



# Health Care Worldwide

Barclays – High Yield Bond and Syndicated Loan Conference  
May 13, 2014 – Phoenix



## 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

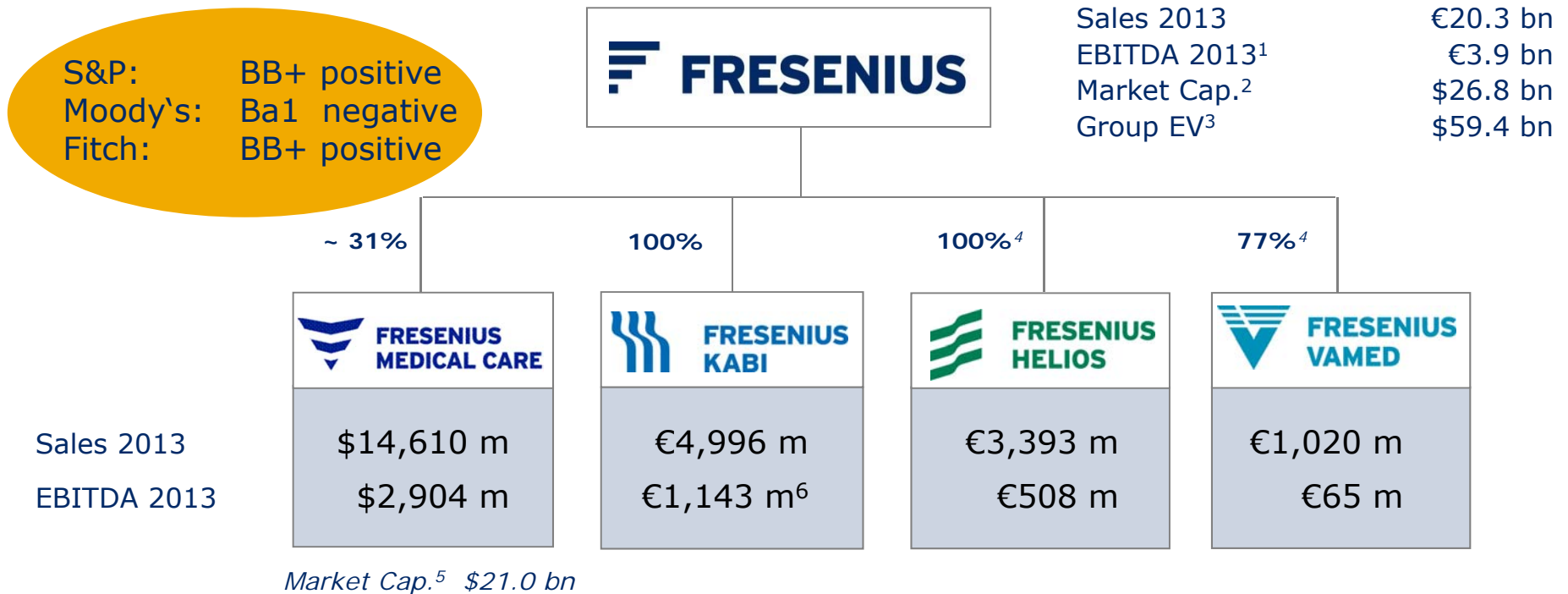
- Company Overview
- Business Segments
  - Fresenius Medical Care
  - Fresenius Kabi
  - Fresenius Helios
- Financial Overview
- Financing Facilities and Debt Structure
- Summary and Outlook



# Company Overview



## Fresenius Group: Strong and Balanced Health Care Portfolio



1 – Before Fenwal integration costs of €54 million

2 – Based on market cap of FSE as of May 2, 2014

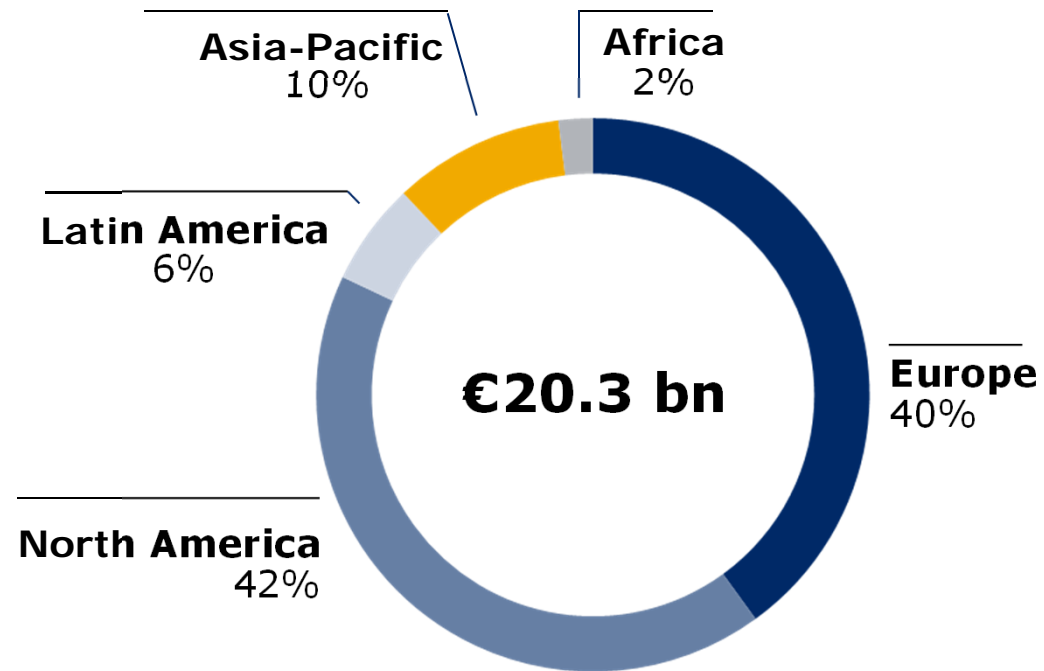
3 – Based on consolidated market capitalization of FSE and FME as of May 2, 2014 and consolidated net debt as of March 31, 2014

4 – Held by Fresenius ProServe GmbH, a wholly owned subsidiary of FSE

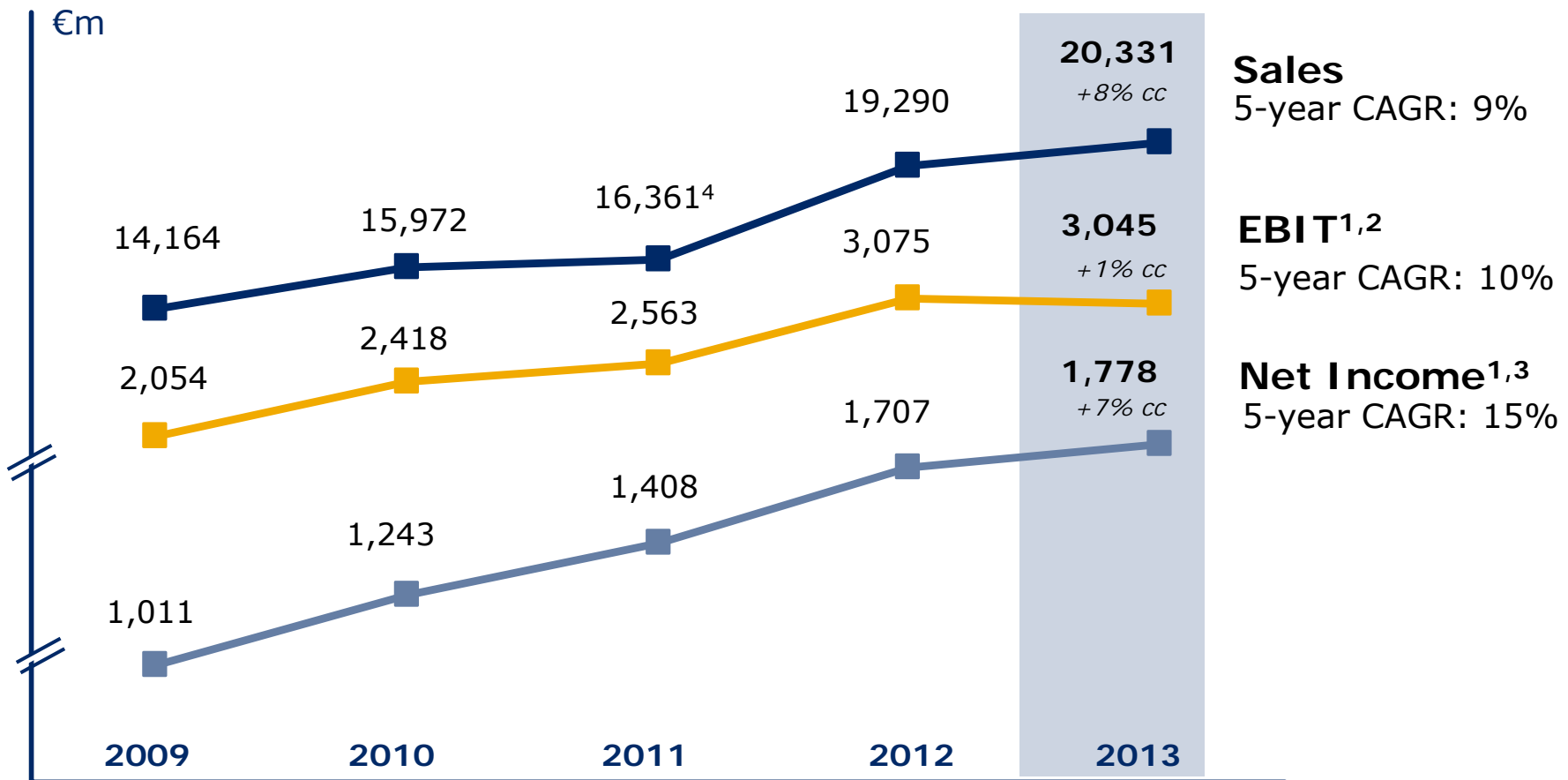
5 – Based on market cap of FMC as of May 2, 2014

6 – Before Fenwal integration costs

## Fresenius Group: Sales Distribution by Region – 2013



# Fresenius Group: Financial Results



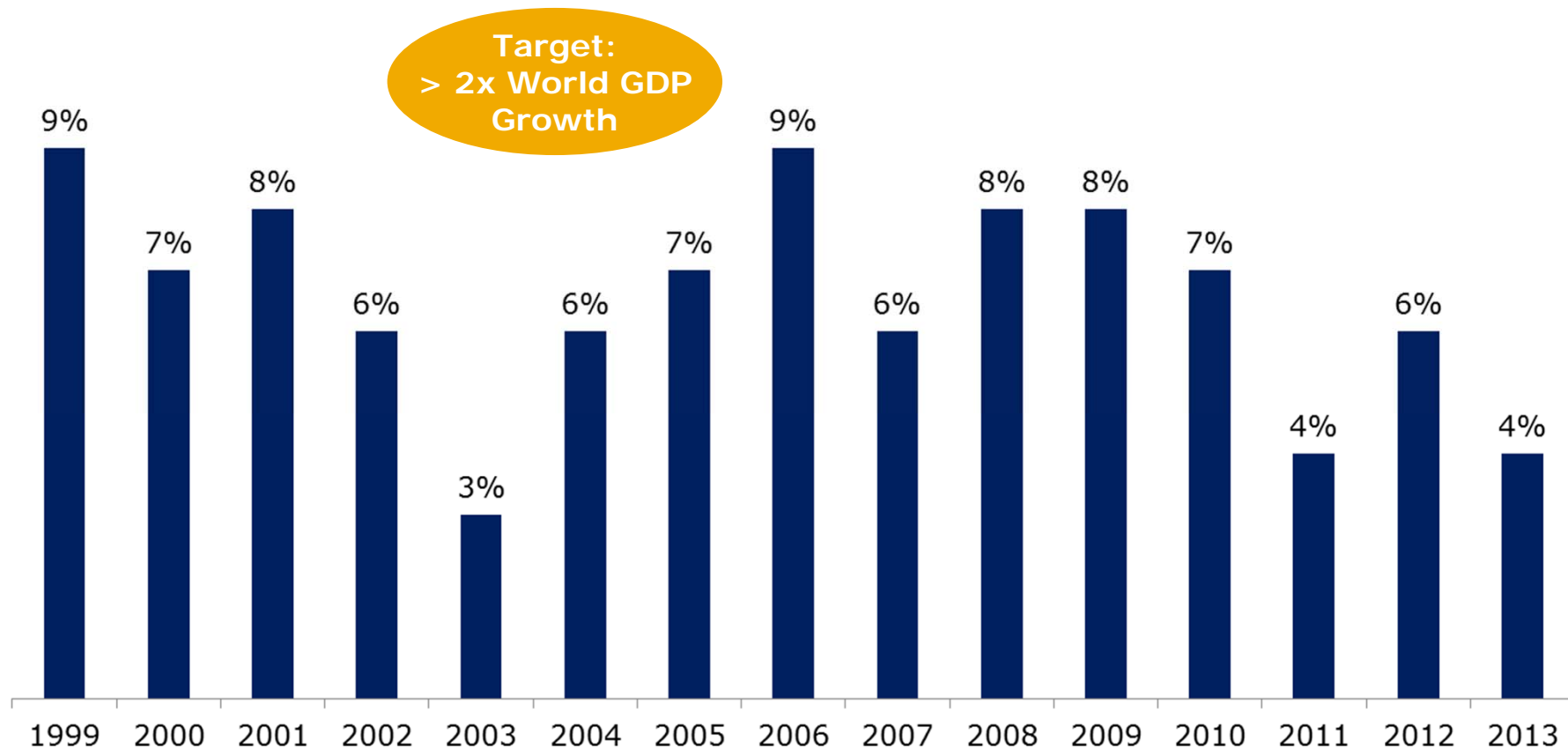
1 - Before special items

2 - 2013 excluding Fenwal integration costs of €54 million

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

4 - 2011 sales were adjusted by -€161m according to a U.S. GAAP accounting change. This solely relates to Fresenius Medical Care North America  
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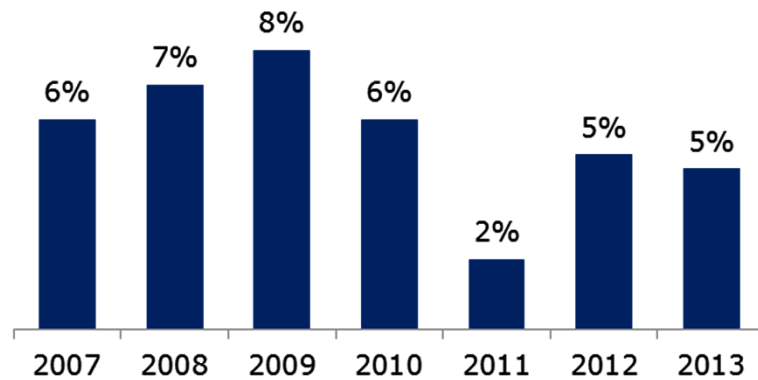
# Fresenius Group: Organic Growth 1999 –2013



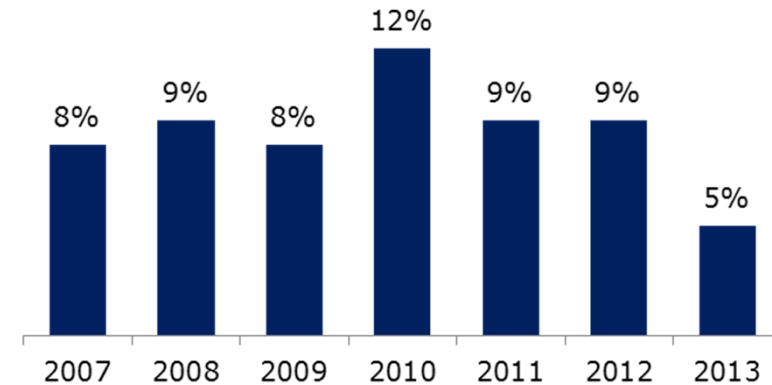


# Fresenius Group: Sustainable Organic Sales Growth in all Business Segments

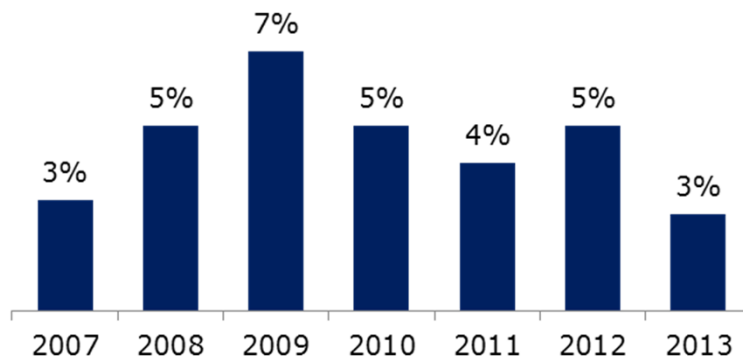
Fresenius Medical Care



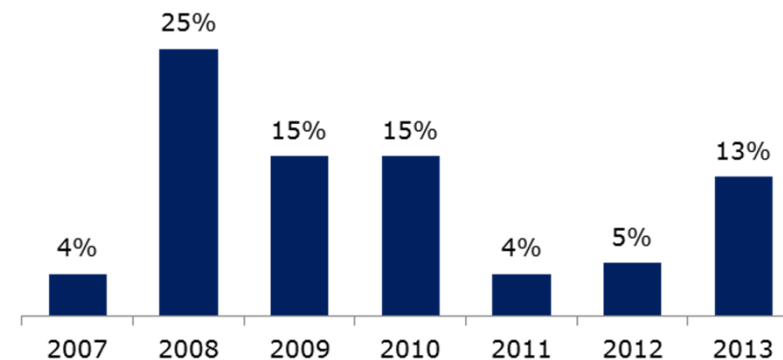
Fresenius Kabi



Fresenius Helios



Fresenius Vamed



## Fresenius Group: Financial Results

	Sales	EBIT <sup>1</sup>	Net income <sup>2</sup>
Q1/14	€5,212 m	€643 m	€372 m
Growth at constant currency rates	11%	-6%	-1%
Growth at actual currency rates	7%	-8%	-2%

1- 2014 before Fenwal integration costs (€1 million) and the book gain from the divestment of two HELIOS hospitals (€22 million); 2013 before Fenwal integration costs (€7 million)

2- Net income including attributable to non-controlling interest, before Fenwal integration costs (€1 million) and the book gain from the divestment of two HELIOS hospitals (€21 million); 2013 before Fenwal integration costs (€5 million)

## Fresenius Group: Financial Results by Business Segment

Q1/14	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed
Sales Growth	US\$3,564 m 3%	€1,213 m -4%	€1,227 m 46%	€191 m 4%
EBIT Growth	US\$445 m -10%	€201 m <sup>1</sup> -15%	€114 m <sup>2</sup> 31%	€6m 20%

1- before Fenwal integration costs

2- before €22 million of book gain from the divestment of two HELIOS hospitals

# Business Segments



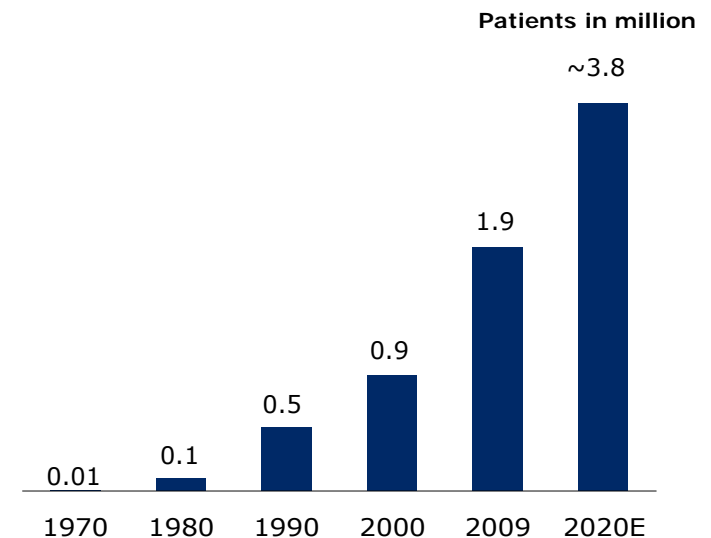
## Fresenius Medical Care: Global Market Leader in Dialysis

- World leader in dialysis products and services treating 270,122 patients in 3,250 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

<sup>1</sup> - As of December 31, 2013

### Industry Dynamics

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



## Fresenius Medical Care: Key Figures 2013

<i>\$ million</i>	<b>2013</b>	<b>2012<sup>1</sup></b>	<b>Growth</b>
<b>Sales</b>	<b>14,610</b>	<b>13,800</b>	<b>+ 6%<sup>2</sup></b>
<b>EBITDA</b>	<b>2,904</b>	<b>2,931</b>	<b>- 1%</b>
<i>EBITDA margin</i>	<i>19.9%</i>	<i>21.2%</i>	
<b>EBIT</b>	<b>2,256</b>	<b>2,329</b>	<b>- 3%</b>
<i>EBIT margin</i>	<i>15.4%</i>	<i>16.9%</i>	
<b>Net income</b>	<b>1,110</b>	<b>1,118</b>	<b>- 1%</b>

1- Before one-time items

2- 5% organic growth, 1% acquisitions

## Fresenius Medical Care: Key Figures Q1/2014

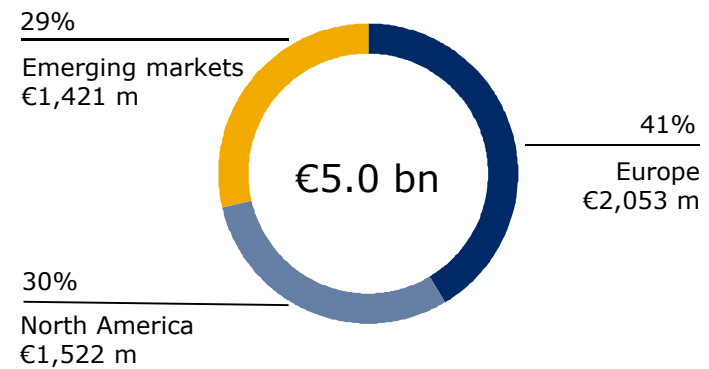
<i>\$ million</i>	Q1/2014	Q1/2013	Growth
<b>Total Sales</b>	<b>3,564</b>	<b>3,464</b>	<b>+3%<sup>1</sup></b>
<b>EBITDA</b>	<b>612</b>	<b>650</b>	<b>-6%</b>
<i>EBITDA margin</i>	<i>17.2%</i>	<i>18.8%</i>	
<b>EBIT</b>	<b>445</b>	<b>493</b>	<b>-10%</b>
<i>EBIT margin</i>	<i>12.5%</i>	<i>14.2%</i>	
<b>Net income</b>	<b>205</b>	<b>225</b>	<b>-9%</b>

1 – 3% organic growth, 1% acquisitions , -1% currency effect

# 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
- Global addressable market: >€25 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

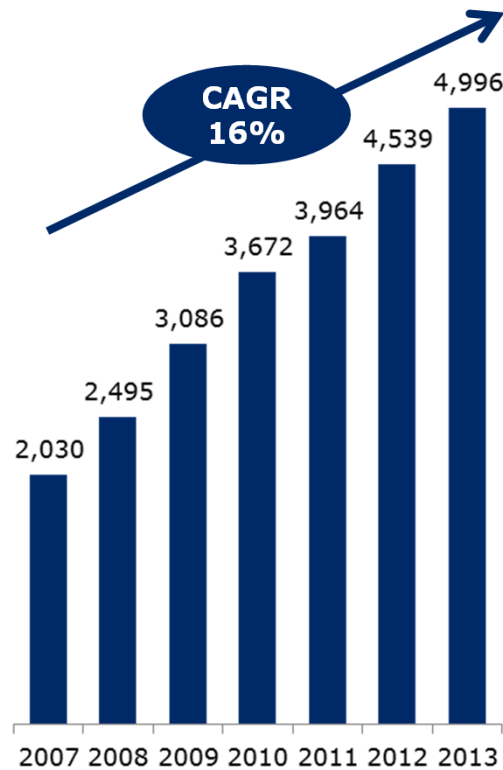
## 2013 Sales by Region



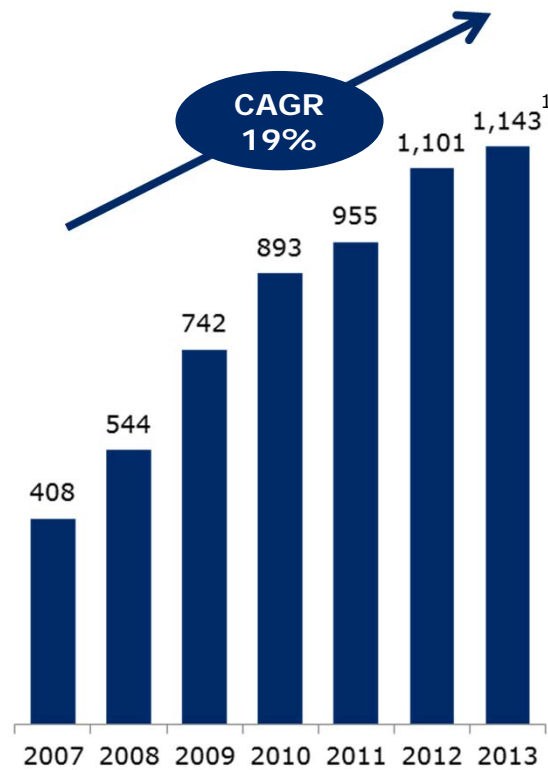


# Fresenius Kabi: Profitability Improvement

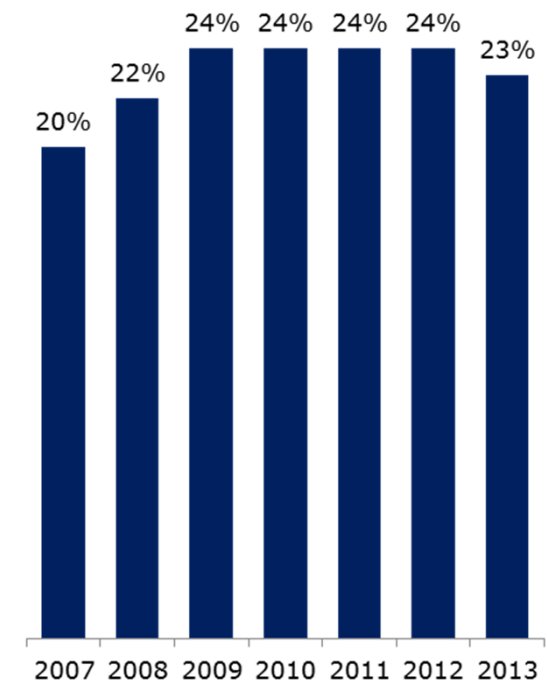
**Sales in € m**



**EBITDA in € m**



**EBITDA Margin (in %)**



1 – 2013 adjusted for Fenwal integration costs

## Fresenius Kabi: Key Figures 2013

<i>€ million</i>	<b>2013<sup>1</sup></b>	<b>2012</b>	<b>Growth</b>
<b>Sales</b>	<b>4,996</b>	<b>4,539</b>	<b>+ 10%<sup>2</sup></b>
- Infusion Therapy	980	1,010	- 3 %
- I.V. Drugs	1,733	1,701	+2 %
- Clinical Nutrition	1,332	1,314	+1 %
- Medical Devices/ Transfusion Technology	951	514	+85%
<b>EBITDA<sup>1</sup></b>	<b>1,143</b>	<b>1,101</b>	<b>+ 4%</b>
<i>EBITDA margin</i>	<i>22.9%</i>	<i>24.3%</i>	
<b>EBIT<sup>1</sup></b>	<b>926</b>	<b>934</b>	<b>- 1%</b>
<i>EBIT margin</i>	<i>18.5%</i>	<i>20.6%</i>	
<b>Net income</b>	<b>487</b>	<b>444</b>	<b>+ 10%</b>

1 - Before one-time costs

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

## Fresenius Kabi: Key Figures Q1/2014

<i>€ million</i>	<b>Q1/2014</b>	<b>Q1/2013</b>	<b>Growth</b>
<b>Sales</b>	<b>1,213</b>	<b>1,260</b>	<b>-4%<sup>2</sup></b>
- Infusion Therapy	230	250	-8%
- I.V. Drugs	441	460	-4%
- Clinical Nutrition	318	326	-2%
- Medical Devices/ Transfusion Technology	224	224	+0%
<b>EBITDA<sup>1</sup></b>	<b>253</b>	<b>288</b>	<b>-12%</b>
<i>EBITDA margin</i>	<i>20.9%</i>	<i>22.9%</i>	
<b>EBIT<sup>1</sup></b>	<b>201</b>	<b>237</b>	<b>-15%</b>
<i>EBIT margin</i>	<i>16.6%</i>	<i>18.8%</i>	
<b>Net income<sup>1</sup></b>	<b>106</b>	<b>119</b>	<b>-11%</b>

1 – before Fenwal integration costs

2 – 1% organic growth, -5% currency effect

# Fresenius Helios: Landmark Hospital Acquisition Provides Excellent Long-Term Growth Opportunities

- Received antitrust approval, acquisition closed on February 27, 2014
- Consolidated ~70% of the acquired business as of Jan 1; ~20% as of March 1; for one hospitals approval of municipal shareholders pending
- Focus on integration
  - 1<sup>st</sup> steps: integrate clinics into HELIOS' regional organization; e.g. combine procurement
- Synergies of ~€85 million p.a. by 2015; starting 2014
- Integration costs of ~€80 million; vast majority in 2014

1- Pro forma closing

Largest German network – 110 hospitals<sup>1</sup>  
 Majority of population has access to a HELIOS hospital within one hour's drive



## Fresenius Helios: Key Figures 2013

<i>€ million</i>	<b>2013</b>	<b>2012</b>	<b>Growth</b>
<b>Sales</b>	<b>3,393</b>	<b>3,200</b>	<b>+6%<sup>1</sup></b>
<b>EBITDA</b>	<b>508</b>	<b>432</b>	<b>+18%</b>
<i>EBITDA margin</i>	<i>15.0%</i>	<i>13.5%</i>	
<b>EBIT</b>	<b>390</b>	<b>322</b>	<b>+21%</b>
<i>EBIT margin</i>	<i>11.5%</i>	<i>10.1%</i>	
<b>Net income<sup>2</sup></b>	<b>275</b>	<b>203</b>	<b>+35%</b>

1 – 3% organic growth, 3% net acquisitions

2- Bad debt level of German hospitals extremely low, e.g. 0,2% bad debt of Fresenius Helios 2013 in % of sales

## Fresenius Helios: Key Figures Q1/2014

<i>€ million</i>	<b>Q1/2014</b>	<b>Q1/2013</b>	<b>Growth</b>
<b>Sales</b>	<b>1,227</b>	<b>841</b>	<b>+46%<sup>2</sup></b>
<b>EBITDA<sup>1</sup></b>	<b>158</b>	<b>114</b>	<b>+39%</b>
<i>EBITDA margin</i>	<i>12.9%</i>	<i>13.6%</i>	
<b>EBIT<sup>1</sup></b>	<b>114</b>	<b>87</b>	<b>+31%</b>
<i>EBIT margin</i>	<i>9.3%</i>	<i>10.3%</i>	
<b>Net income</b>	<b>77</b>	<b>56</b>	<b>+38%</b>

1 - Excluding €22 million of book gain from the divestments of two Helios hospitals

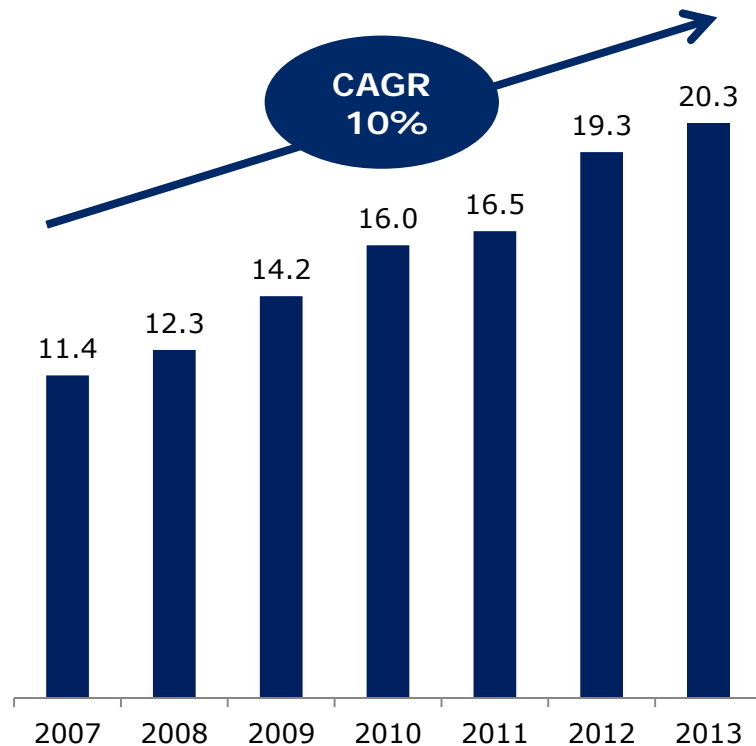
2 - 4% organic growth, 44% acquisitions, -2% divestitures

# Financial Overview

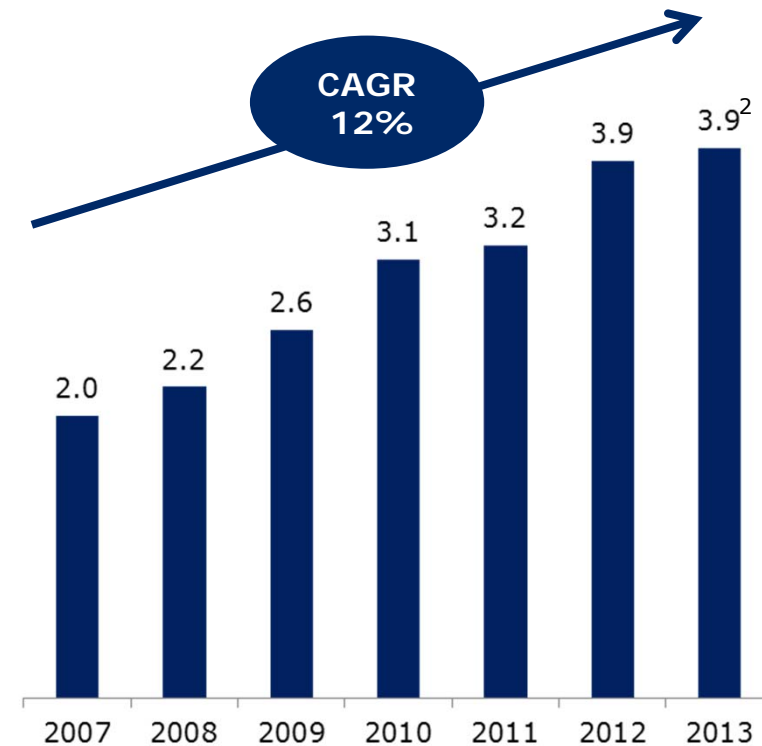


# Fresenius Group: Demonstrated Strong Sales and EBITDA Growth

Sales in € bn



EBITDA in € bn<sup>1</sup>



1 - Before special items

2 - Before Fenwal integration costs of €54 million



## Fresenius Group: Key Figures 2013

<i>€m</i>	2013	2012	Change actual FX rates	Change constant FX rates
<b>Sales</b>	<b>20,331</b>	<b>19,290</b>	<b>5%</b>	<b>8%<sup>1</sup></b>
<b>EBITDA</b>	<b>3,888<sup>2</sup></b>	<b>3,851</b>	<b>1%</b>	<b>3%</b>
<b>EBIT</b>	<b>3,045<sup>2</sup></b>	<b>3,075<sup>3</sup></b>	<b>-1%</b>	<b>1%</b>
Interest, net	- 584	- 666	12%	10%
<b>EBT</b>	<b>2,461</b>	<b>2,409<sup>3</sup></b>	<b>2%</b>	<b>5%</b>
Taxes	- 683	- 702	3%	0%
<b>Net income<sup>4</sup></b>	<b>1,778<sup>5</sup></b>	<b>1,707<sup>3</sup></b>	<b>4%</b>	<b>7%</b>
<b>Employees</b>	<b>178,337<sup>6</sup></b>	<b>169,324</b>		

1 – 4% Organic sales growth, 5% acquisitions, -1% divestitures

2 – Before Fenwal integration costs of €54 million

3 – Excl. one-time costs related to the offer to the shareholders of RHÖN-KLINIKUM AG as well as other one-time costs at FMC

4 – Incl. attributable to non-controlling interest

5 – Before Fenwal integration costs of €40 million

6 – as of December 31, 2013

## Fresenius Group: Key Figures Q1/2014

<i>€ million</i>	Q1/2014	Q1/2013	Change actual rates	Change constant rates
<b>Sales</b>	<b>5,212</b>	<b>4,890</b>	<b>+7%<sup>1</sup></b>	<b>+11%</b>
<b>EBITDA</b>	<b>867<sup>2</sup></b>	<b>898<sup>2</sup></b>	<b>- 3%</b>	<b>- 1%</b>
<b>EBIT</b>	<b>643<sup>2</sup></b>	<b>696<sup>2</sup></b>	<b>- 8%</b>	<b>- 6%</b>
Interest, net	- 138	- 163 <sup>2</sup>	+15%	+13%
<b>EBT</b>	<b>505<sup>2</sup></b>	<b>533<sup>2</sup></b>	<b>- 5%</b>	<b>- 3%</b>
Taxes	- 133	-155	+14%	+10%
<b>Net income<sup>3,5</sup></b>	<b>372<sup>2,3</sup></b>	<b>378<sup>2,3</sup></b>	<b>-2%</b>	<b>-1%</b>
<b>Employees</b>	<b>201,924</b>	<b>171,764<sup>4</sup></b>		

1 - 2% organic growth, 9% acquisitions, -4 % currency effect

2 - 2014 before Fenwal integration costs (€1 million) and book gain from the divestment of two Helios hospitals (€22 million); 2013 before Fenwal integration costs (€7 million)

3 - 2014 before Fenwal integration costs (€1 million) and book gain from the divestment of two Helios hospitals (€21 million). 2013 before Fenwal integration costs (€5 million)






4 - as of December 31, 2013

5 - incl. attributable to non-controlling interest

## Fresenius Group: Cash Flow 2013

€m	2013	Margin	2012	Margin	Growth YoY
<b>Operating Cash Flow</b>	<b>2,320</b>	<b>11.4%</b>	<b>2,438</b>	<b>12.6%</b>	<b>-5%</b>
Capex (net)	-1,047	-5.1%	-952	-4.9%	-10%
<b>Free Cash Flow</b> (before acquisitions and dividends)	<b>1,273</b>	<b>6.3%</b>	<b>1,486</b>	<b>7.7%</b>	<b>-14%</b>
Acquisitions (net)	-2,556		-2,299		-11%
Dividends	-491		-446		-10%
<b>Free Cash Flow</b> (after acquisitions and dividends)	<b>-1,774</b>	<b>-8.7%</b>	<b>-1,259</b>	<b>-6.5%</b>	<b>-41%</b>

## Cash Flow Development 2013

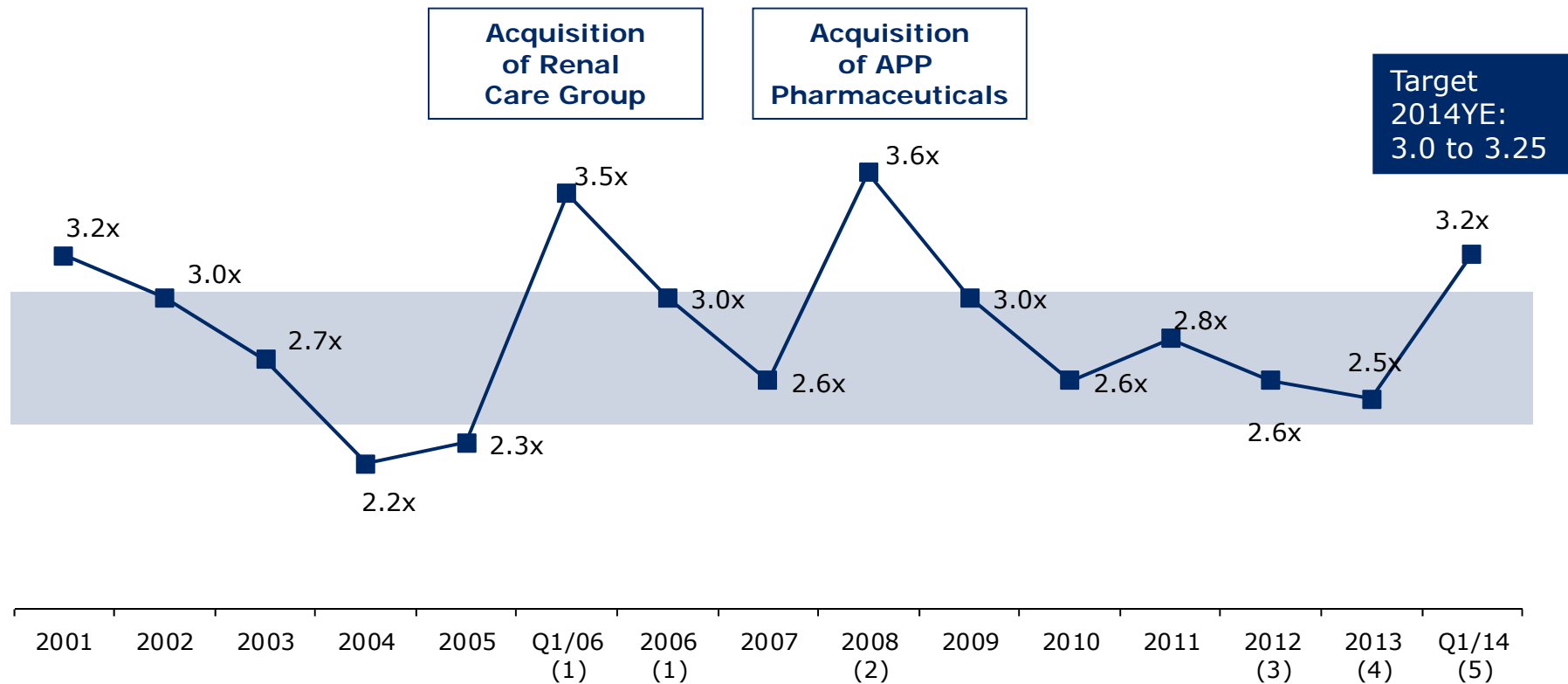
€m	Operating CF		Capex (net)		Free Cash Flow <sup>1</sup>	
	2013	Margin	2013	Margin	2013	Margin
	488	9.8%	-311	-6.3%	177	3.5%
	258	7.6%	-167	-4.9%	91	2.7% <sup>3</sup>
	31	3.0%	-11	-1.0%	20	2.0%
Corporate/ Other	11	n/a	-10	n/a	1	n/a
 excl. FMC	<b>788</b>	<b>9.2%<sup>2</sup></b>	<b>-499</b>	<b>-5.4%</b>	<b>289</b>	<b>3.8%<sup>2</sup></b>
 Group	<b>2,320</b>	<b>11.4%</b>	<b>-1,047</b>	<b>-5.1%</b>	<b>1,273</b>	<b>6.3%</b>

1 - Before acquisitions and dividends

2 - Incl. FMC dividend

3 - 3.7% excluding €35 million of capex commitments from acquisitions

# 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 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

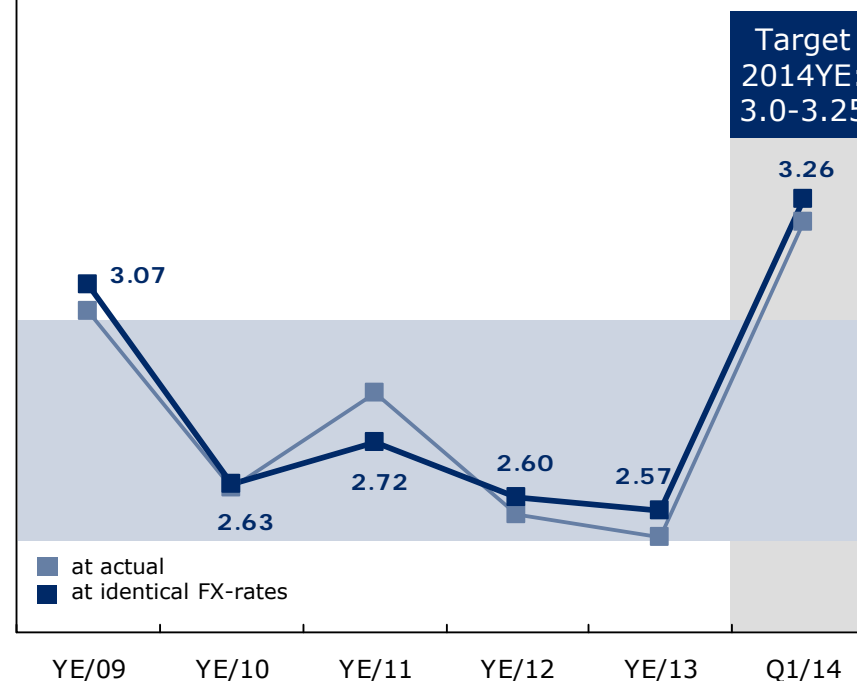
5 – Pro forma acquired hospitals from Rhön-Klinikum. Before integration costs for Fenwal (€1 million) and the book gain from the divestment of two HELIOS hospitals (€22 million)

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## Fresenius Group: Debt and Interest Ratios

	Mar 31, 2014	Dec 31, 2013
Debt (€m) thereof 45% US\$ denominated	13,769	12,804
Net debt (€m)	12,940	11,940
Net debt/EBITDA	3.21 <sup>1,2</sup>	2.51 <sup>3</sup>
EBITDA/Interest	6.3	6.7

### Net debt/EBITDA



1- 2014 before integration costs for Fenwal (€1 million) and the book gain from the divestment of two HELIOS hospitals (€22 million)

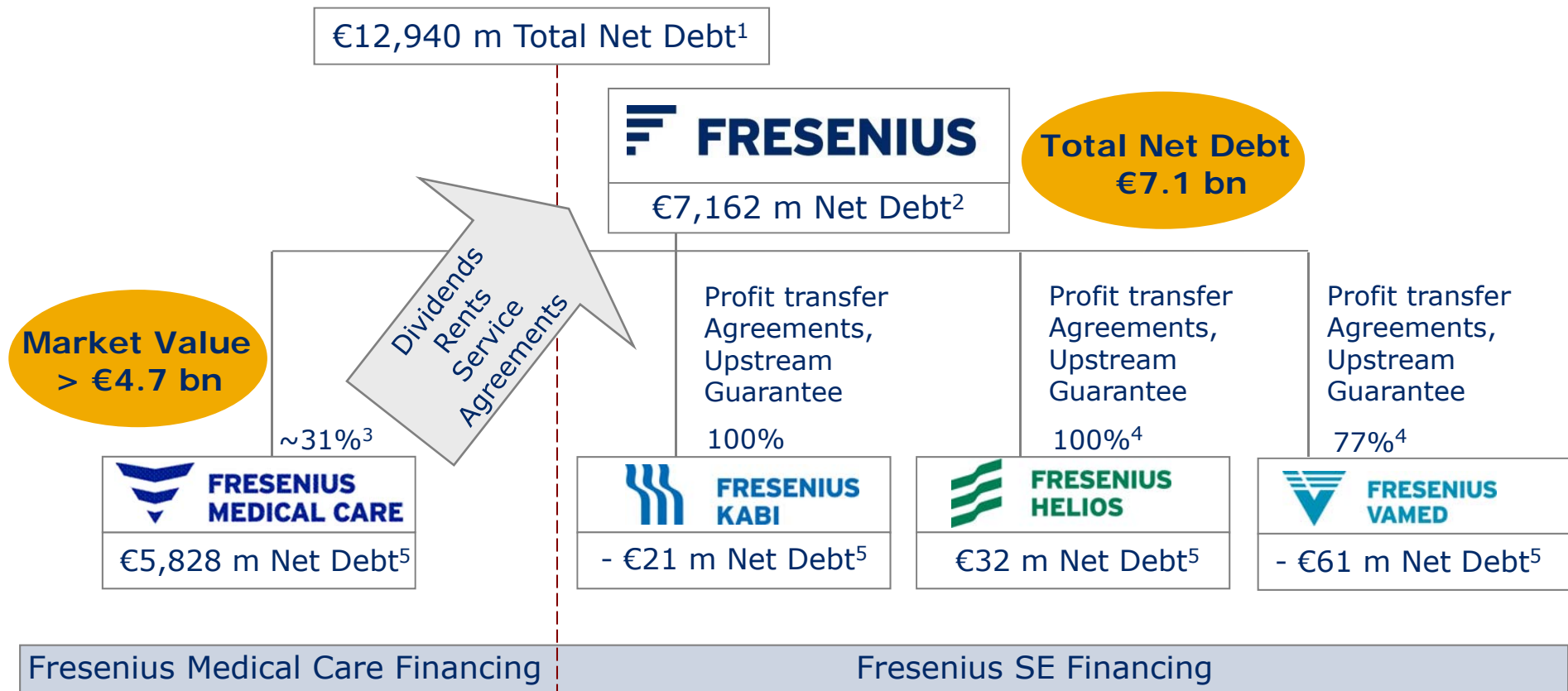
2- Pro forma acquired hospitals from Rhön-Klinikum

3- 2013 before integration costs for Fenwal (€54 million); debt excluding advances of €2.18 bn for the acquisition of hospitals from Rhön-Klinikum

# Financing Facilities and Debt Structure



# Fresenius Group: Current Debt and Cash Flow Structure as of March 31, 2014



1 – External debt as of March 31, 2014

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

3 – Controlling stake

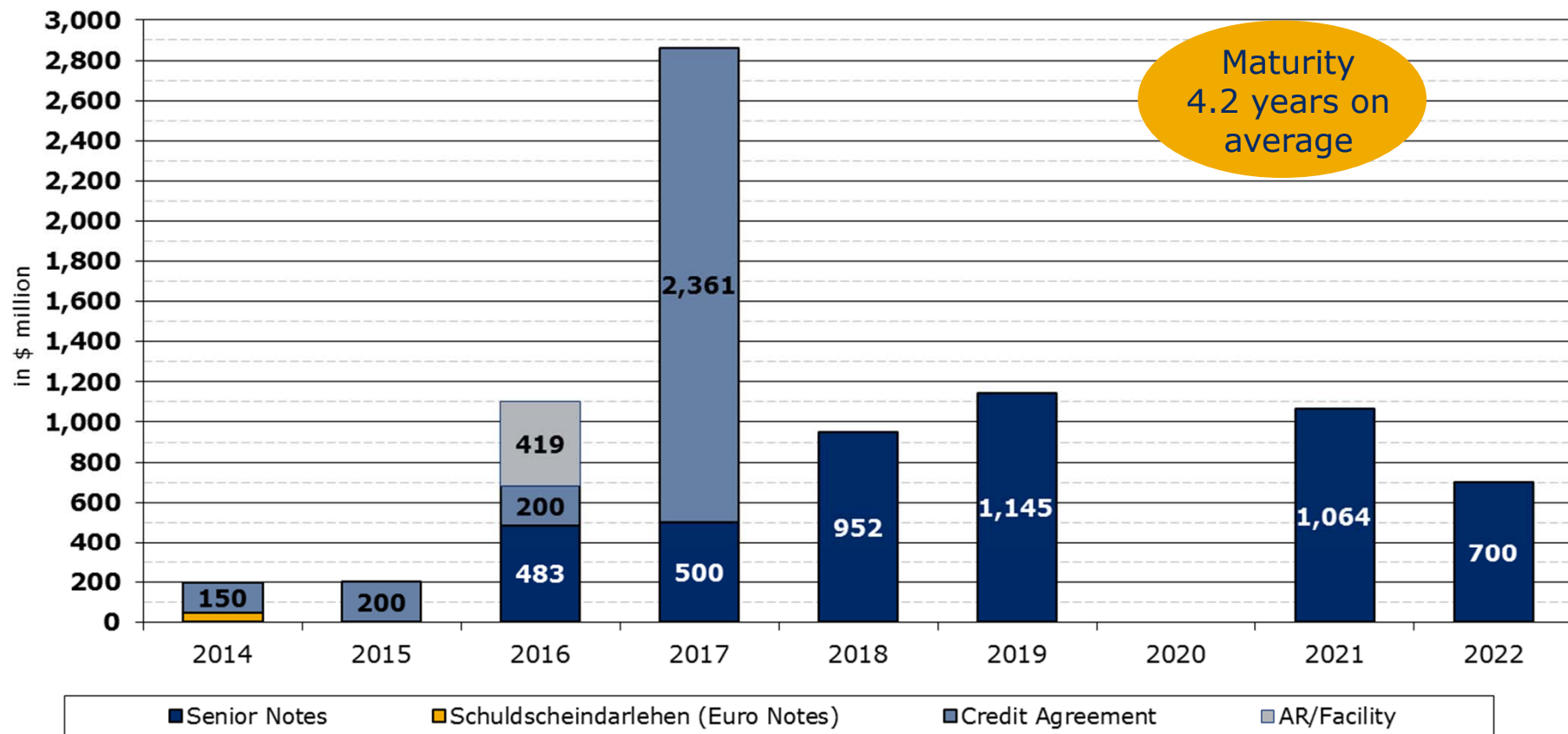
4 – As held by Fresenius ProServe GmbH, a wholly owned subsidiary of Fresenius SE & Co. KGaA, which provides the guarantees

5 – Incl. subsidiaries



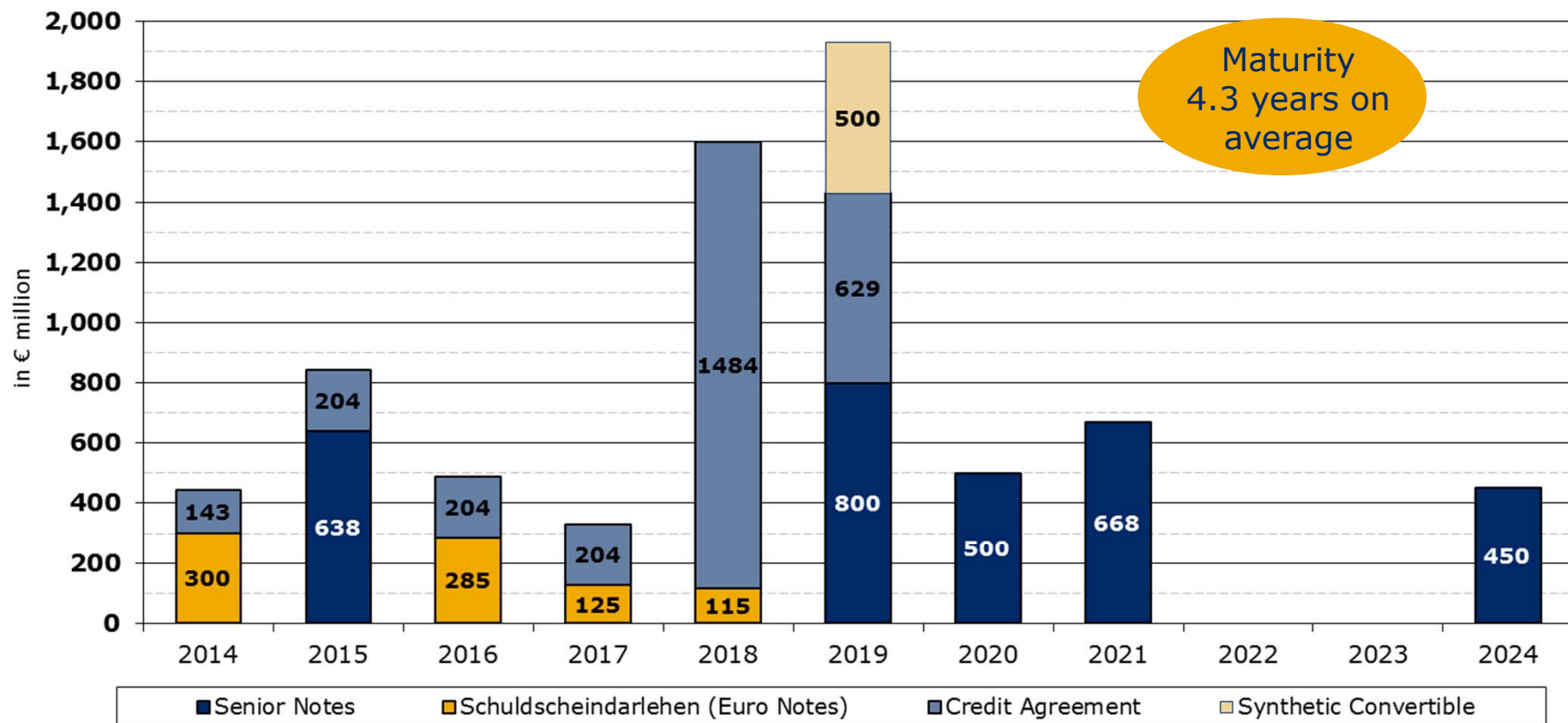
# Fresenius Medical Care: Debt Maturity Profile <sup>1</sup>

## March 31, 2014



1 - based on utilization of major financing instruments

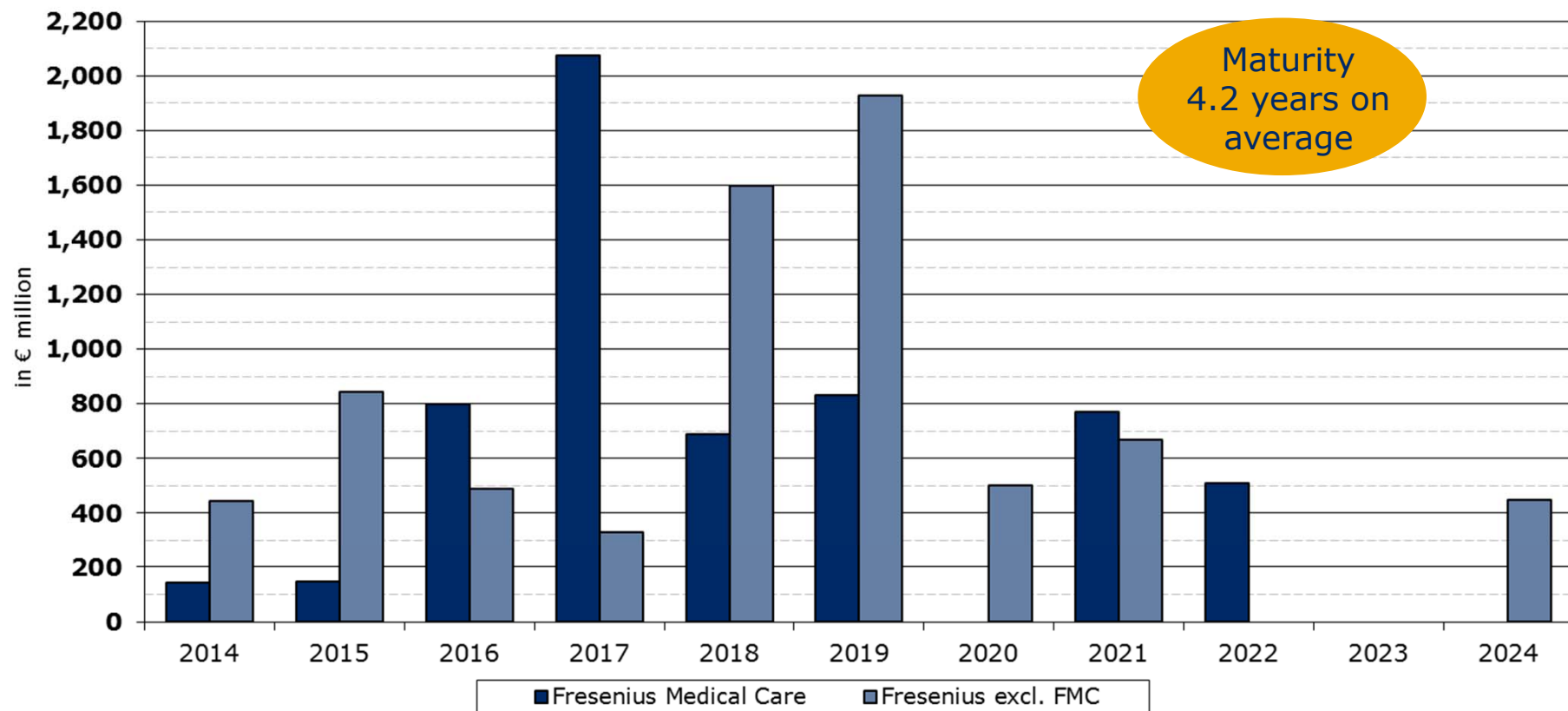
# Fresenius Group excluding FMC: Debt Maturity Profile <sup>1</sup> March 31, 2014



1 – based on utilization of major financing instruments

# Fresenius Group: Debt Maturity Profile <sup>1</sup>

## March 31, 2014



1 - based on utilization of major financing instruments

# Summary and Outlook



## Fresenius Medical Care: Financial Outlook

	<b>Reported 2013</b>	<b>Guidance 2014</b>
<b>Sales</b>	\$14,600	\$15,200
<b>EBIT</b>	\$2,256	\$2.2bn
<b>Net Income</b>	\$1,110	\$1.0- 1.05 bn

- Outlook excludes potential net cost savings from the global efficiency program for 2014
- Potential acquisitions not included
- Adequate assumptions on commercial payor mix and pricing
- Adequate assumptions on drug usage and pricing
- Investments in quality / compliance systems to continue to comply with standards

# Fresenius Kabi: Financial Outlook

		Guidance 2014 (revised)	
<b>Sales</b>	Organic Growth	4%	6%
<b>EBIT</b>	Margin	16.5%	18%

Significant ease
U.S. I.V. drug market shortage uncertainty
Ongoing

Guidance reflects

- Uncertainty about U.S. I.V. drug market shortages
- Full-year effect from restricted use of HES blood volume substitutes
- Full-year effect from prior year price cuts in China

Guidance excludes €40 – €50 million Fenwal integration costs

## Fresenius Helios & Fresenius Vamed: Financial Outlook

### Fresenius Helios excl. acquired Rhön hospitals

### Guidance 2014

<b>Sales</b>	Organic growth	3% – 5%
<b>EBIT</b>		€390 million – €410 million

Guidance excludes integration costs for acquired hospitals from Rhön Klinikum (total ~€80 million; thereof vast majority in 2014)

### Fresenius Vamed

### Guidance 2014

<b>Sales</b>	Organic growth	5% – 10%
<b>EBIT</b>	growth	5% – 10%

## Fresenius Group: Financial Outlook

	Guidance 2014 <sup>1</sup>
Revenue growth at constant currency	12% – 15%
Net income growth <sup>2</sup> at constant currency	2% – 5%

2014 guidance reflects

- U.S. Medicare dialysis reimbursement cut
- Uncertainty about U.S. I.V. drug market shortages
- Full-year effects from restricted use of HES and prior year price cuts in China

1 - Guidance includes acquired Rhön hospitals

2 - Net income attributable to shareholders of Fresenius SE & Co. KGaA before integration costs for Fenwal (€30-40 m after tax) and hospitals acquired from Rhön-Klinikum (vast majority of ~€65 m in total)



## 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. \$18 bn branded IV drug sales (base: 2011) go off-patent in the U.S. by 2022*

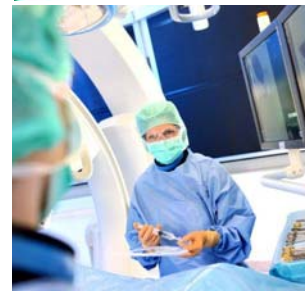


### Rise of private providers in health care services

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

## Fresenius Group: Attractive Mid-Term Growth Prospects

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



**Strong and Balanced Health Care Portfolio**

## 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

# Health Care Worldwide

