



# Fresenius Medical Care

**The World's Leading Renal Therapy Company**



**Analyst Meeting, August 03, 2006**

# 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".



# Agenda

I. Business Update

II. Financials Q2 / H1 2006

III. Q&A Session



# Achievements – Q2 2006

## Very strong performance in all key metrics

- Organic revenue growth of 9%
- Positive revenue per treatment development worldwide
- Smooth integration of RCG
- Increased operating margin (EBIT)<sup>1)</sup> by 140 basis points
- Solid operating cash flow generation
- Net income increase of 19%<sup>1)</sup> – ahead of expectation



**Upgrading full year guidance**

<sup>1)</sup> on a comparable basis excl. one-time items and accounting change SFAS 123R



# Excellent operating performance – Q2 2006



<b>Revenue</b>	<b>\$ 2,165 m</b>	<b>+ 29%</b>
		30% cc

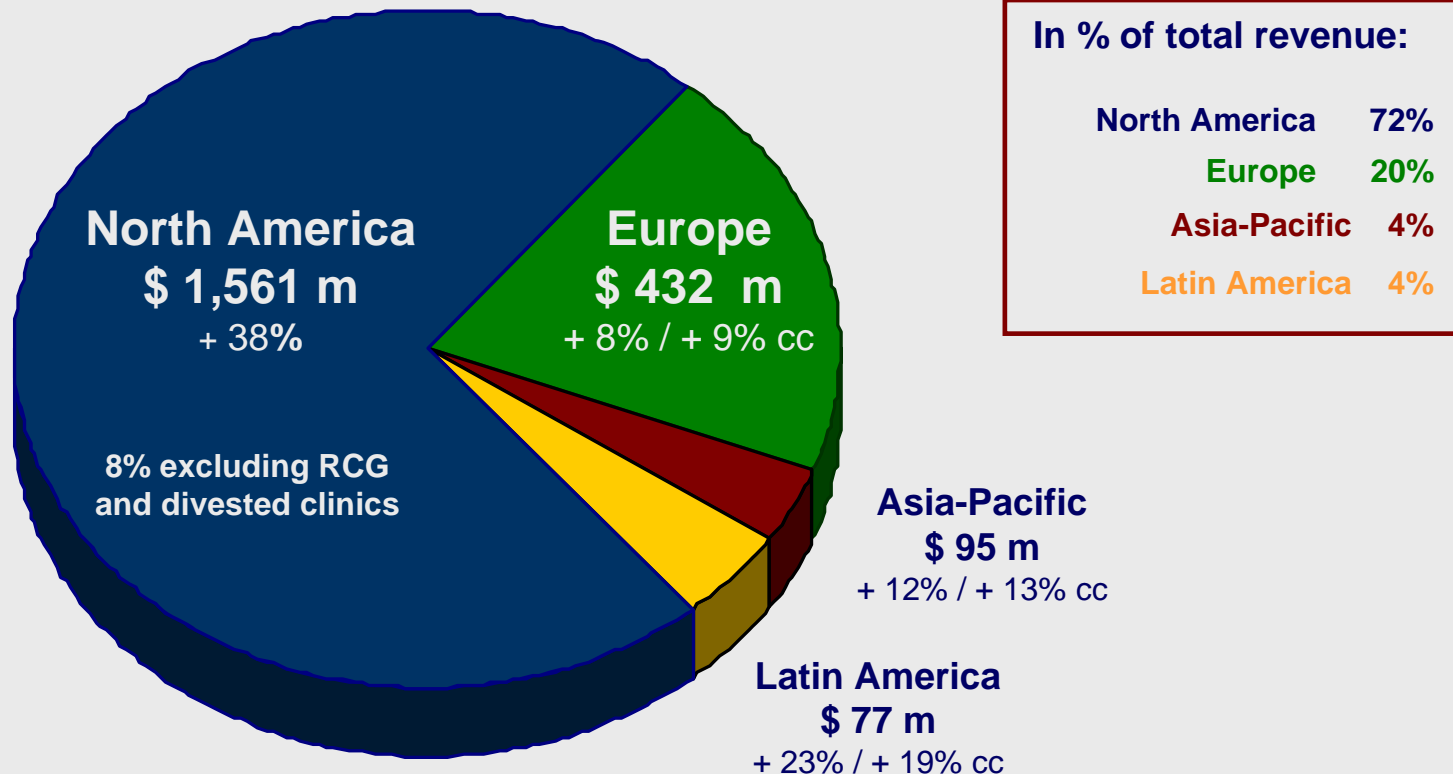
<b>Net income</b> (excluding one-time items and SFAS 123R)	<b>\$ 139 m</b>	<b>+ 19%</b>
---	-----------------	--------------

- Excellent results from the successful integration of RCG as well as a very strong underlying performance.
- Net income growth better than expected.

cc = constant currency

# Strong revenue growth in all regions in Q2

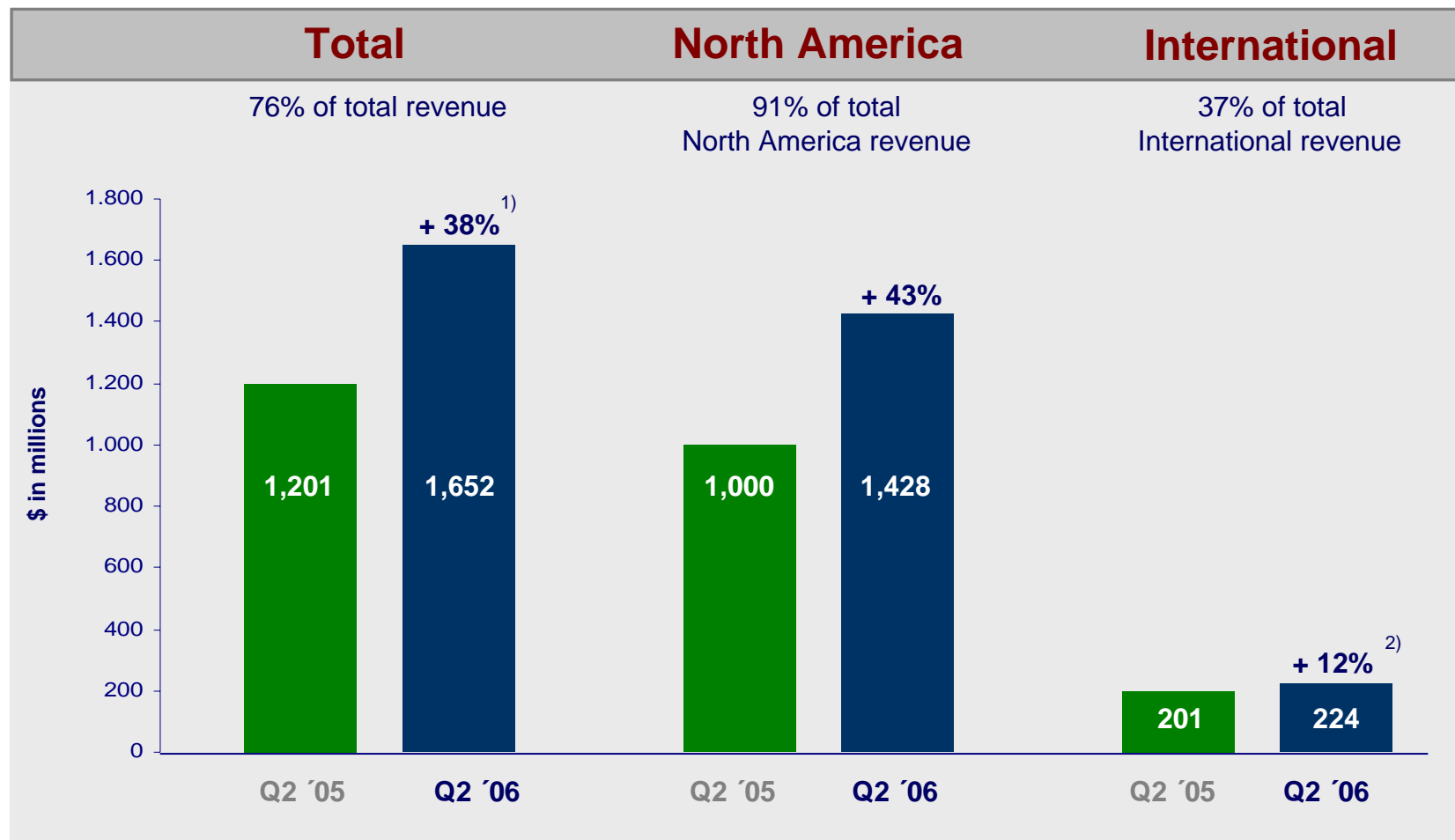
Total revenue \$ 2,165 m + 29%\*



\* 30% growth at constant currency (cc)



# Dialysis Services Q2 2006



<sup>1)</sup> 38% growth at constant currency

<sup>2)</sup> 13% growth at constant currency



# Dialysis Services June 30, 2006

## Patients – Clinics (incl. RCG)

Year over year

<b>Patients worldwide</b>	<b>161,675</b>	<b>+26%</b>
North America	117,830	+33%
International	43,845	+11%

<b>Clinics worldwide</b>	<b>2,078</b>	<b>+26%</b>
North America	1,540	+34%
International	538	+8%

RCG = Renal Care Group





# Dialysis Services Q2 2006

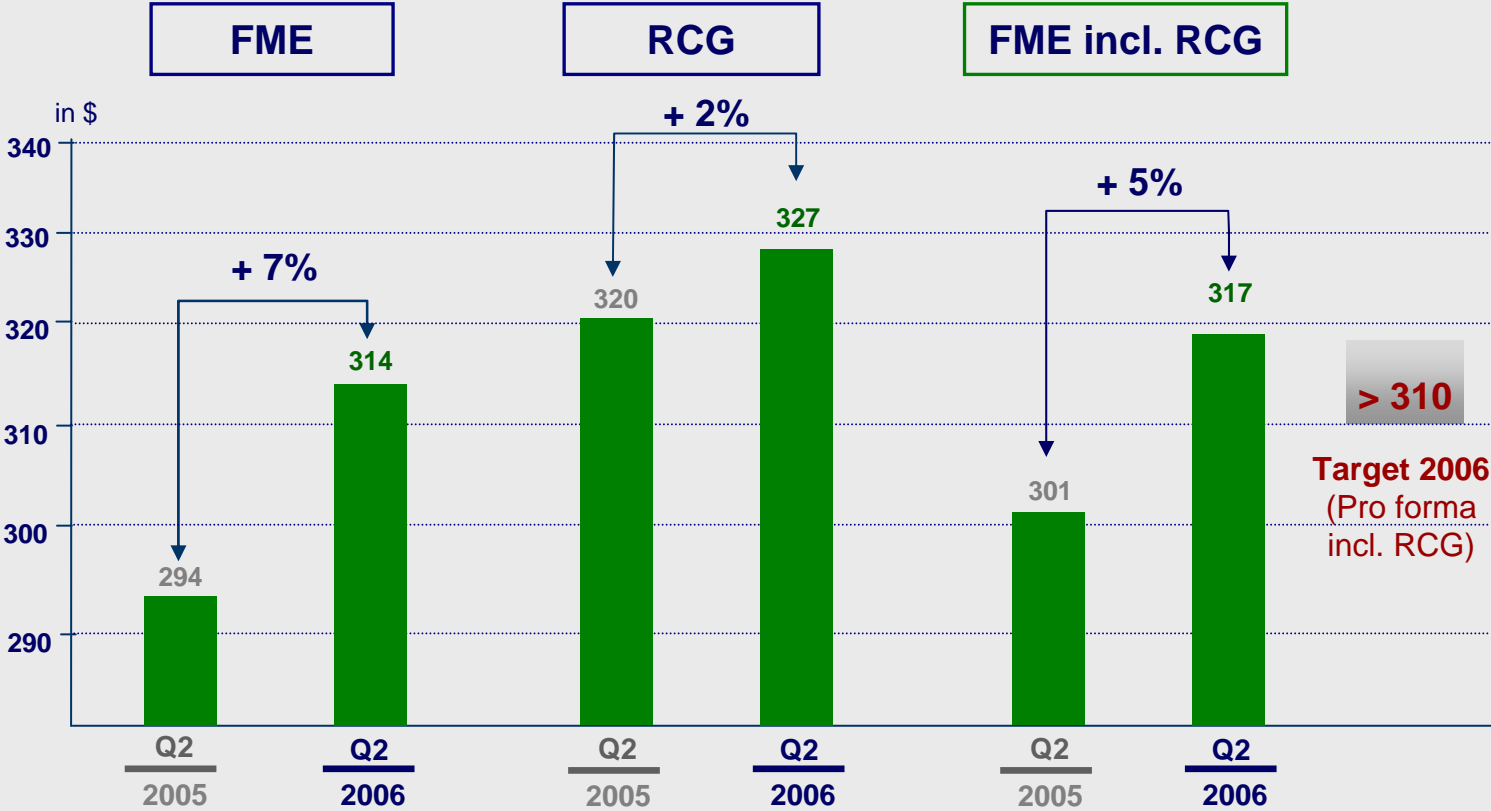
<b>Strong organic revenue growth</b>			
	<b>Total</b>	<b>North America</b>	<b>International</b>
Organic revenue growth	+ 9% <sub>occ</sub>	+ 9%	+ 10% <sub>occ</sub>
Same market treatment growth	+ 3.6%	+ 1.6%	+ 7.9%
Revenue per treatment	\$ 268	\$ 314 <sup>1)</sup>	\$ 132
Growth	+9% <sub>occ</sub>	+ 8%	+ 2% <sub>occ</sub>
Treatments (in million)	6.2	4.5	1.7
Growth	+26%	+ 33%	+ 10%

<sup>1)</sup> excl. Mexico \$ 317  
cc = constant currency



# Dialysis Services – U.S. operations

**Very positive revenue per treatment trend**



FME = Fresenius Medical Care  
 RCG = Renal Care Group



# Highlights North America – Q2 2006

## Services – strong financial performance

- Integration of RCG proceeding very well
  - New organization in place
  - Execution of detailed plans on or ahead of schedule
- Strong organic revenue growth of 9%
- Day sales outstanding – positive trend

RCG = Renal Care Group



# Highlights North America – Q2 2006

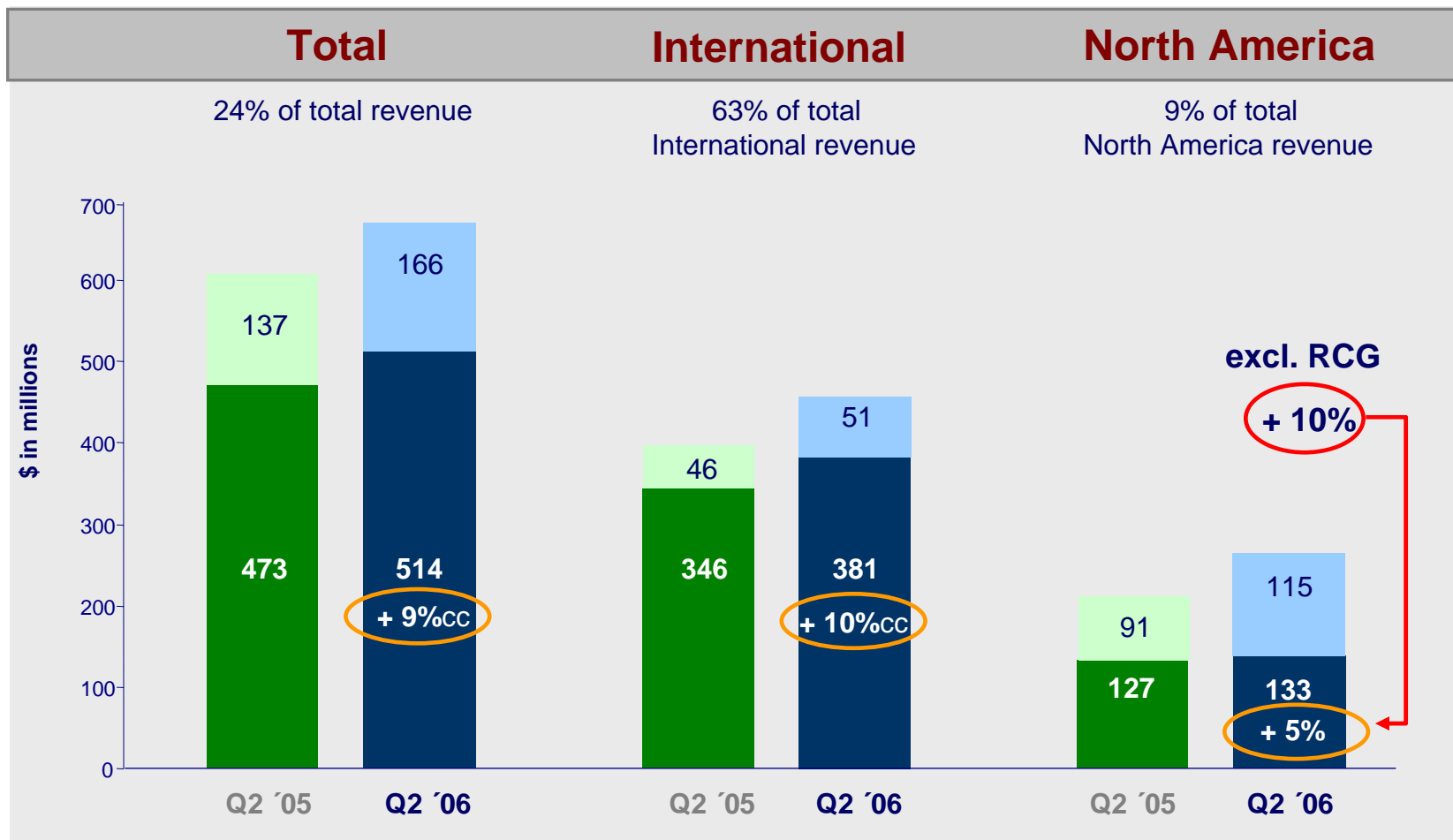
## Services – excellent clinical performance improving further

Dialysis adequacy (% of patients)	Q2 2006 All Patients	Q2 2005 All Patients
Urea reduction $\geq$ 65%	91%	90%
Kt/V $\geq$ 1.2	94%	93%
Hemoglobin $\geq$ 11 g/dl	81%	80%
Albumin $\geq$ 3.5 g/dl	80%	79%

RCG = Renal Care Group



# Dialysis Products Q2 2006



cc = constant currency



External Sales



Internal Sales



# Highlights North America – Q2 2006

## Products – Exceptional external sales of +10%\*

year over year \*

- Excellent demand for HD machines (2008K) + 21% (units)
- Strong demand for bloodlines + 20% (revenue)
- Above market growth – peritoneal dialysis + 14% (revenue)
- Independent market single-use grows
  - 38% in 2003 to 59% in Q2 2006

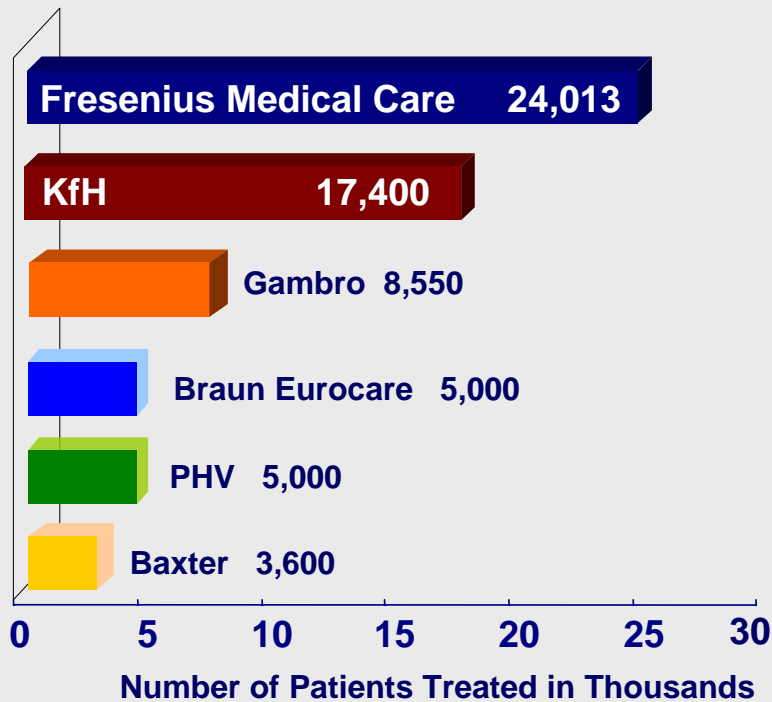
\* Growth rate adjusted for the effect of the RCG acquisition and divestitures



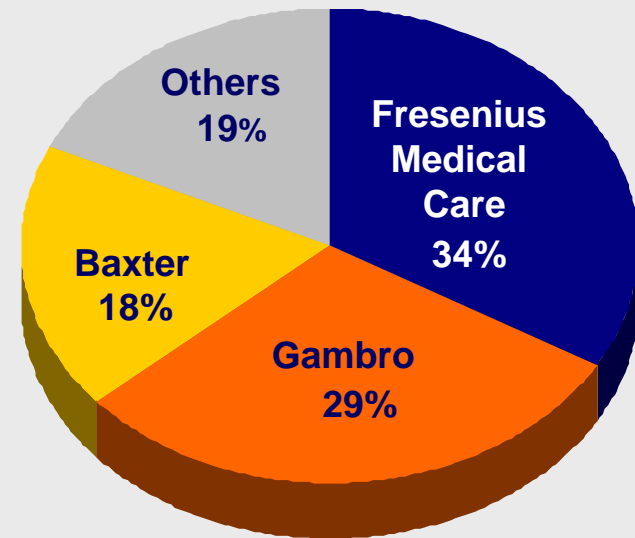
# Highlights Europe – Q2 2006

Leading in Services & Products (Revenue LTM ~ \$1.6 bn)

## Services



## Products



Source: Company data / estimates  
LTM = Last twelve months



# Highlights Europe – Q2 2006

<b>Organic Revenue Growth</b>	+ 10% <sup>cc</sup>
<b>Products – exceptional growth above market (7%<sup>cc</sup>)</b>	year over year
▪ Strong demand for HD machines (new 5008 + 4008 series)	+ 23%
▪ Strong dialyzer demand	+ 10%
▪ Regulatory approval “OsvaRen” – phosphate binder	
<b>Services – strong clinical &amp; financial performance</b>	year over year
▪ Same market treatment growth	+ 9%
▪ Patients treated	24,013
▪ Excellence in clinical results (EuClid)	

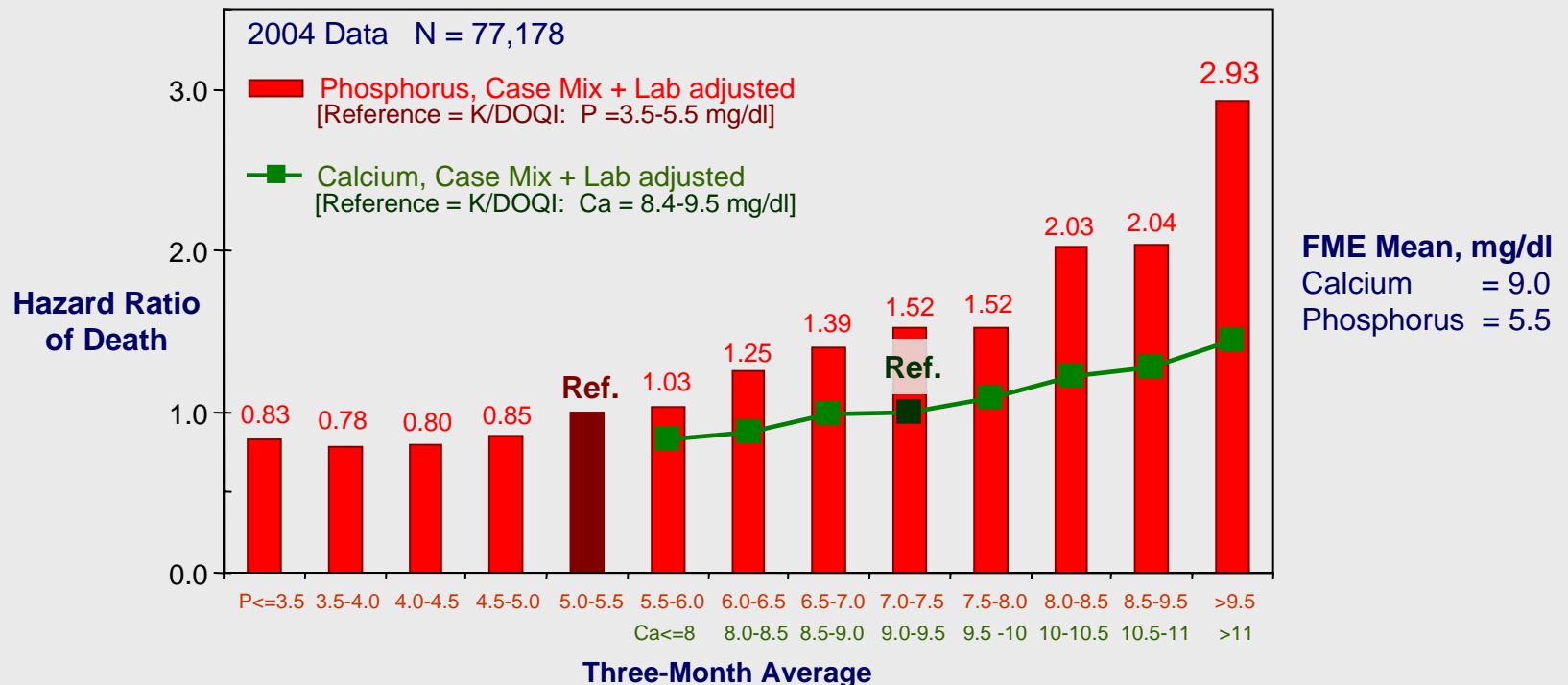
cc = constant currency





# The case for “pharma-tech” therapy development

- **Objective:** optimize dialysis therapy incorporating the use of “proven renal drugs”
- **Mineral metabolism program:** remove phosphate effectively with high flux dialysis or hemodiafiltration and phosphate binders while controlling net calcium flux



**After adjustment for case-mix and other labs, the highest relative risk of death is seen in the high phosphorus group**



# Continued growth momentum

**2006**

## **North America focus:**

- Successful integration of RCG
- Maintain excellent quality in products and service
- Expand organic revenue growth

## **Europe focus:**

- Expand vertical integrated business model in Europe
- Accelerate Denovo clinic program
- Expand 5008 machine base
- Expand hemodiafiltration and “Pharma-Tech” therapy

## **Asia-Pacific / Latin America focus:**

- Double-digit revenue growth
- Operating margin momentum



# Agenda

I. Business Update

II. Financials Q2 / H1 2006

III. Q&A Session



## Q2 – Excellent top and bottom line growth

\$ in millions	Q2 2005	Q2 2006	%
Net revenue	1,674	<b>2,165</b>	+ 29 *
<u>Excluding one-time items and SFAS 123R</u>			
Operating income (EBIT) <sup>1)</sup>	239	<b>340</b>	+ 42
EBIT margin in %	14.3	15.7	
Net income <sup>1)</sup>	117	<b>139</b>	+ 19
Operating income (EBIT)	238	<b>372</b>	+ 56
EBIT margin in %	14.2	17.2	
Net income	116	<b>130</b>	+ 12

\* 30% growth at constant currency

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



# H1 – Excellent top and bottom line growth

\$ in millions	H1 2005	H1 2006	%
Net revenue	3,283	<b>3,912</b>	+ 19 *
<u>Excluding one-time items and SFAS 123R</u>			
Operating income (EBIT) <sup>1)</sup>	459	<b>587</b>	+ 28
EBIT margin in %	14.0	15.0	
Net income <sup>1)</sup>	224	<b>266</b>	+ 19
Operating income (EBIT)	458	<b>616</b>	+ 34
EBIT margin in %	14.0	15.7	
Net income	223	<b>246</b>	+ 10

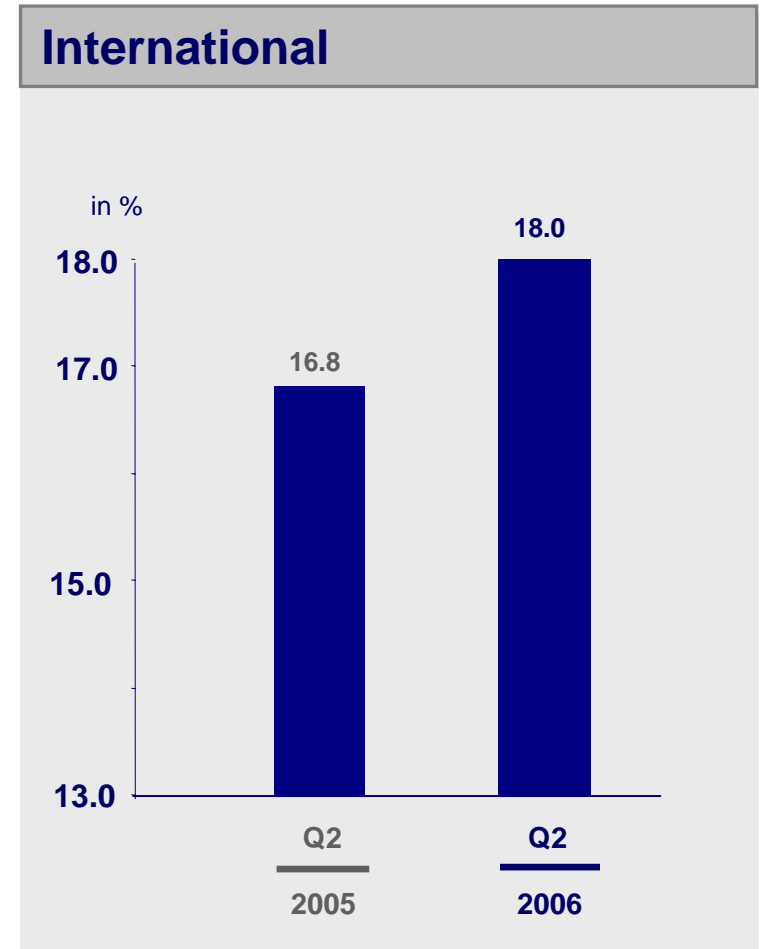
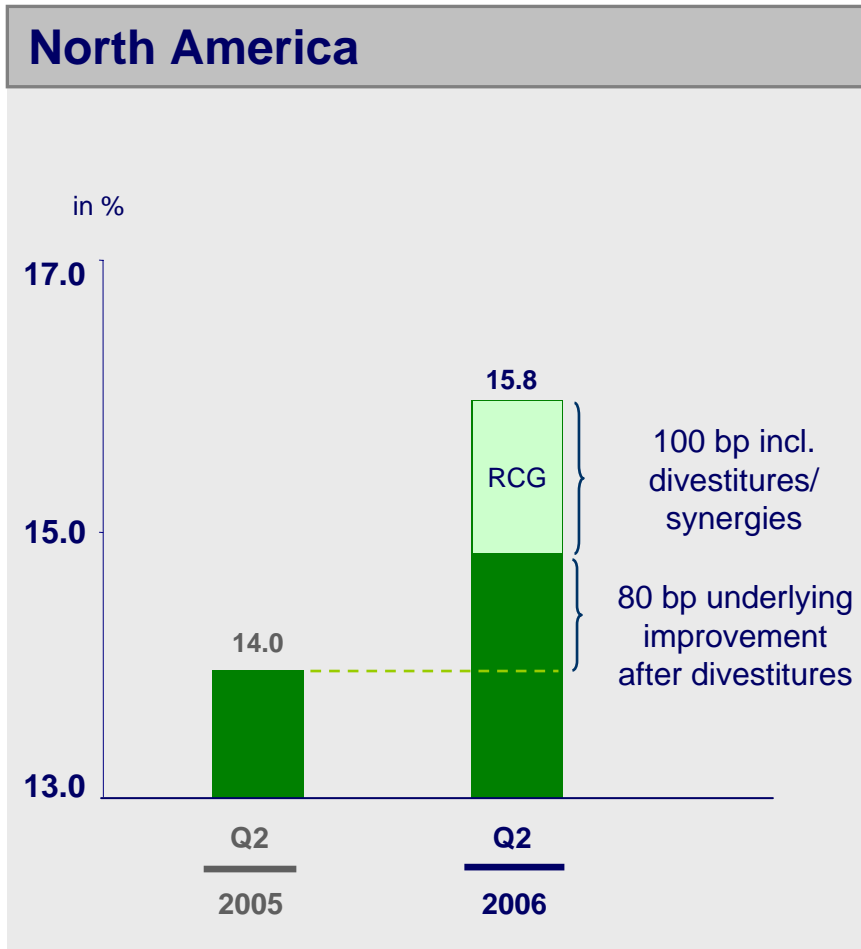
\* 20% growth at constant currency

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

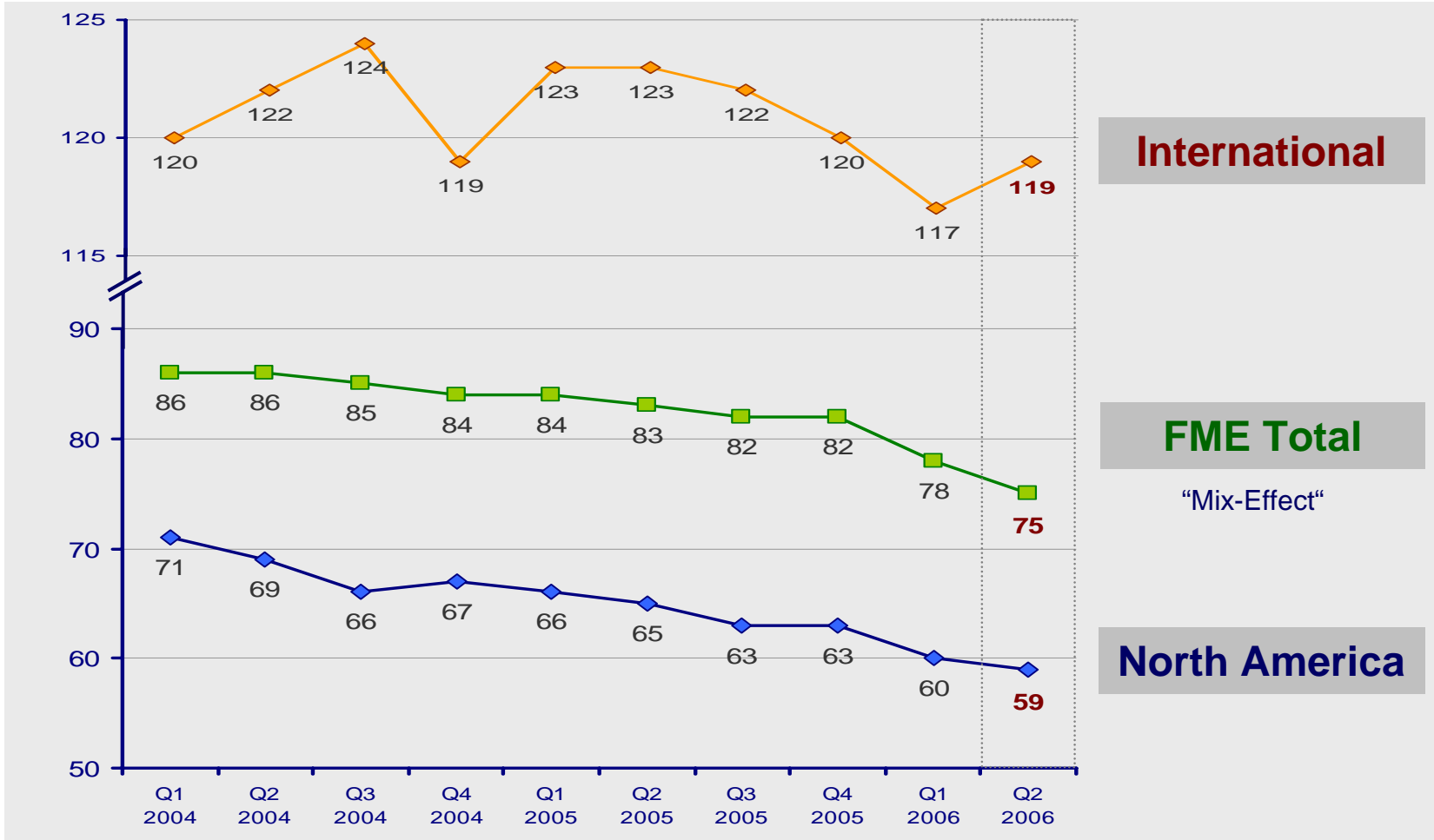


# EBIT margin – strong development in both regions

Excluding one-time items and SFAS 123R



# Days Sales Outstanding (DSO) – Impressive reduction



**International**

**FME Total**

“Mix-Effect“

**North America**



# Cash Flow – Q2 2006

\$ in millions	Q2 2005	Q2 2006	%
<b>Net cash provided by operating activities</b> <sup>1,2)</sup>	130	<b>240</b> 11.1% of revenue	85
<b>Capital expenditures (net)</b> <sup>2)</sup>	(58)	<b>(95)</b>	
<b>Free Cash Flow</b>	72	<b>145</b>	101
<b>Acquisitions excluding RCG acquisition</b> <sup>2)</sup>	(30)	<b>(24)</b>	
<b>Free Cash Flow after acquisitions excl. RCG acquisition</b>	42	<b>121</b>	

1) Excluding net tax payments related to divestitures and RCG acquisition of \$ 75 m.

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





# Cash Flow – H1 2006

\$ in millions	H1 2005	H1 2006	%
<b>Net cash provided by operating activities</b> <sup>1,2)</sup>	268	<b>402</b> 10.3% of revenue	50
<b>Capital expenditures (net)</b> <sup>2)</sup>	(97)	<b>(160)</b>	
<b>Free Cash Flow</b>	171	<b>242</b>	42
<b>Acquisitions excluding RCG acquisition</b> <sup>2)</sup>	(52)	<b>(35)</b>	
<b>Free Cash Flow after acquisitions excl. RCG acquisition</b>	119	<b>207</b>	

1) Excluding net tax payments related to divestitures and RCG acquisition of \$ 75 m.

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



# Debt / EBITDA

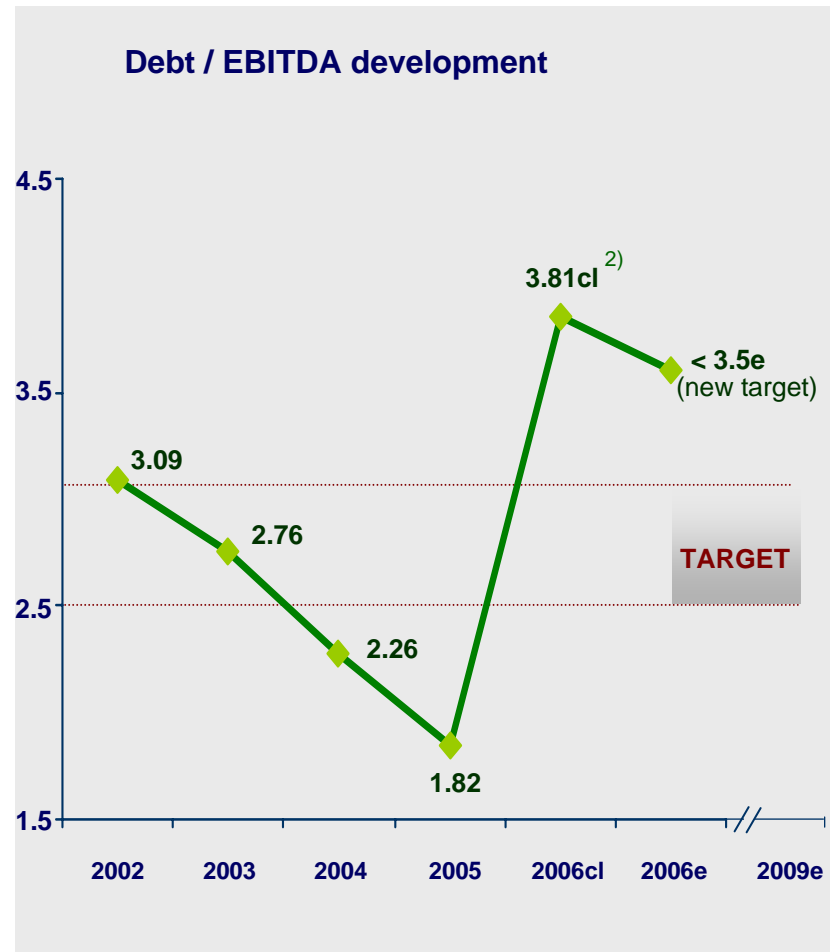
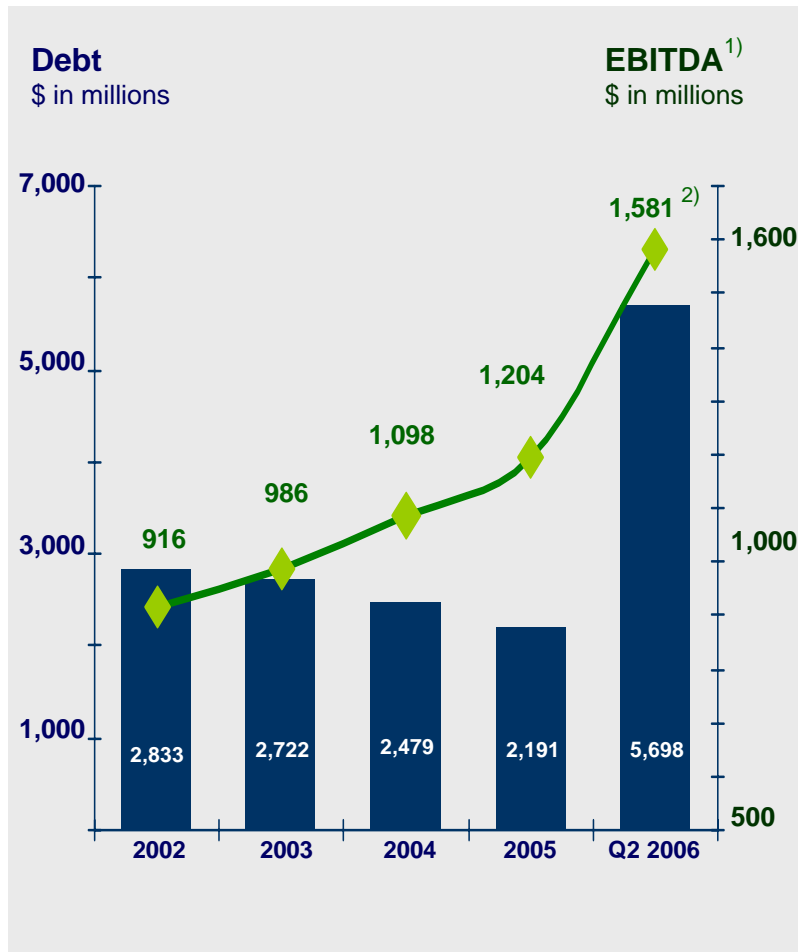
\$ in millions	December 31, 2005	June 30, 2006
EBITDA (annualized) <sup>1)</sup>	1,204	1,581
<b>Dec. 31, 2005 Debt</b> <sup>1)</sup>		<b>2,191</b>
+ CapEx <sup>1)</sup>		160
+ Acquisitions / Divestitures (\$ -505 m)		3,689
+ Cost of credit agreement		86
+ Change in Cash position		16
+ Dividends and others		148
+ FX-debt translation effects		64
+ Net tax payments related to divestitures and RCG acquisition		75
- Proceeds from exercising FME stock options		22
- Cash inflow from conversion		307
- Cash from operating activities <sup>2)</sup>		402
<b>June 30, 2006 Debt</b> <sup>1)</sup>	<b>2,191</b>	<b>5,698</b>
<b>Total Debt / EBITDA</b>	<b>1.82</b>	<b>3.60</b>

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

<sup>2)</sup> Excluding net tax payments related to divestitures and RCG acquisition of \$ 75 m.



# Debt / EBITDA development 2002-Q2 2006



<sup>1)</sup> including non-cash charges

<sup>2)</sup> pro-forma

cl = closing RCG

e = expected year end



# Impact of one-time items and SFAS 123R

\$ in millions	Q2 2006	FY 2006e	FY 2006e
<b>EBIT impact</b>		<b>NEW</b>	<b>OLD</b>
Transformation & Settlement	(1)	(2)	(1)
RCG restructuring costs	(3)	(23)	(50)
Gain from FTC-related clinic divestment	39	39	38
Stock option compensation expense (SFAS 123R)	(3)	(15)	(14)
<b>Total</b>	<b>32</b>	<b>(1)</b>	<b>(27)</b>
<b>Earnings After Tax impact</b>			
Transformation & Settlement	(1)	(1)	(1)
RCG restructuring costs	(2)	(14)	(30)
Write-off FME prepaid financing fees	0	(9)	(9)
Loss from FTC-related clinic divestment	(5)	(5)	(6)
Stock option compensation expense (SFAS 123R)	(1)	(11)	(14)
<b>Total</b>	<b>(9)</b>	<b>(40)</b>	<b>(60)</b>

FTC = Federal Trade Commission



# Perspectives on exposure to macroeconomic factors

## Interest Rates

- Conservative Interest Rate Management due to higher leverage
  - Target of 75% fixed interest exposure – currently at 78%
- Debt related to RCG acquisition has been hedged up to 12 months prior to closing
  - Favorable compared to 2006 rates
- 50 bps increase (0.5%) in variable rates result in 1% decrease in Earnings After Tax (EAT) growth on an annualized basis

## Energy Costs

- Hydrocarbon-based raw materials relatively low portion of total costs with low/varying correlation to energy prices
- Many increases can be passed on with minor time lag



# Guidance FY 2006 – UPGRADE

	FY 2005 In US\$ m	Old guidance As reported <sup>1)</sup>	New guidance As reported <sup>1)</sup>
<b>Net revenue</b> (at constant currency)	6.772	~ \$ 8.1 bn	~ \$ 8.3 bn
<b>Net income</b> (before one-time items)	472	\$515-535 m	≥ \$542 m
Growth			≥ 15%
Net income (after one-time items)	455	\$465-485 m	≥ \$502 m
Leverage ratio (Debt/EBITDA) <sup>2)</sup>		< 3.6	< 3.5
Capital expenditures and acquisitions <sup>3)</sup>		~ 550 m	~ 550 m

<sup>1)</sup> excl. one-time items such as Transformation and Settlement costs, RCG integration costs, write-off FME prepaid financing fees, the after-tax impact of the sale of dialysis clinics, and the change in stock option compensation expense (SFAS 123R) (see slide on page 27) pro-forma and as reported

<sup>2)</sup> pro-forma

<sup>3)</sup> pro-forma and as reported



# Agenda

I. Business Update

II. Financials Q1 2006

III. Q&A Session





# Fresenius Medical Care

**The World's Leading Renal Therapy Company**



**Analyst Meeting, August 03, 2006**



# Attachment I

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

All numbers are in \$ millions

<b>Capital expenditure (net)</b>	<b>H1 2006</b>	<b>H1 2005</b>	<b>Q2 2006</b>	<b>Q2 2005</b>
Purchase of property, plant and equipment	173	105	103	61
- Proceeds from sale of property, plant and equipment	(13)	(8)	(8)	(3)
<b>= Capital expenditure (net)</b>	<b>160</b>	<b>97</b>	<b>95</b>	<b>58</b>

<b>Debt</b>	<b>H1 2006</b>	<b>FY 2005</b>	<b>FY 2004</b>	<b>FY 2003</b>	<b>FY2002</b>
Short term borrowings (incl. A/R program) <sup>1)</sup>	282	151	419	90	125
+ Short term borrowings from related parties	2	19	6	30	6
+ Current portion of long-term debt and capital lease obligations	162	126	230	90	23
+ Long-term debt and capital lease obligations, less current portion	4,027	707	545	1,112	1,089
+ Trust Preferred Securities	1,225	1,188	1,279	1,242	1,145
+ Accounts receivable securitization program	0	0	0	158	445
<b>Total debt</b>	<b>5,698</b>	<b>2,191</b>	<b>2,479</b>	<b>2,722</b>	<b>2,833</b>

<b>EBITDA</b>	<b>H1 2006 (pro forma)<sup>2)</sup></b>	<b>FY 2005</b>	<b>FY 2004</b>	<b>FY 2003</b>	<b>FY 2002</b>
Last twelve months operating income (EBIT)	1,236	939	852	757	695
+ Last twelve months depreciation and amortization	324	251	233	216	211
+ Non-cash charges	21	14	13	13	10
<b>= EBITDA (annualized)</b>	<b>1,581</b>	<b>1,204</b>	<b>1,098</b>	<b>986</b>	<b>916</b>

<sup>1)</sup> A/R securitization program off-balance sheet in 2003 and included in short term borrowings in 2004

<sup>2)</sup> Excluding gain from divestitures and RCG restructuring costs



# Attachment II

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

All numbers are in \$ millions

<b>External Revenue</b>	<b>Q2 2006</b>	<b>Q2 2005</b>	<b>growth</b>	<b>constant currency</b>
<b>International</b> product revenue	432	392	+10%	+ 10%
- Internal revenue	(51)	(46)	+ 12%	+ 12%
<b>= External revenue</b>	<b>381</b>	<b>346</b>	<b>+ 10%</b>	<b>+ 10%</b>
<b>North America</b> product revenue	248	218	+ 14%	
- Internal revenue	(115)	(91)	+ 26%	
<b>= External revenue</b>	<b>133</b>	<b>127</b>	<b>+ 5%</b>	
<b>Operating performance before one-time items</b>	<b>Q2 2006</b>	<b>Q2 2005</b>	<b>growth</b>	
<b>Operating income (EBIT)</b>	<b>372</b>	<b>238</b>	<b>56%</b>	
Transformation, settlement and SFAS 123R + divestiture gain + RCG restructuring	(32)	1		
<b>Operating income (EBIT) before one-time-items</b>	<b>340</b>	<b>239</b>	<b>42%</b>	
<b>Net income</b>	<b>130</b>	<b>116</b>	<b>12%</b>	
Transformation, settlement and SFAS 123R+ divestiture gain + RCG restructuring	9	1		
Write-off FME prepaid financing fees	0	0		
<b>Net income before one-time-items</b>	<b>139</b>	<b>117</b>	<b>19%</b>	



# Attachment III

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

All numbers are in \$ millions

<b>Operating performance before one-time items</b>	<b>H1 2006</b>	<b>H1 2005</b>	<b>growth</b>
<b>Operating income (EBIT)</b>	<b>616</b>	<b>458</b>	<b>34%</b>
Transformation, settlement and SFAS 123R + divestiture gain + RCG restructuring	(29)	1	
<b>Operating income (EBIT) before one-time-items</b>	<b>587</b>	<b>459</b>	<b>28%</b>
<b>Net income</b>	<b>246</b>	<b>223</b>	<b>10%</b>
Transformation, settlement and SFAS 123R+ divestiture gain + RCG restructuring	11	1	
Write-off FME prepaid financing fees	9	0	
<b>Net income before one-time-items</b>	<b>266</b>	<b>224</b>	<b>19%</b>

<b>Cash Flow</b>	<b>Q2 2006</b>	<b>Tax payment related to acquisitions &amp; divestitures</b>	<b>RCG acquisition</b>	<b>Q2 2006</b>
<b>Net cash provided by operating activities</b>	<b>165</b>	<b>75</b>		<b>240</b>
Capital expenditures (net)	(95)			(95)
<b>Free Cash Flow</b>	<b>70</b>	<b>75</b>		<b>145</b>
Divestitures	505		(505)	
Acquisitions	(243)		219	(24)
<b>Free Cash Flow after acquisitions and divestitures</b>	<b>332</b>	<b>75</b>	<b>(286)</b>	<b>121</b>



# Attachment IV

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

All numbers are in \$ millions

Cash Flow	H1 2006	Tax payment related to acquisitions & divestitures	RCG acquisition	H1 2006
<b>Net cash provided by operating activities</b>	<b>327</b>	<b>75</b>		<b>402</b>
Capital expenditures (net)	(160)			(160)
<b>Free Cash Flow</b>	<b>167</b>	<b>75</b>		<b>242</b>
Divestitures	505		(505)	
Acquisitions	(4,194)		4,159	(35)
<b>Free Cash Flow after acquisitions and divestitures</b>	<b>(3,522)</b>	<b>75</b>	<b>(3,654)</b>	<b>207</b>



## Contacts

### Fresenius Medical Care AG & Co. KGaA

#### Investor Relations

Else Kröner Str. 1

61352 Bad Homburg v.d.H.

#### Oliver Maier

Tel.: +49-(0)6172-609-2601

Fax.: +49-(0)6172-609-2301

Mob.: +49-(0)173-6522-712

Mail: [oliver.maier@fmc-ag.com](mailto:oliver.maier@fmc-ag.com)

#### North America:

#### Heinz Schmidt

Tel.: +1-781-402-4518

Fax.: +1-781-402-9741

Mob.: +1-781-760-0646

Mail: [heinz.schmidt@fmc-na.com](mailto:heinz.schmidt@fmc-na.com)

#### Terry L. Proveaux

Tel.: +1-931-987-0639

Fax.: +1-931-901-1224

Mob.: +1-615-618-2987 bb

Mail: [terry.proveaux@fmc-na.com](mailto:terry.proveaux@fmc-na.com)

**Ordinary shares** 96.8 million

WKN 578 580

ISIN DE0005785802

SEDOL1 5129074 DE

**Preference shares** 1.2 million

WKN 578 583

ISIN DE0005785836

SEDOL1 5160073 DE





# Fresenius Medical Care

**The World's Leading Renal Therapy Company**



**Analyst Meeting, August 03, 2006**