



## Health Care Worldwide



**UBS – Global Life Science Conference  
September 25, 2006**

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# Structure Fresenius Group



<b>Activities</b>	<ul style="list-style-type: none"> <li>■ Dialysis Products</li> <li>■ Dialysis Care</li> </ul>	<ul style="list-style-type: none"> <li>■ Infusion Therapy</li> <li>■ Clinical Nutrition</li> <li>■ Transfusion Technology</li> </ul>	<ul style="list-style-type: none"> <li>■ Hospital Management (HELIOS)</li> <li>■ Hospital Engineering and Services (VAMED)</li> <li>■ Pharmaceutical Engineering and Services (Pharmaplan)</li> </ul>	<ul style="list-style-type: none"> <li>■ Antibody Therapies</li> <li>■ Cell Therapies</li> </ul>
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<b>Key Data</b>	<ul style="list-style-type: none"> <li>■ Sales 2005: 6,772 \$m</li> <li>■ EBIT 2005: 939 \$m</li> </ul>	<ul style="list-style-type: none"> <li>■ Sales 2005: 1,681 €m</li> <li>■ EBIT 2005: 234 €m</li> </ul>	<ul style="list-style-type: none"> <li>■ Sales 2005: 809 €m</li> <li>■ Sales 2005*: 2.0 €bn</li> <li>■ EBIT 2005: 20 €m</li> <li>■ EBIT 2005*: 125 €m</li> </ul>	<ul style="list-style-type: none"> <li>■ Sales 2005: 18 €m</li> <li>■ EBIT 2005: -41 €m</li> </ul>
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Fresenius Medical Care is fully consolidated in the financial statements of Fresenius AG

\*including HELIOS acquisition

# Fresenius Group: Outstanding Financial Results

## Key figures H1 2006

<b>Sales</b> 5,078 €m	<b>EBIT</b> 681 €m	<b>Net income</b> 140 €m
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Growth  
at constant  
currency rates

+ 34 %

+ 46 %

+ 36 %

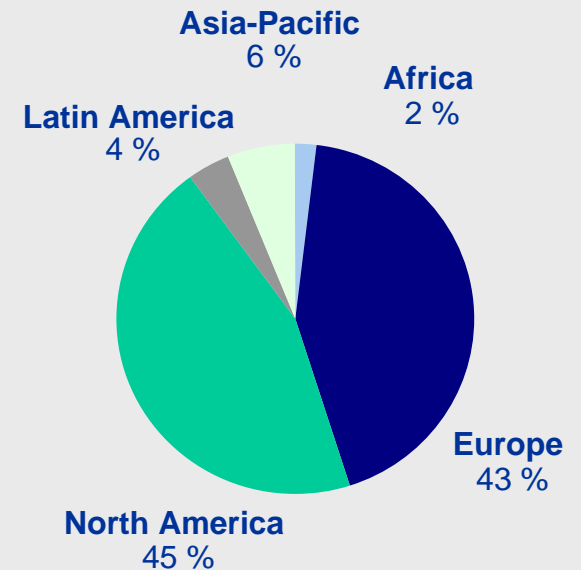
Growth  
at actual  
currency rates

+ 37 %

+ 50 %

+ 39 %

## Sales distribution



# Significant Sales and Earnings Growth in All Business Segments

H1 2006	Fresenius Medical Care	Fresenius Kabi	Fresenius ProServe
Sales Growth	3,912 US\$m + 19 %	937 €m + 15 %	974 €m + 3 %*
EBIT Growth	616 US\$m + 34 %	139 €m + 26 %	62 €m + 15 %*

\* based on H1 2005 incl. HELIOS Kliniken



Fresenius Medical Care

# Fresenius Medical Care: The World's Leading Renal Therapy Company

## Very strong performance in all key metrics

- Organic revenue growth of 9%
- Positive revenue per treatment development worldwide
- Net income growth of 19%\*) – ahead of expectation
  
- Integration of RCG proceeding very well
  - New organization in place
  - Execution of detailed plans on or ahead of schedule
  
- Fresenius Medical Care serves ~161,700 patients in 2,078 dialysis clinics (June 30, 2006)

\*) on a comparable basis excl. one-time items and accounting change SFAS 123R



# Fresenius Medical Care: H1 – Excellent Top and Bottom Line Growth

US\$m	H1 2006	H1 2005	Growth
Net revenue	<b>3,912</b>	3,283	+ 19 % *
<u>Excluding one-time items and SFAS 123R</u>			
EBIT	<b>587</b>	459	+ 28 %
EBIT margin in %	<b>15.0</b>	14.0	
Net income	<b>266</b>	224	+ 19 %
EBIT	<b>616</b>	458	+ 34 %
EBIT margin in %	<b>15.7</b>	14.0	
Net income	<b>246</b>	223	+ 10 %

\* 20% growth at constant currency



# Fresenius Medical Care: 2006 Financial Outlook Raised

	FY 2005 US\$m	Old guidance	New guidance
<b>Net revenue</b> (at constant currency)	6.772	~ 8.1 \$bn	~ 8.3 \$bn
<b>Net income</b> (before one-time items) <sup>1)</sup>	472	515 - 535 \$m	≥ 542 \$m
Growth			≥ 15%
Net income (after one-time items)	455	465 - 485 \$m	≥ 502 \$m

<sup>1)</sup> excl. one-time items such as Transformation and Settlement costs, RCG integration costs, write-off FME prepaid financing fees, the after-tax impact of the sale of dialysis clinics, and the change in stock option compensation expense (SFAS 123R)







Fresenius  
Kabi

# Fresenius Kabi: Continued Strong Organic Sales Growth and EBIT Margin Expansion

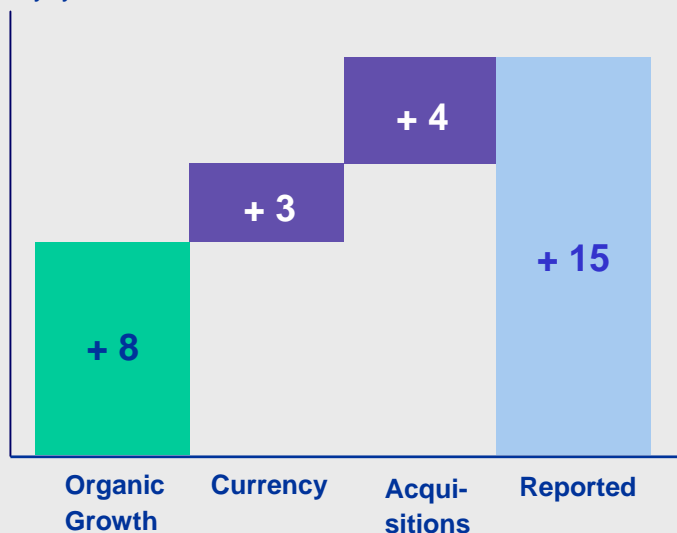
- Focus on organic growth and on selective acquisitions to expand regional presence and product portfolio
- Achieve international product roll-out in medical devices and generic I.V. drugs – benefit from market access and established hospital distribution network
- Introduce new production technologies and processes to further gain efficiencies and optimize cost structures



# Fresenius Kabi: Sales Growth in All Regions

H1 2006 Sales: + 15 % to 937 €m

in % yoy



Regional Sales	H1 2006 €m	H1 2005 €m	Growth	Organic Growth
Germany	<b>214</b>	203	5 %	1 %
Europe ex Germany	<b>440</b>	405	9 %	6 %
Asia-Pacific	<b>122</b>	85	44 %	18 %
Latin America	<b>61</b>	45	36 %	16 %
RoW	<b>100</b>	80	25 %	19 %

# Fresenius Kabi: Outstanding EBIT Growth, Q2/06 First Quarter > 15 % ever!

€m	H1 2006	H1 2005	Change
EBIT	139	110	26 %
EBIT margin	14.8 %	13.4 %	
<b>EBIT by Region:</b>			
Europe	124	103	20 %
EBIT margin	19.0 %	16.9 %	
International	46	35	31 %
EBIT margin	16.3 %	16.7 %	
Corporate and Corporate R&D	-31	-28	

# Fresenius Kabi: 2006 Financial Outlook Raised

	Original 2006 guidance	Updated guidance
Revenue growth at constant currency	~ 10 %	~ 11 - 12 %
EBIT margin	14.5 - 15.0 %	> 15 %



fresenius  proServe

# Fresenius ProServe: Significant German Hospital Privatization Opportunity

- Germany is Europe's largest hospital market (>\$80 billion market size)
- Only 9 % of German acute hospital beds managed by private operators
- Market provides value-creation opportunity for efficient players with superior medical quality
- HELIOS owns 51 clinics (>14,000 beds); superior growth and margin profile



# Fresenius ProServe: Fully on Track for 2006 Targets

## Hospital Operations

- Positive revenue and earnings development
- Integration of WKA into the HELIOS Group finalized; 2006 synergy expectations of 6 €m confirmed; now focus on further WKA-profitability improvements
- HUMAINE acquisition closed; EPS-accretive in 2006

## Engineering and Services business

- Favorable sales development
- Strong order intake at VAMED and Pharmaplan – generating further growth
- Profitability within target expectations



# Fresenius ProServe: Positive Sales and EBIT Development

€m	H1 2006	H1 2005 incl. HELIOS	Growth
<b>Sales</b>	<b>974</b>	<b>942</b>	<b>3 %</b>
Hospital Operations (HELIOS)	767	765	0 %
Engineering + Services for hospitals and the pharmaceutical industry (VAMED + Pharmaplan)	207	177	17 %
<b>EBIT</b>	<b>62</b>	<b>54</b>	<b>15 %</b>
Hospital operations	56	48	17 %
Engineering + services for hospitals and the pharmaceutical industry	9	6	50 %
Corporate costs	- 3	-	-

# Hospital Operations – Addressing Investor Concerns about Market Environment

- Areas of concern:
- 2007 German VAT increase
  - Strikes at German university and municipal hospitals
  - Proposed 1 % budget cut
- Issues to consider:
- No items becoming effective before January 2007
  - Management team focused on compensating earnings impact – sufficient lead time
  - VAT: significant share of HELIOS' purchases not impacted; will negotiate with suppliers to mitigate impact on remaining purchases
  - Salary levels and employment conditions at HELIOS superior to university and municipal hospitals – recognized by labor representatives
  - Continued operating margin upside due to WKA improvement, HUMAINE integration and recently privatized HELIOS locations
- Conclusion:
- Expect continued EBIT growth in 2007
  - Privatization opportunities will increase mid-term

# Fresenius ProServe: 2006 Financial Outlook Fully Confirmed

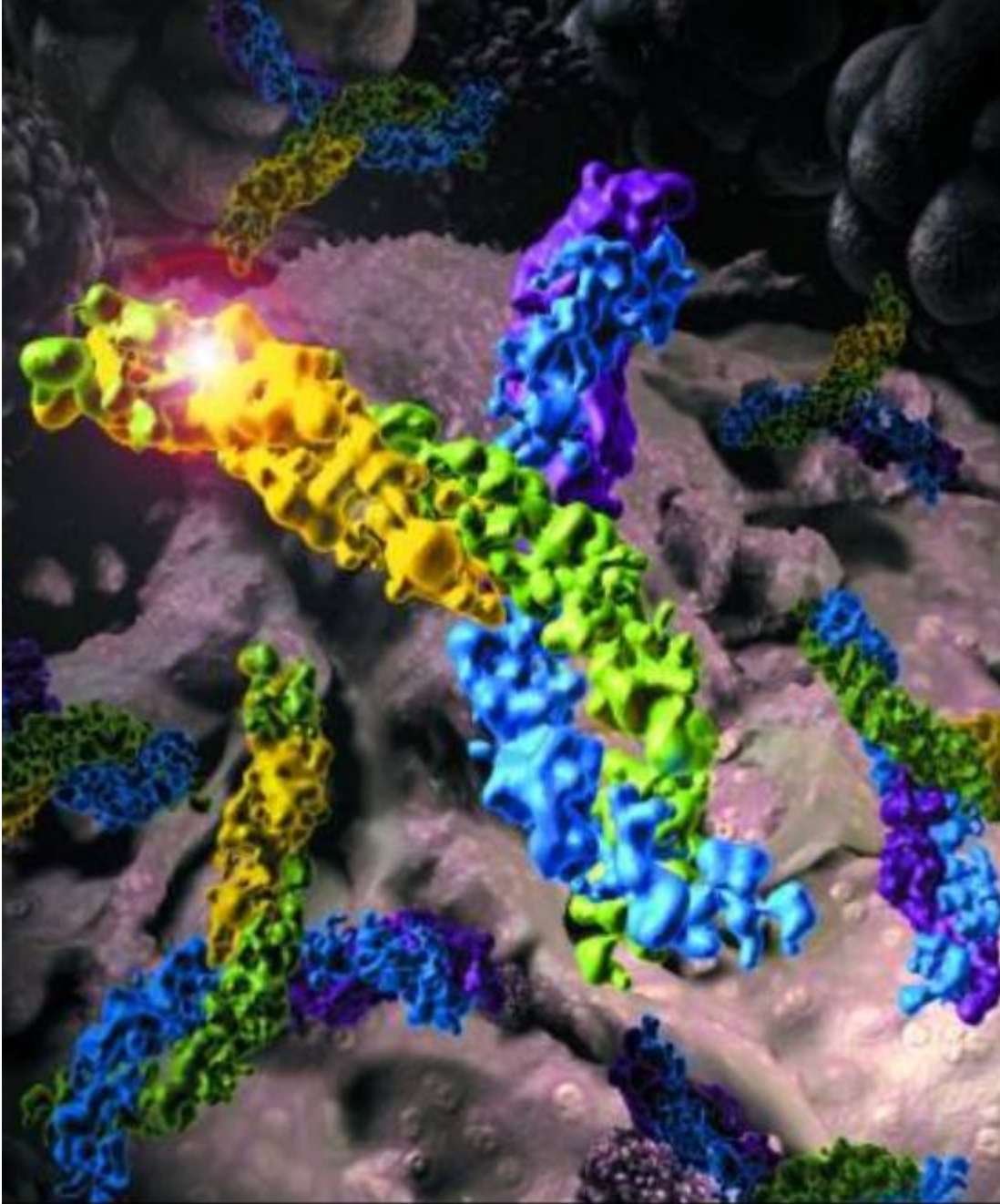
Organic revenue  
growth

Based on 2005 sales incl. HELIOS of 2,009 €m

1 - 3 %

EBIT

140 - 150 €m



**Fresenius**  
Biotech

# Fresenius Biotech: Update

- 2006 EBIT outlook of -45 to -50 €m confirmed (H1 2006: -19 €m)
- Confirm: Results from Phase II/III study on malignant ascites expected end of Q4 2006

<u>Solid-tumor phase II studies</u>	<u>Status</u>	<u>No. of patients</u>
Breast cancer	started	~ 40
Gastric cancer	started	~ 50
Ovarian cancer	planned	~ 40

# Fresenius Group: Unique Opportunities in All Business Segments

**Fresenius Medical Care:** Market leader in attractive North American market; International segment with superior growth and profitability – the only public investment opportunity to participate in non-US dialysis service and hemodialysis products business

**Fresenius Kabi:** Superior growth resulting from leading emerging markets position and successful core market product initiatives

**Fresenius ProServe:** Two-pronged strategy to benefit from significant German hospital privatization opportunity through leading hospital management and outsourcing project management presence

**Fresenius Biotech:** Attractive growth option based on proprietary antibody technology

# Fresenius Group: 2006 Financial Outlook Raised

	Original 2006 guidance	Updated guidance
Revenue <small>at constant currency</small> Revenue growth	~ 10.5 €bn ~ 30 %	~ <b>10.7 €bn</b> ~ <b>35 %</b>
Net income growth <small>at constant currency</small>	> 30 %	~ <b>40 %</b>

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.



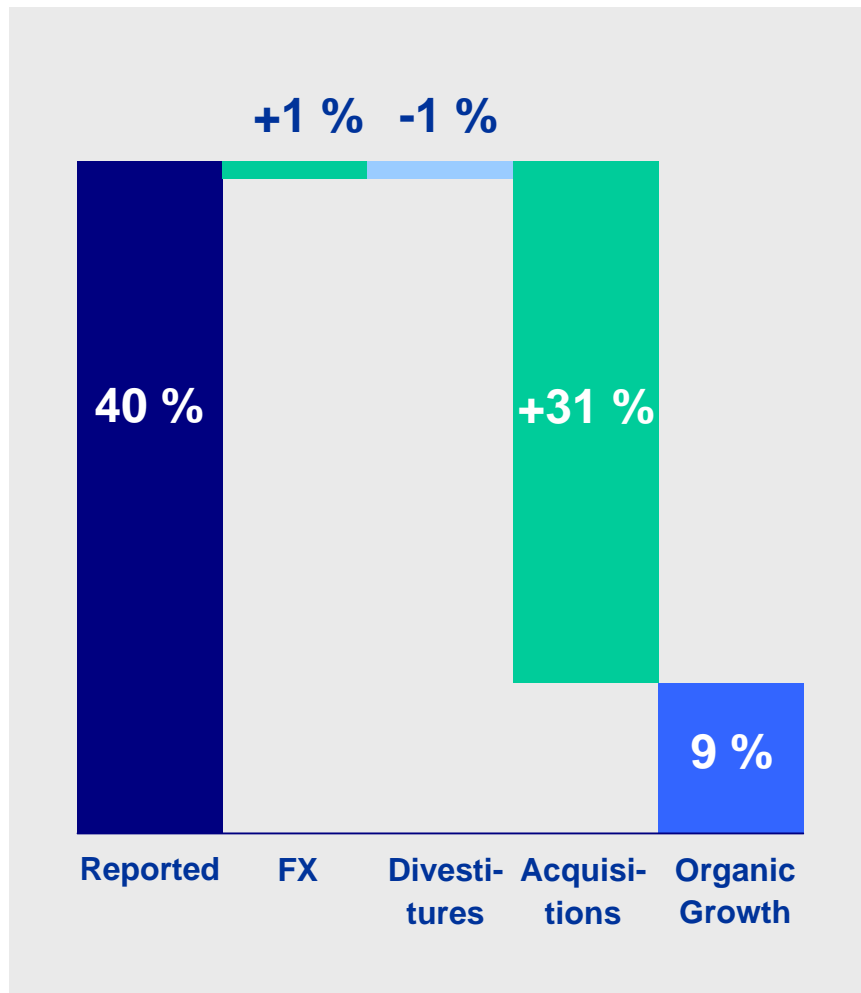


## Attachments

# Fresenius Group: Profit and Loss Statement

€m	Q2 2006	H1 2006	H1 2006 YoY		Remarks on H1
			actual rates	constant rates	
Sales	2,690	5,078	+37 %	+34 %	9 % organic growth
EBIT	390	681	+50 %	+46 %	incl. +21 €m (net) one-time items / SFAS 123R
Interest result	-110	-194	-100 %	-95 %	incl. 30 €m refinancing costs
Taxes	-128	-204	-46 %	-41 %	incl. 36 €m tax payment on divestiture of dialysis clinics
Net income	75	140	+39 %	+36 %	incl. -19 €m one-time items / SFAS 123R
EPS (prefs) (€)	1.48	2.77	+12 %	+9 %	

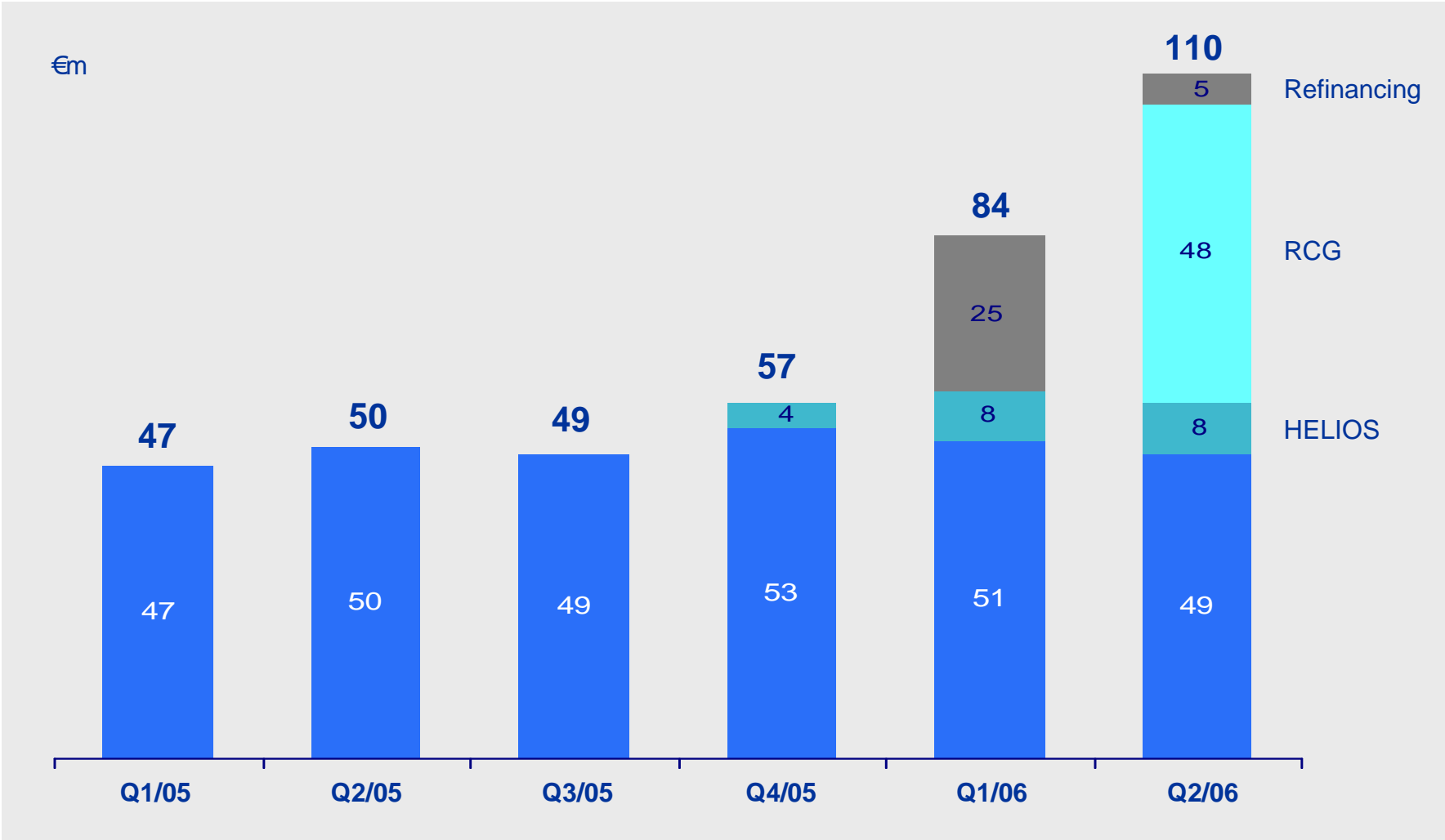
# Fresenius Group: Sales Growth Analysis Q2 2006



Organic Growth	Q2 2006	Q1 2006
Fresenius Medical Care	9 %	9 %
Fresenius Kabi	7 %	9 %
Fresenius ProServe*	12 %	5 %

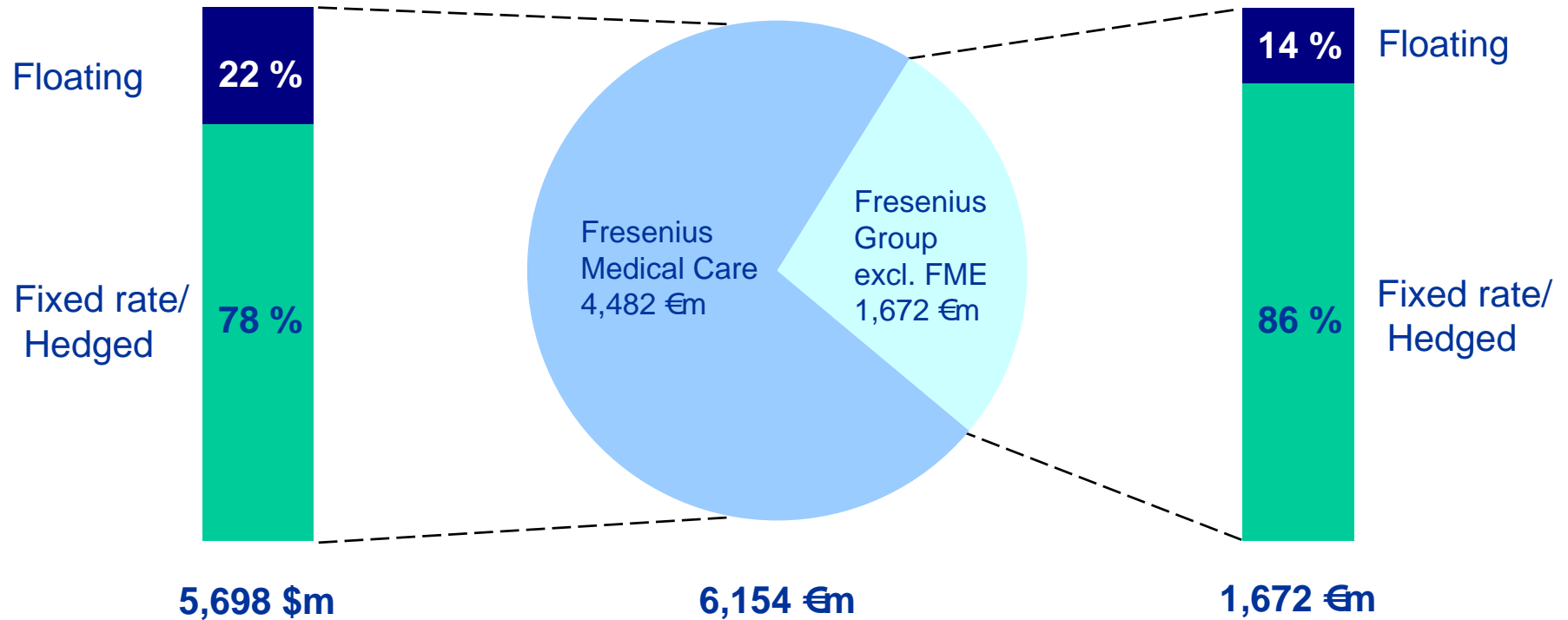
\* excl. HELIOS in 2005

# Fresenius Group: Interest Development




# Fresenius Group: Debt Portfolio

As of June 30, 2006



An increase of Euro and US interest rates by 50 bps will increase the interest expense by 6 €m p.a.

# Fresenius Group: Impact of Acquisition / Financing Related One-time expenses and Accounting Change

€m	2006 New Guidance			H1 2006			Status
	EBIT	Interest	Net income	EBIT	Interest	Net income	
Transformation and RCG integration	-19		-4	-3		-	
Accounting change – stock options	-16		-7	-8		-3	
FTC-related clinic divestitures	32		-2	32		-2	✓
Early redemption Fresenius 2003 Bond		-18	-11		-18	-11	✓
FMC – write-off prepaid financing fees		-12	-3		-12	-3	✓
<b>Total</b>	<b>-3</b>	<b>-30</b>	<b>-27</b>	<b>21</b>	<b>-30</b>	<b>-19</b>	

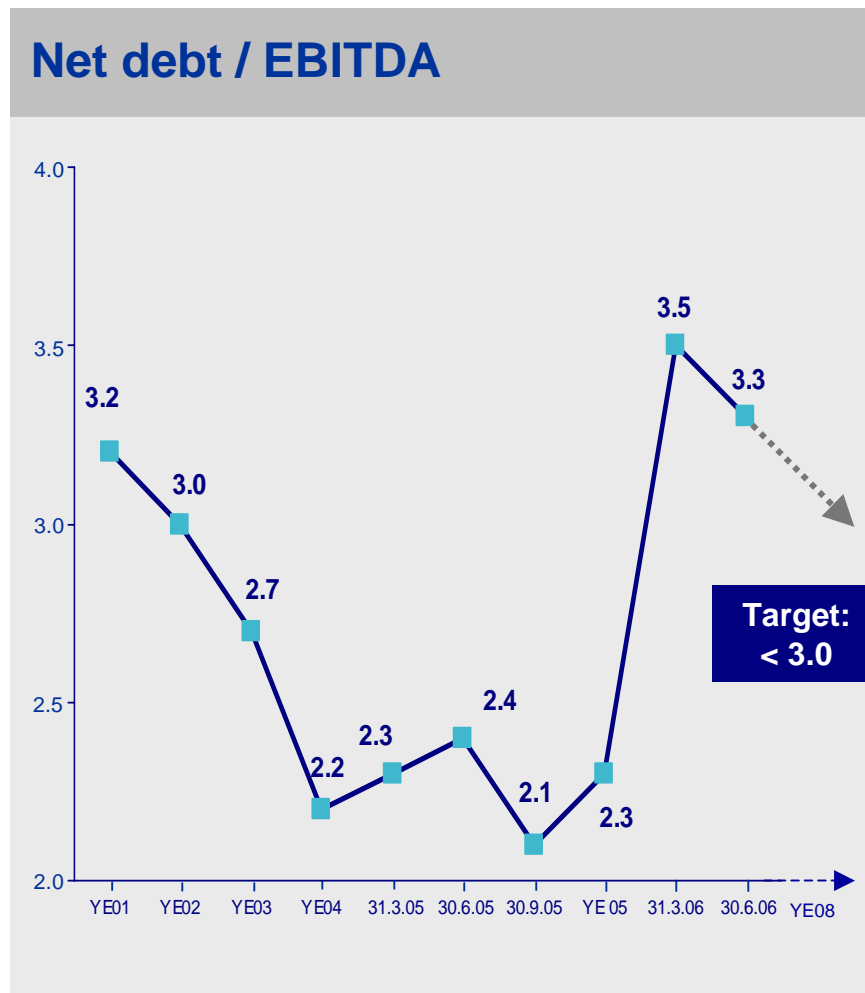
# Fresenius Group: Cash Flow

€m	Q2 2006	H1 2006	H1 2006 YoY	Remarks on H1
Cash flow	254	471	+27 %	strong earnings growth
Change in Working capital	-55	-86	+88 %	incl. 61 €m RCG acquisition-related tax payments
Operating Cash flow	199	385	+17 %	
Capex (net)	-118	-213	+103 %	
Cash flow (before acquisitions and dividends)	81	172	-23 %	
Acquisitions (net)	+275	-3,015	--	mainly Renal Care Group
Dividends	-154	-154	--	
Free Cash flow (after acquisitions and dividends)	202	-2,997	--	

# Fresenius Group: Debt and Interest Ratios

	H1 2006	Q1 2006
Debt (€m)	<b>6,154</b>	6,657
Net debt (€m)	<b>5,901</b>	6,209
Net debt/EBITDA*	<b>3.3</b>	3.5
EBITDA/Interest*	<b>4.2</b>	6.4

\* excl. gain and EBITDA from divested dialysis clinics and one-time expenses for refinancing, incl. RCG in Q1





# Fresenius Kabi: Sales H1 2006

€m	H1 2006	H1 2005	Organic Growth
Total Sales	937	818	8 %
<b>By Product Segment:</b>			
Infusion Therapy	513	437	7 %
Clinical Nutrition	365	327	9 %
Transfusion Technology	59	54	5 %

# Financial Calender

October 31, 2006

Report on 1<sup>st</sup> – 3<sup>rd</sup> quarters 2006

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