

Q1 2018

Conference call | May 3, 2018

Rice Powell - CEO
Mike Brosnan - CFO

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If not mentioned differently the term net income after minorities refers to the net income attributable to the shareholders of Fresenius Medical Care AG Co. KGaA. The term EMEA refers to the region Europe, Middle East and Africa. Amounts are in Euro if not mentioned otherwise.

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**FRESENIUS
MEDICAL CARE**

Q1 2018: On track for another record year



+4% Clinics: 3,790



+4% Patients: 322,253



+3% Treatments: 12,154,164



Highest Five-Star Quality Ratings in the industry



Net income growth on track

Q1 2018: Quality outcomes remain on high level¹

	North America		EMEA		Latin America		Asia-Pacific	
% of patients	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017
Kt/V > 1.2	98	98	95	95	92	93	96	96
Hemoglobin = 10–12 g/dl	72	72	83	82	52	52	57	59
Calcium = 8.4–10.2 mg/dl	85	84	80	77	78	78	74	75
Albumin ≥ 3.5 g/dl	79	78	88	88	90	90	89	87
Phosphate ≤ 5.5 mg/dl	62	63	81	79	76	75	68	67
Patients without catheter (after 90 days)	82	83	80	81	80	81	87	89
in days								
Days in hospital per patient year	10.2	10.2	7.6	7.9	4.0	4.0	3.6	4.0

¹ Definitions cf. Annual Report 2017, Section “Non-Financial Group Report”

Q1 2018: Highlights

- ▶ Results impacted by strong currency headwind
- ▶ Strong start into the year with 6% growth in Health Care Products
- ▶ Anticipated revenue decline in Care Coordination
 - Pharmacy business
 - ▶ Calcimimetics drugs moved from Part D to Part B
 - ▶ Drugs going generic
 - Divestment of Shiel
- ▶ Lower than assumed revenue increase in the Dialysis Services business from calcimimetics
- ▶ Positive VA Agreement effect in previous year leads to elevated comparable base
- ▶ Divestment of Sound Physicians to focus U.S. Care Coordination profile

Q1 2018: Organic growth across all regions

North America

€ million

Revenue	2,774	(5%)cc
Organic growth		+1%

Asia-Pacific

€ million

Revenue	392	+14%cc
Organic growth		+7%

EMEA

€ million

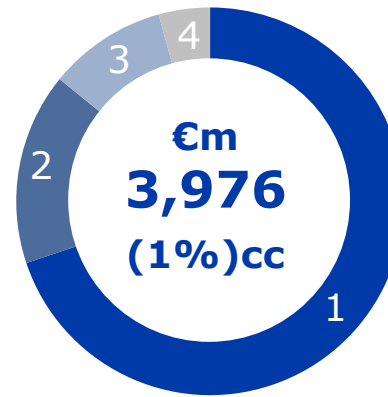
Revenue	636	+6%cc
Organic growth		+4%

Latin America

€ million

Revenue	170	+17%cc
Organic growth		+16%

- ▶ Contributions by all regions to organic growth rates
- ▶ North America growth impacted by lower Care Coordination and prior year VA Agreement effect

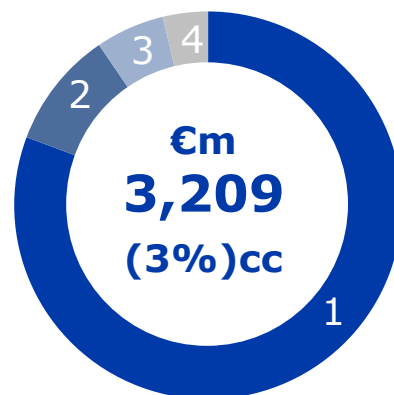


1	North America	70%
2	EMEA	16%
3	Asia-Pacific	10%
4	Latin America	4%

Q1 2018 Health Care Services: Soft start into the year

Revenue	Q1 2018 € million	Q1 2017 € million	Growth in %	Growth in %cc	Organic growth in %	Same market growth in %
Total	3,209	3,769	(15)	(3)	2	2
North America	2,590	3,165	(18)	(6)	1	2
of which Care Coordination	515	691	(25)	(14)	(9)	-
EMEA	314	303	4	6	2	2
Asia-Pacific	184	169	9	20	5	4
of which Care Coordination	46	20	130	154	16	-
Latin America	121	132	(8)	15	12	1

- ▶ North American Care Coordination business impacted by decline in the pharmacy business
- ▶ Growth in Asia-Pacific strongly supported by acquisitions

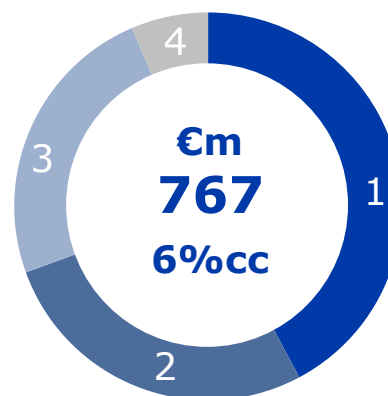


- 1 North America 81%
- 2 EMEA 10%
- 3 Asia-Pacific 5%
- 4 Latin America 4%

Q1 2018 Products: Strong start into the year

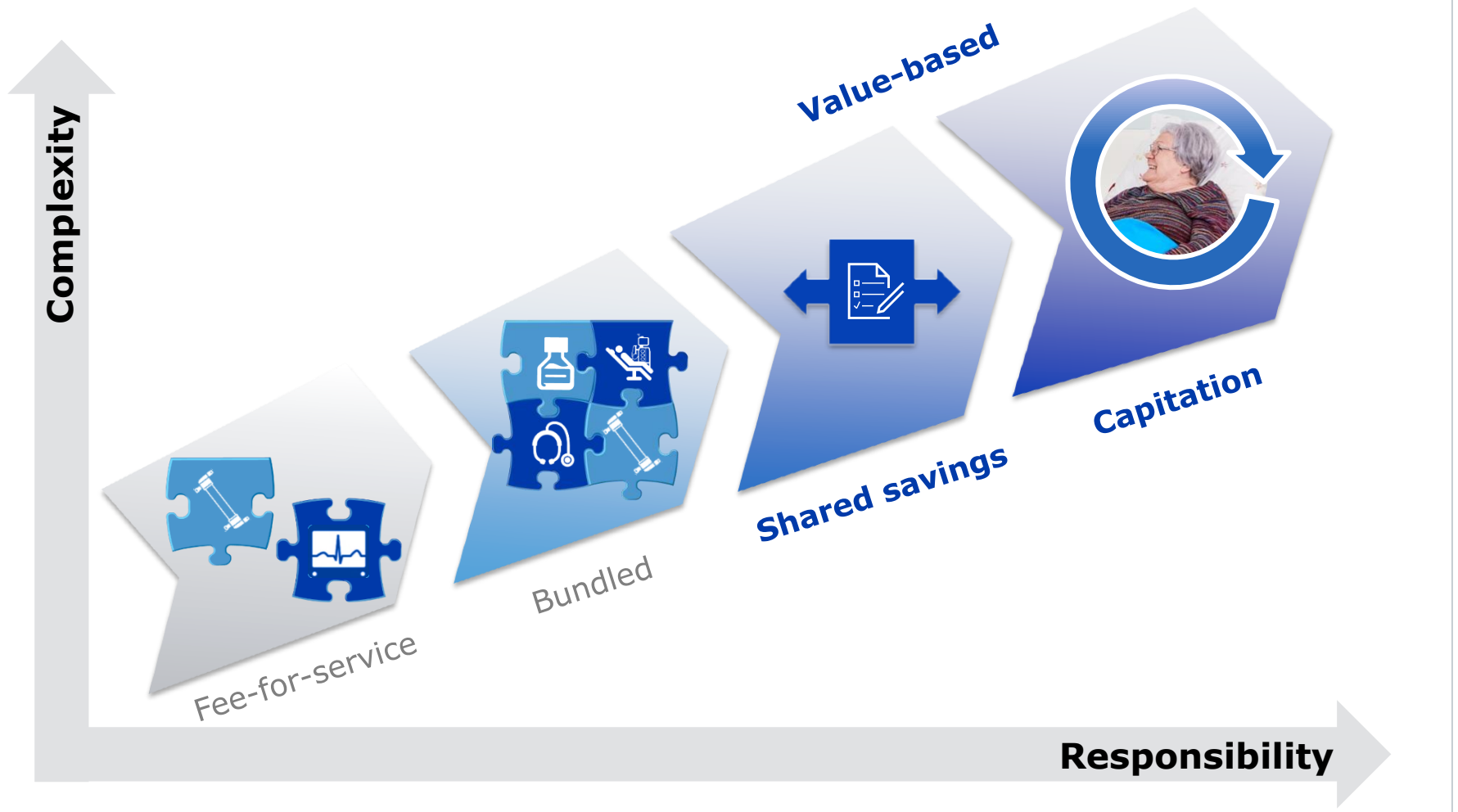
	Q1 2018 € million	Q1 2017 € million	Growth in %	Growth in %cc
Total Health Care Products	767	779	(2)	6
Dialysis Products	747	758	(1)	7
North America	184	210	(12)	1
EMEA	302	290	4	7
Asia-Pacific	208	209	0	8
Latin America	49	45	9	25
Non-Dialysis Products	20	21	(6)	(6)

- ▶ North America: Higher sales of renal drugs and PD products
- ▶ EMEA: Increased sales of products for acute care, machines and PD as well as drugs
- ▶ Asia-Pacific: Increased sales of chronic HD products and products for acute care

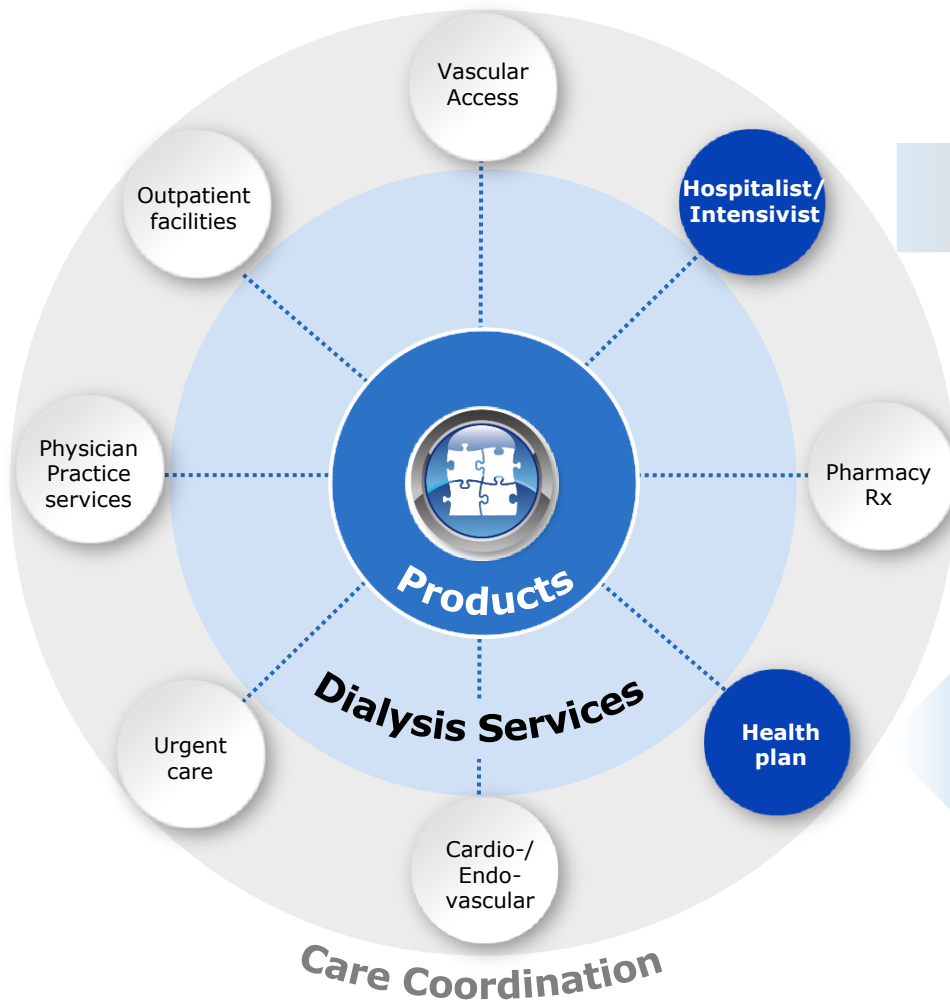


1	EMEA	42%
2	Asia-Pacific	27%
3	North America	24%
4	Latin America	7%

Best-positioned for value-based future



Focusing of Care Coordination strategy



- ▶ Broadened expertise in value-based care programs
- ▶ First participation in shared savings program (BPCI)
- ▶ Gained experience in hospital patient coordination

Applied knowledge

- ▶ Best positioned for value-based future
- ▶ 40,000 ESCO patients providing significant insight in health care treatments also outside dialysis
- ▶ Own Medicare Advantage Plan
- ▶ Sub-capitated agreements

Conclusion

- ▶ Solid underlying business growth
- ▶ Working towards closing of NxStage & Sound Physicians
- ▶ Continue to execute on Care Coordination strategy
- ▶ On track to deliver on net income growth target

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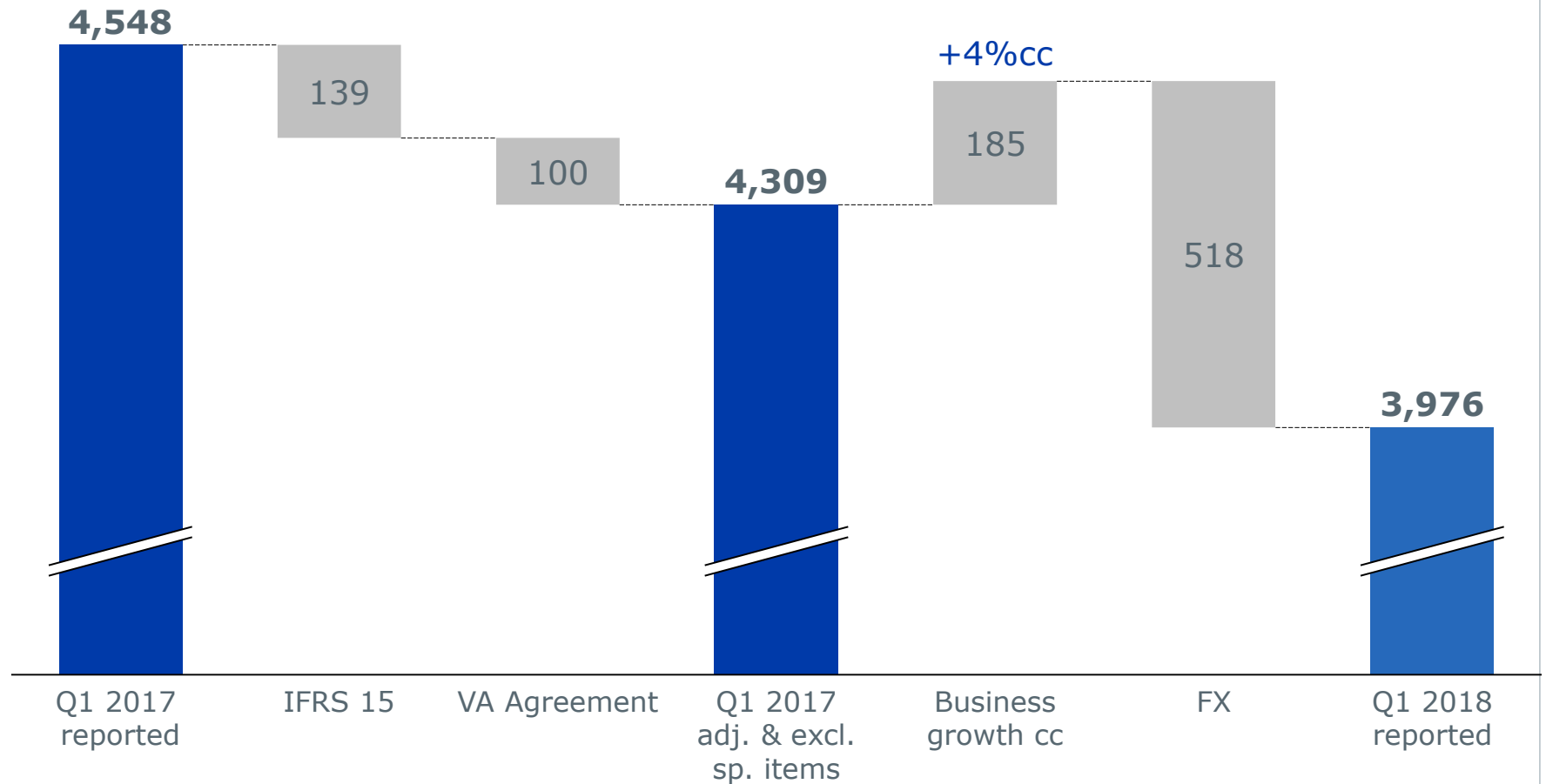
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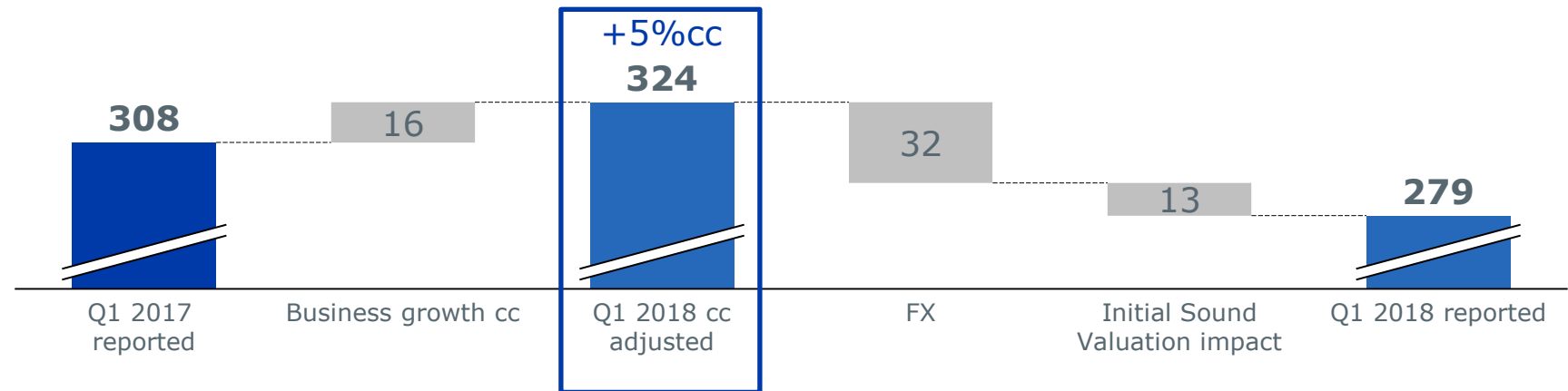
Q1 2018: Revenue reconciliation

Revenue € million

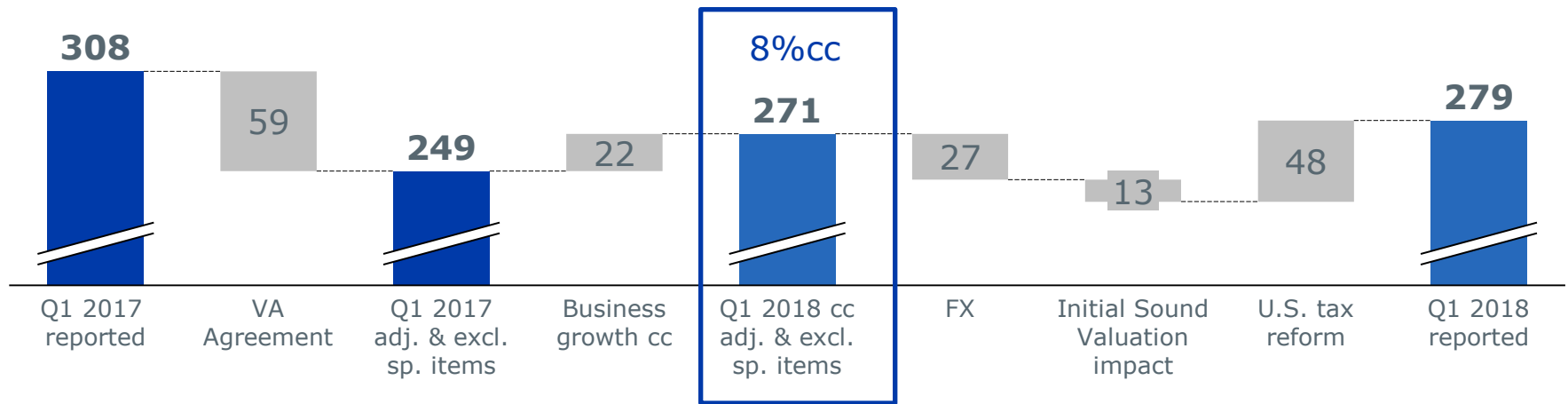


Q1 2018: Net income reconciliation

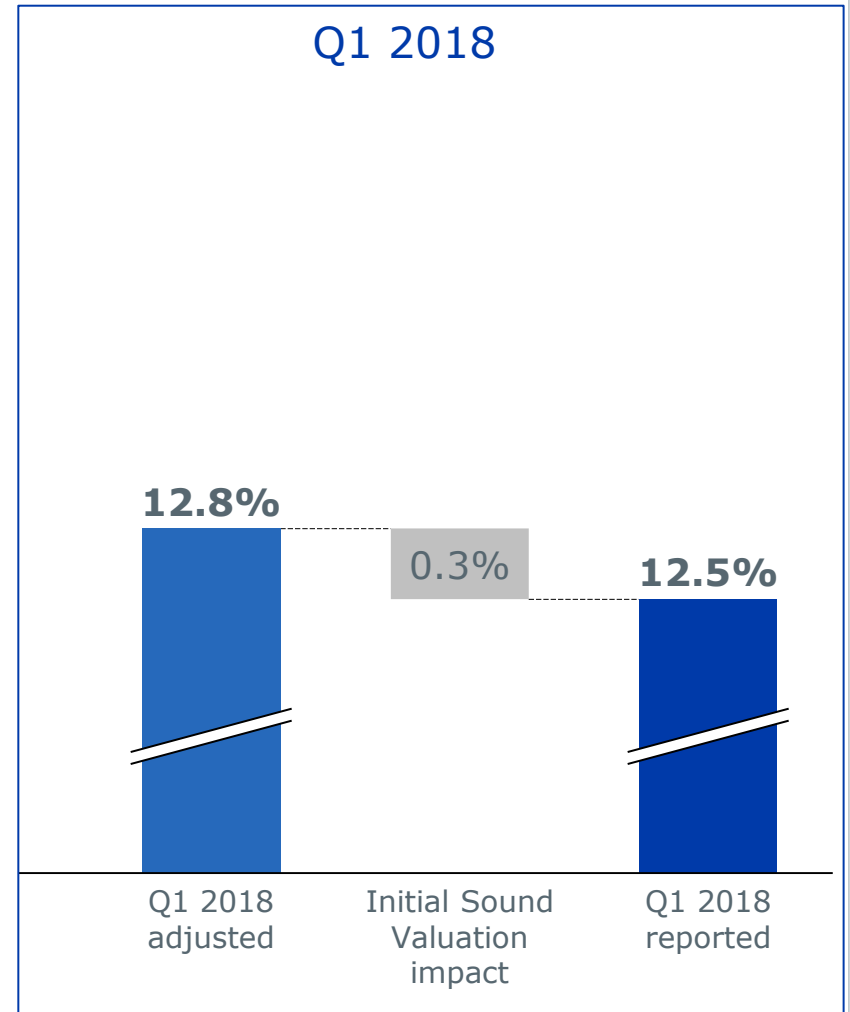
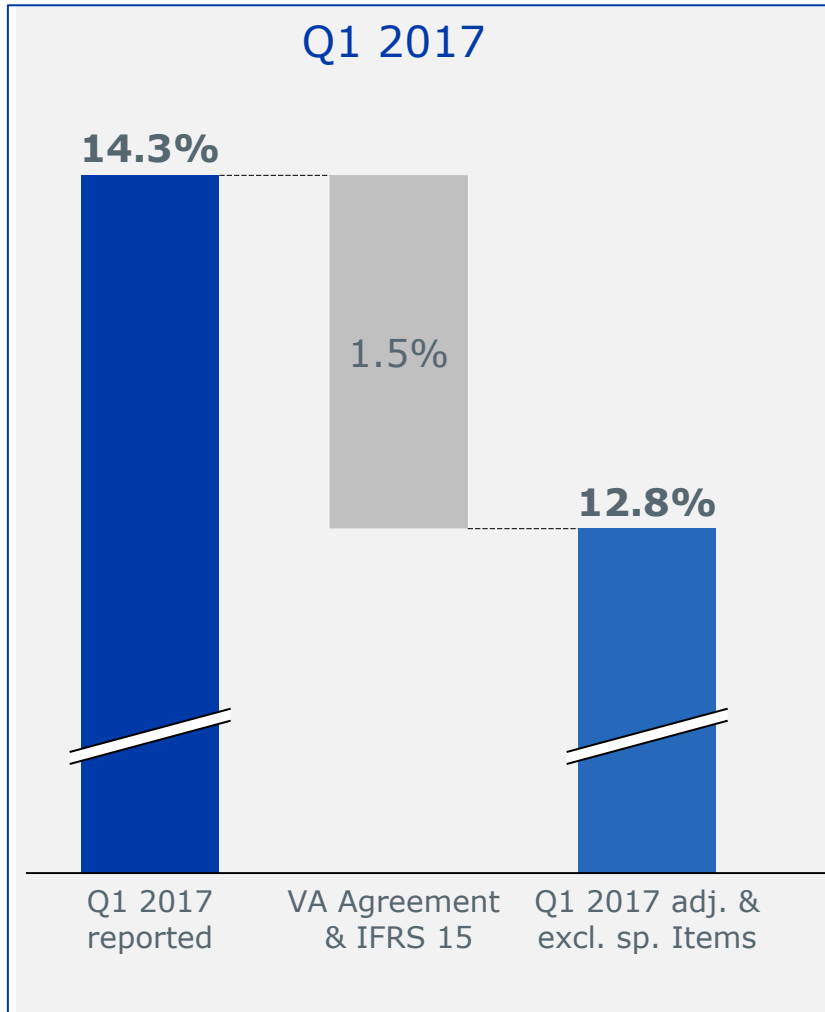
Net income adjusted, € million – targets: 13 – 15%cc growth



Net income adjusted and excl. special items, € million – targets: 7 – 9%cc growth

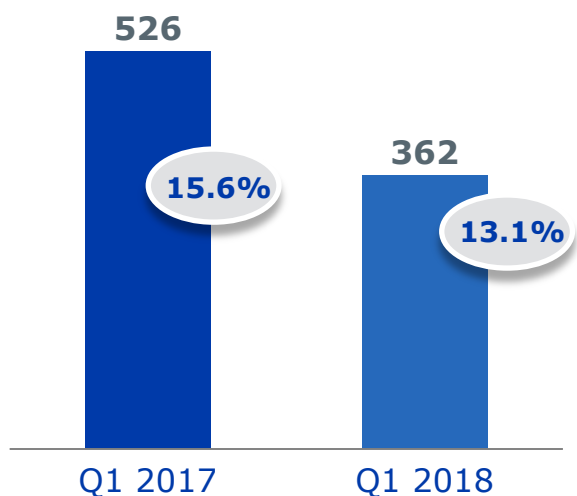


Q1 2018: Underlying operating margin stable



Q1 2018: Regional margin profile

North America (65% of EBIT¹)



► Solid Dialysis business margin of 15.4% reflects

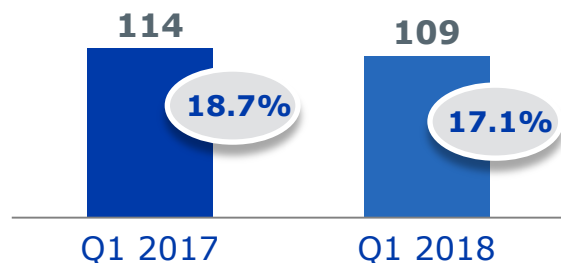
- Negative: prior year impact of the VA Agreement, higher implicit price concessions (IFRS 15), lower revenue from commercial payors and shift of calcimimetic drugs
- U.S. revenue per treatment, adj. for IFRS 15, decreased to \$348 (Q1 2017: \$357). Excluding the VA Agreement and IFRS 15, the RPT increased by \$6. U.S. cost per treatment, adj. for IFRS 15, increased to \$288 (Q1 2017: \$276).

► Care Coordination margin of 2.6% reflects

- Positive: pharmacy services, lower bad debt expense, the prior year change in fair value of subsidiary share-based compensation and increased earnings recognized related to ESCOs
- Negative: lower earnings from the BPCI initiative due to the initial revenue recognition in the prior year and the valuation of Sound Physicians share-based payment program

Q1 2018: Regional margin profile

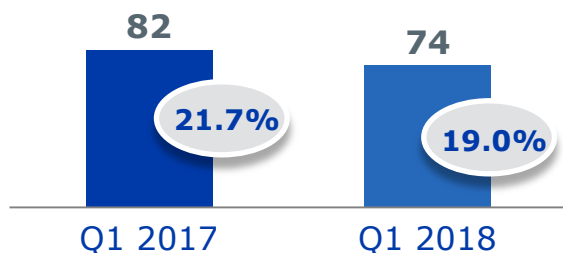
EMEA (19% of EBIT¹)



▶ Operating profit margin development reflects

- Negative: unfavorable foreign currency transaction effects
- Positive: one additional dialysis day

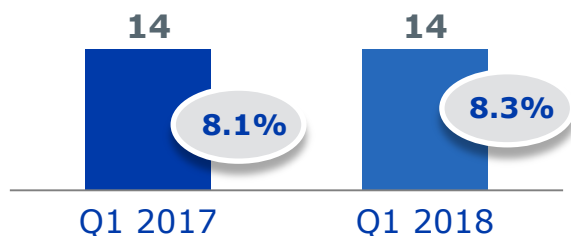
Asia-Pacific (13% of EBIT¹)



▶ Operating profit margin development impacted by

- Negative: foreign currency transaction effects and unfavorable impact from delayed product sales
- ▶ Care Coordination margin of 13.7% positively impacted by acquisitions

Latin America (3% of EBIT¹)



▶ Operating profit margin development reflects

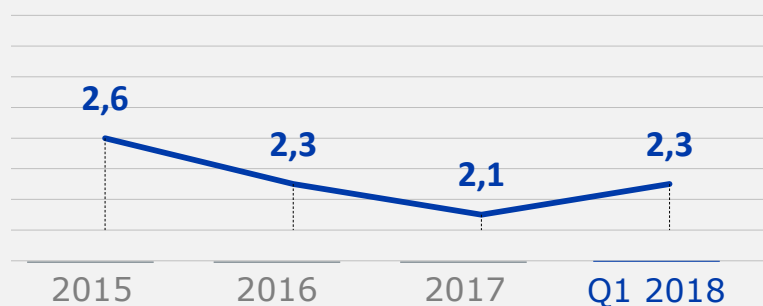
- Positive: foreign currency translation effects
- Negative: higher costs related to inflation

Q1 2018: Cash flow & net leverage ratio

	Q1 2018 in € million	Q1 2017 in € million
Operating cash flow	(45)	170¹
in % of revenue	(1.1%)	3.7%
Capital expenditures, net	(218)	(195)
Free cash flow	(263)	(25)
Free cash flow, after acquisitions and investments	(444)	(185)

Days sales outstanding (DSO) at 85 days worldwide.

Net leverage ratio (Net debt/EBITDA)



Current ratings²

	S&P	Moody's	Fitch
Company	BBB-	Baa3	BBB-
Outlook	positive	stable	stable

Outlook¹

	Targets 2018	2017 base (in € million)
Revenue growth adjusted ²	5 to 7%	17,298
Net income growth adjusted ³	13 to 15%	1,280
Net income growth adjusted and excl. special items ⁴	7 to 9%	1,204
	Targets 2020 (2014-2020, avg. % p.a.)	2020⁵ (in € billion)
Revenue growth	~10%	24
Net income growth ⁶	high single digit	

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Your questions are welcome

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Q1 2018: Net income growth as expected¹

	Q1 2018 € million	Q1 2017 € million	Growth in %	Growth in %cc
Revenue	3,976	4,548	(13)	(1)
Revenue adjusted	3,976	4,409	(10)	2
Revenue adjusted and excl. special items	3,976	4,309	(8)	4
EBIT	497	651	(24)	(15)
<i>EBIT margin in %</i>	12.5	14.3	(1.8)pp	(2.0)pp
EBIT adjusted	510	651	(22)	(13)
EBIT adjusted and excl. special items	510	552	(8)	3
Net interest expense	80	92	(14)	(5)
Income before taxes	417	559	(25)	(17)
Income tax expense	87	182	(52)	(47)
<i>Tax rate in %</i>	20.9	32.5	(11.6)pp	(11.8)pp
Non-controlling interest	51	69	(26)	(14)
Net income	279	308	(10)	0
Net income adjusted	292	308	(5)	5
Net income adj. and excl. special items	244	249	(2)	8

¹ Details for adjustments and special items see chart 26

Debt and EBITDA

Reconciliation of non-IFRS financial measures to the most comparable IFRS measure

€ million

Debt	FY 2016	FY 2017	Q1 2018
Short term debt	572	760	1,011
+ Short term debt from related parties	3	9	41
+ Current portion of long-term debt and capital lease obligations	724	884	872
+ Long-term debt and capital lease obligations less current portion	6,833	5,795	5,797
Total debt	8,132	7,448	7,721
Cash and cash equivalents	709	978	846
Total net debt	7,423	6,470	6,875
EBITDA	FY 2016 ¹	FY 2017 ¹	Q1 2018¹
Last twelve month operating income (EBIT)	2,398	2,372	2,199
+ Last twelve month depreciation and amortization	710	731	717
+ Non-cash charges	65	51	51
EBITDA (annualized)	3,173	3,154	2,967
Net leverage ratio (Net debt/EBITDA)	2.3	2.1	2.3

¹ EBITDA: including acquisitions & divestitures with a purchase price above €50m

Cash Flow and Capital Expenditures

Reconciliation of non-IFRS financial measures to the most comparable IFRS measure

€ million

Cash Flow

	Q1 2017	Q1 2018
Acquisitions, investments and net purchases of intangible assets	(160)	(181)
- Proceeds from divestitures	-	-
= Acquisitions and investments, net of divestitures	(160)	(181)

Capital expenditures, net

	Q1 2017	Q1 2018
Purchase of property, plant and equipment	(197)	(221)
- Proceeds from sale of property, plant & equipment	2	3
= Capital expenditure, net	(195)	(218)

Q1 2018: Reconciliation special items

Reconciliation of non IFRS financial measures to the most directly comparable IFRS financial measures

Revenue excluding VA Agreement and adjusted for IFRS 15, operating performance excluding VA Agreement and adjusted for initial Sound Valuation impact and for net income also excluding gain from the U.S. tax reform.

€ million	Q1 2017	Q1 2018	Growth in %	Growth in %cc
Revenue	4,548	3,976	(13)	(1)
Effect from IFRS 15 implementation	(139)			
Revenue adjusted	4,409	3,976	(10)	2
VA Agreement	(100)			
Revenue adjusted and excluding special items	4,309	3,976	(8)	4
Operating income (EBIT)	651	497	(24)	(15)
Initial Sound valuation impact		13		
EBIT adjusted	651	510	(22)	(13)
VA Agreement	(99)			
EBIT adjusted and excluding special items	552	510	(8)	3
Net income	308	279	(10)	0
Initial Sound valuation impact		13		
Net income adjusted	308	292	(5)	5
VA Agreement	(59)			
U.S. tax reform		(48)		
Net income adjusted and excluding special items	249	244	(2)	8

Basis for target 2018

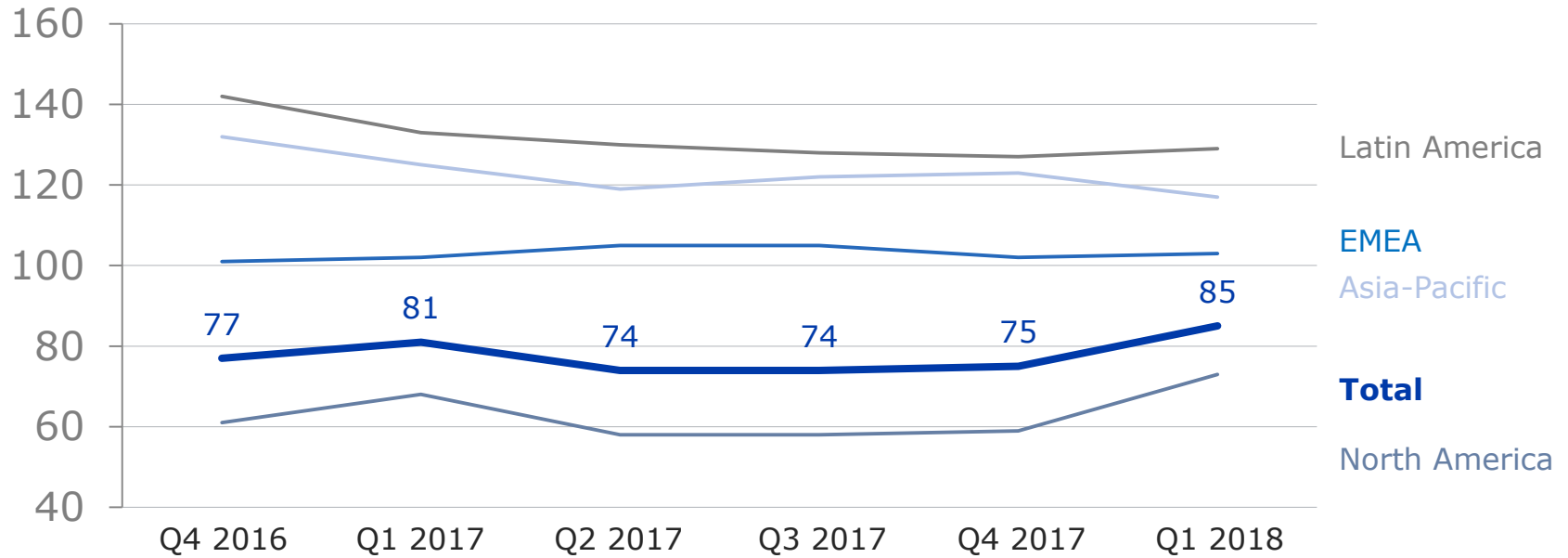
Reconciliation of non IFRS financial measures to the most directly comparable IFRS financial measures

Revenue excluding IFRS 15, net income excluding VA Agreement and adjusted for the cost effects, net of anticipated recoveries from Natural Disasters in North America, FCPA charges and also excluding 2017 book gain from the U.S. tax reform.

€ million	2017
Revenue	17,784
Effects from IFRS 15 implementation	(486)
Revenue adjusted (basis for revenue adjusted target 2018)	17,298
Net income (basis for net income adjusted target 2018)	1,280
VA agreement	(51)
Natural Disaster Costs	11
FCPA related charge	200
U.S. tax reform	(236)
Net income excluding special items (basis for net income adjusted and excl. special items target 2018)	1,204

Day sales outstanding (DSO)

in days



Q1 2018: Patients, treatments, clinics

	Patients as of March 31, 2018	Treatments Q1 2018, in million	Clinics as of March 31, 2018
North America	197,339	7,473,764	2,419
<i>Growth in %</i>	4	3	4
EMEA	63,114	2,387,160	754
<i>Growth in %</i>	5	5	4
Asia-Pacific	30,194	1,060,114	385
<i>Growth in %</i>	2	2	2
Latin America	31,606	1,233,126	232
<i>Growth in %</i>	5	4	0
Total	322,253	12,154,164	3,790
<i>Growth in %</i>	4	3	4

U.S. dialysis days per quarter

	Q1	Q2	Q3	Q4	Full year
2015	76	78	79	79	312
2016	78	78	79	79	314
2017	77	78	79	79	313
2018	77	78	78	80	313

Exchange rates

		Q1 2017	FY 2017	Q1 2018
€:\$	Period end	1.069	1.199	1.232
	Average	1.065	1.130	1.229
€:CNY	Period end	7.364	7.804	7.747
	Average	7.335	7.629	7.815
€:RUB	Period end	60.313	69.392	70.890
	Average	62.522	65.938	69.865
€:ARS	Period end	16.419	22.639	24.782
	Average	16.694	18.754	24.219
€:BRL	Period end	3.380	3.973	4.094
	Average	3.347	3.605	3.989

Definitions

cc	Constant currency
PD	Peritoneal Dialysis
Net income	Net income attributable to shareholders of FME
Initial Sound Valuation impact	Initial increase in valuation of Sound Physicians' share based payment program caused by sale of Sound Physicians
U.S. Tax Reform	U.S. Tax Reform: impacts from of U.S. tax reform
VA Agreement	Agreement with the United States Departments of Veterans Affairs and Justice

Financial calendar 2018¹

May 17	Annual General Meeting, Frankfurt
July 31	Report on 2 nd quarter 2018
May 8	Deutsche Bank Healthcare Conference, Boston
May 22	UBS Global Healthcare Conference, New York
June 6-7	dbAccess Berlin Conference, Berlin
June 12	Goldman Sachs Global Healthcare Conference, Rancho Palos Verdes
June 20	Citi European Healthcare Conference, London
June 21	JP Morgan European Healthcare Conference, London
June 26	Credit Suisse European Medtech & Healthcare Services Day, Zurich

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Constant currency: Changes in revenue, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items include the impact of changes in foreign currency exchange rates. We use the non-IFRS financial measure “at constant exchange rates” or constant currency in our filings to show changes in our revenue, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items without giving effect to period-to-period currency fluctuations. Under IFRS, amounts received in local (non-Euro) currency are translated into Euros at the average exchange rate for the period presented. Once we translate the local currency for the constant currency, we then calculate the change, as a percentage, of the current period using the prior period exchange rates versus the prior period. This resulting percentage is a non-IFRS measure referring to a change as a percentage “at constant currency.”

We believe that the non-IFRS 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 a company's revenue, operating income and other items from period to period. However, we also believe that the usefulness of data on constant currency period-over-period changes is subject to limitations, particularly if the currency effects that are eliminated constitute a significant element of our revenue, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items and 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 into Euros. We do not evaluate our results and performance without considering both constant currency period-over-period changes in non-IFRS revenue, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items and changes in revenue, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items prepared in accordance with IFRS. 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, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items prepared in accordance with IFRS. We present the growth rate derived from IFRS measures next to the growth rate derived from non-IFRS measures such as revenue, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items. Because the reconciliation is inherent in the disclosure, we believe that a separate reconciliation would not provide any additional benefit.