

## Fresenius – Multi-Channel Financing



LBBW – Unternehmensforum  
February 16, 2017 – Stuttgart

## Safe Harbor Statement

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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

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## **1 Company Overview**

## **2 Business Segments**

- Fresenius Medical Care
- Fresenius Kabi
- Fresenius Vamed
- Fresenius Helios

## **3 Financial Overview**

## **4 Acquisition of Quirónsalud**

## **5 Summary and Outlook**

# Company Overview

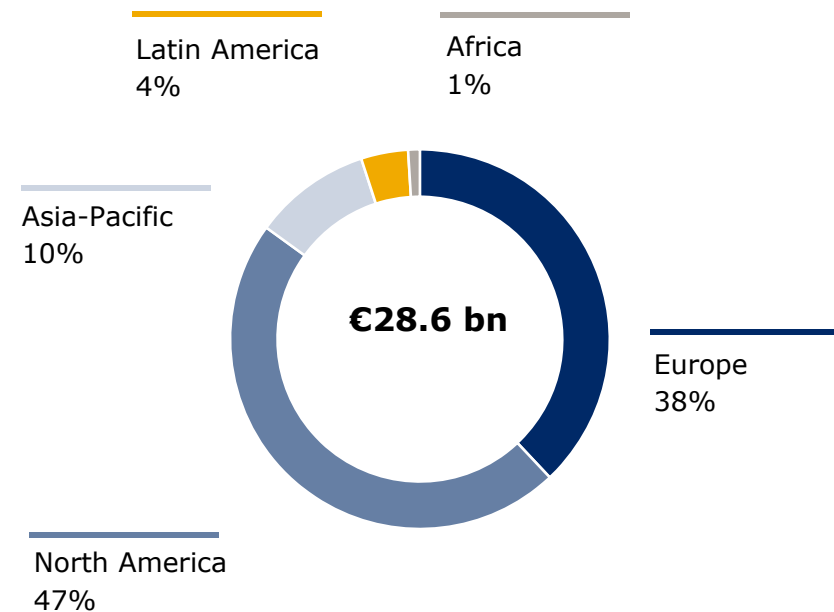
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# Fresenius Group: A Global Leader in Health Care Products and Services

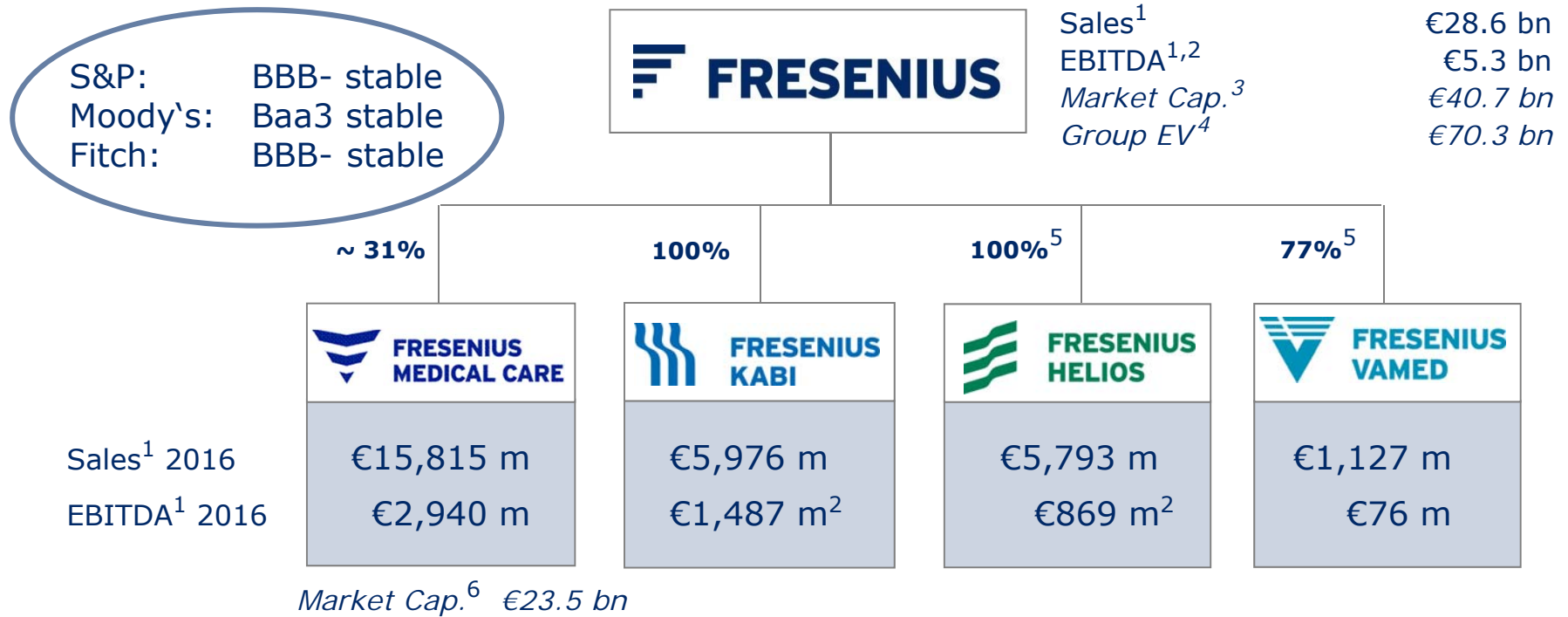
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- Sales €28.6 bn, net income<sup>1</sup> €2.6 bn in LTM September 30, 2016
- Strong and well-diversified portfolio
- Leading market positions
- Global presence
- Long-term opportunities in growing, non-cyclical markets



1 – Net income incl. attributable to non-controlling interest, 2015 before special items

# Fresenius Group: Strong and Balanced Health Care Portfolio



1 - LTM September 30, 2016

2 - 2015 before special items

3 - Based on market capitalization of FSE as of February 1, 2017

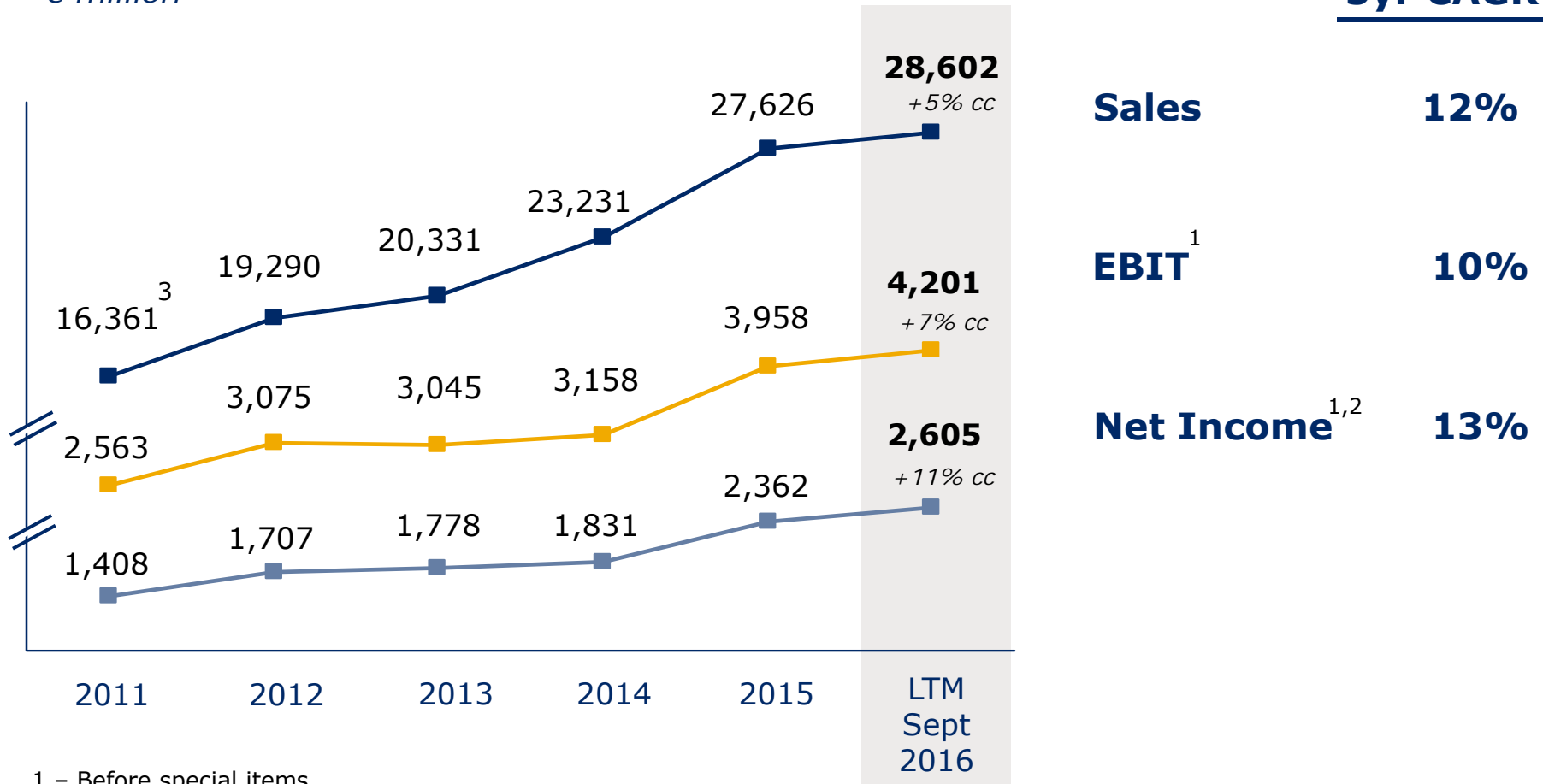
4 - Based on consolidated market capitalization of FSE and FME as of February 1, 2017 and consolidated net debt as of Sept 30, 2016

5 - Held by Fresenius ProServe GmbH, a wholly owned subsidiary of FSE

6 - Based on market capitalization of FME as of February 1, 2017

# Fresenius Group: Financial Results

€ million

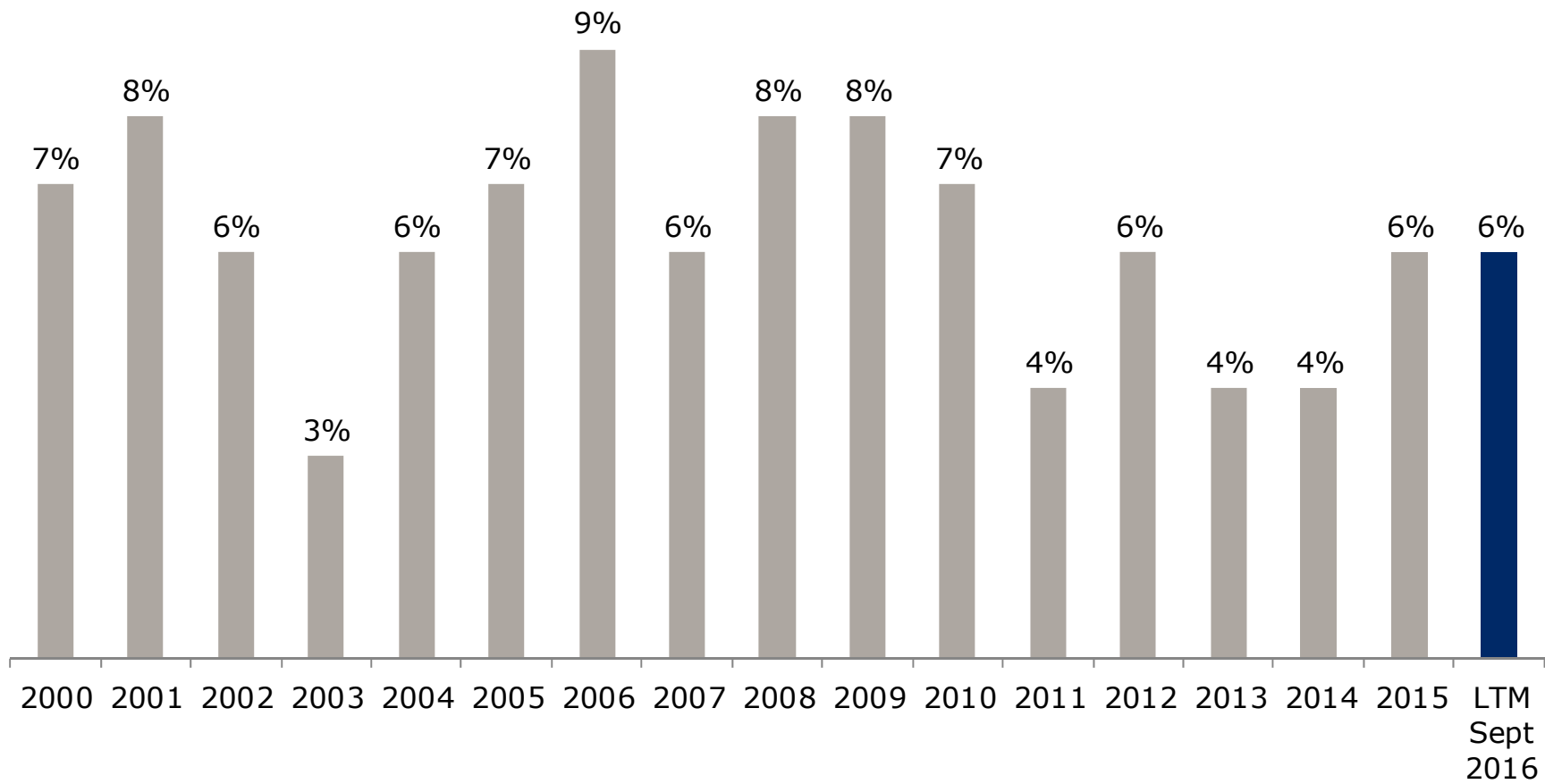


	<u>5yr CAGR</u>
<b>Sales</b>	<b>12%</b>
<b>EBIT<sup>1</sup></b>	<b>10%</b>
<b>Net Income<sup>1,2</sup></b>	<b>13%</b>

1 - Before special items  
 2 - Incl. attributable to non-controlling interest  
 3 - 2011 sales were adjusted by -€161 m according to a U.S. GAAP accounting change.  
 This solely relates to Fresenius Medical Care North America

# Fresenius Group: Sustainable Organic Sales Growth

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# Business Segments

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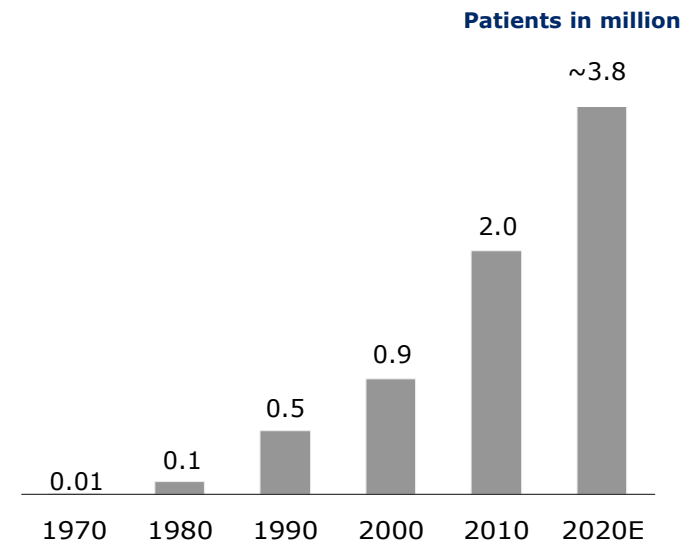
# Fresenius Medical Care: Global Market Leader in Dialysis

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- World leader in dialysis products and services treating 306,366 patients in 3,579 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
  - Growth opportunities in emerging markets

## Industry Dynamics






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







1 – As of Sept 30, 2016

# Fresenius Medical Care: Leading in all Regions<sup>1</sup>








## North America

Provider	Patients	Countries
 FRESENIUS MEDICAL CARE	187,600	2
 DaVita	187,300	1
 U.S. RENAL CARE	24,000	1
 DCI	15,200	1
 AMERICAN RENAL	14,200	1






## Latin America

Provider	Patients	Countries
 FRESENIUS MEDICAL CARE	30,200	7
 Baxter	8,270	3
 DIAVERUM	4,730	3
 DaVita	3,800	2
 B BRAUN	1,530	2

## Europe, Middle East, Africa

Provider	Patients	Countries
 FRESENIUS MEDICAL CARE	59,200	26
 DIAVERUM	22,300	15
 KFH	18,700	1
 B BRAUN	18,300	22
 PHV - Der Dialysepartner	7,000	1
 DaVita	4,620	4
 Baxter	2,290	3

## Asia Pacific

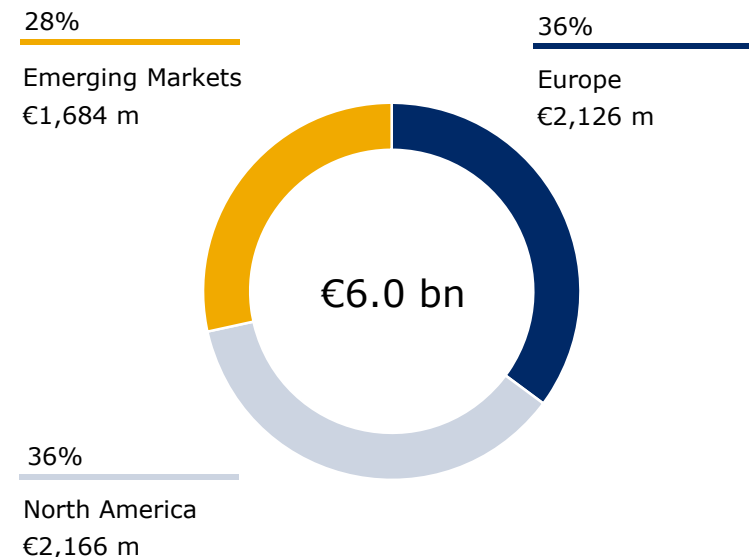
Provider	Patients	Countries
 FRESENIUS MEDICAL CARE	29,400	12
 B BRAUN	5,300	6
Showai-Kai	5,150	5
 Tokushukai Group Aiming for the society in which anybody	4,030	1
 DaVita	3,300	5
 DIAVERUM	610	2

1 – Company data and internal estimates, as of Q3/2016

# Fresenius Kabi: A Worldwide Leading Hospital Supplier

- Comprehensive product portfolio for critically and chronically ill patients:
  - Generic I.V. Drugs
  - Clinical Nutrition
  - Infusion Therapy
  - Medical Devices / Transfusion Technology
- Global addressable market: >€33 bn
- Leading market positions
- Focus on organic growth driven by geographic product rollout and robust product pipeline
- Aim to expand the business through selective acquisitions

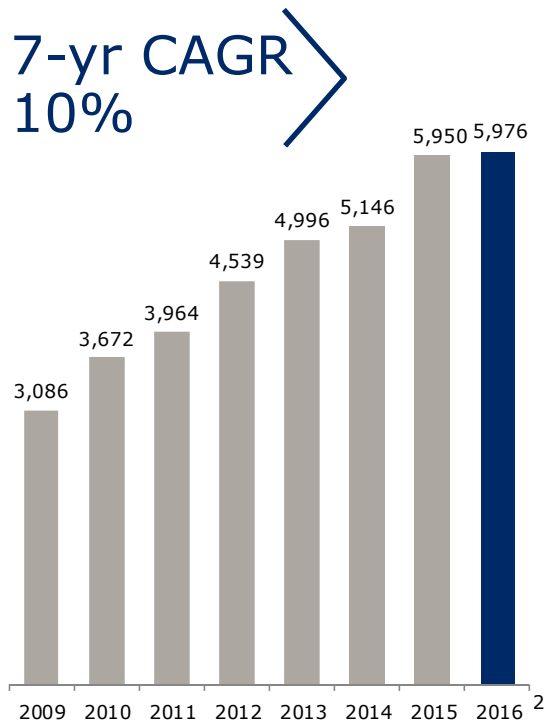
## LTM Sept 30, 2016 Sales by Region



# Fresenius Kabi: Strong Growth Track Record & High Profitability

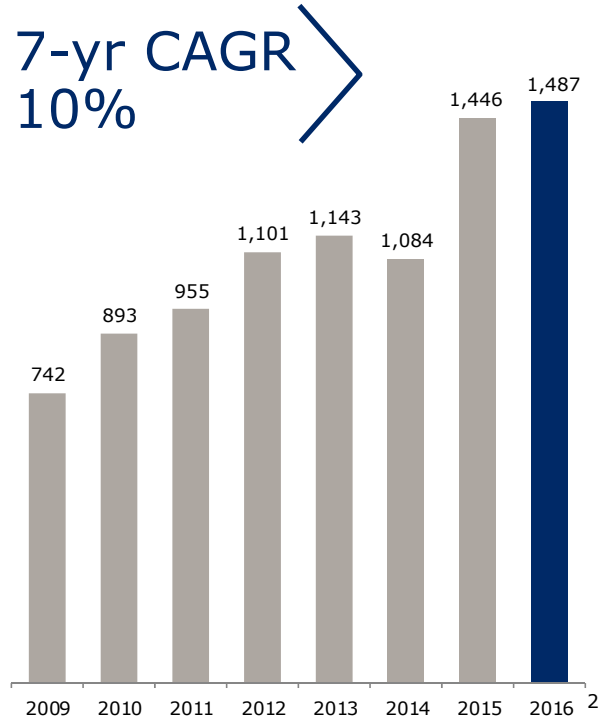
## Sales

€ million

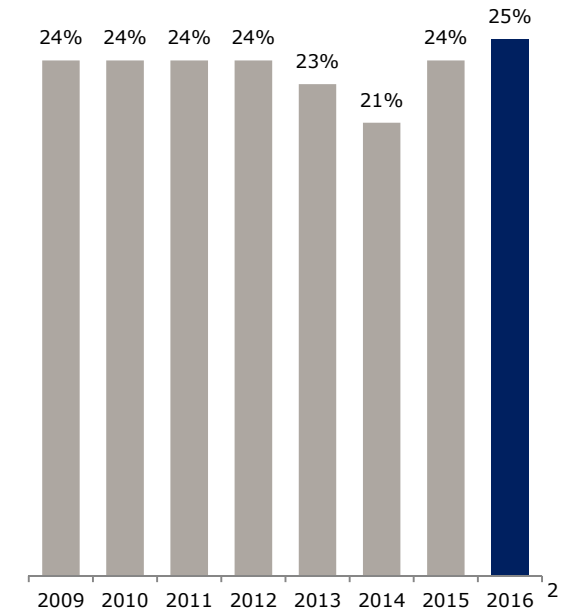


## EBITDA<sup>1</sup>

€ million



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



1 – Before special items  
2 – LTM September 30, 2016

# Fresenius Helios: Leading Hospital Operator in Germany

- German Acute Care Hospital Market:  
~€91 bn<sup>1</sup>, thereof 18% privatized
- ~ 6% share in German Acute Care Hospital Market
- High-quality medical care
- Solid organic growth based on growing number of admissions and reimbursement rate increases
- Strong track record in hospital operations and acquisitions: targeting 12 – 15% EBIT margin within 6 years per individual clinic location
- Negligible bad debt ratio due to comprehensive insurance coverage of German population

## Largest Network with 112 Hospitals<sup>2</sup>



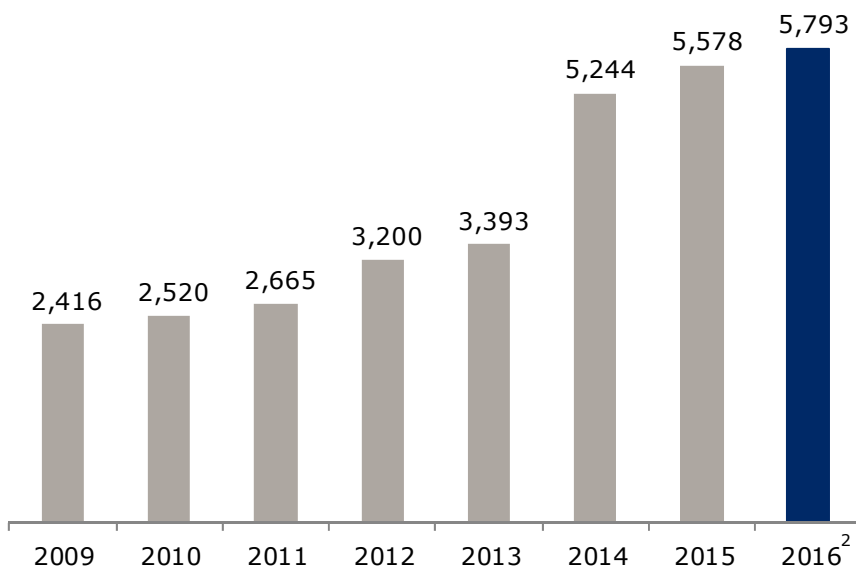
1 – German Federal Statistical Office 2015; total costs, gross of the German hospitals less academic research and teaching  
2 – As of June 30, 2016

# Fresenius Helios: Strong Growth Track Record & High Profitability

## Sales

€ million

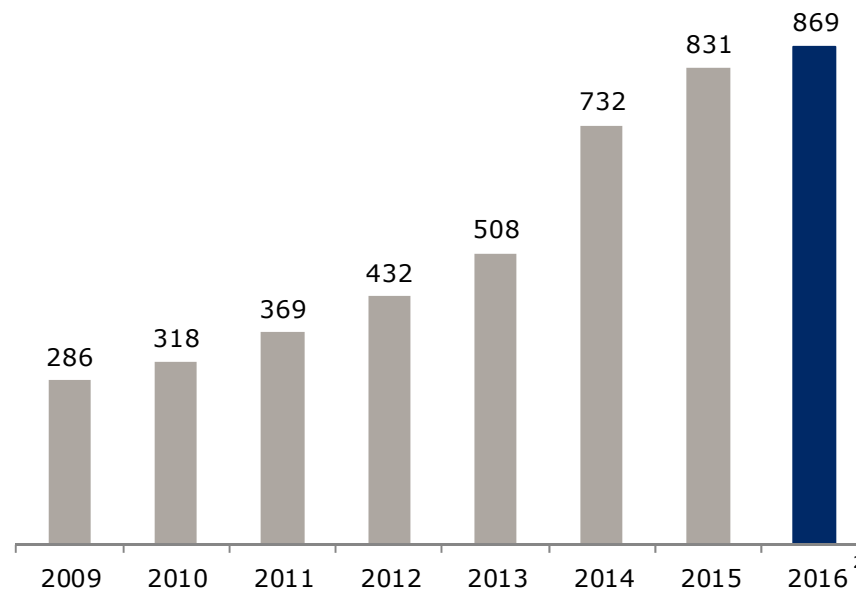
7-yr CAGR  
13%



## EBITDA<sup>1</sup>

€ million

7-yr CAGR  
17%



1 – Before special items

2 – LTM September 30, 2016

# Financial Overview

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## Fresenius Group: Key Figures Q1-Q3/2016

<i>€ million</i>	<b>Q1-Q3/2016</b>	<b>Q1-Q3/2015</b>	Change actual rates
<b>Sales</b>	<b>21,345</b>	<b>20,369</b>	<b>+5%<sup>1</sup></b>
<b>EBITDA<sup>2</sup></b>	<b>3,949</b>	<b>3,674</b>	<b>+7%</b>
<b>EBIT<sup>2</sup></b>	<b>3,092</b>	<b>2,849</b>	<b>+9%</b>
Interest, net	-433	-476	+9%
<b>EBT</b>	<b>2,659</b>	<b>2,373</b>	<b>+12%</b>
Taxes <sup>2</sup>	-746	-703	-6%
<b>Net Income<sup>3</sup></b>	<b>1,913</b>	<b>1,670</b>	<b>+15%</b>
<b>Employees</b>	<b>231,432</b>	<b>222,305<sup>4</sup></b>	

1 – 6% organic growth, 1% acquisitions, -1% divestitures, -1% currency effects

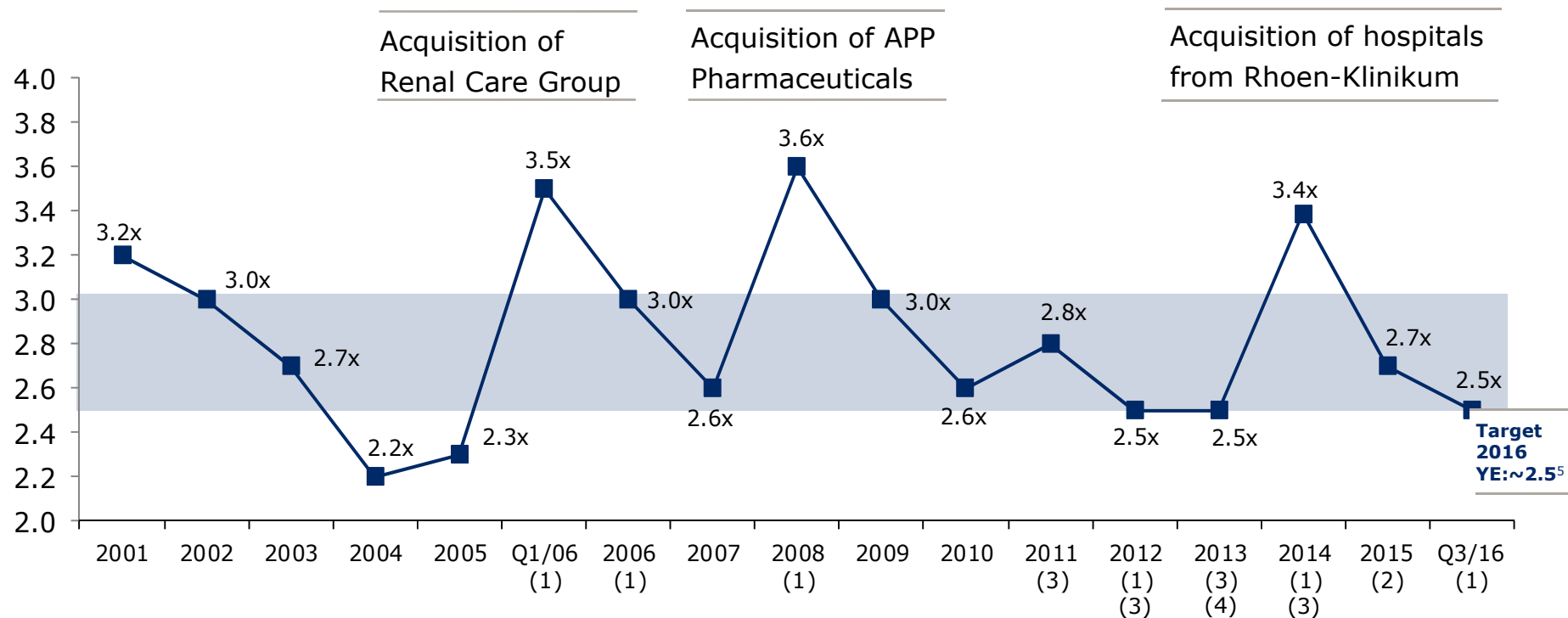
2 – 2015 before special items

3 – Net income incl. attributable to non-controlling interest, calculated as the sum of net income, adjusted, attributable to shareholders of Fresenius SE & Co. KGaA for the nine month ended Sept 2016 and noncontrolling interest for the nine month ended September 2016. 2015 before special items; calculated respectively for the relevant period

4 – As of December 31, 2015

# Fresenius Group: Proven Track Record of Deleveraging

## Net Debt/EBITDA



1 – Pro forma acquisitions, before special items

2 – Before special items

3 – Adjusted due to debt issuance cost restatement (U.S. GAAP standard ASU 2015 – 03)

4 – Pro forma excluding advances made for the acquisition of hospitals from Rhoen-Klinikum AG, before special items

5 – At annual average FX rates for both EBITDA and net debt, excluding potential acquisitions

# Fresenius Group: Capitalization – September 30, 2016

	in € million	in \$ million <sup>3</sup>	% of total cap	EBITDA LTM x
FSE 2013 Credit Agreement: Revolver (€, US-\$)	0	0	0.0%	
FSE 2013 Credit Agreement: Term Loan A (€, US-\$)	1,602	1,788	2.3%	
Senior Notes (€, US-\$)	2,736	3,054	3.9%	
Convertible Bonds	475	530	0.7%	
Schuldschein Loans	1,167	1,302	1.7%	
Commercial Paper	190	212	0.3%	
Other debt less total debt issuance costs, gross	496	554	0.7%	
<b>Total Debt (FSE excl. FMC), gross</b>	<b>6,666</b>	<b>7,440</b>	<b>9.5%</b>	
Cash (excl. FMC)	621	693	0.9%	
<b>Total debt (FSE excl. FMC), net</b>	<b>6,045</b>	<b>6,747</b>	<b>8.6%</b>	
Total FMC debt, net	7,397	8,256	10.5%	
Consolidation Adjustments	(97)	(108)		
<b>Total consolidated debt, net</b>	<b>13,345</b>	<b>14,894</b>	<b>19.0%</b>	<b>2.5x</b>
Market capitalization <sup>1</sup>	56,977	61,359	81.0%	10.6x
<b>Total capitalization</b>	<b>70,322</b>	<b>76,253</b>	<b>100.0%</b>	<b>13.1x</b>
<b>FSE Group EBITDA<sup>2</sup></b>				<b>5,355</b>

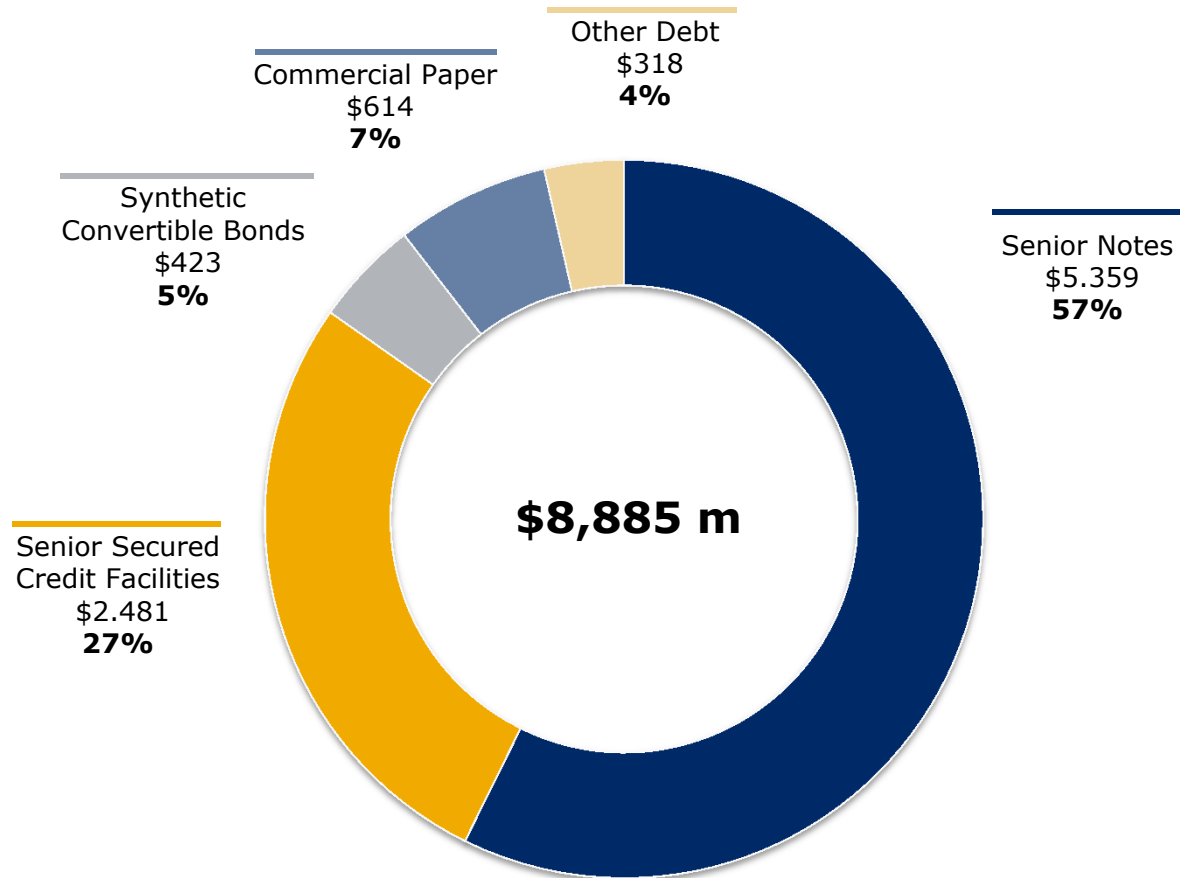
1 – Based on market capitalization for FSE and FMC as of February 1, 2017

2 – 2015 before special items; pro forma acquisitions

3 – Exchange rate of 1.1162 as of Sept 30, 2016, except for market capitalization which uses exchange rate as of February 1, 2017

# Fresenius Medical Care: Financing Mix – September 30, 2016

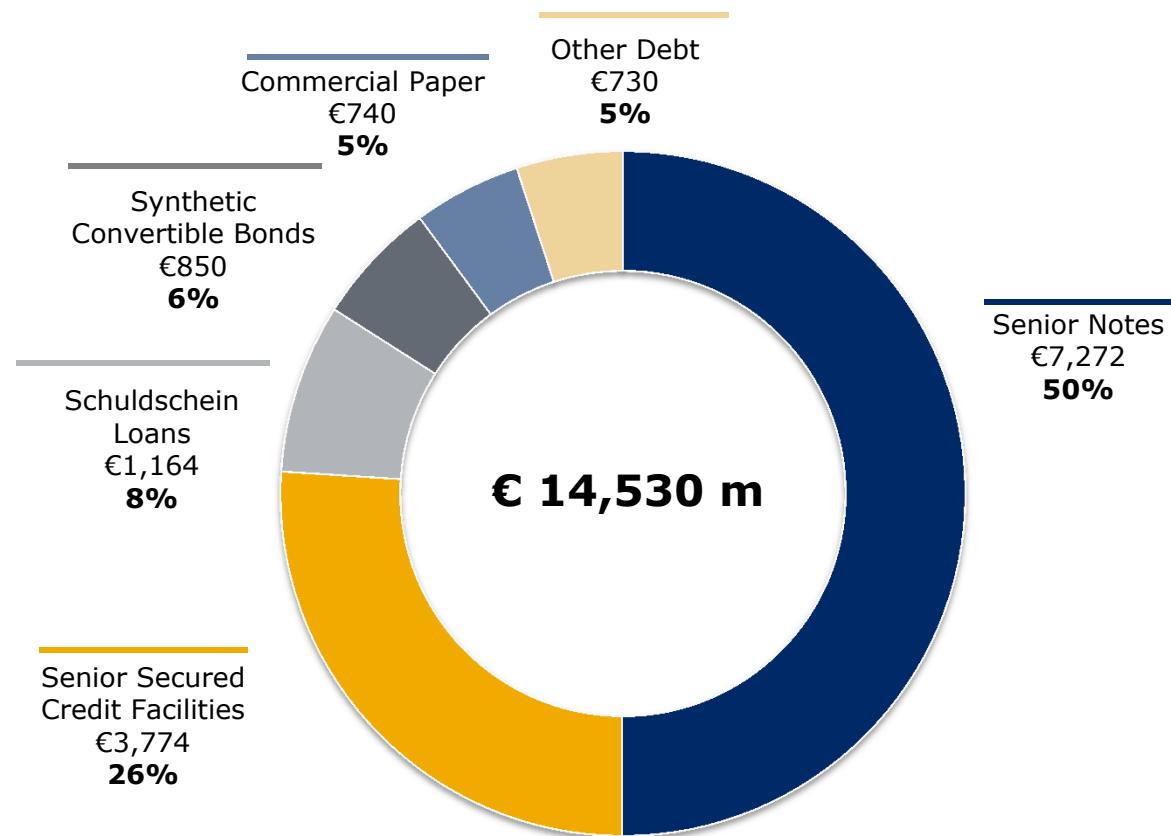
*\$ million*



1 – Accounts Receivable Facility not included as not utilised

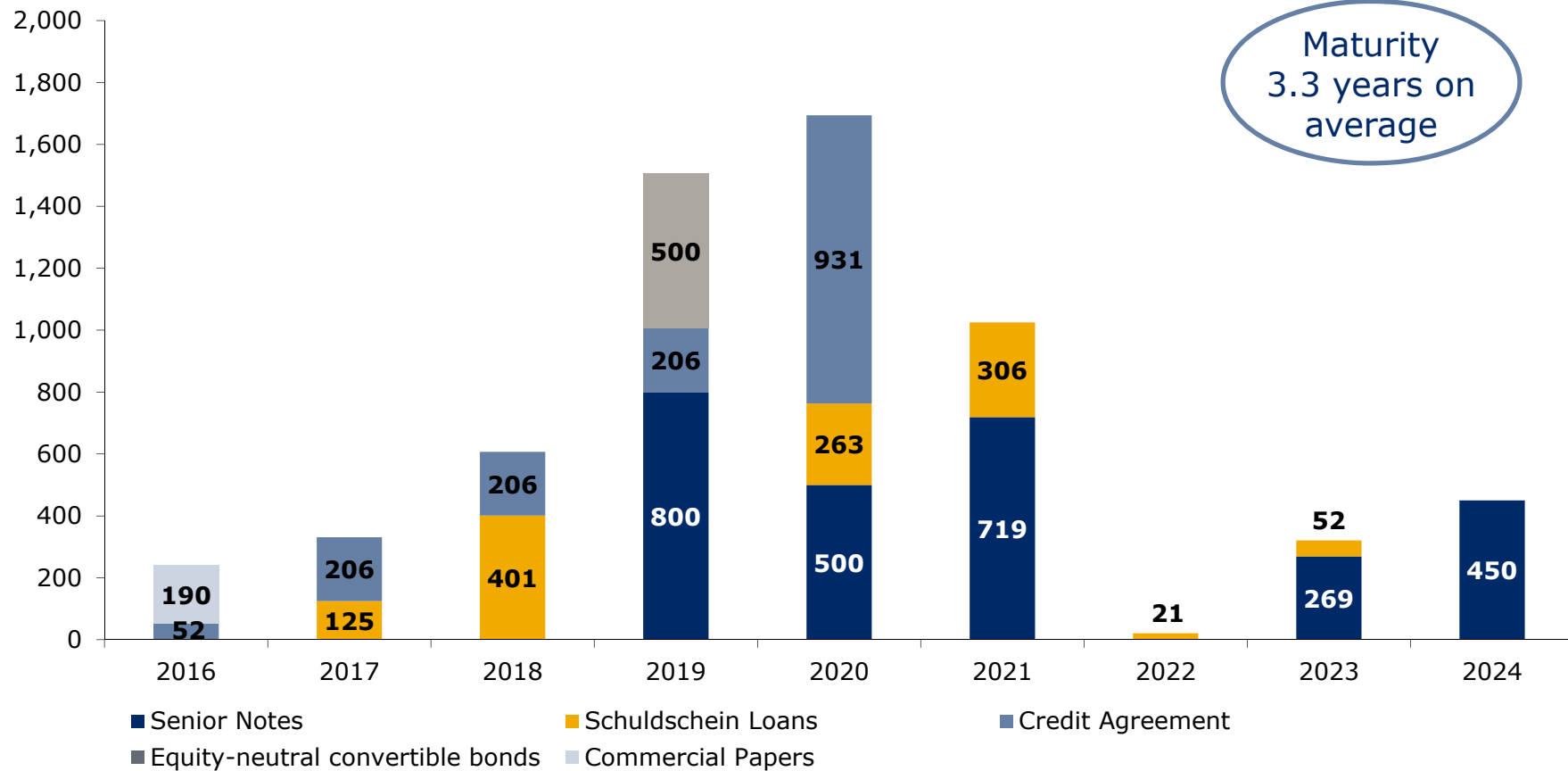
# Fresenius Group: Financing Mix – September 30, 2016

*in € million*



# Fresenius Group excluding Fresenius Medical Care Debt Maturity Profile<sup>1</sup> September 30, 2016

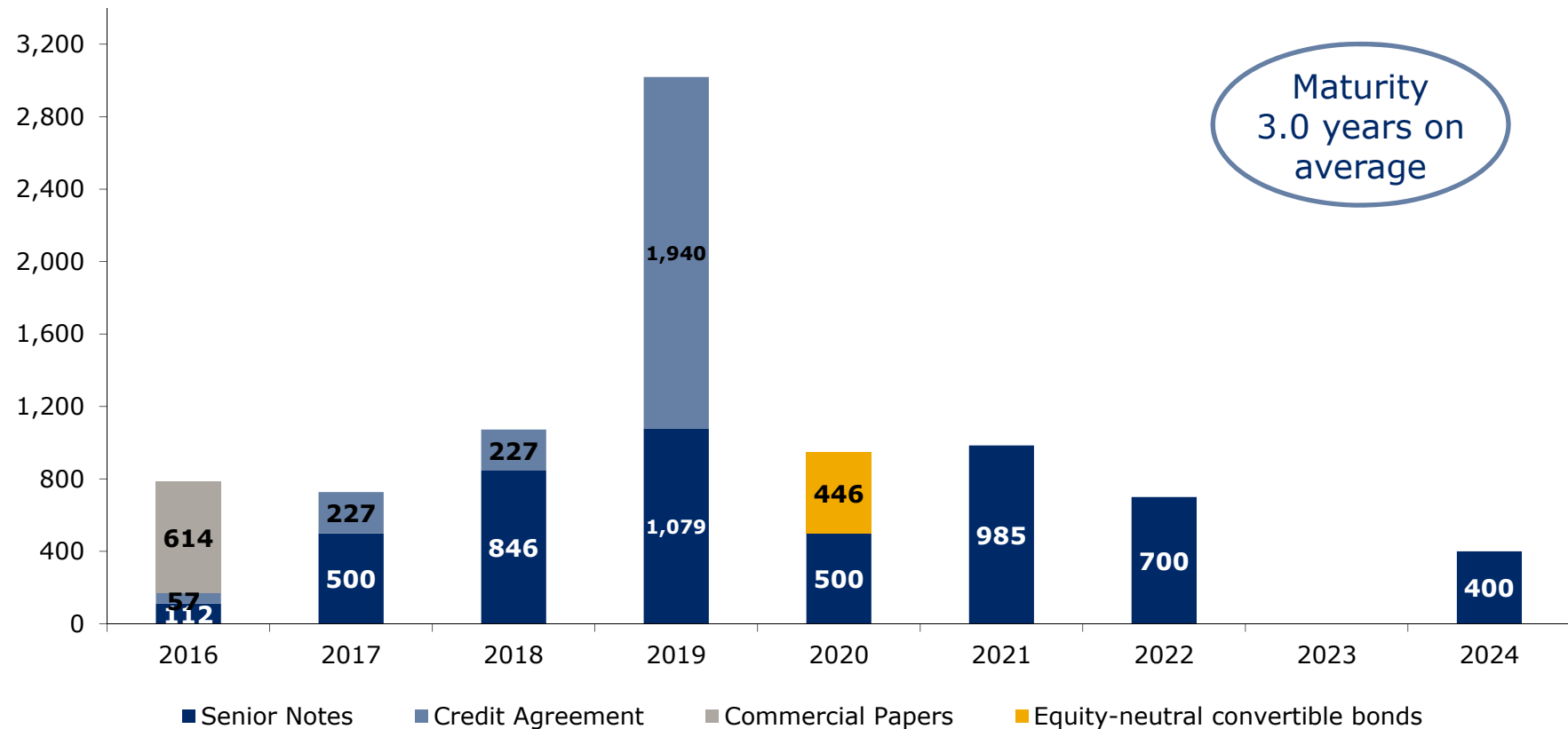
€ million



1 - Based on utilization of major financing instruments

# Fresenius Medical Care Debt Maturity Profile<sup>1</sup> September 30, 2016

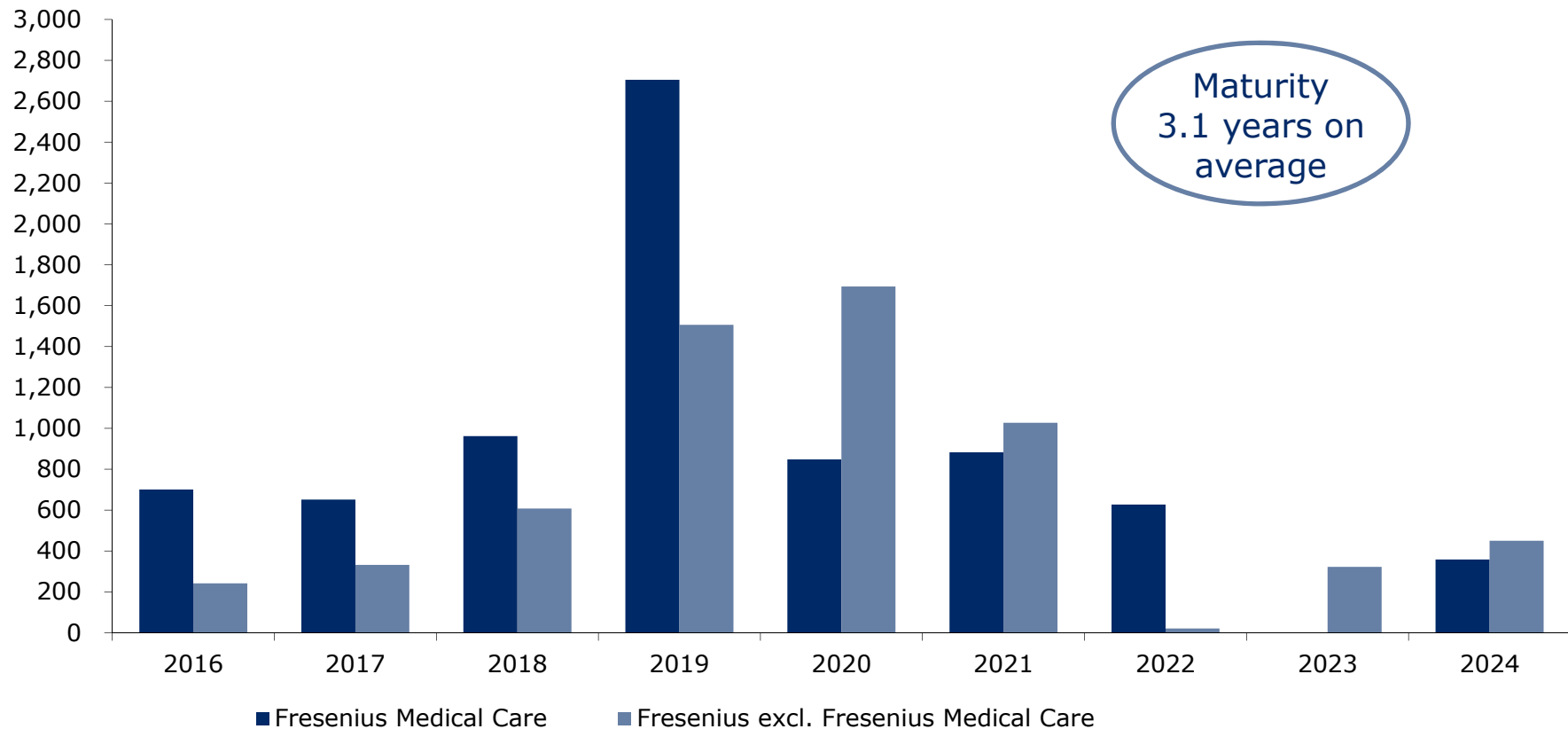
\$ million



1 - Based on utilization of major financing instruments

# Fresenius Group Debt Maturity Profile<sup>1</sup> September 30, 2016

€ million



1 - Based on utilization of major financing instruments



# Acquisition of Quirónsalud

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## Acquisition Highlights

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**Market leader** in size and quality with **excellent growth prospects**



Strong management team with **proven track record** and **ongoing commitment** to Fresenius



Combination forms powerful platform for **knowledge & best practice transfer**



Substantial **cost and growth synergies**



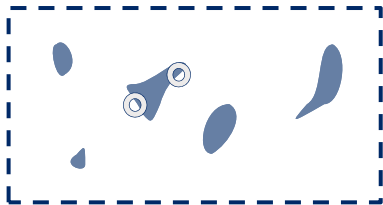
**Highly accretive from 2017** – leverage back to current levels after 1.5 years



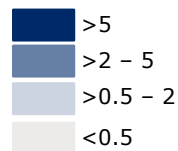
**New mid-term targets** for **Fresenius Group** as part of its FY 2016 reporting



# Hospital Network With Clear Focus on Large Metropolitan Areas



**Population per region (in m)**



43 hospitals,  
39 outpatient centers  
~300 ORP centers



~€2.5bn Sales (2016e)



€460 - 480m EBITDA  
(2016e)



6,600 beds and  
35,000 staff



9.4m outpatient  
admissions p.a.



320,000 inpatient  
admissions p.a.



# Structural Growth Drivers

**Health care expenditure per capita in Spain below EU average**

**Close dovetailing of inpatient and outpatient care**

**Public – NHS (PPPs)**

**Expansion of existing facilities**

**Greenfield projects**

**Acquisition of private hospitals**



## Financially Sound Acquisition

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<b>Total consideration</b>	<ul style="list-style-type: none"><li>• <b>€5.76bn</b> (on a cash and debt-free basis)</li><li>• Approx. <b>10.8x<sup>1</sup> EBITDA</b> 2017e</li></ul>
<b>Financing</b>	<ul style="list-style-type: none"><li>• <b>Issuance of ~6.1m shares</b> valued at <b>€400m</b> to Victor Madera</li><li>• Balance of the purchase price <b>debt-financed</b></li></ul>
<b>Net debt/EBITDA</b>	<ul style="list-style-type: none"><li>• 2016 pro forma <b>~3.1x</b></li><li>• 2017e <b>back within 2.5 – 3.0x</b> range</li></ul>

1 – based on mid-point of projected 2017 EBITDA range of €520 – €550m

## Acquisition Financing Quirónsalud Financing Mix

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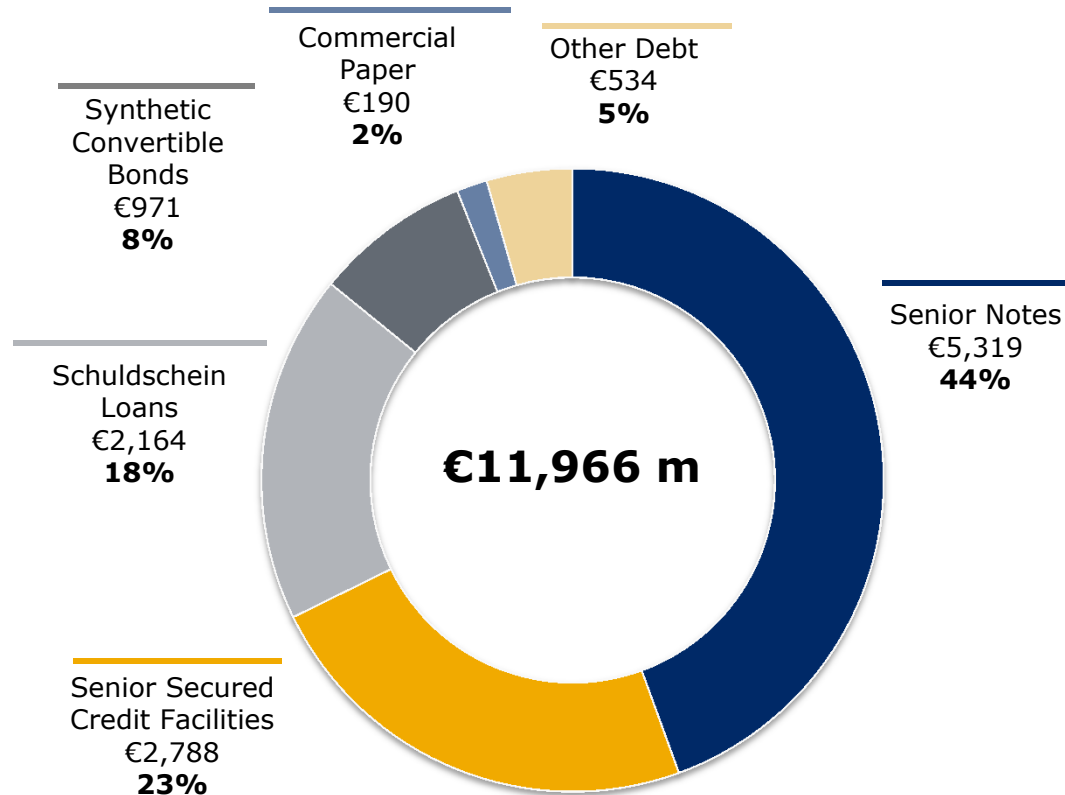
<b>Sources</b>	<i>€million</i>	<b>Uses</b>	<i>€million</i>
Equity <sup>1</sup>	400	Purchase Price <sup>2</sup>	5,760
Equity-neutral Convertible	500	Transaction Costs	50
Senior Notes	2,600		
Schuldschein Loan	1,000		
Senior Secured Credit Facilities	1,200		
Cash	110		
<b>Total</b>	<b>5,810</b>	<b>Gesamt</b>	<b>5,810</b>

1 – as portion of the purchase price payment

2 – subject to working capital adjustments

# Fresenius excl. Fresenius Medical Care: Financing Mix – Pro Forma<sup>1</sup> September 30, 2016

€ million



1 – Pro Forma the acquisition of Quironсалud: €2.6bn Senior Notes, €1.2bn Incremental facilities, € 1.0bn Schuldschein loans and €500 million Synthetic Convertible bonds

## Summary and Outlook

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# Fresenius Medical Care: 2016 Financial Outlook confirmed

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**Revenue growth**  
at constant currency

+7% - 10%

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**Net Income growth**  
at current exchange rate




+15% - 20%

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- 2016 net income growth outlook is based on current exchange rates
- Savings from the global Efficiency Program are included
- Acquisitions 2015/2016 are not included
- Net income growth based on \$1,057 million in 2015 <sup>1</sup>

1 – Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA (\$1,029 million), including **GranuFlo®/NaturaLyte®** agreement in principle (+\$37 million) and excluding acquisitions in 2015 of \$9 million

# Fresenius Group: 2016 Financial Guidance

		2015	2016		
		Actual	Old	New	
 <b>FRESENIUS</b>	<b>Sales growth</b> constant currency	€27.6 bn	6% – 8%	unchanged	
	<b>Net income<sup>1</sup> growth</b> constant currency	€1,423 m	11% – 14%	12% – 14%	

1- Net income attributable to shareholders of Fresenius SE&Co. KGaA; 2015 before special items

# Aging Population and Increasing Healthcare Spending

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**60+**

- **Aging population** and higher incidence of **chronic diseases**  
*World population age 60+ will reach >2bn by 2050 (WHO)*



- *Increasing health expenditure per capita, 2014 vs. 2004 – **USA \$9,403 (+147%), China: \$420 (+592%), India: \$75 (+277%)**<sup>1</sup>*

**1/3**

- By 2022, one third of all global health expenditure will occur in Emerging Economies<sup>2</sup>

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1 – World Bank: Health expenditure per capita

2 – World Economic Forum: Health Systems Leapfrogging in Emerging Economies – Project Paper (2014)

3 – WHO: Global status report on non communicable diseases

# Investment Highlights

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Diversified revenue and earnings base with four strong business segments

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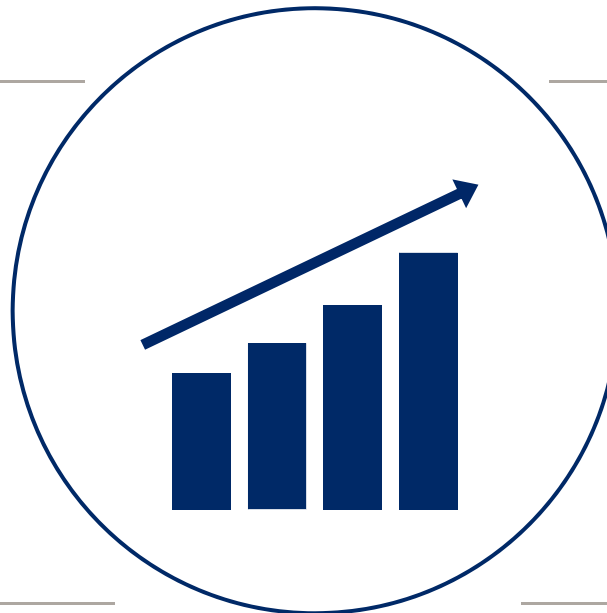
Global presence in growing, non-cyclical markets

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Leading market positions

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Proven ability to integrate acquisitions

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Clear track record of and commitment to de-leveraging

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Strong earnings development and cash flow generation

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