

# Health Care Worldwide

Credit Suisse – Global Credit Products Conference  
September 18, 2014 – Miami



## Safe Harbor Statement

This presentation contains forward-looking statements that are subject to various risks and uncertainties. Future results could differ materially from those described in these forward-looking statements due to certain factors, e.g. changes in business, economic and competitive conditions, regulatory reforms, results of clinical trials, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings, and the availability of financing. Fresenius does not undertake any responsibility to update the forward-looking statements contained in this presentation.

## Agenda

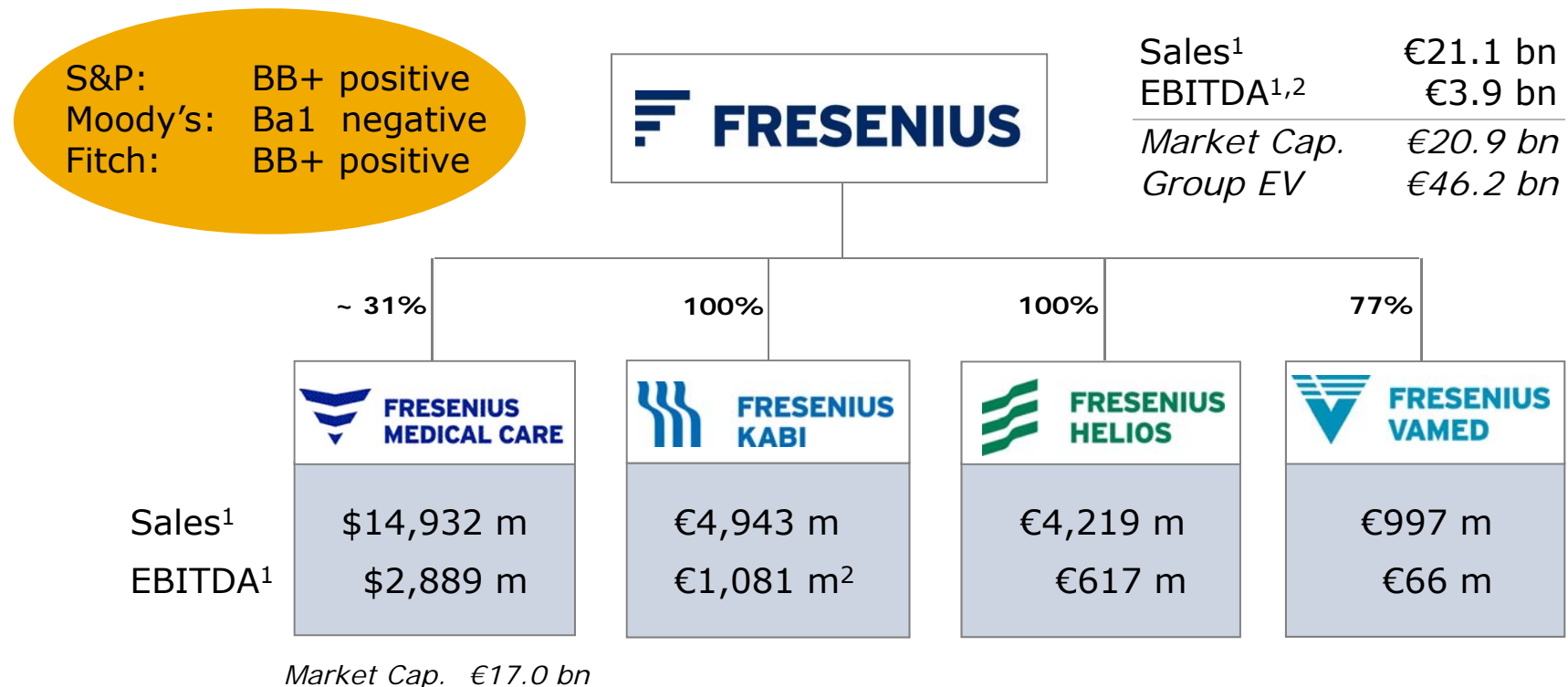
- Company Overview
  
- Business Segments
  - Fresenius Medical Care
  - Fresenius Kabi
  - Fresenius Helios
  - Fresenius Vamed
  
- Outlook
  
- Appendix



# Company Overview



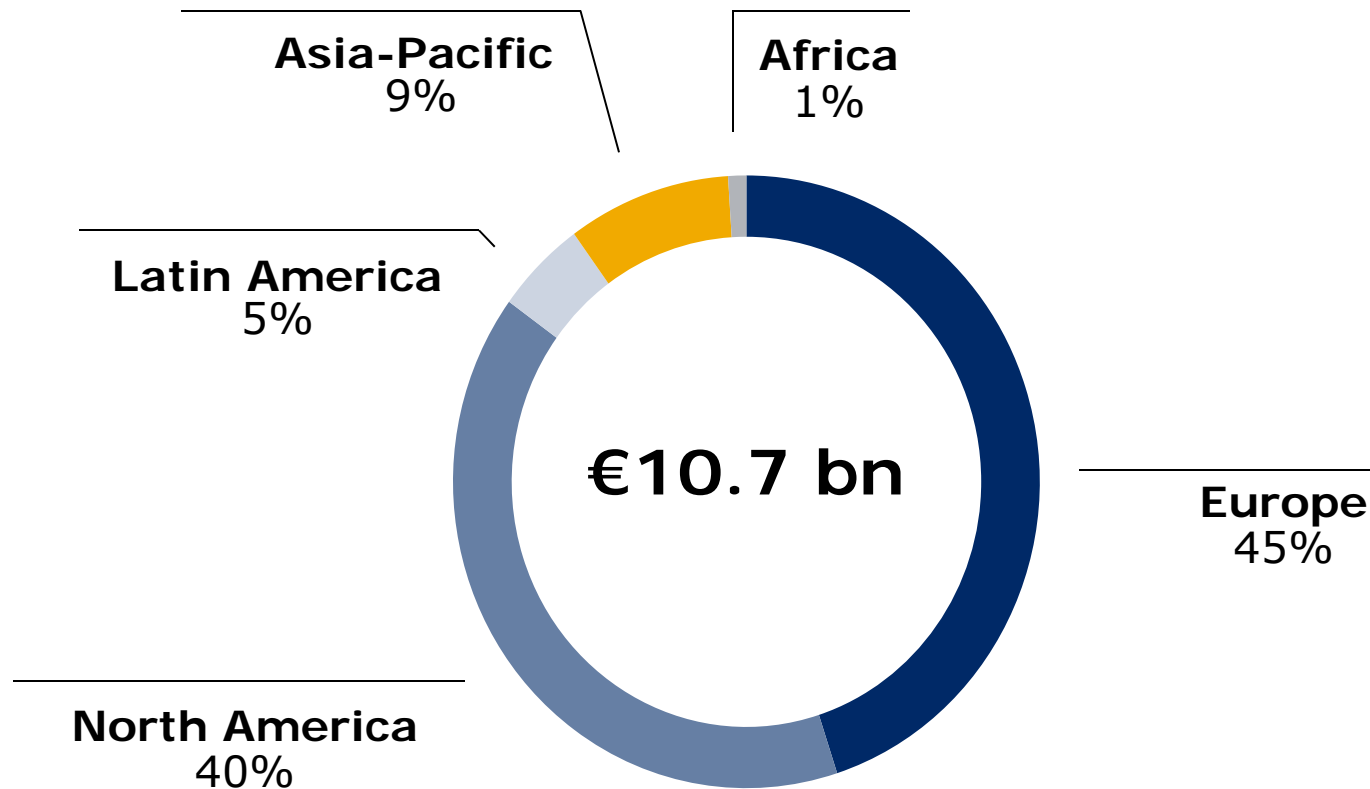
# Fresenius Group: Strong and Balanced Health Care Portfolio



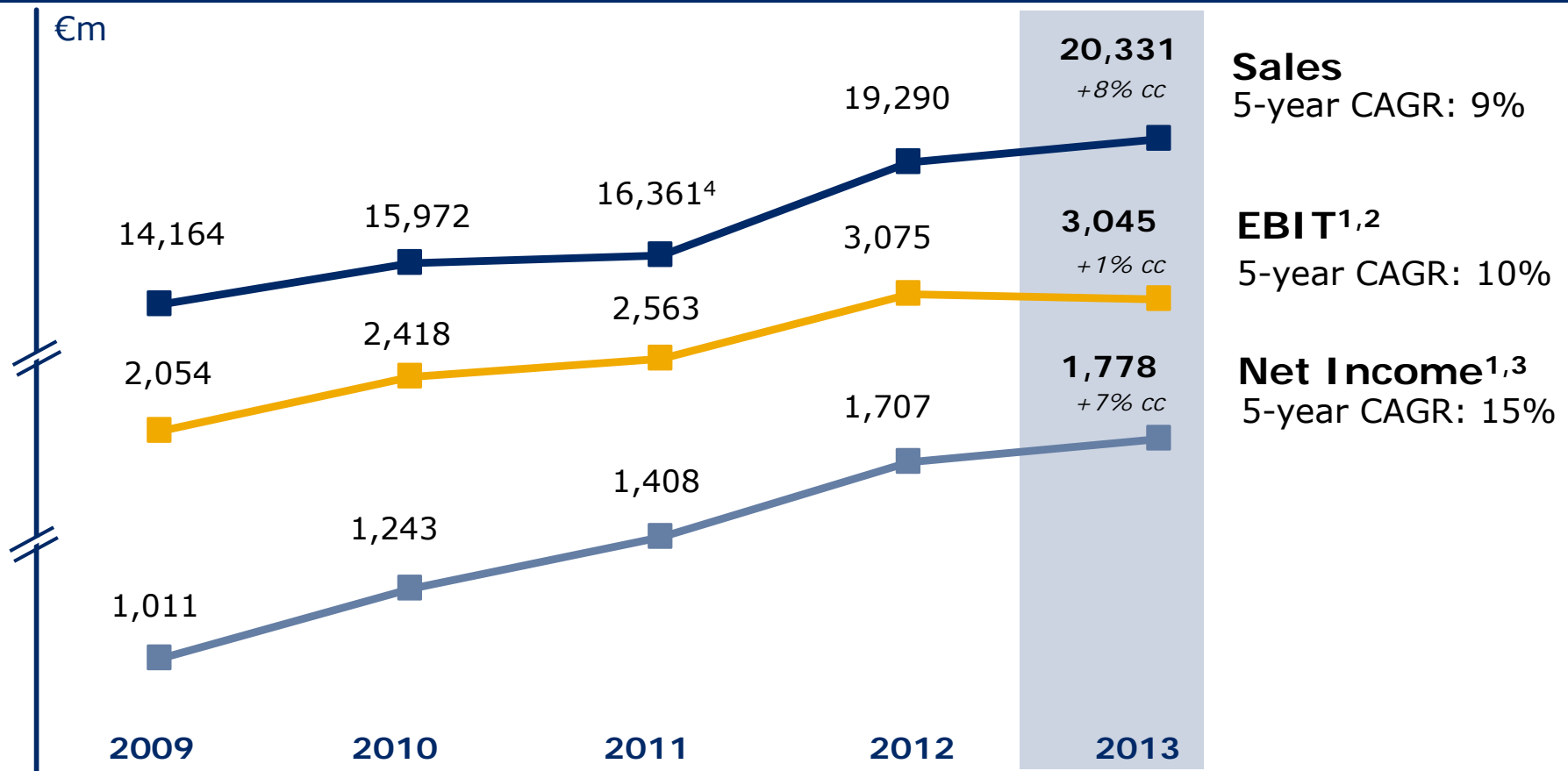
1 – LTM June 30, 2014

2 – Before Fenwal integration costs

# Fresenius Group: Sales by Region – H1/2014



# Fresenius Group: Financial Results



1 - Before one-time items

2 - 2013 excluding Fenwal integration costs of €54 million

3 - Incl. attributable to non-controlling interest; 2013 excluding Fenwal integration costs of €40 million

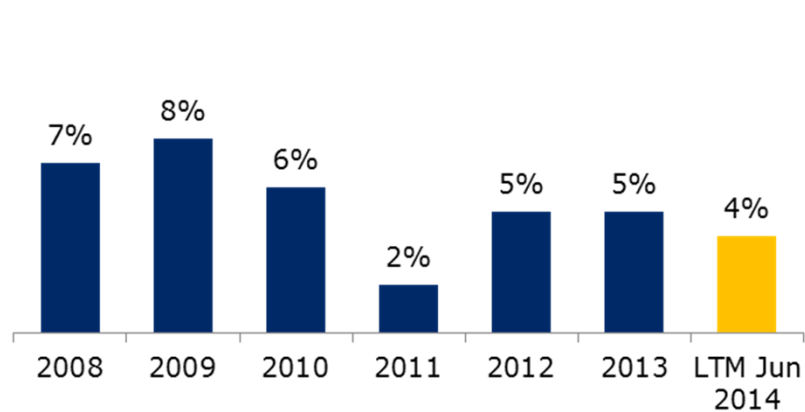
# Fresenius Group: Organic Growth



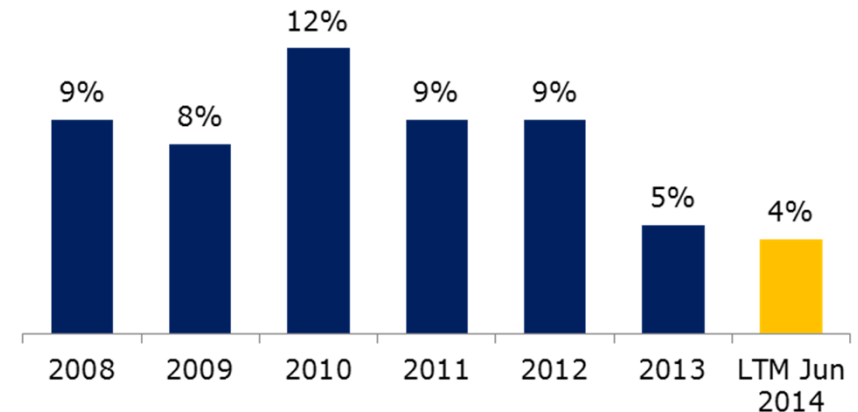


# Fresenius Group: Sustainable Organic Sales Growth in all Business Segments

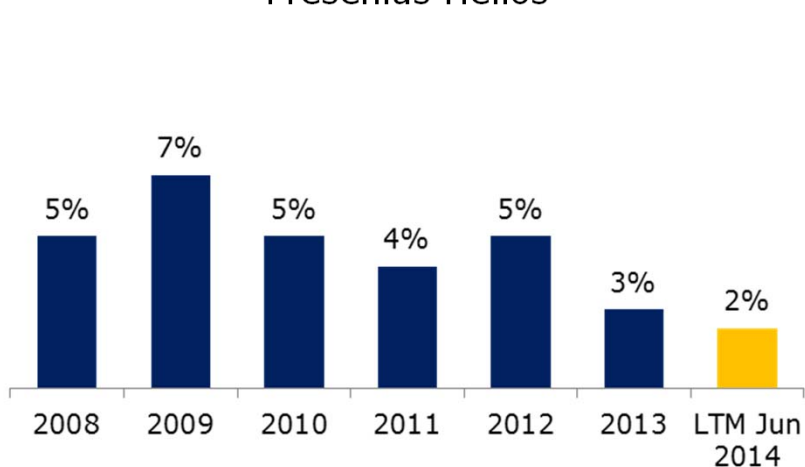
Fresenius Medical Care



Fresenius Kabi



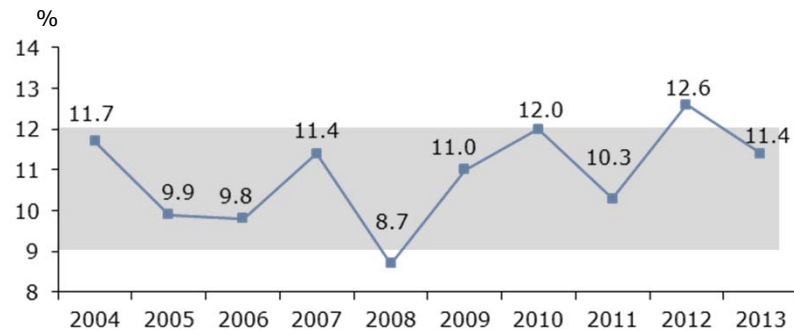
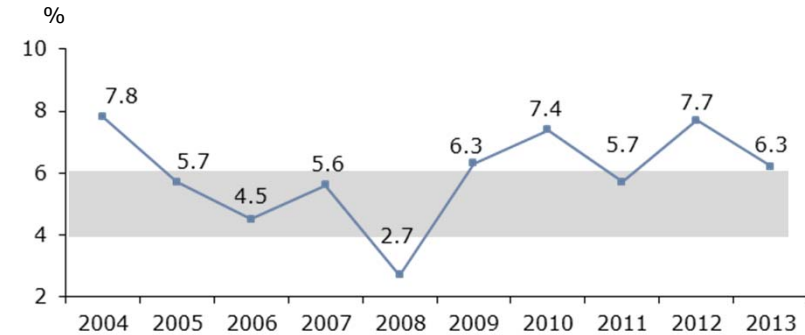
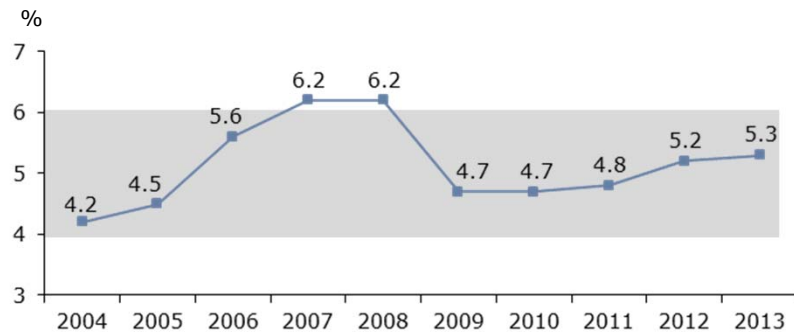
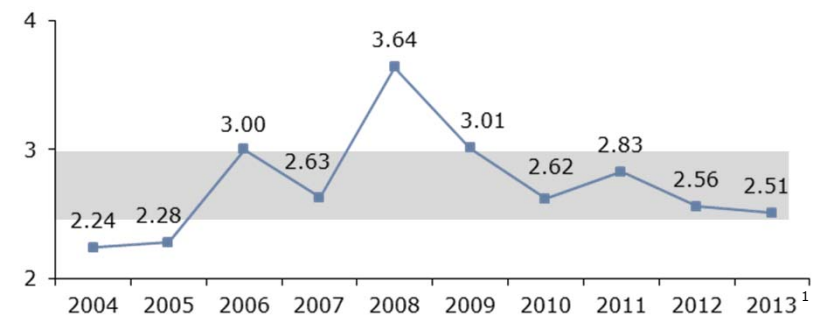
Fresenius Helios



Fresenius Vamed



# Fresenius Group: Consistent Cash Generation and Proven Track Record of Deleveraging

**CFFO margin**

**FCF margin (before acquisitions & dividends)**

**Capex (gross) in % of sales**

**Net Debt / EBITDA<sup>1</sup>**


1 - Pro Forma excluding advances made for the acquisition of hospitals of Rhön-Klinikum; before Fenwal integration costs

## Fresenius Group: Ideal Strategic Posture to Benefit from Major Healthcare Trends



### Aging population and higher incidence of chronic diseases

*World population aged 60+ will more than double by 2050 to >2 bn (OECD)*



### Increasing health care spending in emerging markets

*Increasing health care coverage and per capita spending (e.g. India: \$59, China: \$278, vs. USA: \$8,608; WHO)*



### Continuing growth of generics

*Approx. \$19 bn branded IV drug sales (base: 2013) go off-patent in the U.S. by 2023*



### Rise of private providers in health care services

*Further privatization of German hospital market  
Global opportunity to provide dialysis services (e.g. China, India)*

# Business Segments



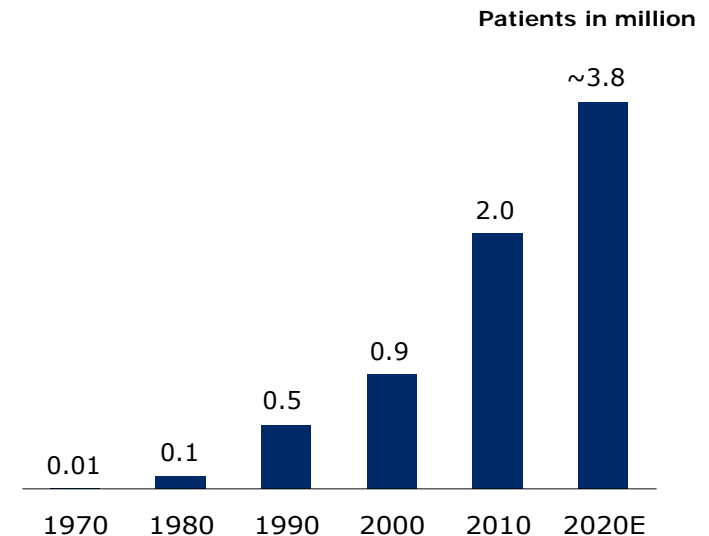
## Fresenius Medical Care: Global Market Leader in Dialysis

- World leader in dialysis products and services treating 280,942 patients in 3,335 clinics worldwide<sup>1</sup>
- Provide highest standard of patient care
  - Vertical integration
  - High quality products & services
  - Complete therapy offerings
- Leader in growing market
  - Dialysis market growing 4% cc and estimated to reach around \$100 bn by 2020
  - Patient growth driven by age, life style and mortality reduction

1 – as of June 30, 2014

### Industry Dynamics

~6% global patient growth p.a.  
~3.8 million patients by 2020 expected



## Fresenius Medical Care: Key Figures

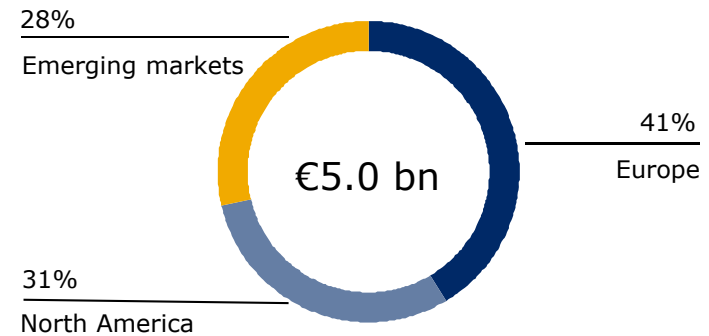
<i>€ million</i>	<b>H1/2014</b>	<b>H1 YoY</b>	<b>FY 2013</b>	<b>FY YoY</b>
<b>Sales</b>	<b>7,398</b>	<b>+ 5%</b>	<b>14,610</b>	<b>+ 6%<sup>1</sup></b>
<b>EBITDA</b>	<b>1,337</b>	<b>- 1%</b>	<b>2,904</b>	<b>- 1%</b>
<i>EBITDA margin</i>	<i>18.1%</i>	<i>- 100 bp</i>	<i>19.9%</i>	<i>- 130 bp</i>
<b>EBIT</b>	<b>1,001</b>	<b>- 4%</b>	<b>2,256</b>	<b>- 3%</b>
<i>EBIT margin</i>	<i>13.5%</i>	<i>- 120 bp</i>	<i>15.4%</i>	<i>- 150 bp</i>
<b>Net income</b> <i>attr. to FME &amp; Co. KG</i>	<b>439</b>	<b>- 10%</b>	<b>1,110</b>	<b>- 1%</b>

1 – 5% organic growth, 1% net acquisitions

# Fresenius Kabi: A Worldwide Leading Hospital Supplier

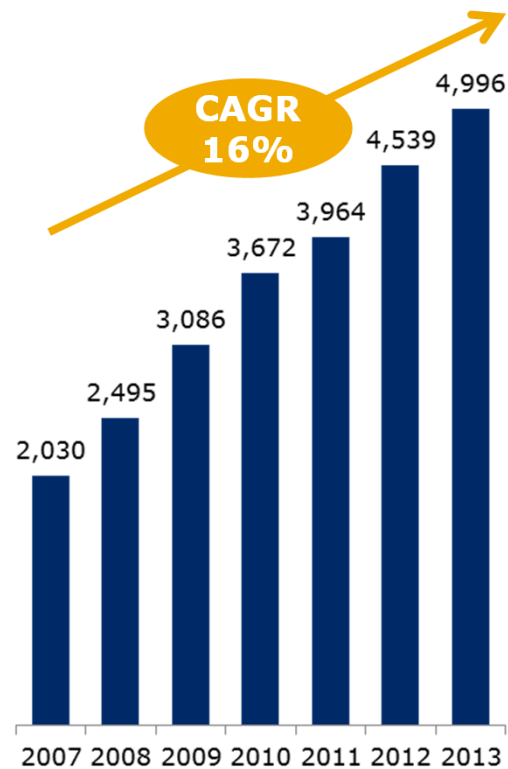
- Comprehensive product portfolio for critically and chronically ill patients
  - IV Drugs
  - Clinical Nutrition
  - Infusion Therapy
  - Medical Devices/Transfusion Technology
- Leading market positions
- Focus on organic growth
  - geographic product roll-outs
  - solid product pipeline
- Incremental expansion of existing business lines through selective acquisitions

## 2013 Sales by Region

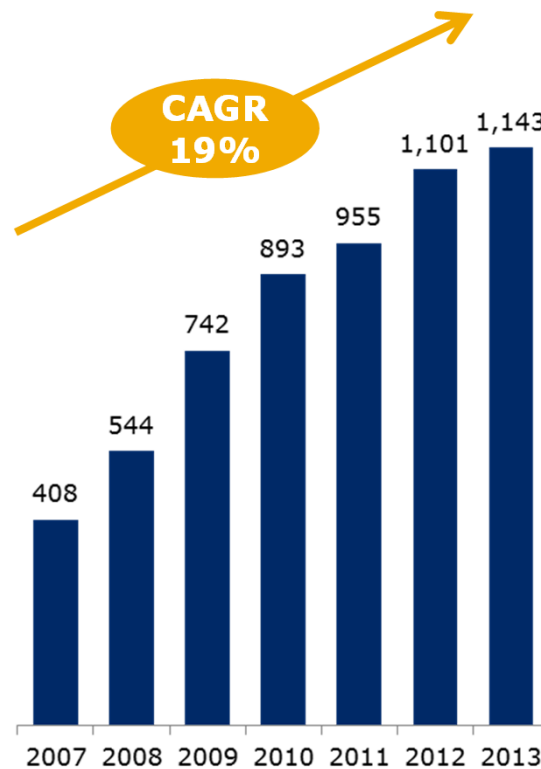


# Fresenius Kabi: Profitability Improvement

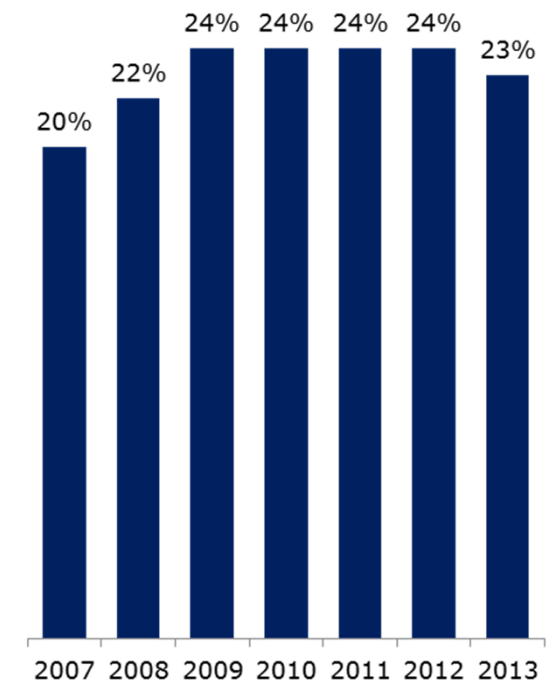
**Sales in € m**



**EBITDA in € m**



**EBITDA Margin (in %)**



1 – 2013 adjusted for Fenwal integration costs



## Fresenius Kabi: Key Figures

€ million

### Sales

- Infusion Therapy
- I.V. Drugs
- Clinical Nutrition
- Medical Devices/  
Transfusion Technology

### EBITDA<sup>1</sup>

*EBITDA margin*

### EBIT<sup>1</sup>

*EBIT margin*

### Net income<sup>1</sup>

*attr. to Kabi AG*

	H1/2014	H1 YoY	FY 2013	FY YoY
<b>Sales</b>	<b>2,466</b>	<b>- 2%</b>	<b>4,996</b>	<b>+ 10%<sup>2</sup></b>
- Infusion Therapy	476	- 5%	980	- 3%
- I.V. Drugs	868	- 3%	1,733	+ 2%
- Clinical Nutrition	662	0%	1,332	+ 1%
- Medical Devices/ Transfusion Technology	460	- 1%	951	+ 85%
<b>EBITDA<sup>1</sup></b>	<b>513</b>	<b>- 11%</b>	<b>1,143</b>	<b>+ 4%</b>
<i>EBITDA margin</i>	<i>20.8%</i>	<i>- 200 bp</i>	<i>22.9%</i>	<i>- 140 bp</i>
<b>EBIT<sup>1</sup></b>	<b>411</b>	<b>- 12%</b>	<b>926</b>	<b>- 1%</b>
<i>EBIT margin</i>	<i>16.7%</i>	<i>- 190 bp</i>	<i>18.5%</i>	<i>- 210 bp</i>
<b>Net income<sup>1</sup></b>	<b>217</b>	<b>- 10%</b>	<b>487</b>	<b>+ 10%</b>

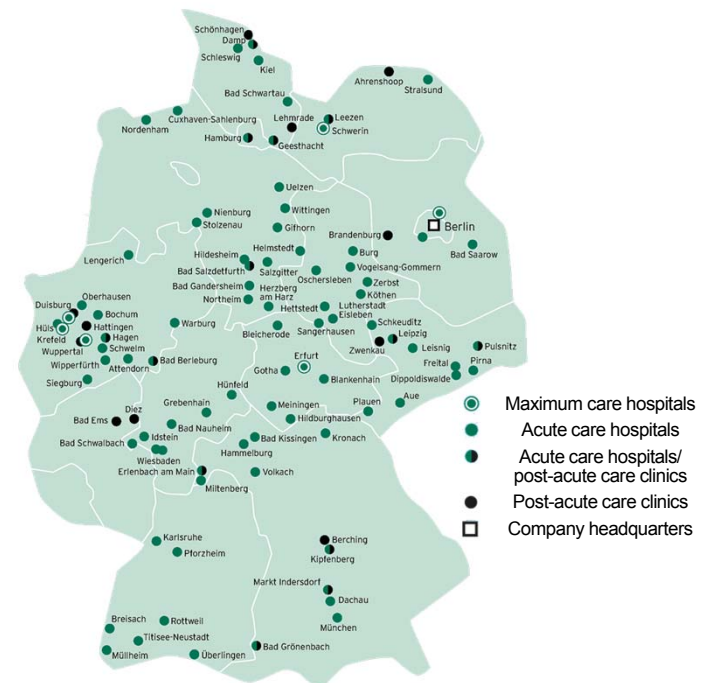
1 – before one time costs

2 – 5% organic growth, -4% currency effect, 9% net acquisitions

# Fresenius Helios: Leading Private Hospital Operator in Germany

- Acute and post-acute care in 111 proprietary hospitals<sup>1</sup>
- High-quality medical care (e.g., mortality rate for heart failure and pneumonia >30% below German average)
- Strong track record in hospital operations and acquisitions: targeting 12 – 15% EBIT margin within 6 years per individual clinic location
- Landmark acquisition of 41 hospitals from Rhön-Klinikum provides excellent long-term growth opportunities

Majority of population has access to a HELIOS hospital within one hour's drive



<sup>1</sup> – as of July 31, 2014

2013 Sales: €3,393 m; EBIT: €390 m

## Fresenius Helios: Key Figures

€ million

**Sales**

**H1/2014**

**2,521**

**H1 YoY**

**+ 49%**

**FY 2013**

**3,393**

**FY YoY**

**+ 6%<sup>1</sup>**

**EBITDA**

**344**

**+ 46%**

**508**

**+ 18%**

*EBITDA margin*

*13.6%*

*- 30 bp*

*15.0%*

*+ 150 bp*

**EBIT**

**250**

**+ 40%**

**390**

**+ 21%**

*EBIT margin*

*9.9%*

*- 70 bp*

*11.5%*

*+ 140 bp*

**Net income**

**179**

**+ 50%**

**275**

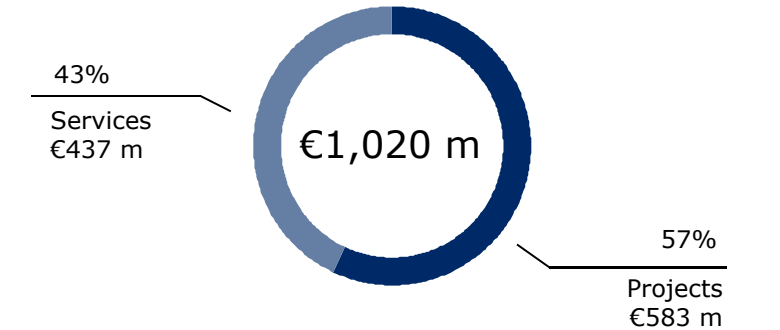
**+ 35%**

1 – 3% organic growth, 3% net acquisitions

# Fresenius Vamed: A Leading Global Specialist in Hospital Projects and Services

- Specialized in project development building hospital infrastructure and providing hospital services (technical services and operational management)
- Track record:
  - >650 health care projects in 72 countries successfully completed
  - Services provided to 140 hospitals and 50,000 beds globally
- Continuous demand for hospital infrastructure and operating efficiency; key markets Europe, Asia-Pacific, Africa

## 2013 Sales by Business



## Fresenius Vamed: Key Figures

<i>€ million</i>	<b>H1/2014</b>	<b>H1 YoY</b>	<b>FY 2013</b>	<b>FY YoY</b>
<b>Sales</b>	<b>398</b>	<b>- 5%</b>	<b>1,020</b>	<b>+ 21%<sup>1</sup></b>
<b>EBITDA</b>	<b>20</b>	<b>+ 5%</b>	<b>65</b>	<b>+ 10%</b>
<i>EBITDA margin</i>	<i>5.0%</i>	<i>+ 50 bp</i>	<i>6.4%</i>	<i>- 60 bp</i>
<b>EBIT</b>	<b>15</b>	<b>0%</b>	<b>55</b>	<b>+ 8%</b>
<i>EBIT margin</i>	<i>3.8%</i>	<i>+ 20 bp</i>	<i>5.4%</i>	<i>- 60 bp</i>
<b>Net income</b>	<b>10</b>	<b>+ 11%</b>	<b>37</b>	<b>+ 6%</b>
Order intake <sup>2</sup>	300	- 4%	744	+ 13%
Order backlog <sup>2</sup>	1,262	+ 11%	1,139	+ 15%

1 – 13% organic growth, 8% net acquisitions

2 – project business only

## Investment Highlights

Leading market positions

Diversified revenue base with four strong business segments

Global presence in growing, non-cyclical markets

Proven ability to integrate acquisitions

Clear track record of and commitment to de-leveraging

Strong financial performance and cash flow generation

# Summary and Outlook



## Fresenius Medical Care: Financial Outlook

	Reported 2013	Guidance 2014
<b>Sales</b>	\$14,610	~ \$15,200
<b>Net Income</b>	\$1,110	\$1.0-1.05 bn
<b>Debt / EBITDA</b>	2.8x	~ 3.0x

- Outlook excludes potential net costs savings of up to \$60 million before taxes for 2014
- Investments in quality/compliance systems and legal cost to continue to comply with standards
- Outlook excludes revenue contribution from acquisitions of ~ \$500 million



## Fresenius Group: 2014 Financial Outlook by Business Segment

		Old	New
<b>Fresenius Kabi</b>	Sales growth organic	4% – 6%	✓ ✓
	EBIT margin	16.5% – 18%	
<b>Fresenius Helios<sup>1</sup></b>	Sales growth organic	3% – 5%	✓ ~ €1.8 bn
	Sales contribution acquired hospitals		
	Sales growth acquired hospitals organic	3% – 5%	
	EBIT Helios+Rhön hospitals	€540 – 560 m	
<b>Fresenius Vamed</b>	Sales growth organic	5% – 10%	✓ ✓
	EBIT growth	5% – 10%	

1 - Before integration costs for acquired hospitals and disposal gains (two HELIOS hospitals; Rhön stake )

## Fresenius Group: Financial Outlook

	Old	New <sup>1</sup>
Revenue growth at constant currency	12% – 15%	14% – 16%
Net income growth <sup>2</sup> at constant currency	2% – 5%	✓
Net debt/ EBITDA	3.0 – 3.25x	~ 3.25x

1 - Following acquisitions at Fresenius Medical Care

2 - Net income attributable to shareholders of Fresenius SE & Co. KGaA before integration costs (Fenwal; acquired Rhön hospitals) and disposal gains (two HELIOS hospitals; Rhön stake). Guidance includes acquired Rhön hospitals

## Fresenius Group: Attractive Mid-Term Growth Prospects

Stretch Target for 2017  
~€30 billion sales  
€1.4 to €1.5 billion net income



Strong and Balanced Health Care Portfolio

# Appendix



## Fresenius Group: Financial Results

	Sales	EBIT <sup>1</sup>	Net income <sup>2</sup>
H1/2014	€10,733 m	€1,403 m	€788 m
Growth at constant currency rates	12%	0%	-1%
Growth at actual currency rates	7%	-3%	-3%

1 - 2014 before integration costs (Fenwal: €3 million; acquired Rhön hospitals: €8 million) and disposal gains (two Helios hospitals: €22 million; Rhön stake: €35 million); 2013 before integration costs (Fenwal: €27 million)

2 - Incl. attributable to non-controlling interest; 2014 before integration costs (Fenwal: €2 million; acquired Rhön hospitals: €6 million) and disposal gains (two Helios hospitals: €21 million; Rhön stake: €34 million); 2013 before integration costs (Fenwal: €20 million)

## Fresenius Group: Financial Results by Business Segment

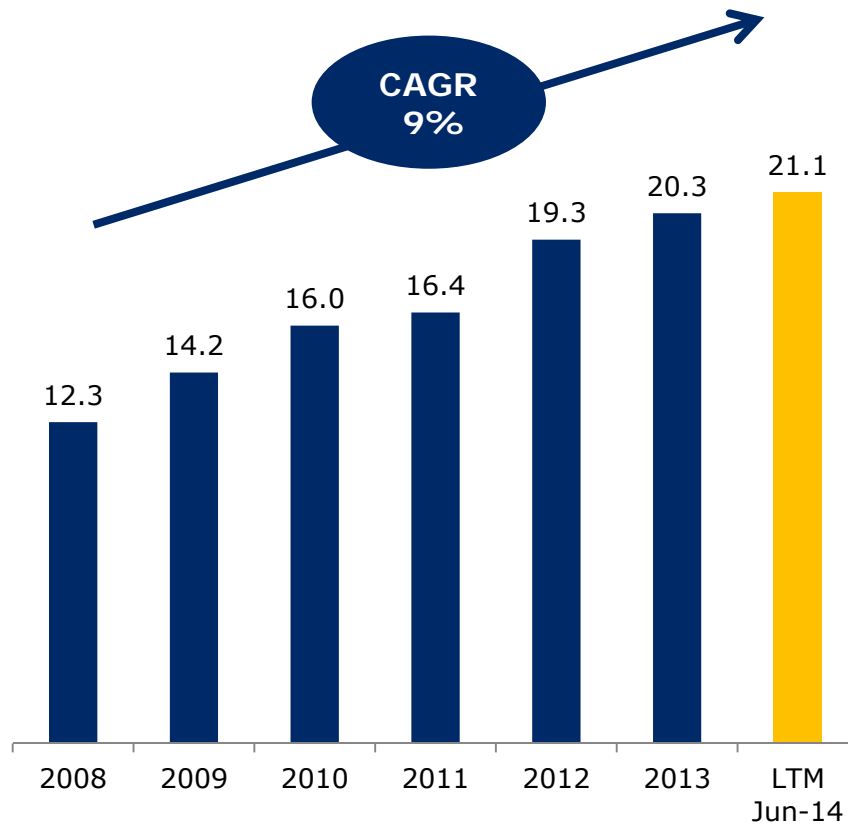
H1/2014	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed
Sales Growth	\$7,398 m 5%	€2,466 m -2%	€2,521m 49%	€398 m -5%
EBIT Growth	\$1,001 m -4%	€411 m <sup>1</sup> -12%	€250 m <sup>2</sup> 40%	€15m 0%

1 - 2014 before integration costs of (Fenwal: €3 million); 2013 before integration costs (Fenwal: €27 million)

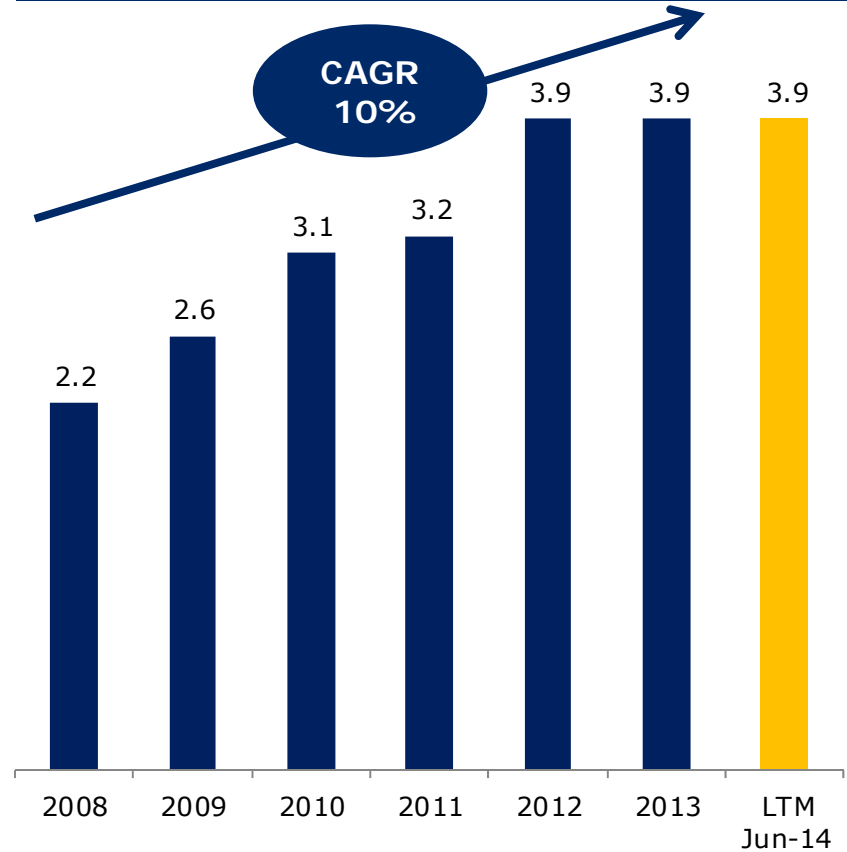
2 - 2014 before integration costs (acquired Rhön hospitals: €8 million) and disposal gains (two Helios hospitals: €22 million; Rhön stake: €35 million)

# Fresenius Group: Demonstrated Strong Sales and EBITDA Growth

**Sales in € bn**



**EBITDA in € bn<sup>1</sup>**



1 - Before one-time items

## Fresenius Group: Key Figures H1/2014

<i>€ million</i>	H1/2014	H1/2013	Change actual rates	Change constant rates
<b>Sales</b>	<b>10,733</b>	<b>9,987</b>	<b>+ 7%<sup>1</sup></b>	<b>+ 12%</b>
<b>EBITDA<sup>2</sup></b>	<b>1,854</b>	<b>1,860</b>	<b>0%</b>	<b>+ 3%</b>
<b>EBIT<sup>2</sup></b>	<b>1,403</b>	<b>1,448</b>	<b>- 3%</b>	<b>0%</b>
Interest, net	- 283	- 313	+ 10%	+ 6%
<b>EBT<sup>2</sup></b>	<b>1,120</b>	<b>1,135</b>	<b>- 1%</b>	<b>+ 1%</b>
Taxes	- 332	- 323	- 3%	- 7%
<b>Net income<sup>3,4</sup></b>	<b>788</b>	<b>812</b>	<b>- 3%</b>	<b>- 1%</b>
<b>Employees</b>	<b>209,933</b>	<b>173,325<sup>5</sup></b>		

1 - 3% organic growth, 9% acquisitions, -5 % currency effect

2 - 2014 before integration costs (Fenwal: €3 million; acquired Rhön hospitals: €8 million) and disposal gains (two Helios hospitals: €22 million; Rhön stake: €35 million); 2013 before integration costs (Fenwal: €27million)

3 - 2014 before integration costs (Fenwal: €2 million; acquired Rhön hospitals: €6 million) and disposal gains (two Helios hospitals: €21 million; Rhön stake: €34 million); 2013 before integration costs (Fenwal: €20million)

4 - incl. attributable to non-controlling interest






5 - as of June 30, 2013



## Fresenius Group: Cash Flow H1/2014

€ million	H1/2014	Margin	H1/2013	Margin	Growth YoY
<b>Operating Cash Flow</b>	<b>750</b>	<b>7.0%</b>	<b>947</b>	<b>9.5%</b>	<b>-21%</b>
Capex (net)	-532	-5.0%	-416	-4.2%	-28%
<b>Free Cash Flow</b> (before acquisitions and dividends)	<b>218</b>	<b>2.0%</b>	<b>531</b>	<b>5.3%</b>	<b>-59%</b>
Acquisitions (net)	-1,036		7		--
Dividends	-457		-446		-2%
<b>Free Cash Flow</b> (after acquisitions and dividends)	<b>-1,275</b>	<b>-11.9%</b>	<b>92</b>	<b>0.9%</b>	<b>--</b>

## Cash Flow Development LTM

€ million	Operating CF		Capex (net)		Free Cash Flow <sup>1</sup>	
	LTM H1/14	LTM Margin	LTM H1/14	LTM Margin	LTM H1/14	LTM Margin
	465	9.4%	-335	-6.8%	130	2.6%
	383	9.1%	-204	-4.9%	179	4.2% <sup>3</sup>
	-34	-3.4%	-10	-1.0%	-44	-4.4%
Corporate/ Other	7	n/a	-6	n/a	1	n/a
	<b>821</b>	<b>8.8%<sup>2</sup></b>	<b>-555</b>	<b>-5.4%</b>	<b>266</b>	<b>3.4%<sup>2</sup></b>
	<b>2,123</b>	<b>10.1%</b>	<b>-1,163</b>	<b>-5.5%</b>	<b>960</b>	<b>4.6%</b>

1 - Before Acquisitions and Dividends

2 - Incl. FMC dividend

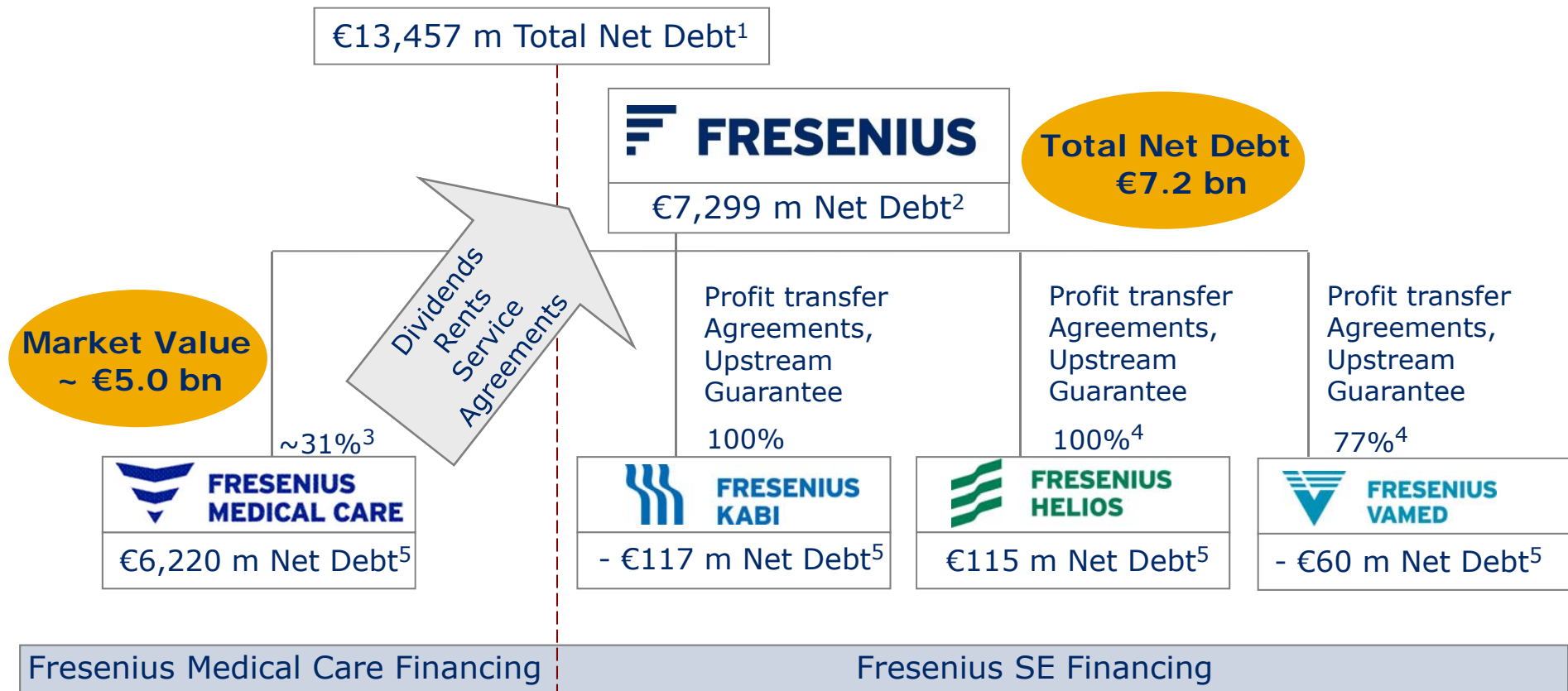
3 - Understated: 5.3% excluding €44 million of capex commitments from acquisitions

Margin = in % of sales

# Financing Facilities and Debt Structure



# Fresenius Group: Current Debt and Cash Flow Structure as of June 30, 2014



1 – External net debt as of June 30, 2014

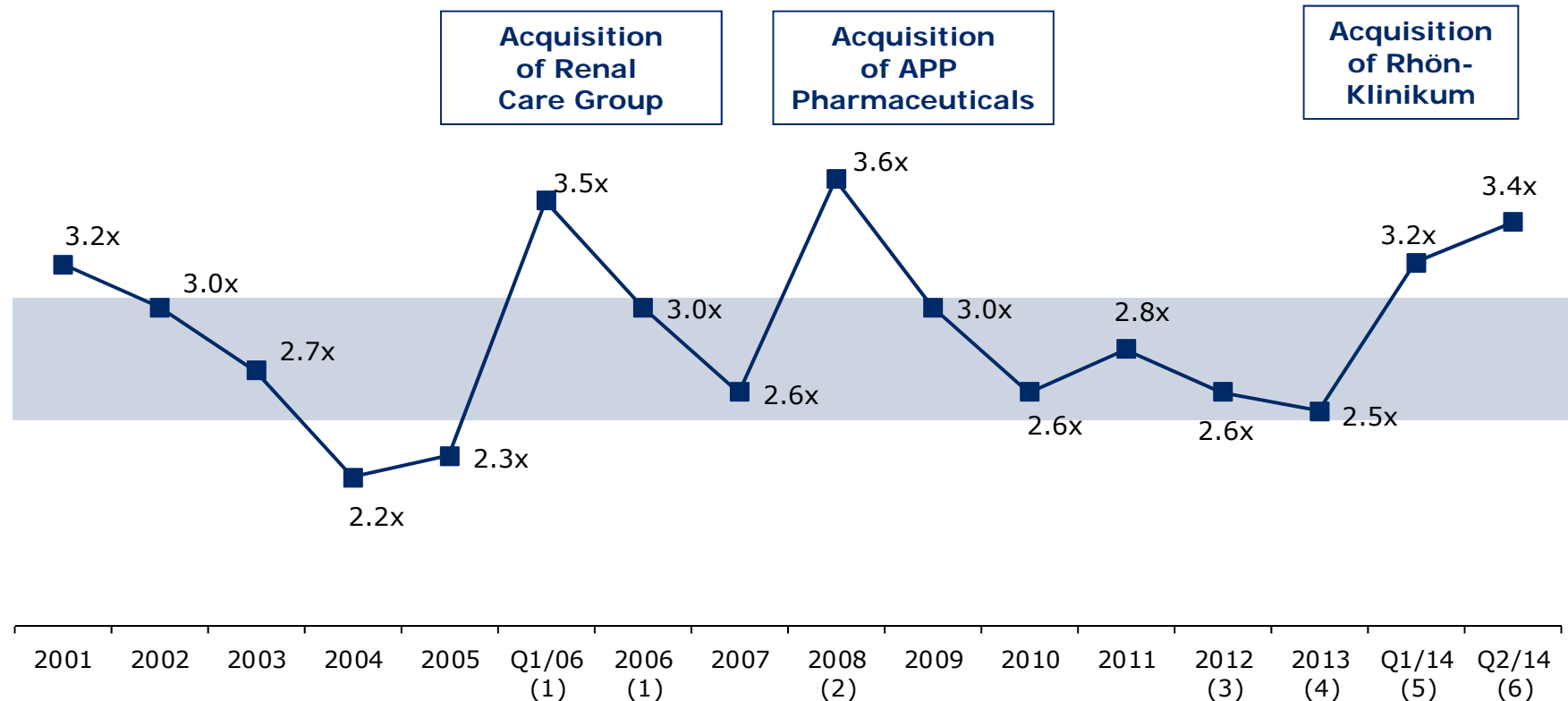
2 – Incl. Fresenius Finance B.V. and other financing subsidiaries

3 – Controlling stake

4 – As held by Fresenius ProServe GmbH, a wholly owned subsidiary of Fresenius SE & Co. KGaA, which provides the guarantees

5 – Incl. subsidiaries

# Fresenius Group: Proven Track Record of Deleveraging



1 – Pro forma incl. Renal Care Group

2 – Pro forma incl. APP Pharmaceuticals Inc., before APP-transaction related special items

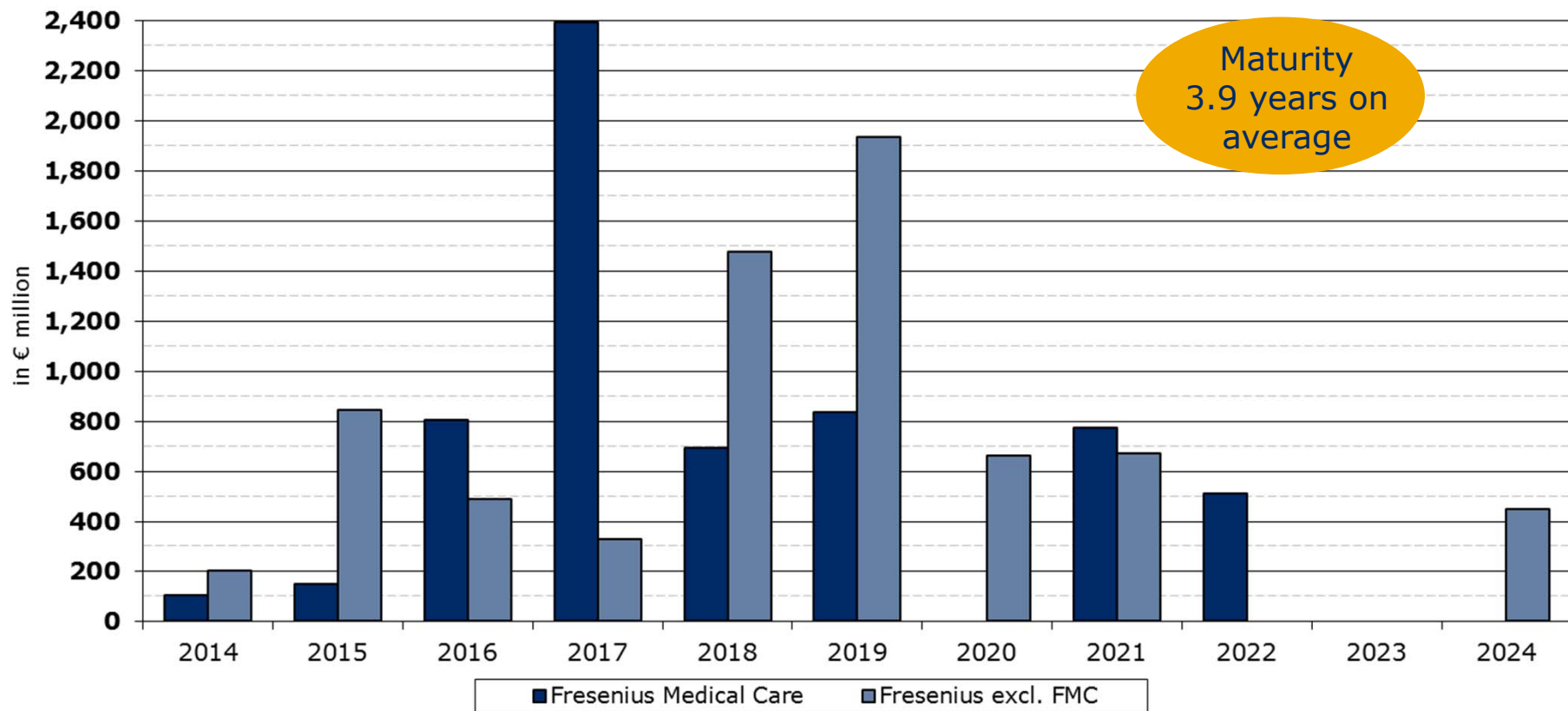
3 – Pro forma incl. Damp Group, Liberty Dialysis Holdings, Inc. and Fenwal, adjusted for €6 million one-time costs related to the 2012 takeover offer to Rhön-Klinikum AG shareholders as well as for €86 million other one-time costs at FME

4 – Pro forma excluding advances made for the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG; before Fenwal integration costs

5 – Pro forma including acquired hospitals from Rhön-Klinikum. Before integration costs for Fenwal and disposal gains from the divestment of two Helios hospitals

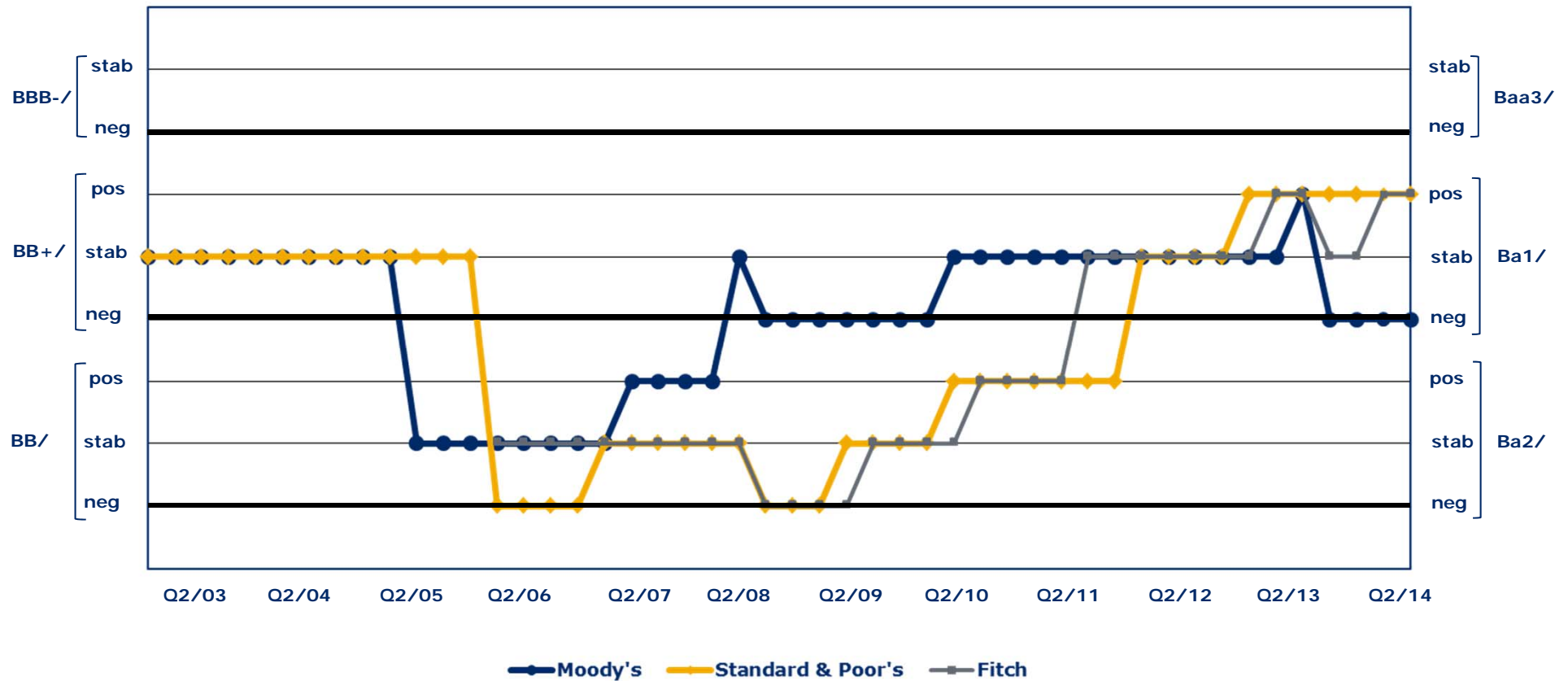
6 – Pro forma including acquired Rhön hospitals and excluding two Helios hospitals; before integration costs (Fenwal; acquired Rhön hospitals) and disposal gains (two Helios hospitals; Rhön stake)

# Fresenius Group: Debt Maturity Profile June 30, 2014<sup>1</sup>



1 - based on utilization of major long-term financing instruments

# Fresenius Group: Credit Rating Development



# Health Care Worldwide

