



Fresenius Medical Care

Investor News

Fresenius Medical Care AG
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Fresenius Medical Care First Quarter Earnings Grew 38% to US\$ 75 Million; Cash Flow from Operations reached \$ 70 million

Bad Homburg, Germany – April 30, 2002 -- Fresenius Medical Care AG (Frankfurt Stock Exchange: FME, FME3) (NYSE: FMS, FMS_p), the world's largest provider of Dialysis Products and Services, today announced a 38% increase in **earnings after tax (EAT)** after minorities to \$75 million (before extraordinary items)¹⁾ for the first quarter 2002.

Total revenue for the first quarter 2002 increased 2% (5% constant currency) to \$ 1,187 million. Adjusted for the number of dialysis treatment days revenue growth at constant currency was 6%.

North American revenue rose 3% to \$ 892 million, compared to \$ 867 million in the same period last year. Dialysis Care revenue in the US increased by 4% to \$ 784 million. Same store treatment growth and same store revenue growth for the first quarter of 2002 were 5%.

¹⁾ \$ 12 million, net of taxes, for the early redemption of 9% Trust Pref. Securities.

North American Dialysis Product revenue, including sales to company-owned clinics, increased 3% to \$ 182 million compared to the first quarter of 2001. Product sales to the available external market grew by 8%.

International revenue was \$ 294 million, up 12% in constant currency. Dialysis Care reached \$97 million in the first quarter 2002 (+23% at constant currency). Adjusted for currency, Dialysis Products revenue, including sales to company-owned dialysis clinics, increased 8% to \$ 219 million in the first quarter 2002.

EBIT (Earnings before interest and taxes) increased 11% to \$ 174 million resulting in an operating margin of 14.7%. This compares to 14.1% before special charges for legal matters in the fourth quarter of 2001, adjusted for the new goodwill accounting rules. The operating margin benefited from reduced costs for the single-use dialyzers strategy (0.3%) and a lower personnel cost run-rate (0.4%) in the US. The margin in the International segment was reduced primarily as a result of lower machine sales (-0.5%). In addition, the operating margin was positively influenced by a one-time curtailment gain from freezing the US pension plan (1.1%), partially set off by severance and payroll costs for workforce reductions (-0.6%).

Earnings per share (EPS) before extraordinary item in the first quarter 2002 rose 38% to \$ 0.78 (\$ 0.26 per ADS), compared to \$ 0.56 (\$ 0.19 per ADS) in the first quarter of 2001. The weighted average number of shares outstanding during the first quarter of 2002 was approximately 96.2 million, compared to 95.9 million in the same period of 2001.

The results for the first quarter 2002 are based on the new accounting standards on Goodwill and Other Intangible Assets (FAS 142) which came into effect January 1, 2002. The Company anticipates no impairment of goodwill as of January 1, 2002 in any of its operating segments as a result of this accounting change. In order to facilitate a year-over-year comparison, adjusted figures for the first quarter 2001 are provided in the appendix.

As of March 31, 2002, the Company operated a total of 1,405 **clinics** worldwide of which 375 clinics were outside of North America. In the first quarter 2002, the Company added 2clinics through acquisitions and 20 new clinics were opened by the Company (DeNovos). Fresenius Medical Care AG performed approximately 3.9 million **treatments**, which represents an increase of 8% year-over-year. North America accounted for 2.8 million treatments (+3%). The International segment accounted for 1.1 million treatments (+21%).

Fresenius Medical Care generated \$70 million in cash from operations in the first quarter of 2002. A total of \$ 50 million (net of disposals) was spent for capital expenditures, resulting in a Free Cash Flow of \$ 20 million, compared to \$ 16 million in the first quarter of 2001. A total of \$ 9 million in cash was spent for acquisitions.

Ben Lipps, Chief Executive Officer of Fresenius Medical Care commented: “the Company has made good progress in improving the operating margin from the levels seen in the fourth quarter of 2001. The implementation of our single-use dialyzer program and expected cost savings in the FMC North American clinics are on track. In the International segment we have seen deferral of purchases of dialysis machines due to financial constraints. In spite of a challenging currency environment and temporarily less funds available for dialysis machines purchases the company continues to be on track to achieve its full-year financial targets“.

Fresenius Medical Care AG is the world’s largest, integrated provider of products and services for individuals with chronic kidney failure, a condition that affects more than 1,100,000 individuals worldwide. Through its network of approximately 1,400 dialysis clinics in North America, Europe, Latin America and Asia-Pacific, Fresenius Medical Care provides dialysis treatment to approximately 106,400 patients around the globe. Fresenius Medical Care is also the world’s leading provider of dialysis products such as hemodialysis machines, dialyzers and related disposable products.

For more information about Fresenius Medical Care, visit the Company’s website at <http://www.fmc-ag.com>.

This release contains forward-looking statements that are subject to various risks and uncertainties. Actual results could differ materially from those described in these forward-looking statements due to certain factors, including changes in business, economic and competitive conditions, regulatory reforms, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings, and the continued availability of financing and liquidity. These and other risks and uncertainties are detailed in Fresenius Medical Care AG’s reports filed with the U.S. Securities and Exchange Commission. Fresenius Medical Care AG does not undertake any responsibility to update the forward-looking statements in this release. Users of this financial information should consider the types of events and transactions for which adjustments have been made.

Fresenius Medical Care AG

Statements of Earnings at current exchange rate

(in US-\$ thousands, except share and per share data)

(unaudited)

	Three Months Ended 31-Mar-2002 as reported	Three Months Ended 31-Mar-2001 as reported	% Change
Net revenue			
Dialysis Care	881,176	849,984	3.7%
Dialysis Products	<u>305,328</u>	<u>309,506</u>	-1.3%
	1,186,504	1,159,490	2.3%
Cost of revenue	<u>809,182</u>	<u>769,710</u>	5.1%
Gross profit	377,322	389,780	-3.2%
Selling, general and administrative	194,118	224,499	-13.5%
Research and development	<u>9,309</u>	<u>7,966</u>	16.9%
Operating income (EBIT)	<u>173,895</u>	<u>157,315</u>	10.5%
Interest (income) expense, net	<u>53,238</u>	<u>52,789</u>	0.9%
Earnings before income taxes and minority interest	120,657	104,526	15.4%
Income tax expense	44,588	49,692	-10.3%
Minority interest	<u>860</u>	<u>327</u>	163.0%
Income before extraordinary items	<u>\$75,209</u>	<u>\$54,507</u>	38.0%
Extraordinary loss, net of taxes	11,777	0	
Net income after extraordinary items	<u>\$63,432</u>	<u>\$54,507</u>	16.4%
Earnings per ordinary share ¹⁾	\$0.78	\$0.56	37.9%
Earnings per ordinary ADS ¹⁾	\$0.26	\$0.19	37.9%
Earnings per preference share ¹⁾	\$0.79	\$0.58	36.8%
Earnings per preference ADS ¹⁾	\$0.26	\$0.19	36.8%
¹⁾ before extraordinary items			
Average weighted number of shares			
Ordinary shares	70,000,000	70,000,000	
Preference shares	26,176,508	25,894,569	

Segment and other information

(in US-\$ million)

(unaudited)

Net revenue

North America	892	867	3.0%
International	<u>294</u>	<u>293</u>	0.4%
Total revenue	<u>1,187</u>	<u>1,159</u>	2.3%

EBIT

North America	126	109	15.7%
International	51	52	-0.4%
Corporate	<u>(4)</u>	<u>(3)</u>	9.7%
EBIT	<u>174</u>	<u>157</u>	10.5%

Depreciation / Amortization

51

79

Bad debt expenses

23

19

	Three Months Ended 31-Mar-2002 as reported	Three Months Ended 31-Mar-2001 as reported	% Change
Percentages of revenue			
Cost of revenue	68.2%	66.4%	
Gross profit	31.8%	33.6%	
Selling, general and administrative	16.4%	19.4%	
Research and development	0.8%	0.7%	
Operating income (EBIT)	14.7%	13.6%	
Interest (income) expense, net	4.5%	4.6%	
Earnings before income taxes and minority interest	10.2%	9.0%	
Income tax expense	3.8%	4.3%	
Minority interest	0.1%	0.0%	
Income before extraordinary items	6.3%	4.7%	
EBITDA	19.0%	20.4%	

	Three Months Ended 31-Mar-2002 Goodwill adjusted	Three Months Ended 31-Mar-2001 Goodwill adjusted	% Change
Key figures Goodwill adjusted (in US-\$ millions, except per share data)			
Net revenues	1,187	1,159	2.3%
EBITDA	225	237	-5.0%
EBIT - Operating income	174	190	-8.7%
Income before extraordinary items	75	82	-8.2%
Earnings per ordinary share ¹⁾	\$0.78	\$0.85	-8.2%
Earnings per ordinary ADS ¹⁾ ¹⁾ before extraordinary items	\$0.26	\$0.28	-8.2%

Percentages of revenue

EBITDA	19.0%	20.4%
EBIT - Operating income	14.7%	16.4%
Income before extraordinary items	6.3%	7.1%

Employees (March, 31 compared to Dec., 31)

Full-time equivalents	37,233	37,331
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Cash Flow Statement

in US-\$ Mio. (unaudited)

	Three Months Ended 3/31/2002	Three Months Ended 3/31/2001	Fiscal Year Dec. 31, 2001
Net income	63	55	63
Depreciation / amortization	51	79	324
Change in working capital and other non cash items	-44	-57	37
Cash from operating activities	70	77	424
Capital expenditures, net	-50	-62	-251
Free Cash flow	20	16	173
Acquisitions, net of cash acquired	-9	-117	-217
Free Cash flow after investing activities	11	-102	-44
Proceeds from issuance of stock		1	6
Proceeds from issuance of Trust Preferred Securities			471
Redemption of trust preferred securities	-376		
Change in other debt	376	111	-368
Dividends paid			-66
Cash flow from financing activities	0	111	43
Effects of exchange rates on cash	2	-2	-3
Net increase (change) in cash	13	8	-3
Cash at beginning of period	62	65	65
Cash at end of period	75	73	62

Balance Sheet

in US-\$ Mio. (unaudited)

	Three Months Ended 3/31/2002	Three Months Ended 3/31/2001	Fiscal Year Dec. 31, 2001
Assets			
Current assets	1,776	1,706	1,779
Intangible assets	3,652	3,722	3,682
Other non-current assets	1,061	964	1,055
Total assets	6,488	6,391	6,516
Shareholders` equity and liabilities			
Current liabilities	1,389	1,427	1,377
Long-term liabilities	2,487	2,192	2,522
Shareholders` equity	2,612	2,772	2,617
Total Shareholders` equity and liabilities	6,488	6,391	6,516
Debt	2,895	2,860	2,884
Equity/assets ratio:	40%	43%	40%

Fresenius Medical Care - Quarterly Performance Scorecard

	Three Months Ended 31-Mar-2002	Three Months Ended 31-Mar-2001
Revenue		
(in US-\$ thousands, except per-treatment revenue)		
<u>North America</u>		
Net revenue	892,483	866,691
Growth year-over-year	3.0%	16.8%
Dialysis Care	783,871	754,101
Growth year-over-year	3.9%	20.5%
Per treatment	283	279
Sequential growth	1.9%	4.5%
Growth year-over-year	1.3%	2.2%
Dialysis Products incl. internal sales	181,912	177,190
Growth year-over-year	2.7%	2.9%
Dialysis Products to available external market	89,272	82,784
Growth year-over-year	7.8%	6.1%
<u>International</u>		
Net revenue	294,020	292,799
Growth year-over-year	0% / 12% cc	13% / 21% cc
Dialysis Care	97,305	95,883
Growth year-over-year	1% / 23% cc	40% / 47% cc
Per treatment	89 / 108 cc	106
Sequential growth	-16%	3%
Growth year-over-year	-16% / 2% cc	5% / 10% cc
Dialysis Products incl. internal sales	218,503	216,175
Growth year-over-year	1% / 8% cc	5% / 13% cc

cc = at constant exchange rates

Fresenius Medical Care - Quarterly Performance Scorecard

	Three Months Ended 31-Mar-2002	Three Months Ended 31-Mar-2001
Dialysis Care Volume		
<u>North America</u>		
Number of treatments	2,784,120	2,698,122
Treatments per day	36,632	35,021
Per day sequential growth	1.4%	10.8%
Per day year-over-year growth	4.6%	19.5%
of which		
- acquisitions	0%	13.4%
Same store growth		
year-over -year	4.6%	6.1%
<u>International</u>		
Number of treatments	1,098,239	907,960
Same store growth		
year-over -year	12.0%	8.0%

Expenses

<u>North America</u>		
Operating expenses ²⁾		
Percent of revenues	85.8%	84.0%
Selling, general and administrative ²⁾		
Percent of revenues	12.2%	12.1%
Bad debt expenses		
Percent of revenues	2.4%	2.1%
Cost of Dialysis Care Services/Treatment	244	236
Sequential growth	1.1%	5.5%
Growth year-over-year	3.1%	6.6%
<u>Total Group</u>		
Operating expenses ²⁾		
Percent of revenues	85.3%	83.6%
Selling, general and administrative ²⁾		
Percent of revenues	16.4%	16.5%
Effective tax rate ²⁾	37.0%	40.2%

2) Excluding goodwill amortization

Fresenius Medical Care - Quarterly Performance Scorecard

	Three Months Ended 31-Mar-2002	Three Months Ended 31-Mar-2001
Cash Flow/Investing Activities		
(in US-\$ thousands)		
<u>Total Group</u>		
Operating Cash Flow	70,484	77,114
Percent of revenues	5.9%	6.7%
Free Cash Flow, before acquisitions	20,129	15,519
Percent of revenues	1.7%	1.3%
Acquisitions, net	8,962	117,348
Capital expenditures, net	50,355	61,595
Percent of revenues	4.2%	5.3%
Maintenance	25,426	37,295
Percent of revenues	2.1%	3.2%
Growth	24,929	24,300
Percent of revenues	2.1%	2.1%
Number of de novos	20	22
North America	10	18
International	10	4
Balance Sheet		
<u>Total Group</u>		
Debt (in US-\$ millions)	2,895	2,860
Debt/EBITDA (annualized)	3.0	3.0
<u>North America</u>		
Days sales outstanding	88	90
Sequential development	1.1%	0%
Year-over -year development	-2.2%	8.4%
<u>International</u>		
Days sales outstanding	143	141
Sequential development	-5.3%	-3.4%
Year-over -year development	1.4%	8.5%

Fresenius Medical Care - Quarterly Performance Scorecard

	Three Months Ended 31-Mar-2002	Three Months Ended 31-Mar-2001
Clinical Performance		
<u>North America</u>		
URR > 65	85%	84%
Kt/v > 1.2	92%	91%
Hemoglobin >= 11g/dl	73%	71%
Albumin >= 3.5 g/dl	83%	83%
Mortality rate (12 months)	17.6	17.9
Hospitalization days (12 months)	9.1	9.4

Demographics

<u>North America</u>		
Average age (yr)	61	61
Average time on dialysis (yr)	3.2	3.1
Average body weight (kg)	75	75
Prevalence of diabetes (%)	50%	47%
