

# UBS

# Nordic Large Cap Day 2013

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May 22, 2013

Stockholm



**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 after non-controlling interests 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. Numbers mentioned are in US-\$.**

# 1

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## Business Update

Q1 2013

## Comparison with previous year not straightforward

|  | Q1 2013<br>in \$ millions | Growth<br>in % |
|--|---------------------------|----------------|
| Net Revenue  | 3,464                     | 7              |
| EBIT   | 493                       | (2)            |
| Net income   | 225                       | (39)           |
| Net income growth adjusted<br>for \$ 127m investment gain in Q1 2012 |                           | (8)            |

- Organic growth in North America improved further to 4% mainly due to strong performance in dialysis services
- Payor mix in North America has improved slightly
- EMEA performance not a trend indication and continued strong growth in Asia
- Not the strongest quarter but remain confident of meeting guidance range for FY 2013

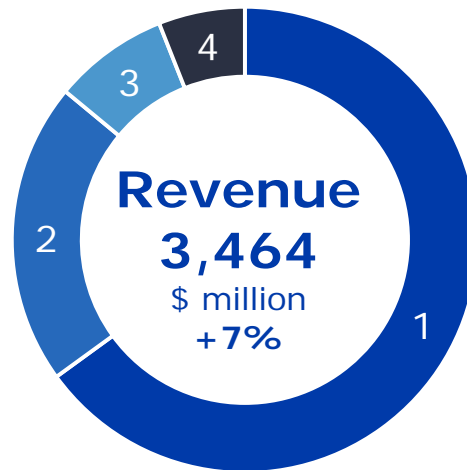
# Good revenue growth - but weak in EMEA

## North America

|                |            |      |
|----------------|------------|------|
| Revenue        | \$ 2,287 m | + 9% |
| Organic growth |            | + 4% |

## International ~ 34% of total revenue

|                |            |         |
|----------------|------------|---------|
| Revenue        | \$ 1,169 m | + 4%cc  |
| Organic growth |            | + 5%    |
| EMEA           | \$ 716 m   | + 1%cc  |
| Asia-Pacific   | \$ 251 m   | + 7%cc  |
| Latin America  | \$ 202 m   | + 12%cc |



|   |                                  |     |
|---|----------------------------------|-----|
| 1 | North America                    | 66% |
| 2 | Europe/Middle East/Africa (EMEA) | 21% |
| 3 | Asia-Pacific                     | 7%  |
| 4 | Latin America                    | 6%  |

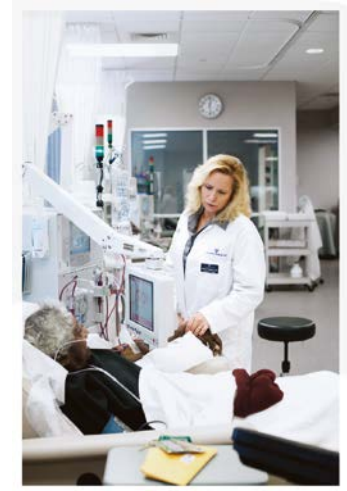
cc = constant currency

# Global market leader franchise

|                           | Clinics<br>as of Mar. 31, 2013 | De novo<br>Q1 2013 | Acquired*<br>Q1 2013 |
|---------------------------|--------------------------------|--------------------|----------------------|
| <b>Total</b>              | <b>3,180</b>                   | <b>15</b>          | <b>21</b>            |
| Growth vs. March 31, 2012 | + 2%                           |                    |                      |
| North America             | 2,090                          | 9                  | 3                    |
| Growth vs. March 31, 2012 | +2%                            |                    |                      |
| International             | 1,090                          | 6                  | 18                   |
| Growth vs. March 31, 2012 | + 2%                           |                    |                      |

- ▶ Delivered nearly 9.7 million treatments globally + 5%
  - North America ~6.1 m | International ~3.5 m
  
- ▶ Providing care to more than 261,600 patients globally + 3%
  - North America ~167,200 | International ~94,400

\* before divestments



# Overall good revenue growth in Dialysis Services

|                                | Q1 2012<br>in \$<br>millions | Q1 2013<br>in \$<br>millions | Growth<br>in % | Growth<br>in %cc | Organic<br>growth<br>in % | Same<br>market<br>growth<br>in % |
|--------------------------------|------------------------------|------------------------------|----------------|------------------|---------------------------|----------------------------------|
| North America                  | 1,918                        | <b>2,104</b>                 | 10             | 10               | 5                         | 4                                |
| International                  | 560                          | <b>574</b>                   | 3              | 5                | 6                         | 3                                |
| <b>Total Dialysis Services</b> | <b>2,478</b>                 | <b>2,678</b>                 | <b>8</b>       | <b>9</b>         | <b>5</b>                  | <b>3</b>                         |

- ▶ Improved growth in North America - organic as well as same store
- ▶ International good organic growth based on inflationary reimbursement adjustment in Latin America, same store growth influenced by timing of de-novos


cc = constant currency

# Patient care outcomes at the forefront

| % of patients                             | U.S.       |            | EMEA       |            | Asia-Pacific |            |
|---|------------|------------|------------|------------|--------------|------------|
|   | Q4<br>2012 | Q1<br>2013 | Q4<br>2012 | Q1<br>2013 | Q4<br>2012   | Q1<br>2013 |
| Kt/V $\geq$ 1.2                           | 97         | 97         | 97         | 96         | 97           | 97         |
| No catheter (>90 days)                    | 82         | 83         | 85         | 85         | 94           | 94         |
| Hemoglobin = 10 – 12 g/dl                 | 75         | 73         | 58         | 58         | 59           | 56         |
| Hemoglobin = 10 – 13 g/dl (International) | 82         | 79         | 78         | 78         | 67           | 65         |
| Albumin $\geq$ 3.5 g/dl                   | 85         | 85         | 86         | 86         | 89           | 91         |
| Phosphate $\leq$ 5.5 mg/dl                | 66         | 65         | 79         | 78         | 71           | 70         |
| Calcium 8.4 – 10.2 mg/dl                  | 84         | 83         | 78         | 77         | 75           | 74         |
| Hospitalization days, per patient         | 9.8        | 9.7        | 9.3        | 9.2        | 4.6          | 4.4        |



# Dialysis Products

|                               |   | Q1 2012<br>in \$ millions | Q1 2013<br>in \$ millions | Growth<br>in % | Growth<br>in %cc |
|-------------------------------|---|---------------------------|---------------------------|----------------|------------------|
| <b>Total External Revenue</b> |  | <b>772</b>                | <b>786</b>                | <b>2</b>       | <b>2</b>         |
| of which North America        |   | 187                       | 183                       | (2)            | (2)              |
| of which International        |   | 576                       | 595                       | 3              | 3                |

- ▶ Total renal products (inkl. PD but excl. Pharma) up 2.4%
- ▶ North America machines (units) up 5%
- ▶ International impacted by weak product sales, delayed tender projects and currency impact in Venezuela
- ▶ Decision to reduce unprofitable businesses (e.g. Turkey, Mexico)

cc = constant currency

# Topics of interest – Update from Q4

## ▶ Legislative focus

- „Integrated care – CEC-Model“
- „Sequestration“
- „Re-basing“

## ▶ Pharma management

- „Omontys pilot update“

## ▶ Other matters

# 2

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## Financials & Outlook

Q1 2013

## Profit & Loss

|                         | Q1 2012<br>in \$ millions | Q1 2013<br>in \$ millions | Growth<br>in % |
|-------------------------|---------------------------|---------------------------|----------------|
| Net revenue             | 3,249                     | <b>3,464</b>              | 7<br>(7cc)     |
| Operating income (EBIT) | 503                       | <b>493</b>                | (2)            |
| Operating margin in %   | 15.5                      | 14.2                      |                |
| Net income              | 370                       | <b>225</b>                | (39)           |

### Influences Q1 2013

- ▶ Strong comparable base Q1 2012 with \$127 m investment gain included
- ▶ Excluding previous year for the investment gain net income would have been (8)%
- ▶ 2 less billing days
- ▶ Significant currency devaluation in Venezuela
- ▶ SG&A up due to increased legal costs

# Day Sales Outstanding (DSO)

In days



Overall excellent trend

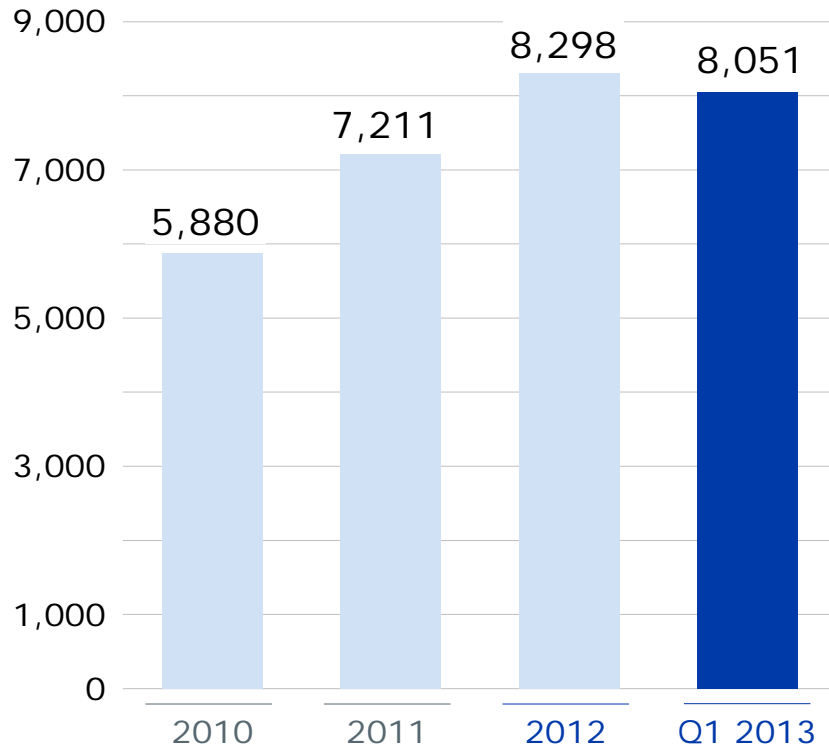
- ▶ Very stable development in North America
- ▶ International increased only by 1 day sequentially and decreased 8 days year-over-year despite ongoing financial distress in several European countries

# Operating cash flow

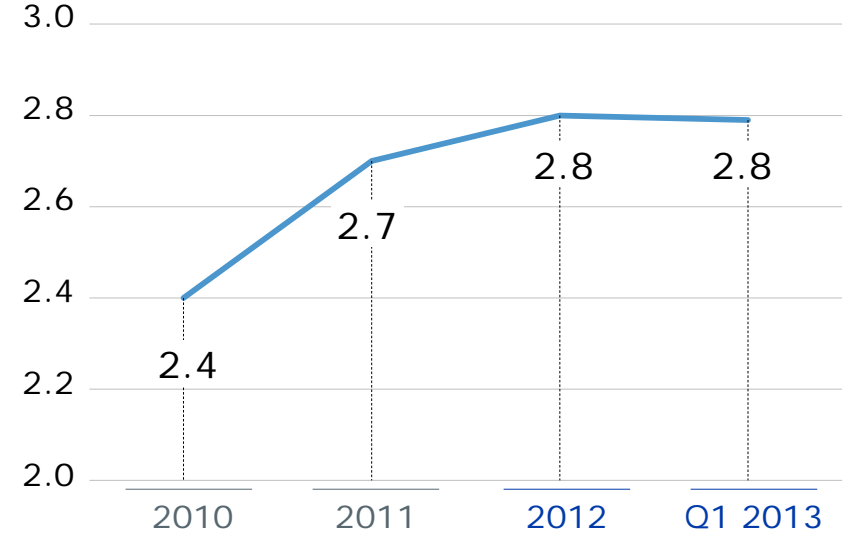
|  | Q1 2012<br>in \$ millions | Q1 2013<br>in \$ millions | Growth<br>in % |
|--|---------------------------|---------------------------|----------------|
| Operating cash flow                                | 481                       | <b>315</b>                | (34)           |
| % of revenue                                       | 15                        | <b>9</b>                  |                |
| Capital expenditures, net                          | (122)                     | <b>(146)</b>              |                |
| Free cash flow                                     | 359                       | <b>169</b>                |                |
| Acquisitions and investments, net of divestitures  | (1,526)                   | <b>(71)</b>               |                |
| Free cash flow, after acquisitions and investments | (1,167)                   | <b>98</b>                 |                |

# Total Debt/EBITDA – ratio in line with guidance

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

# 2013 – Outlook – confirmed

| In \$ millions   | 2012     | 2013 E      | Growth |  |
|--|----------|-------------|--------|--|
|  | Reported |             |        |  |
| Revenue  | 13,800   | > 14,600    | > 6%   | <p>Medical device tax</p> <p>Sequestration</p> <p>Acquisitions</p> <p>Currency</p> <p>Pharmacy</p> <p>Commercial mix</p> <p>Cost mitigations</p> |
| EBIT <sup>1)</sup>                                       | 2,219    | 2,300-2,500 | 4-13%  |  |
| Net income   | 1,187    |             |        |  |
| Investment gain  | -140     |             |        |  |
| Net income <sup>1)</sup><br>adjusted for investment gain | 1,047    | 1,100-1,200 | 5-15%  |  |

<sup>1)</sup> As we previously disclosed, the range of our EBIT and net income guidance also considers the U.S. government reversing the effect of sequestration for the calendar year. If this takes place it represents approximately \$70 million EBIT and \$45 million in net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA. It is possible that the U.S. government may modify all or a portion of this but the likelihood of this diminishes as the year progresses.

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



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

Thank you very much for your attention!

# Attachment 1

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

In \$ millions

| <b>External Revenue Q1</b>       | Q1 2012      | <b>Q1 2013</b> | Growth in % | Growth in %cc |
|----------------------------------|--------------|----------------|-------------|---------------|
| International product revenue    | 682          | 704            | 3           | 4             |
| - Internal revenue               | (106)        | (109)          | 4           | 5             |
| = International external revenue | 576          | 595            | 3           | 3             |
| North America product revenue    | 371          | 370            |             |               |
| - Internal revenue               | (184)        | (187)          | 1           | 1             |
| = North America external revenue | 187          | 183            | (2)         | (2)           |
| <b>Total product revenue</b>     | <b>1,061</b> | <b>1,082</b>   | <b>2</b>    | <b>2</b>      |
| - Internal revenue               | (289)        | (296)          | 2           | 3             |
| <b>Total external revenue</b>    | <b>772</b>   | <b>786</b>     | <b>2</b>    | <b>2</b>      |

| <b>Capital Expenditure, net</b>                     | Q1 2012 | <b>Q1 2013</b> |  |  |
|---|---------|----------------|--|--|
| Purchase of property, plant and equipment           | (124)   | (147)          |  |  |
| - Proceeds from sale of property, plant & equipment | 2       | 1              |  |  |
| = Capital expenditure, net                          | (122)   | (146)          |  |  |

# Attachment 2

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

In \$ millions

### Net income

attributable to shareholders of FME AG&CO. KGaA

|   | Q1 2012 | Q1 2013 |
|---|---------|---------|
| Net income attributable to shareholders of FME AG&CO. KGaA                              | 370     | 225     |
| - fair value remeasurement investment gain  | (127)   | -       |
| Net income attributable to shareholders of FME AG&CO. KGaA<br>- excluding special items | 244     | 225     |

### Cash Flow

|  | Q1 2012 | Q1 2013 |
|--|---------|---------|
| Acquisitions, investments and net purchases of intangible assets | (1,703) | (72)    |
| + Proceeds from divestitures                                     | 177     | 1       |
| = Acquisitions and investments, net of divestitures              | (1,526) | (71)    |

### Patients, treatments, clinics – Q1 2013

|               | Clinics      | Patients       | Treatments in million |
|---------------|--------------|----------------|-----------------------|
| North America | 2,090        | 167,233        | 6.15                  |
| Growth in %   | 2            | 3              | 7                     |
| International | 1,090        | 94,415         | 3.53                  |
| Growth in %   | 2            | 3              | 2                     |
| Europe        | 615          | 49,346         | 1.85                  |
| Latin America | 227          | 27,481         | 1.04                  |
| Asia-Pacific  | 248          | 17,588         | 0.64                  |
| <b>Total</b>  | <b>3,180</b> | <b>261,648</b> | <b>9.68</b>           |
| Growth in %   | 2            | 3              | 5                     |

# Attachment 3

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

In \$ millions

| <b>Debt</b>   | Q1 2013      | FY 2012      | FY 2011      | FY 2010      |
|---|--------------|--------------|--------------|--------------|
| Short term borrowings (incl. A/R program)                           | 120          | 118          | 99           | 671          |
| + Short term borrowing from related parties                         | 7            | 4            | 28           | 10           |
| + Current portion of long-term debt and capital lease obligations   | 563          | 335          | 1,589        | 264          |
| + Current portion of Trust Preferred Securities                     | -            | -            | -            | 625          |
| + Long-term debt and capital lease obligations less current portion | 7,361        | 7,841        | 5,495        | 4,310        |
| <b>TOTAL debt</b>   | <b>8,051</b> | <b>8,298</b> | <b>7,211</b> | <b>5,880</b> |

| <b>EBITDA</b>                                     | Q1 2013      | FY 2012 1)   | FY 2011      | FY 2010      |
|---|--------------|--------------|--------------|--------------|
| Last twelve month operating income (EBIT)         | 2,209        | 2,225        | 2,075        | 1,924        |
| + Last twelve month depreciation and amortization | 616          | 612          | 557          | 503          |
| + Non-cash charges                                | 68           | 64           | 54           | 45           |
| <b>EBITDA (annualized)</b>                        | <b>2,893</b> | <b>2,931</b> | <b>2,686</b> | <b>2,472</b> |
| <b>Total Debt / EBITDA</b>                        | <b>2.78</b>  | <b>2.83</b>  | <b>2.69</b>  | <b>2.38</b>  |

1) Pro-forma numbers including Liberty Dialysis Holdings Inc., after FTC mandated divestitures

# Contacts

## Fresenius Medical Care

### Investor Relations

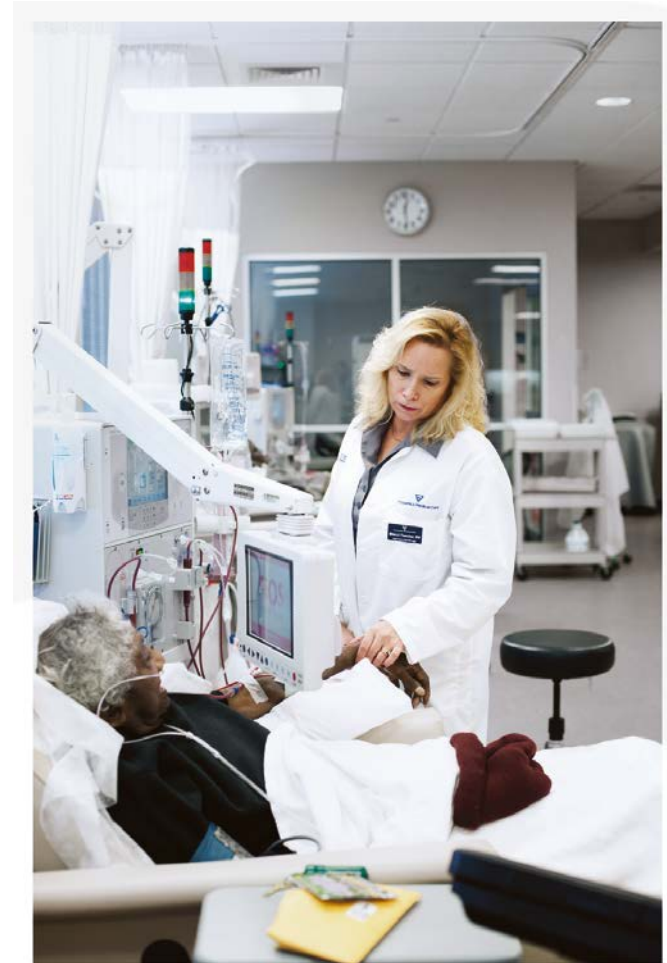
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# Financial Calendar \*

|              |   |
|--------------|---|
| Jul 30, 2013 | Report on 1 <sup>st</sup> – 2 <sup>nd</sup> quarter 2013                      |
| Nov 05, 2013 | Report on 1 <sup>st</sup> – 3 <sup>rd</sup> quarter 2013                      |
| Nov, 2013    | Capital Market Day, Boston – most probably 20 <sup>th</sup> /21 <sup>st</sup> |

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

**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-U.S. 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-U.S. GAAP revenue. Because the reconciliation is inherent in the disclosure, we believe that a separate reconciliation would not provide any additional benefit.

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