



Fresenius Medical Care

Investor News

Fresenius Medical Care AG
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SECOND QUARTER REVENUE UP 16% AND NET INCOME INCREASED 24% TO US\$ 62 MILLION

Second Quarter Highlights - On Track for Full Year Targets

- Net revenue: + 16% to \$ 1,201 million (18% currency adjusted)
- Operating profit (EBIT): + 7% to \$ 166 million (9% currency adjusted)
- Net income (EAT): + 24% to \$ 62 million (27% currency adjusted)

Bad Homburg, Germany -- July 31, 2001 -- Fresenius Medical Care AG ("FMC") (Frankfurt Stock Exchange: FME, FME3) (NYSE: FMS, FMS_p), the world's largest provider of Dialysis Products and Services, today announced a 24% increase in **net income** to \$ 62 million for the second quarter 2001. **Total revenue** for the second quarter 2001 increased to \$ 1,201 million from \$ 1,037 million, an increase of 16% (18% currency adjusted).

Earnings per share (EPS) in the second quarter rose 14% to \$ 0.64 (\$ 0.21 per ADS) compared to \$ 0.56 (\$ 0.19 per ADS) in 2000. The weighted average number of shares

outstanding during the second quarter of 2001 was approximately 96 million compared with 88 million in the same period of 2000.

North American revenue rose 19% to \$ 902 million compared to \$ 759 million in the same period last year. North American Dialysis Care revenue increased by 21% to \$ 780 million. This increase in revenue includes \$ 68 million of sales from the consolidation of Everest Healthcare Services Corp. (EVEREST). Same store treatment growth continued to be above market during the second quarter of 2001 and same store revenue growth has continued to be strong, reaching 9% growth. North American Dialysis Product revenue, including sales to company-owned clinics, increased 7% to \$ 188 million compared to the second quarter of 2000. EBIT margin improved by 80 basis points (Q2 over Q1 2001) as a result of the successful integration of Everest Healthcare Corporation into FMC.

International revenue rose by 7% to \$ 299 million (15% currency adjusted) from \$ 278 million for the second quarter of 2000. Dialysis Care and Products continued to grow above market. Growth in Dialysis Care revenue was especially strong, increasing by 23% to \$ 103 million (30% currency adjusted). Dialysis Products revenue increased nearly 3%, including sales to company-owned dialysis clinics, to \$ 217 million (11% currency adjusted) in the second quarter 2001.

Earnings before interest, taxes, depreciation and amortization (**EBITDA**) for the second quarter of 2001 were \$ 247 million, up 8%. The EBITDA margin was 20.6%. When adjusted for the integration of Everest, the EBITDA margin would have been 21.0% in the second quarter of 2001.

Earnings before interest and taxes (**EBIT**) increased 7% to \$ 166 million from \$ 155 million in the same period last year. This resulted in an EBIT margin of 13.8% compared to 15.0% in the second quarter 2000. The integration of Everest, the PD-expansion in Japan and mainly the effect of the strong US dollar vs. the Euro impacted the EBIT margin. When adjusted for these effects, the EBIT margin in the second quarter would have been 14.3%.

The Company generated \$ 68 million in cash from operations. A total of \$ 56 million (net of disposals) was spent for capital expenditures, resulting in a Free Cash Flow for the second

quarter 2001 of \$ 12 million. Capital expenditures were \$ 16 million higher than in Q2 2000, representing an increased spending in the dialysis care business especially in de-novo clinics and the expansion of production facilities. The transition of Everest billing system to FMC's system resulted in a temporary increase of \$20 million of receivables during the second quarter. A total of \$ 37 million in cash was spent for acquisitions.

Six Months Results

In the first half of 2001, **net income** increased 22% to \$ 116 million, up from \$ 95 million in the first six months of 2000. When currency adjusted, net income growth was 26%. This growth was achieved on a 16% gain in **net revenue** totaling \$ 2.36 billion compared with \$ 2.04 billion in the first half 2000. Currency adjusted, net revenue rose 18% in the first half of 2001 over the first half of 2000.

In the first half of 2001, **earnings per ordinary share** rose 8% to \$ 1.20. This compares with earnings per ordinary share of \$ 1.11 for the first half of 2000. Earnings per ordinary ADS for the first half of 2001 were \$ 0.40, up from \$ 0.37 for the same period last year.

Revenue from North American operations for the first half of 2001 were \$ 1.77 billion, an 18% increase over \$ 1.50 billion in the comparable period last year. North American Dialysis Care revenue rose by 21% to \$ 1.53 billion during the first half of 2001. During the first half of 2001 Fresenius Medical Care opened 27 new clinics (de novo) in North America. Total sales of Dialysis Products, including internal sales to the Company's dialysis clinics, were up 5% in the first half of 2001.

In the **International segment revenue** grew 10% to \$ 592 million from \$ 537 million in the first half of 2000. The number of treatments increased by 28% to approximately 1.9 million in the first half of 2001. The International Dialysis Care revenue were particularly strong, growing by 31% to \$ 199 million. In the International segment 5 new clinics were opened during the first six months of 2001. At the end of June, Fresenius Medical Care operated 355 dialysis clinics outside North America. The International Dialysis Product revenue increased 4% to \$ 434 million (including sales to company owned clinics) in the first six months of 2001 compared to the same period in 2000 (9% currency adjusted).

EBITDA increased 9% to \$ 484 million for the first half of 2001, up from \$ 444 million in the same period of 2000. **EBIT** increased by 7% to \$ 323 million, from \$ 301 million in the comparable period last year.

Fresenius Medical Care generated \$ 146 million cash from operations during the first six months of 2001. Net cash used for acquisitions was \$ 154 million and capital expenditures were \$ 118 million. The **Free Cash Flow** for the first half of 2001 amounted to \$ 28 million.

As of June 30, 2001, the Company operated a total of 1,360 **clinics** worldwide. Fresenius Medical Care AG performed approximately 7.4 million **treatments**, which represents an increase of 20% year over year. North America accounted for 5.5 million treatments (+18%) and the International segment for 1.9 million (+28%).

Ben Lipps, Chief Executive Officer of Fresenius Medical Care, commented: “Our integration of Everest Healthcare Corporation into FMC has been successfully completed and we continued to see strong acceptance of our new products. We continued to have strong performance consistent with our overall targets for 2001 where we are targeting revenue growth in the range of 12% - 14% and a strong growth in earnings after tax by targeting an increase of around 20%.

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 1,000,000 individuals worldwide. Through its network of approximately 1,360 dialysis clinics in North America, Europe, Latin America and Asia-Pacific, Fresenius Medical Care provides Dialysis Treatment to approximately 102,000 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.fmeag.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 availability of financing. 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.

Fresenius Medical Care AG

Statements of Earnings at current exchange rate

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

	Three Months Ended June 30, 2001	Three Months Ended June 30, 2000	% Change	Six Months Ended June 30, 2001	Six Months Ended June 30, 2000	% Change
Net revenues						
Dialysis Care	882,559	727,939	21.2%	1,732,543	1,422,506	21.8%
Dialysis Products	318,721	309,146	3.1%	628,227	615,514	2.1%
	1,201,280	1,037,085	15.8%	2,360,770	2,038,020	15.8%
Cost of revenues	791,179	672,395	17.7%	1,560,889	1,320,567	18.2%
Gross profit	410,101	364,690	12.5%	799,881	717,453	11.5%
Selling, general and administrative	236,111	202,529	16.6%	460,609	401,264	14.8%
Research and development	8,369	7,096	17.9%	16,336	15,650	4.4%
Operating income (EBIT)	165,621	155,065	6.8%	322,936	300,539	7.5%
Interest (income) expense, net	56,728	56,669	0.1%	109,517	112,148	-2.3%
Earnings before income taxes and minority interest	108,893	98,396	10.7%	213,419	188,391	13.3%
Income tax expense	46,807	47,986	-2.5%	96,499	91,883	5.0%
Minority interest	471	760	-38.0%	798	1,513	-47.3%
Net income	\$61,615	\$49,650	24.1%	\$116,122	\$94,995	22.2%
Earnings per ordinary share	\$0.64	\$0.56	14.3%	\$1.20	\$1.11	8.1%
Earnings per ordinary ADS	\$0.21	\$0.19	14.3%	\$0.40	\$0.37	8.1%
Earnings per preference share	\$0.65	\$0.58	12.1%	\$1.23	\$1.14	7.9%
Earnings per preference ADS	\$0.22	\$0.19	12.1%	\$0.41	\$0.38	7.9%
Average weighted number of shares						
Ordinary shares	70,000,000	70,000,000		70,000,000	70,000,000	
Preference shares	26,029,878	17,998,662		25,962,598	14,990,319	

Segment and other Information (unaudited) (in US-\$ million)	Three Months Ended June 30, 2001	Three Months Ended June 30, 2000	% Change	Six Months Ended June 30, 2001	Six Months Ended June 30, 2000	% Change
Sales						
North America	902	759	18.9%	1,769	1,501	17.9%
International	299	278	7.4%	592	537	10.2%
Total sales	1,201	1,037	15.8%	2,361	2,038	15.8%
EBIT						
North America	121	108	11.9%	230	207	11.1%
International	50	48	3.2%	101	98	3.7%
Corporate	-5	-1	-	-8	-4	-
Total EBIT	166	155	6.8%	323	301	7.5%
Depreciation / Amortization	82	73		161	143	
Allowance for doubtful accounts	21	17		40	30	
Employees (June 30, compared to Dec. 31)						
Full-time equivalents				36,285	33,316	
Percentages of revenue						
Cost of revenues	65.9%	64.8%		66.1%	64.8%	
Gross profit	34.1%	35.2%		33.9%	35.2%	
Selling, general and administrative	19.7%	19.5%		19.5%	19.7%	
Research and development	0.7%	0.7%		0.7%	0.8%	
Operating income (EBIT)	13.8%	15.0%		13.7%	14.7%	
Interest (income) expense, net	4.7%	5.5%		4.6%	5.5%	
Earnings before income taxes and minority interest	9.1%	9.5%		9.0%	9.2%	
Income tax expense	3.9%	4.6%		4.1%	4.5%	
Minority interest	0.0%	0.1%		0.0%	0.1%	
Net income	5.1%	4.8%		4.9%	4.7%	
EBITDA	20.6%	22.0%		20.5%	21.8%	
