>Q2 2014</b>	H1 2013	<b>H1 2014</b>
Acquisitions, investments and net purchases of intangible assets	(30)	(298)	(102)	(435)
+ Proceeds from divestitures	17	1	18	3
= Acquisitions and investments, net of divestitures	(13)	(297)	(84)	(432)
<b>Capital Expenditure, net</b>	Q2 2013	<b>Q2 2014</b>	H1 2013	<b>H1 2014</b>
Purchase of property, plant and equipment	(186)	(220)	(334)	(419)
- Proceeds from sale of property, plant & equipment	13	2	15	4
= Capital expenditure, net	(173)	(218)	(319)	(415)

**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

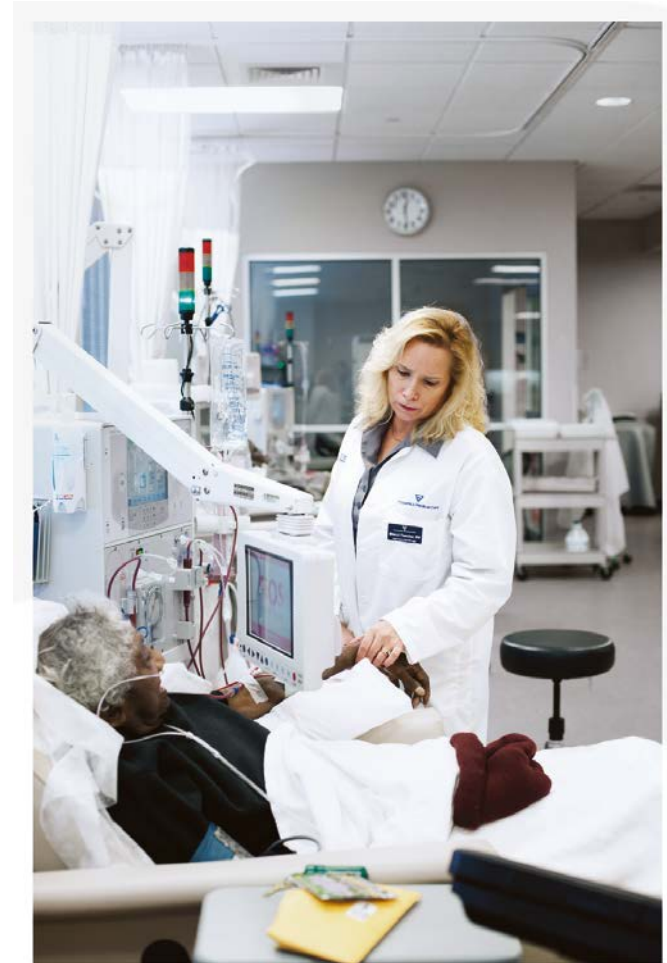
Else-Kröner-Str. 1  
61352 Bad Homburg v.d.H.

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 \*

Nov 04, 2014

Report on 1<sup>st</sup> – 3<sup>rd</sup> quarter 2014

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

# Baader Investment Conference

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Munich  
September 24, 2014



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MEDICAL CARE**