



Fresenius Medical Care

The World's Leading Renal Therapy Company



Analyst Meeting, August 4, 2004

Agenda

I. Business Update & Outlook 2004

- Q2 / H1 2004 performance
- Dialysis Services
- Dialysis Products
- Key highlights
- Challenges / Outlook

II. Financials Q2 / H1 2004



Excellent performance - Q2 2004



▪ Net revenue	\$ 1,552 m ^{record}	+ 14%
		12% cc
▪ Operating income (EBIT)	\$ 213 m	+ 16%
▪ Net income	\$ 101 m ^{record}	+ 27%
▪ Earnings per share (EPS)	\$ 1.04	+ 27%
▪ Free Cash Flow	\$ 126 m	- 9%

cc = constant currency

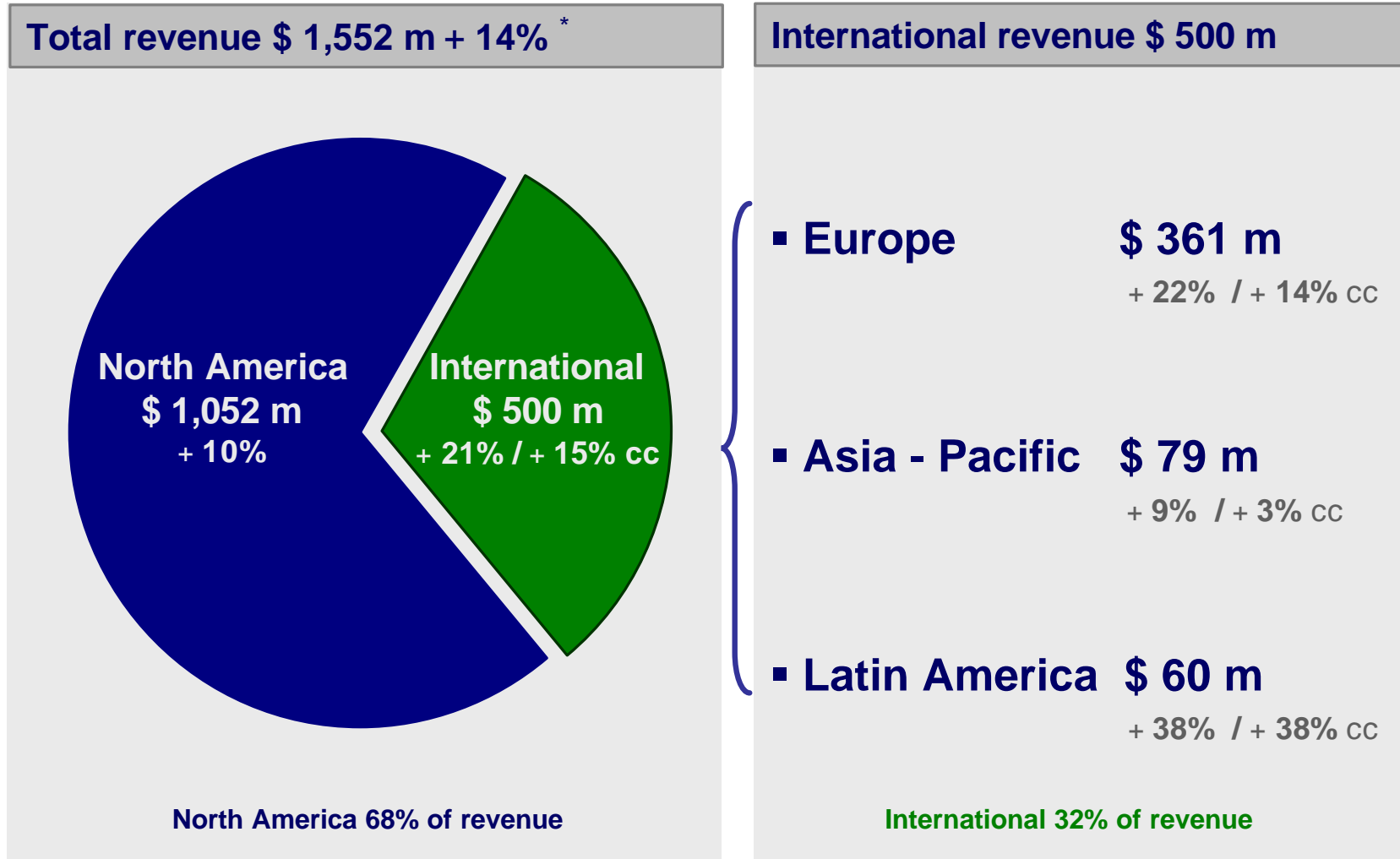
Excellent performance - H1 2004



▪ Net revenue	\$ 3,011 m	+ 13% 10% cc
▪ Operating income (EBIT)	\$ 411 m	+ 16%
▪ Net income	\$ 192 m	+ 28%
▪ Earnings per share (EPS)	\$ 1.98	+ 28%
▪ Free Cash Flow	\$ 256 m	+ 15%

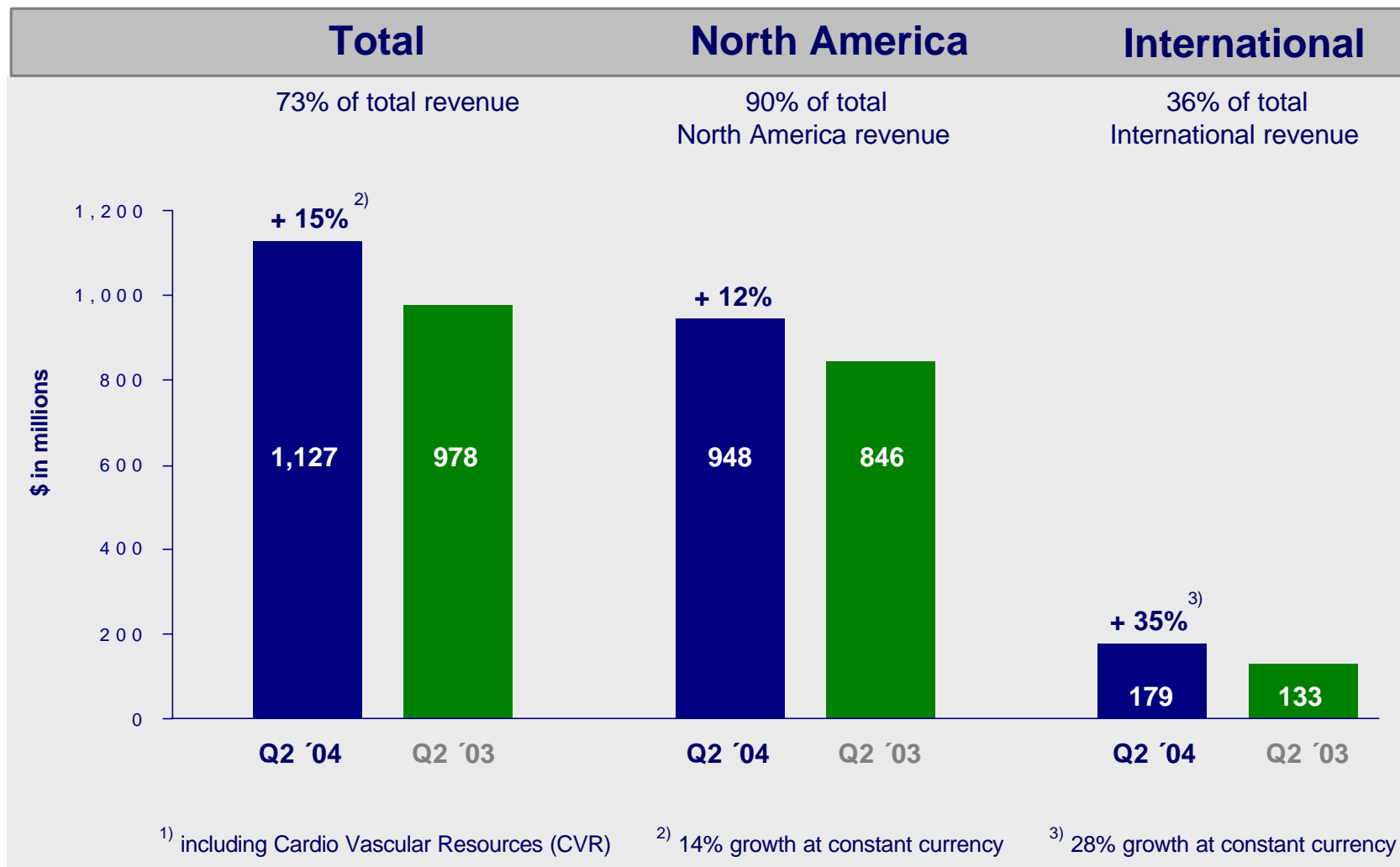
cc = constant currency

Strong revenue growth in Q2 2004



* 12% growth at constant currency (cc)

Dialysis Services Q2 2004 ¹⁾



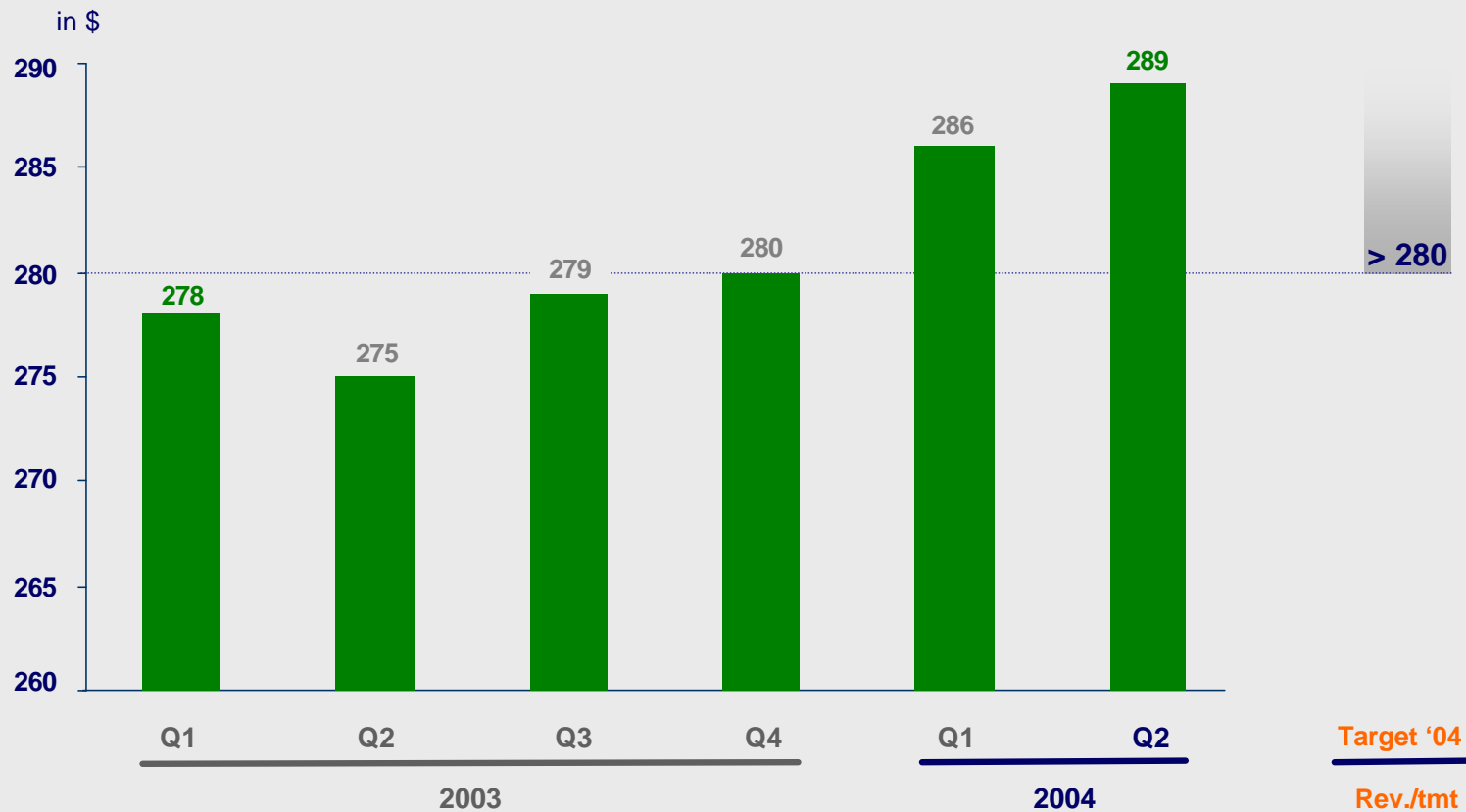
Dialysis Services Q2 2004

Focus on organic growth and revenue per treatment			
	Total	North America	International
Organic revenue growth	+ 8.3%	+ 8.6%	+ 6.3%
Same store treatment growth	+ 3.8%	+ 3.4%	+ 4.6%
Revenue per treatment	\$ 241	\$ 289	\$ 122
Treatments (in million)	4.7	3.2	1.5
Growth	+ 5.9%	+ 4.1%	+ 10.0%

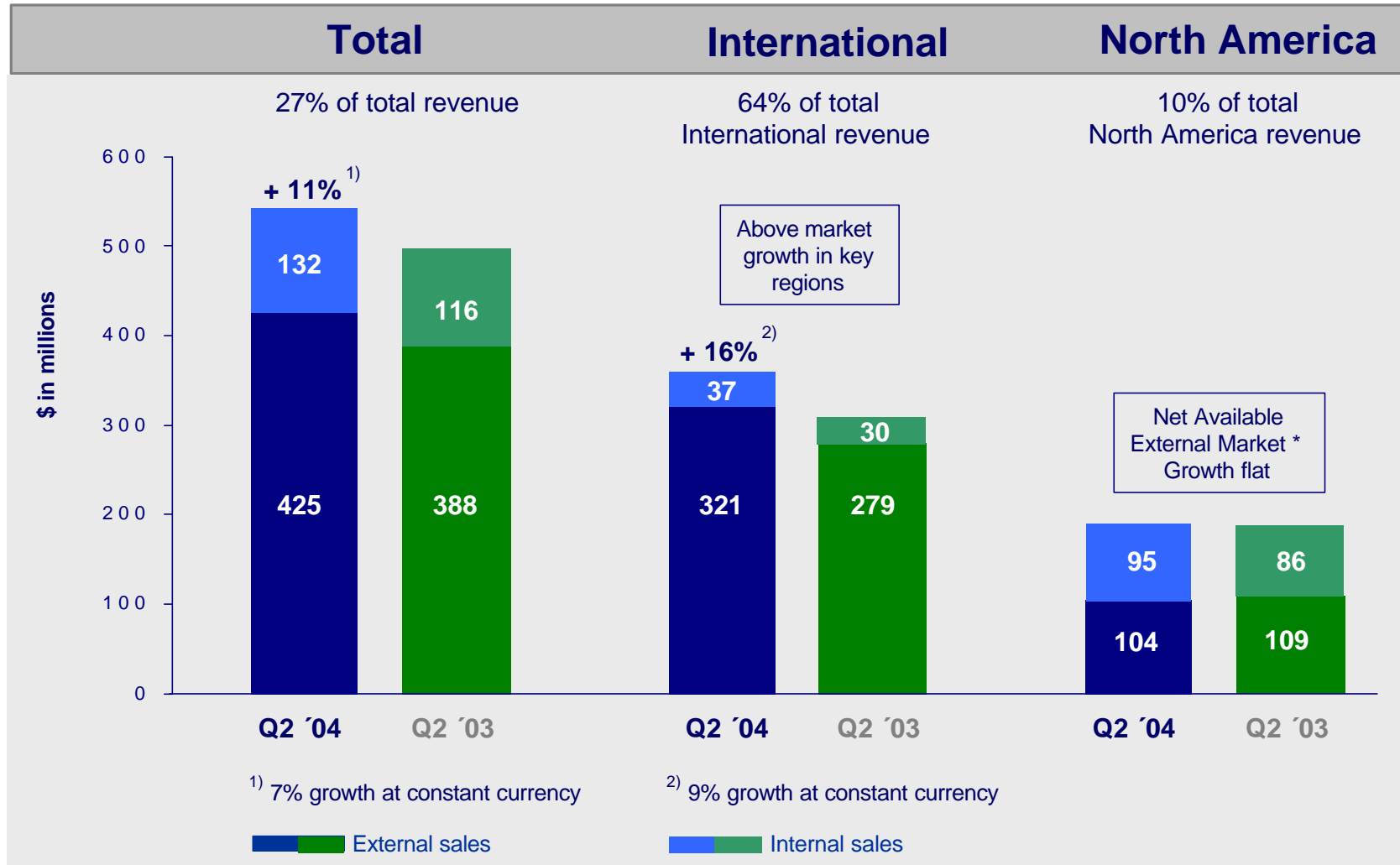


Dialysis Services – North America

Revenue per treatment ahead of target



Dialysis Products Q2 2004



* A reconciliation to the most directly comparable US-GAAP financial measure is provided in the attachment.



Dialysis Products Q2/H1 2004

North America – continued focus on margin improvement

Net available external market growth * flat

Q2 2004	<ul style="list-style-type: none"> ▪ Machines & Dialyzers + 5% <ul style="list-style-type: none"> ▪ Single-use dialyzers (units) + 20% ▪ Peritoneal Dialysis + 7%
H1 2004	<ul style="list-style-type: none"> ▪ Machines & Dialyzers + 6% <ul style="list-style-type: none"> ▪ Single-use dialyzers (units) + 17% ▪ Peritoneal Dialysis + 12%

Ogden manufacturing facility has produced over 100 million dialyzers since 1995

* A reconciliation to the most directly comparable US-GAAP financial measure is provided in the attachment.



Reimbursement Environment – North America

MMA proposed ESRD reimbursement for 2005

- **MMA – proposed payment for dialysis services (composite rate 2005)**
 - Public comment period until September 24, 2004
 - An increase of 1.6 percent to the basic composite payment rate
 - Proposed revisions to the pricing of separately billable drugs and biologicals
 - A drug add-on to the composite rate to reflect the current margin for separately billable drugs and biologicals
 - Case-mix adjustments for a limited number of patient characteristics with budget neutrality adjustment

MMA = Medicare Modernization Act



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International - Key highlights Q2 2004

Europe

- **Strong growth in Products and Services**
 - Largest product market
 - Germany Q2: +9%cc y-o-y
 - Adjusted for health care cost reductions
 - Largest service market
 - Spain Q2: +8%cc y-o-y

- **Reimbursement environment mostly positive**

- **Maintaining strong profitability and Cash Flow levels**

cc = constant currency



International - Key highlights Q2 2004

Latin America

- **Strong growth and further improved profitability**
 - Focus on dialysis services
 - Strengthened position in Mexican market
 - Benefits from reimbursement increases 2003/2004

Asia - Pacific

- **Strong performance in all markets outside Japan**
 - Bi-yearly health care reimbursement decrease in Japan as part of reducing overall national health care budget
 - Healthy unit growth in Japan
 - Continuous strong product growth in countries outside Japan

cc = constant currency



Ongoing Challenges & Outlook 2004

- **Asia - Pacific:** Reimbursement decrease in Japan (April 1, 2004)
- **Europe:** Maintain product growth and profitability
- **North America:** Maintain revenue per treatment;
Successful implementation of
 - * CMS - EPO draft policy
 - * CMS proposed rule following the MMA
- **Worldwide:** Continue strong cash collection



Outlook 2004 increased



Agenda

I. Business Update

II. Financials Q2 / H1 2004

- Profit & Loss
- Margin development
- Days Sales Outstanding (DSO)
- Cash Flow
- Financial ratios
- Outlook



Strong top and bottom line growth continued

\$ in millions	Q2 2004	Q2 2003	%
Net revenue	1,552	1,366	+ 14 *
Operating income (EBIT)	213	184	+ 16
EBIT margin in %	13.7	13.5	
Net income	101	79	+ 27
EPS per ordinary shares (\$)	1.04	0.82	+ 27

* 12% growth at constant currency

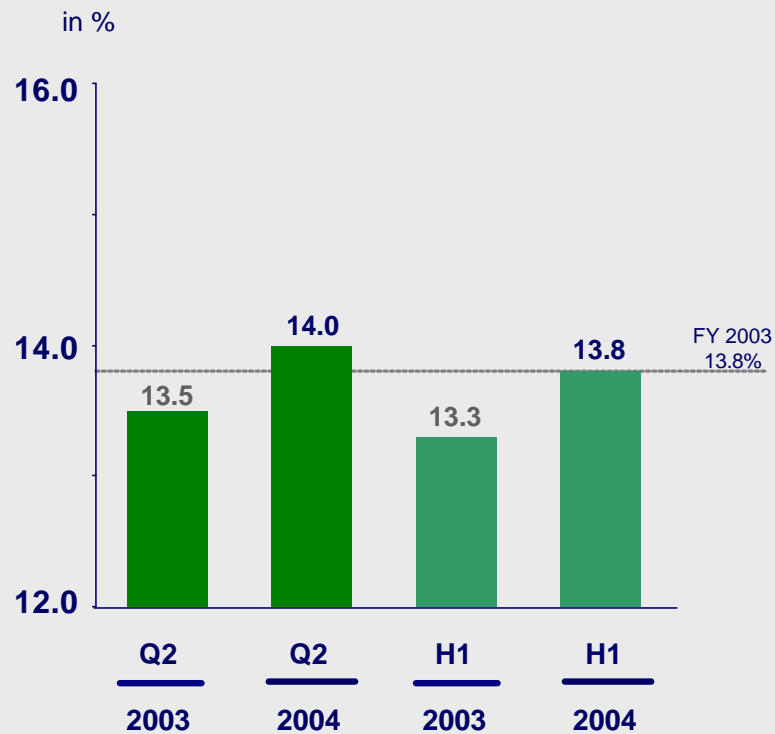
Strong top and bottom line growth continued

\$ in millions	H1 2004	H1 2003	%
Net revenue	3,011	2,666	+ 13 *
Operating income (EBIT)	411	353	+ 16
EBIT margin in %	13.6	13.2	
Net income	192	149	+ 28
EPS per ordinary shares (\$)	1.98	1.54	+ 28

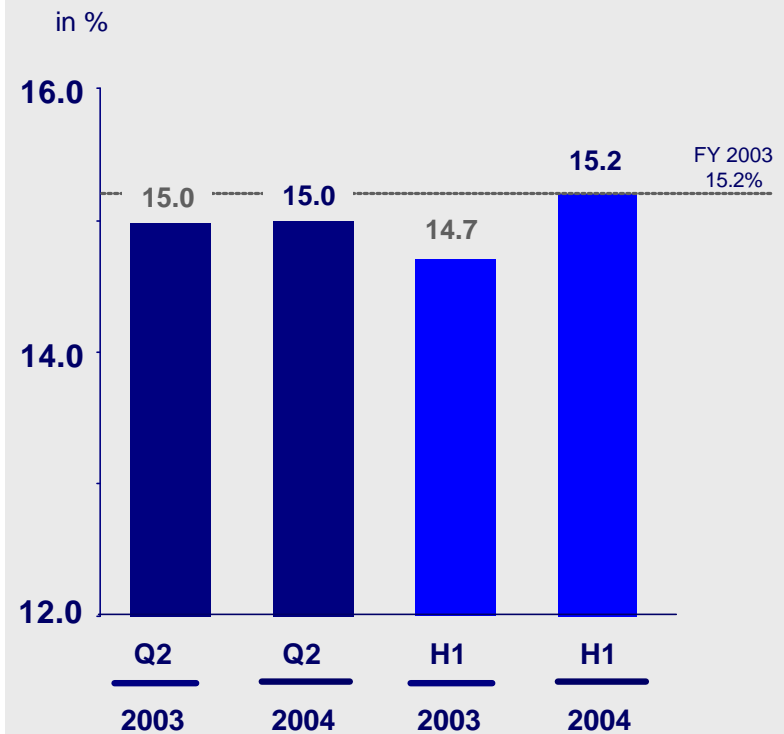
* 10% growth at constant currency

EBIT - margin

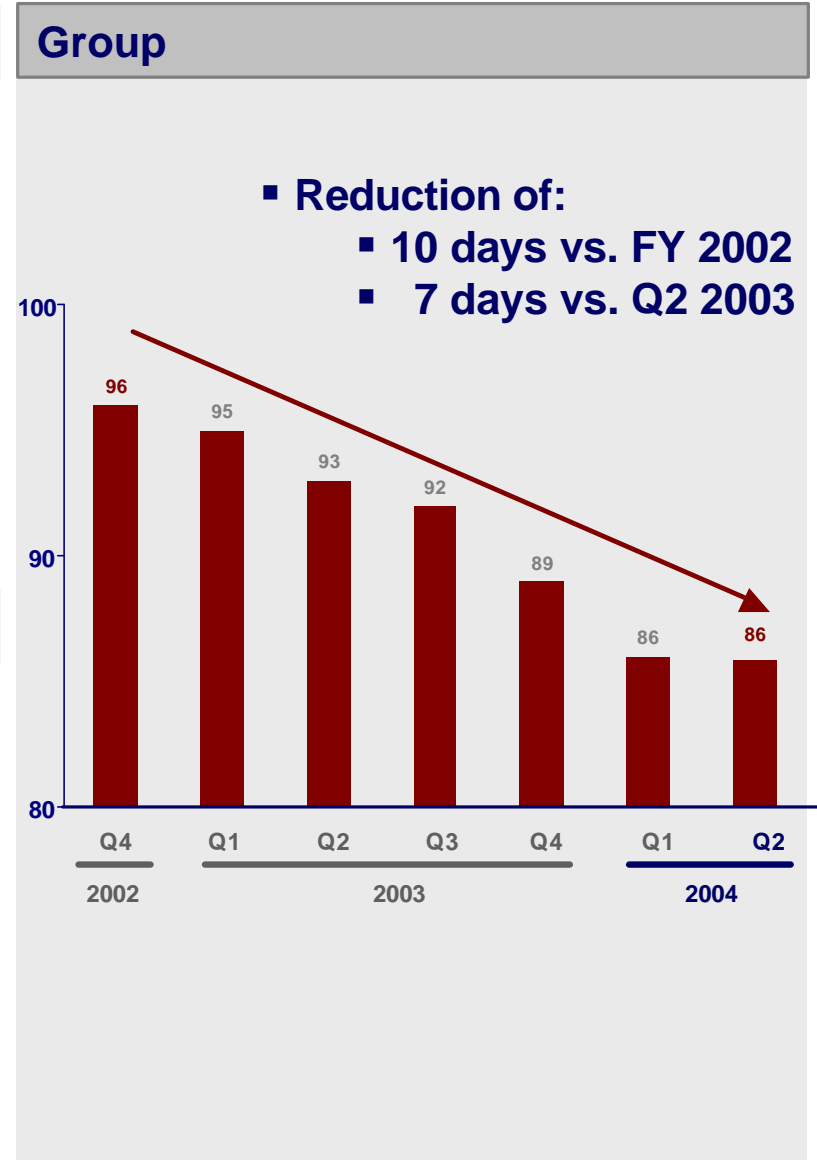
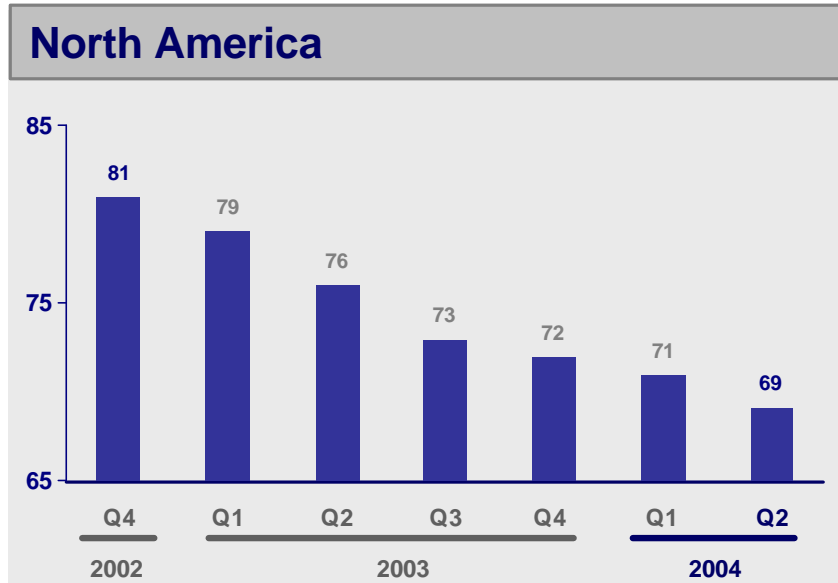
North America - improved



International - maintained



Days Sales Outstanding (DSO) – impressive development



Cash Flow – strong performance

\$ in millions	Q2 2004	Q2 2003	%
Net cash provided by operating activities	180	175	+ 3
Capital expenditures (net) ¹⁾	(54)	(37)	
Free Cash Flow	126	138	- 9
Acquisitions	(10)	(29)	
Free Cash Flow after acquisitions	116	109	+ 7

¹⁾ A reconciliation to the most directly comparable US-GAAP financial measure is provided in the attachment.



Cash Flow – strong performance

\$ in millions	H1 2004	H1 2003	%
Net cash provided by operating activities	351	300	+ 17
Capital expenditures (net) ¹⁾	(95)	(78)	
Free Cash Flow	256	222	+ 15
Acquisitions	(52)	(57)	
Free Cash Flow after acquisitions	204	165	+ 24

¹⁾ A reconciliation to the most directly comparable US-GAAP financial measure is provided in the attachment.



Financial ratio – continued improvement

\$ in millions	June 30, 2004	December 31, 2003
EBITDA (annualized) ¹⁾	1,054	986
Dec. 31, 2003 Debt ¹⁾	2,722	
+ CapEx ¹⁾	95	
+ Acquisitions	52	
+ Dividend	122	
- FX-debt translation effects	33	
+ Others	35	
- Cash from operating activities	351	
June 30, 2004 Debt ¹⁾	2,642	2,722
Total debt / EBITDA	2.51	2.76

¹⁾ A reconciliation to the most directly comparable US-GAAP financial measure is provided in the attachment.



Outlook 2004 - increased

	New guidance	H1 2004	Original guidance
Net revenue growth (at constant currency)	high single digit	+ 10%	mid single digit
Net income growth	mid teens	+ 28%	high single / <u>low double</u> digit

Capital expenditure	confirm	\$ 95 m	~ \$ 250 m
Acquisition budget	confirm	\$ 52 m	~ \$ 100 m



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 the Securities and Exchange Commission and the German Exchange Commission „Deutsche Börse“.





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Attachment I

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

All numbers are in \$ millions

Capital expenditure (net)	H1 2004	H1 2003	Q2 2004	Q2 2003
Purchase of property, plant and equipment	101	86	58	42
- Proceeds from sale of property, plant and equipment	(6)	(8)	(4)	(5)
= Capital expenditure (net)	95	78	54	37

Debt	June 30, 2004	Dec. 31, 2003
Short term borrowings (incl. A/R program) *	314	90
+ Short term borrowings from related parties	0	30
+ Current portion of long-term debt and capital lease obligations	149	90
+ Long-term debt and capital lease obligations, less current portion	972	1,112
+ Trust Preferred Securities	1,207	1,242
+ Accounts receivable securitization program	0	158
Total debt	2,642	2,722

EBITDA	H1 2004	Dec. 31 2003
Last twelve months operating income (EBIT)	816	757
+ Last twelve months depreciation and amortization	225	217
+ Non-cash charges	13	12
= EBITDA (annualized)	1,054	986

* A/R securitization program off-balance sheet in 2003 and included in short term borrowings in 2004



Attachment II

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

All numbers are in \$ millions

External Revenue	Q2 2004	Q2 2003	growth	constant currency
International product revenue	358	309	+16%	+9%
- Internal revenue	(37)	(30)	+23%	+16%
= External revenue	321	279	+15%	+9%
North America product revenue	199	195	+2%	
- Internal revenue	(95)	(86)	+11%	
= External revenue	104	109	-5%	
Net available external market (NAEM) – North America				
	Q2 2004	Q2 2003		
External dialysis product revenue	104	109		
Sales to other vertically integrated dialysis providers and to leasing companies	(7)	(12)		
Adsorber business revenue	(1)	-		
Dialysis product sales to net available external market	96	97		





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