



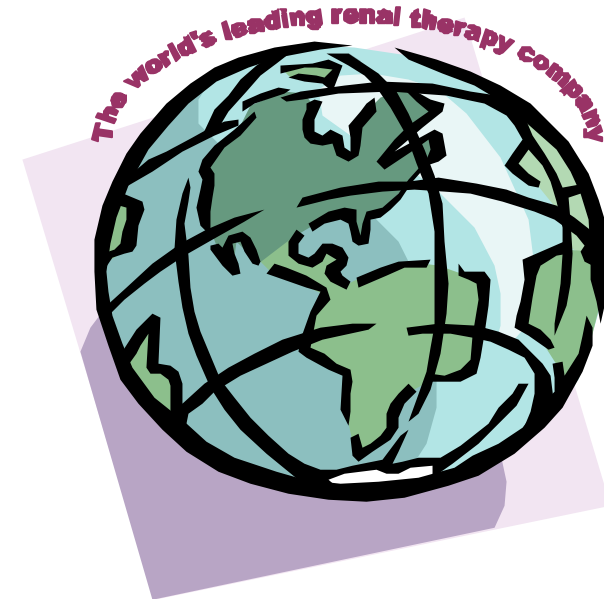
# Fresenius Medical Care

*The World's Leading Renal Therapy Company*

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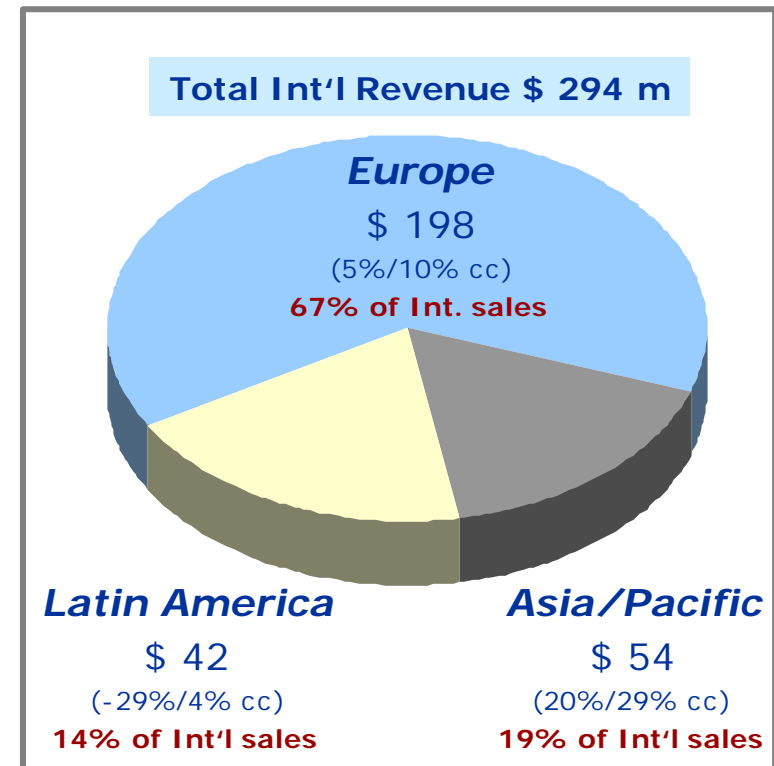
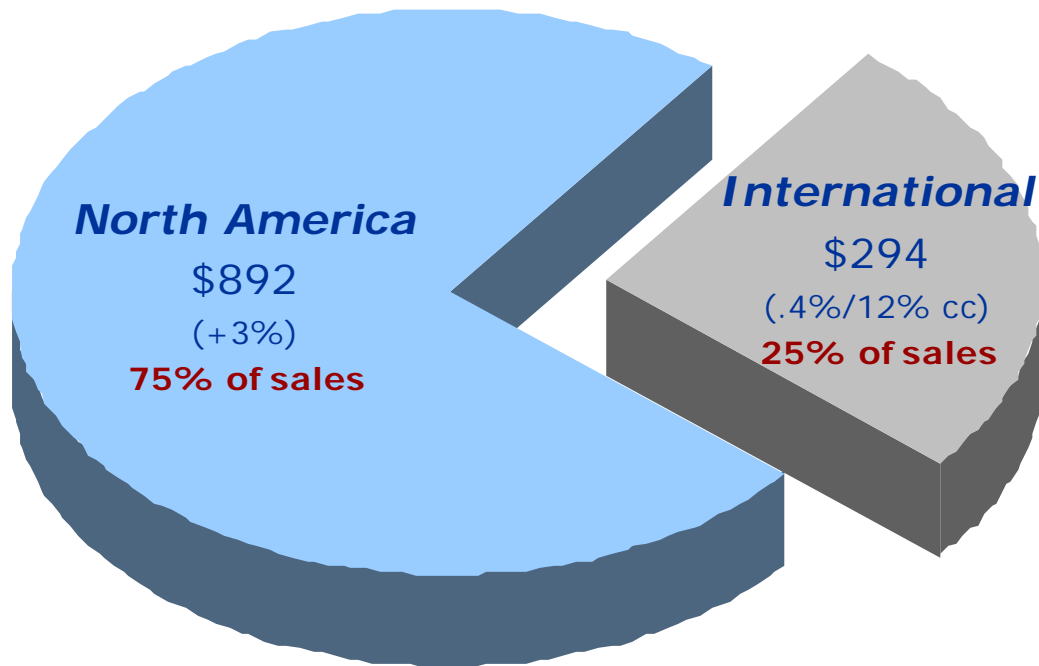
## *Agenda - First Quarter 2002*

- *Business Update and Accomplishments*
- *Financials  
First Quarter 2002*
- *Legal / Strategy /  
Operations Update*



# Q1 2002 Revenue Growth by Segment

Total revenues \$ 1,187 million + 2% (5% constant currency=cc)



In \$ millions

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## ***Achievements Q1 2002 – North America***

### ***Patient Care***

- 2.8 million treatments performed (+3%)
- US\$ 283 revenue per treatment (incl. Laboratory)
- 5% same store treatment growth (treatment day adjusted)
- 5% same store revenue growth
- 10 de novo clinics opened

### ***Products***

- 3% revenue growth (incl. Internal sales)
- Strong acceptance of new products (Optiflux dialyzer / 2008K)
- 8% growth in available external market



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## ***Achievements Q1 2002 – International***

### ***Patient Care***

- 1.1 million treatments performed (+21%)
- US\$ 108 revenue per treatment (constant currency)
- 12% same store treatment growth
- 15% same store revenue growth (constant currency)
- 10 de novo clinics opened

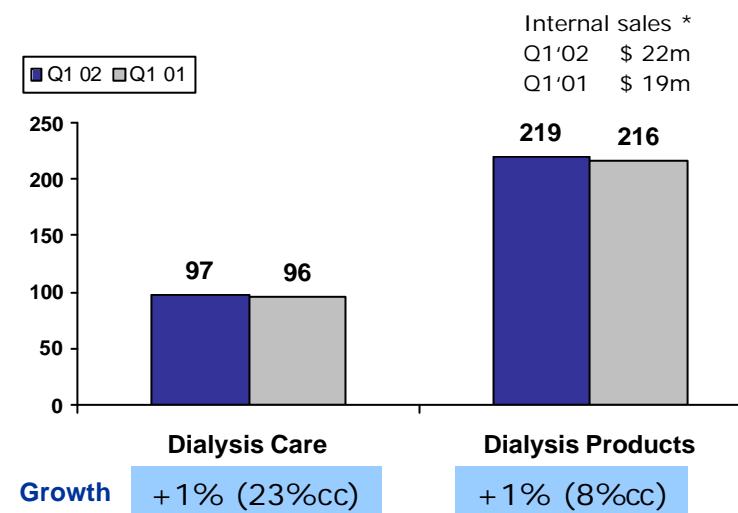
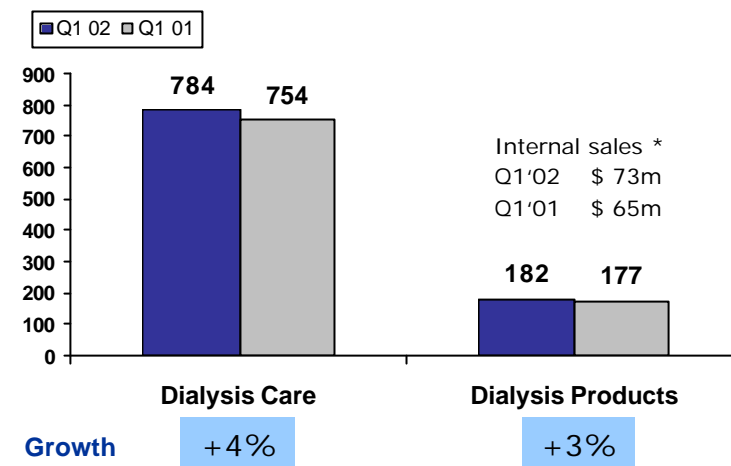
### ***Products***

- 8% revenue growth (constant currency)
- Strong acceptance of new products (FX-class, Multifiltrate for acute dialysis)



# Revenue by Segment – Q1 2002

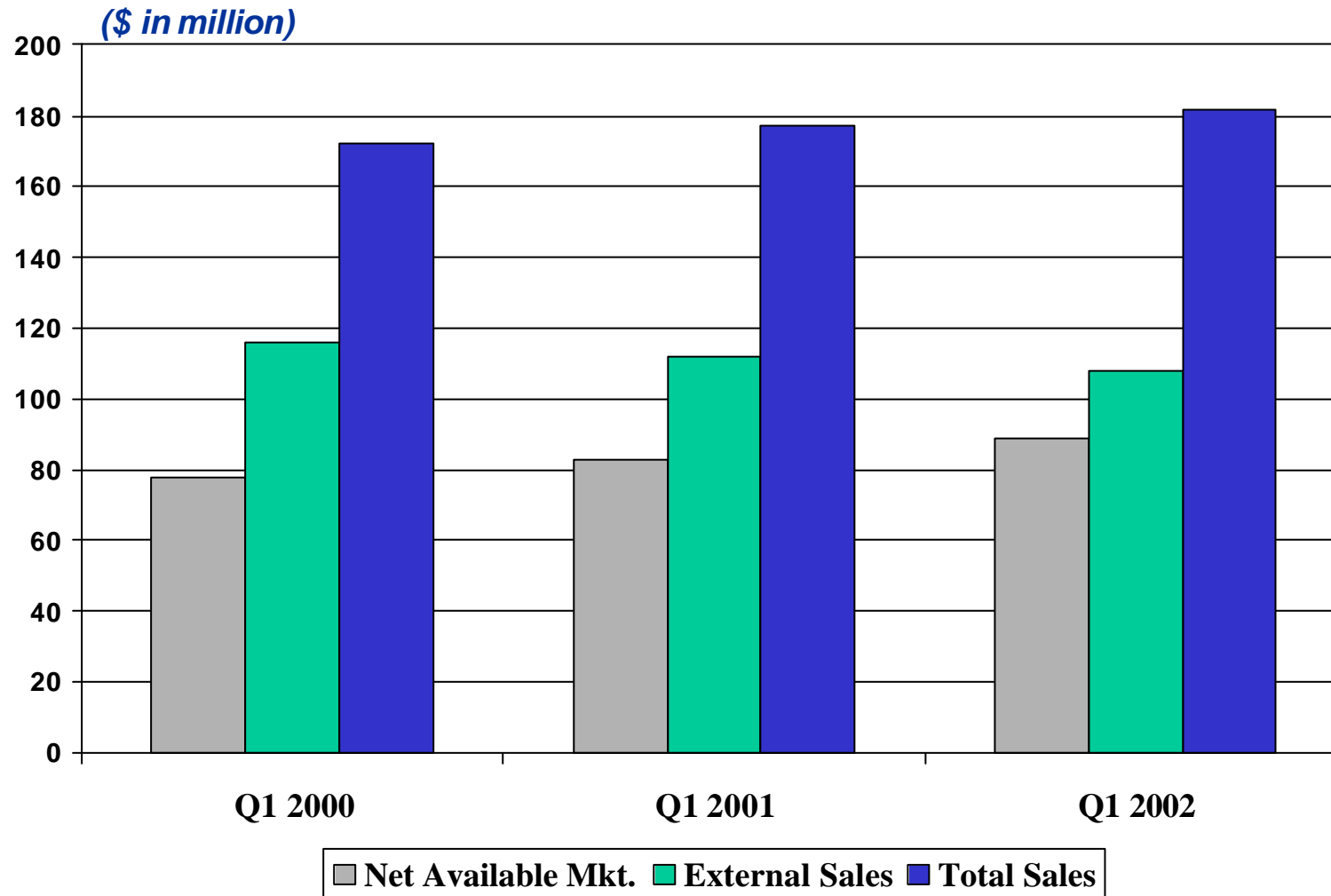
<i>\$ millions</i>	Q1 02	Q1 01	% Growth
<b>North America</b>	892	867	3
<i>\$ millions</i>	Q1 02	Q1 01	% Growth
<b>International</b>	294	293	0 12% cc



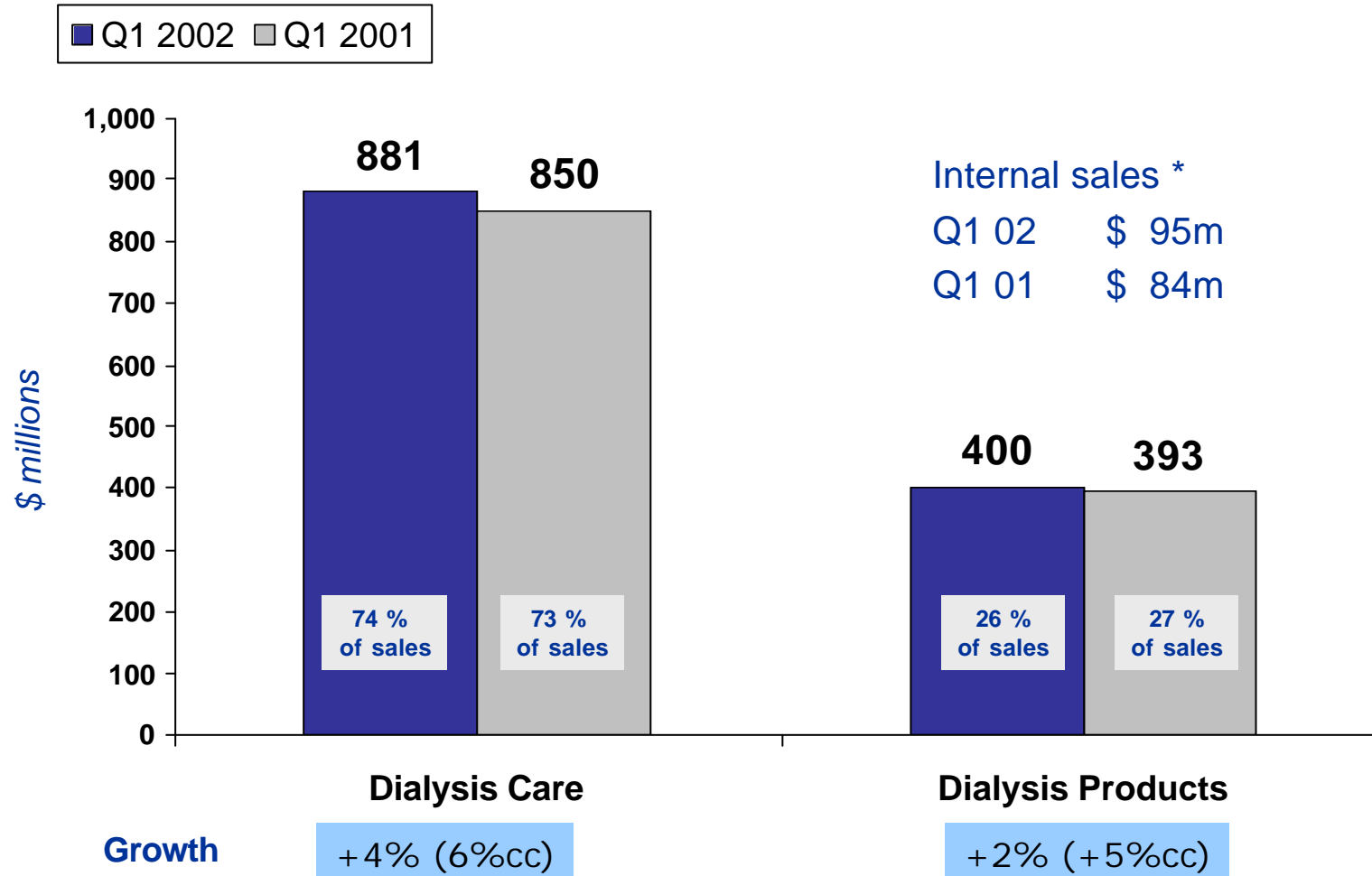
\* Internal sales included in Dialysis Products

cc = constant currency

# Product Revenue North America



# Revenue Cross segments Q1 2002



\* Internal sales included in Dialysis Products

cc = constant currency



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## *Agenda – First Quarter 2002*

- *Financials Q1 2002*

- *Key figures*
- *Quarterly Performance Scorecard*
- *Review of Acquisitions and DeNovos*



## Financial Highlights Q1 2002

<i>\$ millions</i>	<i>As reported</i>	<i>As reported</i>	% Growth	% Growth constant currency
	Q1 02	Q1 01		
<b>Net revenues</b>	<b>1,187</b>	1,159	2	5
<b>EBIT</b>	<b>174</b>	157	11	13
<b>EAT <sup>1</sup></b>	<b>75</b>	55	38	42
<b>EPS (\$) <sup>2</sup></b>	<b>0.78</b>	0.56	38	42
<b>Redemption costs</b>	<b>- 12</b>	-	-	-

<sup>1</sup> excl. the extraordinary charge of \$ 12 m for the early redemption of Trust Pref. Securities

<sup>2</sup> average number of shares in Q1 2002: 96.2 million in Q1 2001: 95.9 million



## Financial Highlights Q1 2002

<i>\$ millions</i>	<i>As reported</i>	<i>Goodwill adjusted</i>	% Growth	% Growth constant currency
	Q1 02	Q1 01		
<b>Net revenues</b>	<b>1,187</b>	1,159	2	5
<b>EBIT</b>	<b>174</b>	190	(9)	(7)
<b>EAT <sup>1</sup></b>	<b>75</b>	82	(8)	(5)
<b>EPS (\$) <sup>2</sup></b>	<b>0.78</b>	0.85	(8)	(6)
<b>Redemption costs</b>	<b>- 12</b>	-	-	-

<sup>1</sup> excl. the extraordinary charge of \$ 12 m for the early redemption of Trust Pref. Securities

<sup>2</sup> average number of shares in Q1 2002: 96.2 million in Q1 2001: 95.9 million

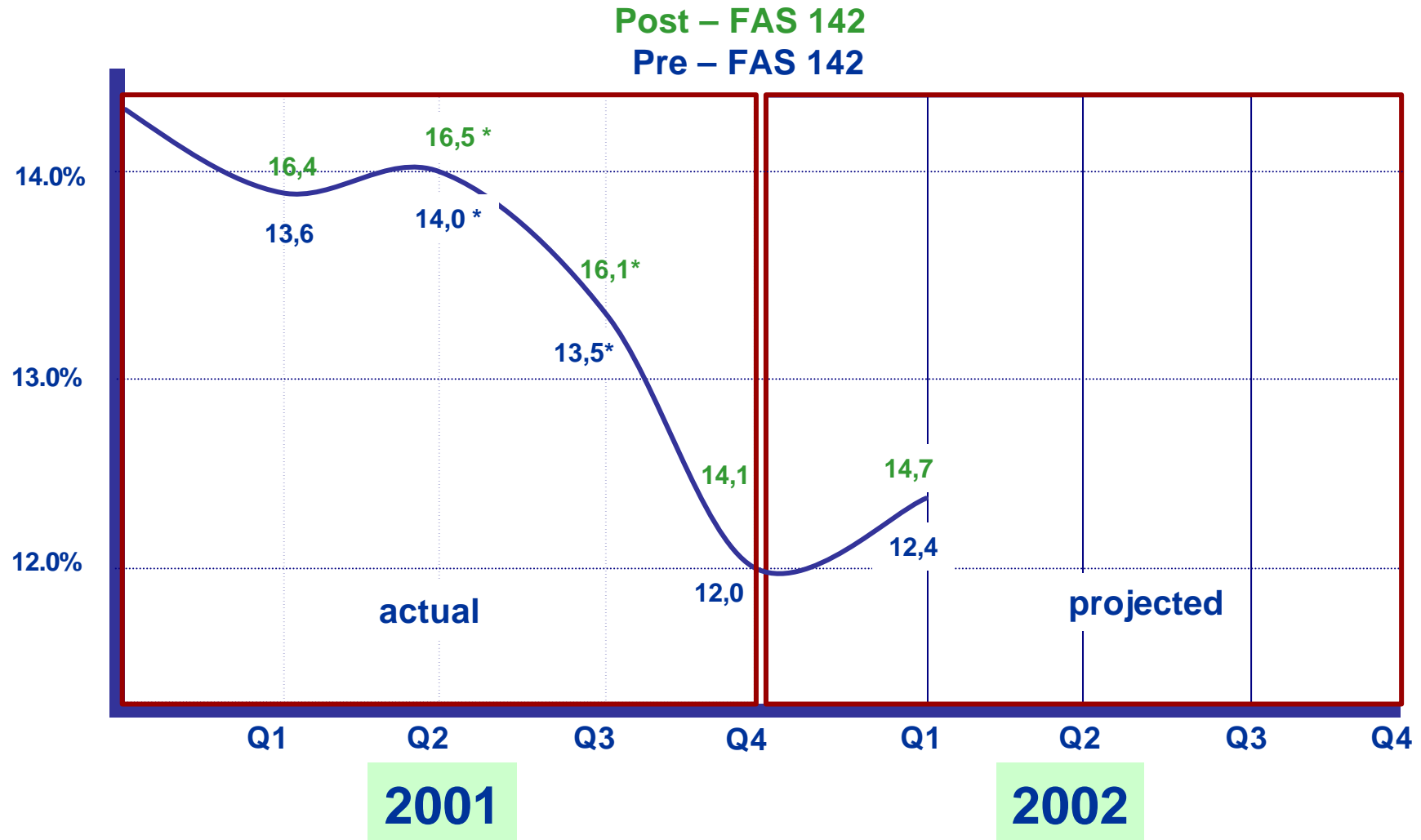


## Revenue Development Q1 2002

<i>\$ millions</i>	Q1 2002	Q1 2001	% Growth
<b>Net revenues</b>	<b>1,187</b>	<b>1,159</b>	<b>2.3</b>
<b><u>FX-effects</u></b>			
Argentina	18	} 33	
Euro-zone	9		
Japan	4		
Brazil	1		
Others	2		
<b>Net revenues</b> <i>constant currency</i>	<b>1,219</b>	<b>1,159</b>	<b>5.2</b>
Treatment day correction	9		
<b>Net revenues</b> <i>constant currency &amp; same # of treatment days</i>	<b>1,228</b>	<b>1,159</b>	<b>5.9</b>



# Operating margin development 2001-2002




\* Q2 incl. \$ 3.1 m and Q3 incl. \$ 3.6 m related prior quarter costs



## Operating Margin Development Q1 2002 excl. Goodwill amortization (FAS 142)

*in % of total sales*

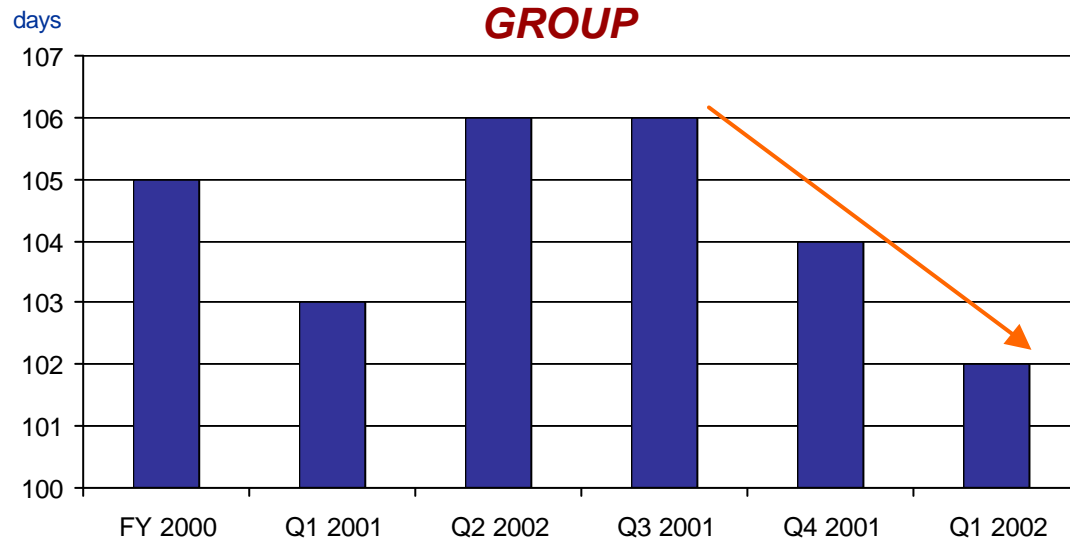
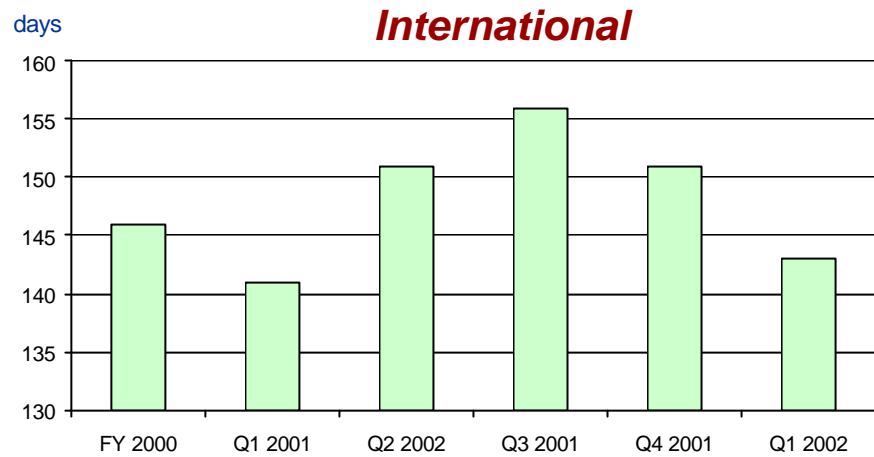
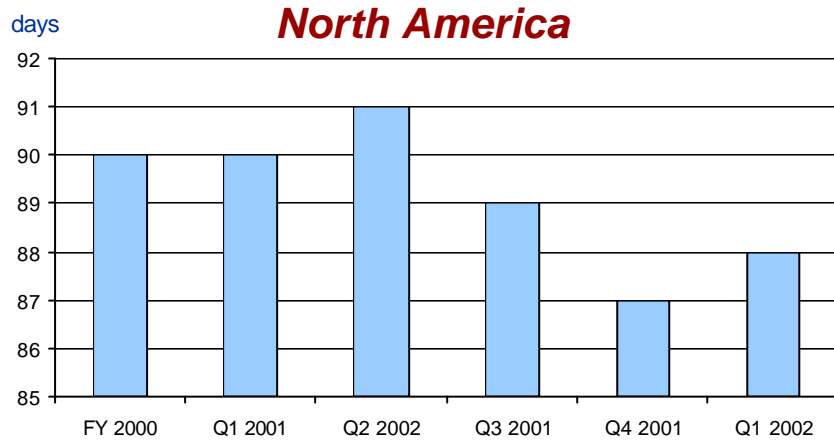
	<b>EBIT Q1 02</b>		<b>EBIT Q4 01</b>
	<b>14.1</b>		<b>14.1</b>
<b>• Strategic investments</b>			
Single-use dialyzers	0.3		
Severance and payroll cost for workforce reductions	- 0.6		
<b>• Operational issues</b>			
Pension curtailment	1.1		
Personnel expenses	0.4		
Other improvements	0.4		
Lower machine sales International	- 0.5		
Amgen price increase	- 0.4		
Higher expenses for facility lease/de novo certification	- 0.1		.
	<b>14.7</b>		



## Operating Margin Development Q1 2002 excl. Goodwill amortization (FAS 142)

<i>in % of total sales</i>	EBIT Q1 02	EBIT Q1 01
	16.4	16.4
<ul style="list-style-type: none"> <li>• <b>Strategic investments</b> <ul style="list-style-type: none"> <li>Single-use dialyzers</li> <li>Severance and payroll cost for workforce reductions</li> </ul> </li> </ul>	- 0.3 - 0.6	
<ul style="list-style-type: none"> <li>• <b>Operational issues</b> <ul style="list-style-type: none"> <li>Pension curtailment</li> <li>Higher portion of ancillary revenue</li> <li>Amgen price increase</li> <li>Higher bad debt expenses</li> <li>Higher expenses for facility lease/de novo certification</li> </ul> </li> </ul>	1.1 - 0.7 - 0.4 - 0.2 - 0.2	
<ul style="list-style-type: none"> <li>• <b>Currency / Others</b> <ul style="list-style-type: none"> <li>Argentina currency devaluation</li> <li>Others</li> </ul> </li> </ul>	- 0.2 - 0.2	
	<b>14.7</b>	

# DSO development





## Cash Flow Q1 2002

<i>\$ millions</i>	<b>Q1 02</b>	<b>Q1 01</b>
<b><i>Net cash provided by operating activities</i></b>	70	77
<b><i>Capital expenditure (net)</i></b>	(50)	(62)
<b><i>Free Cash Flow</i></b> <sup>1</sup>	<b>20</b>	<b>16</b>
<b><i>Acquisitions</i></b>	<b>(9)</b>	<b>(117)</b>
<b><i>Free Cash Flow after acquisitions</i></b>	<b>11</b>	<b>(102)</b>

<sup>1</sup> before acquisitions and dividend

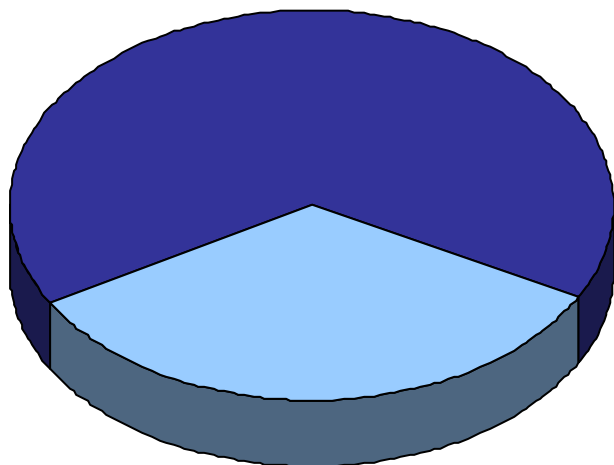


# Capital Expenditure split Q1 2002

Total Capital Expenditure \$ 50 million

Investment by business segment

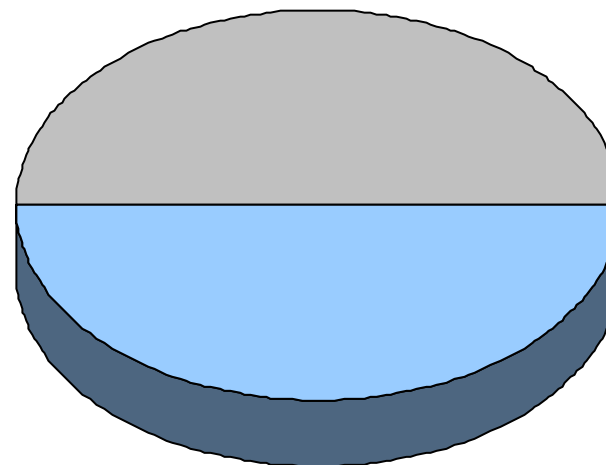
**Products**  
**\$ 33 m**



**Services**  
**\$ 17 m**

Investment in Growth

**Expansion**  
**\$ 25 m**



**Maintenance**  
**\$ 25 m**



## Financial ratios

<i>\$ millions</i>	Mar 31, 02	Mar 31, 01
<b><i>EBITDA</i></b> (annualized)	966	944
<b><i>Debt</i></b>	2,895	2,860
<b><i>Total debt / EBITDA</i></b>	3.0	3.0



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## ***FMC Quarterly Performance Scorecard***

- Key financial / strategic / operational data
- Clear and consistent reporting format
- US and International regions
- Service / Products / Patient Service by segments



# Review of Acquisitions and DeNovos

## **Everest Healthcare Services**

- Purchase Price \$ 365 million
  - \$ 99 million in preference shares
  - \$ 131 million in cash
  - \$ 135 million in debt assumption
- 2 – 2.5% Dialysis Care market share gain
- Extracorporeal blood services
  - => 100 hospitals served
  - => \$ 24 m revenue
  - => starting point for Extracorporeal Alliance



## Review of Acquisitions and DeNovos

### Everest Healthcare Services contd.

<i>\$ millions</i>	<b>Q1 2001</b> Before special charge	<b>2001</b> Everest contribution	<b>Q1 2001</b> Before special charge Without Everest
<b>EAT</b>	244.5	6.3 <sup>1)</sup>	238.2
<b>Number of shares</b>	96,035,330		93,785,330
<b>EPS (\$)</b>	<u>2.53</u>		<u>2.53</u>

<sup>1)</sup> Assumes EBIT contribution of \$ 36 million and interest rate of 7.5%



## Review of Acquisitions and DeNovos

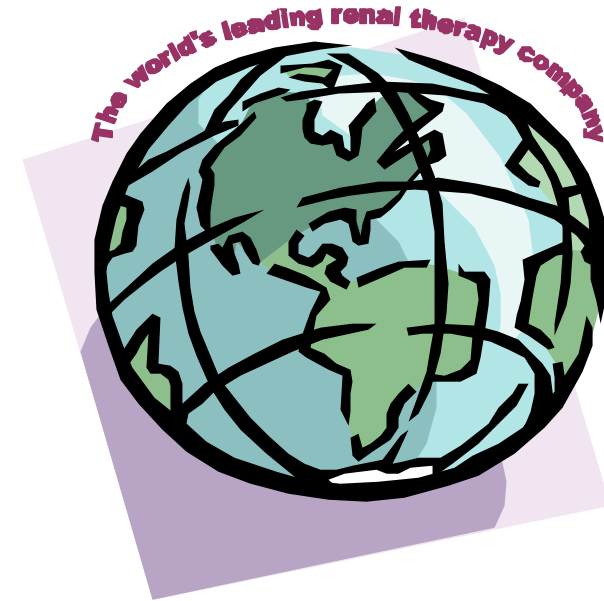
### US Growth options

	Acquisitions	DeNovos
<i>Purchase Price / Investment</i>	\$ 3.4 m	\$ 850 K
<i>First Year EBIT</i>	\$ 450 K	\$ (55) K
<i>EBIT margin 3<sup>rd</sup> year</i>	~ 17.5%	~ 15%
<i>IRR</i>	>17%	>30%
<i>Targeted 2002 spending</i>	\$ 50 m	\$ 40 m



## *Agenda - First Quarter 2002*

- *Legal / Strategy /  
Operations Update*





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## ***Legal Update***

### ***Accrual in 2001: Financially Resolved***

- **Commercial Litigation**
  - Progressing as expected
- **W.R. Grace Chapter 11/ Indemnities**
  - No change in substance of case
  - Fraudulent Conveyance (FC) claims against FMC stayed on request of plaintiffs
  - Pending trial of FC claims against Sealed Air in Sept. 2002



# Development of Integrated Renal Provider

**Renal Disease Management**

Optimal Renal Care

renaissance SM

**Integrated Renal Care Superior Outcomes**

2000 U.S. Annual Report  
Medical Director's Summary  
Medical Department

Freemantle Medical Care

**CKD Services**

- Peritoneal Dialysis
- Nocturnal Hemodialysis (Home/Clinic)

**Vascular Access Centers**



**UltraCare** FMC™  
Differentiated patient care

**Delivers Superior Outcomes**

- Improved Outcomes
- Improved Staff Utilization
- Improved clearance
  - Phosphate
  - Larger size toxins

GranuFlo  
Improved Concentrate CO<sub>2</sub> levels

UltraCare CombiSet Bloodline

Optiflux  
Single Use High Flux Polysulfone Dialyzers

808H/K Hemodialysis delivery System

- On Line Clearance
- DiaSafe
- Autoflow – controlled concentrate usage
- Access Flow
- Urea Kinetic Modeling

## ***Medical Benefits of Single Use***

### **Larger Size Toxins**

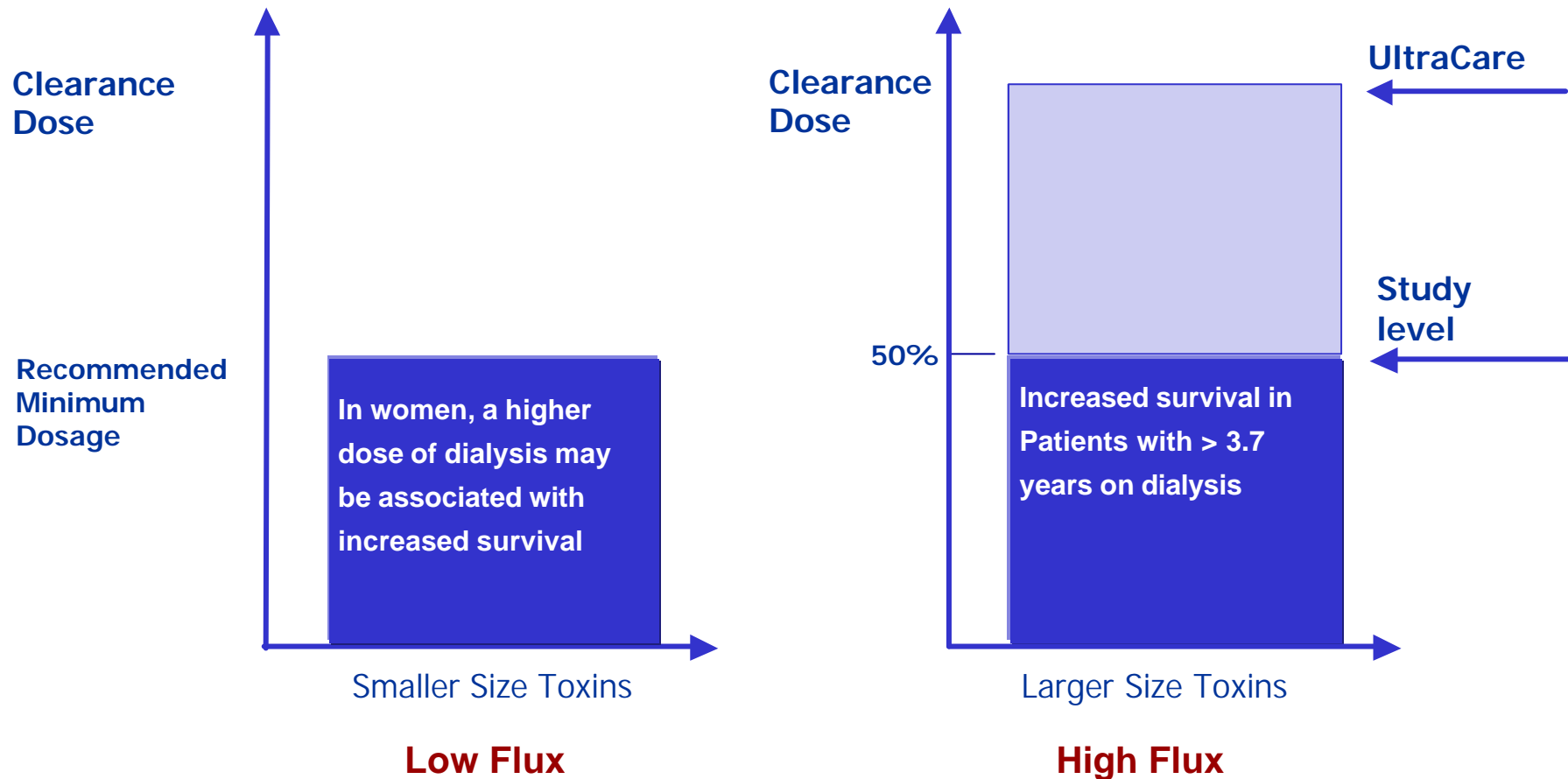
- **Membrane properties of dialyzers change when exposed to Reuse agents**
  - Reuse causes effective reduction of larger size toxins and phosphate removal
- **Single Use: Constant clearance properties for each use**



# The Hemodialysis (Hemo) Study

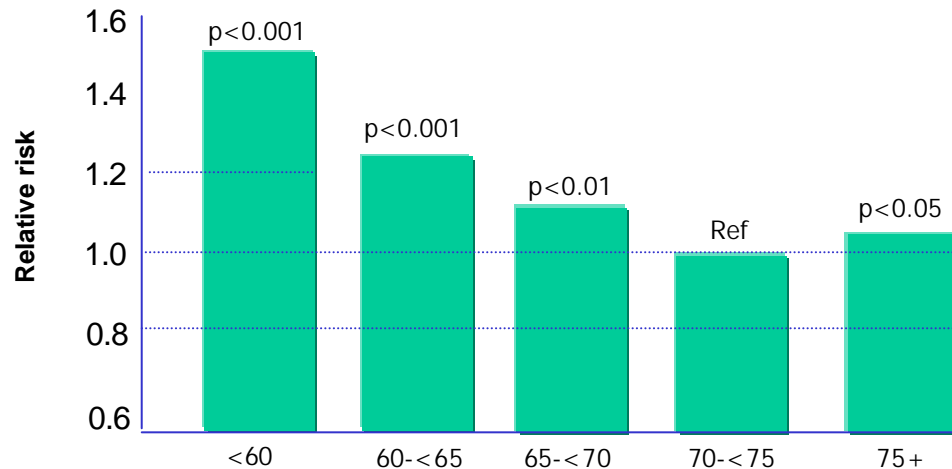
an NIH – NIDDK sponsored randomized, multi-center clinical trial

Patients in Study: 2,611 / Time of Study: 3/95 – 12/01



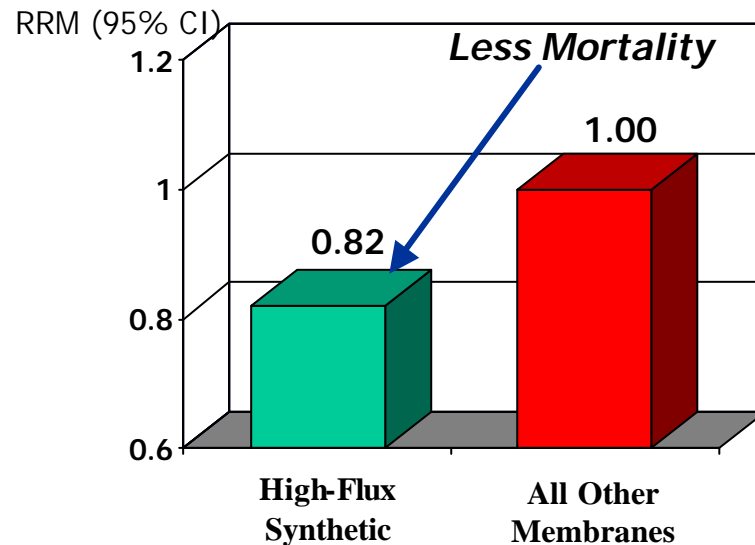
# Hemo Study Supports Retrospective Analysis of Large Data Basis (FMC & USRDS)

## Small Size Toxins



Relative risk of all-cause death, by urea reduction ratio  
**FMC HD patients**  
**1999**  
**45,794 patients**  
 adjusted for age, gender & race  
 diabetic status

## Large Size Toxins



## Fresenius Polysulfone®

Retrospective Study  
 USRDS Data  
 1994 to 1995  
 12,791 patients  
 1,394 facilities  
 AJKD, Vol 37, Feb 2001



## Clinical Performance

### North America

	<u>Q1 2002</u>	<u>Q1 2001</u>
<u>Quality Matrix</u>		
URR > 65	85%	84%
Kt/v > 1.2	92%	91%
Hemoglobin $\geq$ 11 g/dl	73%	71%
Albumin $\geq$ 3.5 g/dl	83%	83%
Mortality Rate (12 months)	17.65	17.91
Hospitalization Days (12 months)	9.1	9.4



# North America Focus 2002

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## Revenue

- Patient Care
  - Base Growth
  - Commercial Rates
  - Disease Management
- Products
  - Dialyzers
  - Peritoneal Dialysis

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## Margin Improvement

- Patient Care
  - **UltraCare™ Online NR** (Single Use) cost improvement underway
  - Staffing Model based on Single Use
  - Web Based Computer Quality Reports Assist Clinical Specialists
- Products
  - Expansion of Optiflux Manufacturing



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## ***Key Accomplishments***

### ***Fresenius Medical Care***

- ***Improved underlying operating margin from Q4 2001 level***
- ***Advanced implementation of UltraCare Online NR in FMC's North American clinics***
- ***Rolled out new staffing model in North American clinic operations to achieve single-use treatment cost savings***
- ***Achieved sales gains in available external product market worldwide***
- ***Continues to be on track for full year targets in difficult currency / product market environment***





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## ***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 Securities and Exchange Commission.





# Fresenius Medical Care

*The World's Leading Renal Therapy Company*