



Fresenius Medical Care

The World's Leading Renal Therapy Company



Conference Call, August 5, 2003

Agenda

I. Business Update

II. Financials Q2/H1 2003

III. Outlook



Agenda

I. Business Update

- Key accomplishments
- Dialysis services
- Dialysis products
- Reimbursement

II. Financials Q2/H1 2003

III. Outlook



Key accomplishments Q2 2003

Services

Strategic initiatives:
differentiation and payment for quality on track

Products

Strong worldwide product growth

Reimbursement

North America: demo project announced
International: increases for quality being achieved

Regions

Improved margins - on track for full year targets

Cash Flow

Continuous strong operating and free Cash Flow



Services – North America

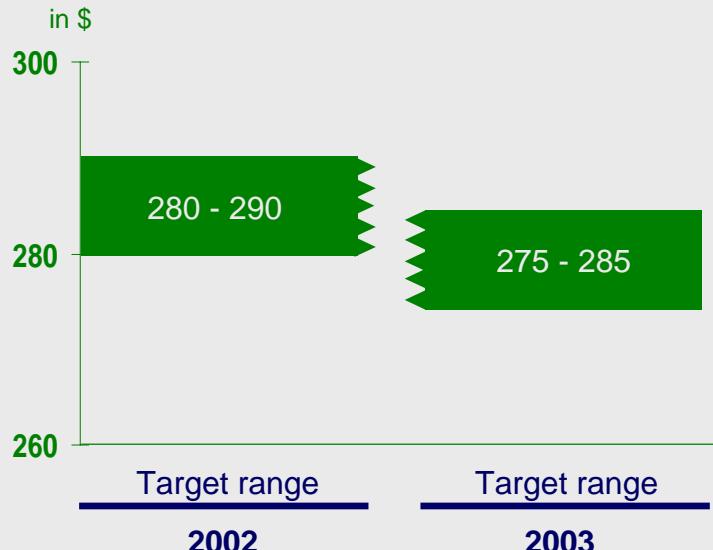
Highlights Q2 2003

- *UltraCare™* – continued cost benefits in clinics
 - Personnel costs flat year-over-year
 - Treatment costs down year-over-year
 - Reduced staff turnover
- Same store treatment growth improved to 3.7% in Q2
- Continued improvements in patient care



Services - North America

Revenue per treatment



Cost per treatment



Operating within targeted range

- Follow Medicare directive on requirements for drug wastage
- Method II to Method I change - from products to services
- Drug compliance monitoring - normal swing

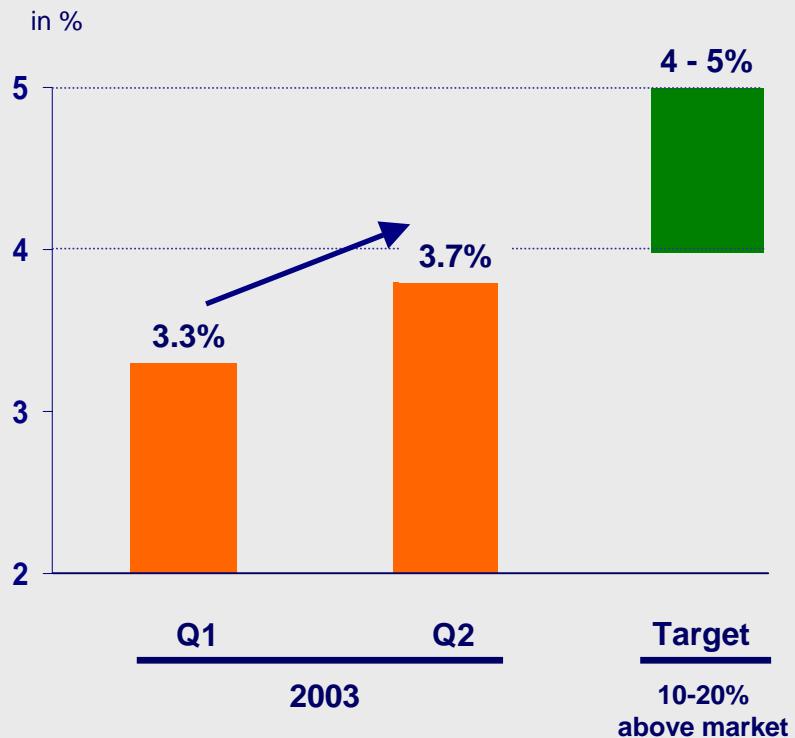
Managing cost efficiencies

- Achieving cost efficiencies
- Continue to focus on operating improvements



Services – North America

Improved same store treatment growth



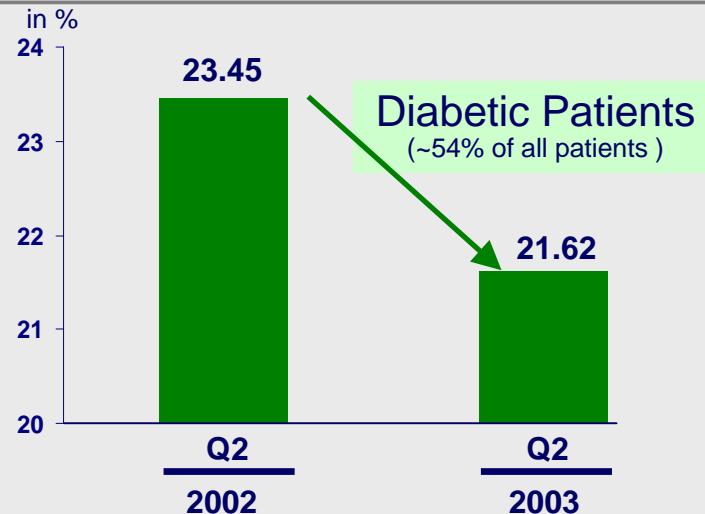
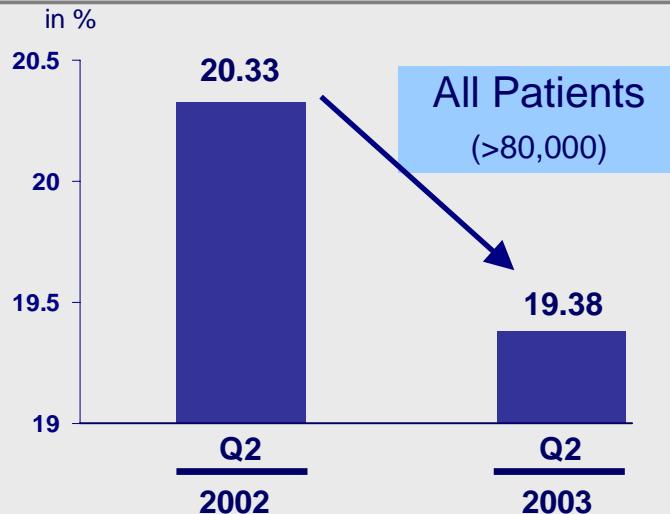
Focusing on organic growth

- Same store growth up 40 basis points
- Same store growth drivers:
 - *UltraCare™* program well underway
- New and more focused organizational structure

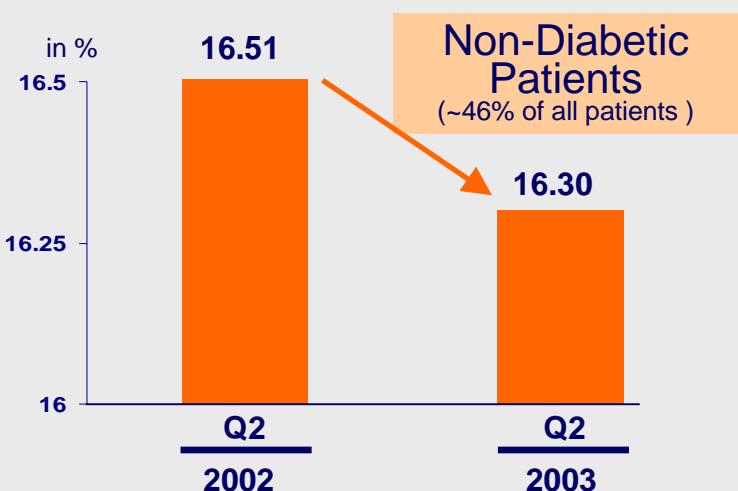


Services – North America

Continued improvements in patient care / Last twelve months gross mortality



- Observed relative improvement in mortality with total patient population
- Benefit to diabetic patients more pronounced



Source = internal new data warehouse system (see Investor News and attachments)

Services – North America

Continued focus achieving full year targets

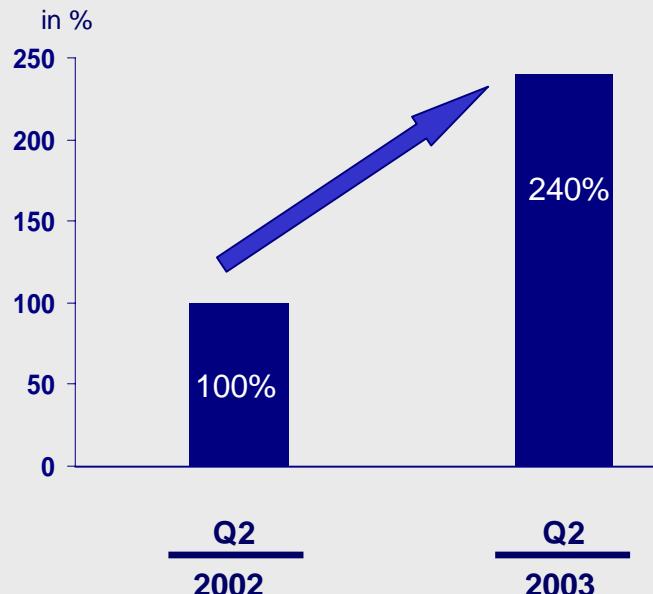
- Expect to focus on:
 - Maintaining cost efficiencies
 - Organic growth drivers
 - New streamlined organizational structure
 - Center for professional & leadership development
 - Q3 introduction of *UltraCare™* certification & marketing at clinic level
 - Revenue per treatment growth
 - Improve commercial payor contracting



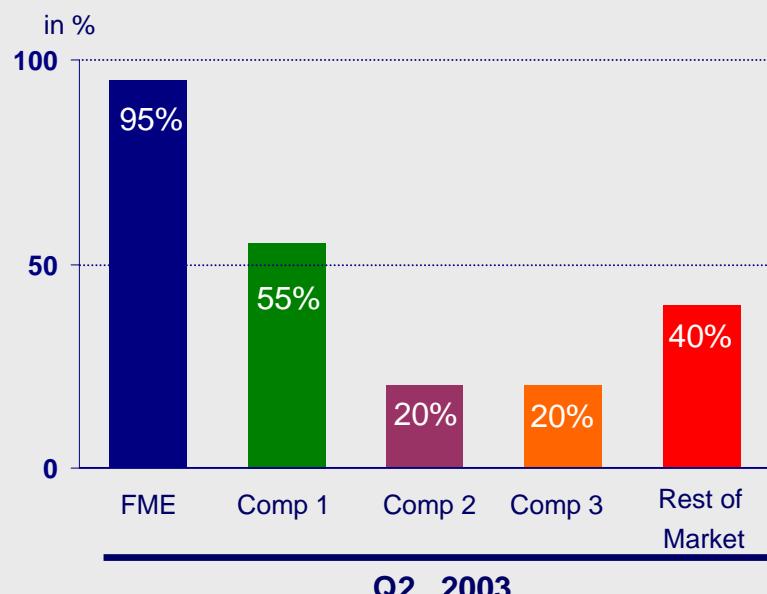
Products – North America

Strong growth of Optiflux® NR dialyzers

**Unit sales to NAEM¹⁾
up 140%**



**Practice of single-use
in North America²⁾**



¹⁾ NAEM = net available external market

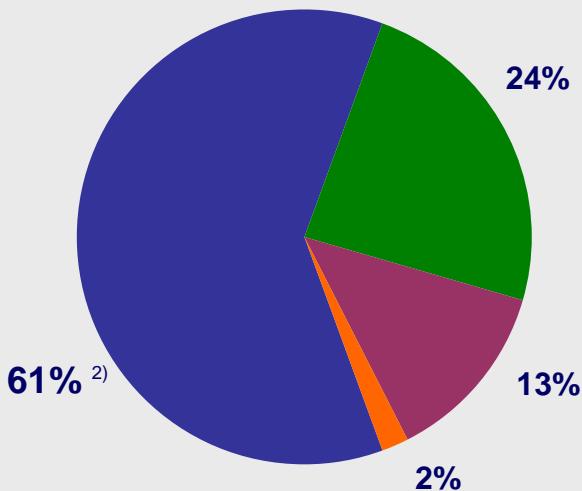
²⁾ Sources: company data and industry estimates



Products – North America

Strong acceptance of new hemodialysis technology

Total installed base of
HD equipment 2002

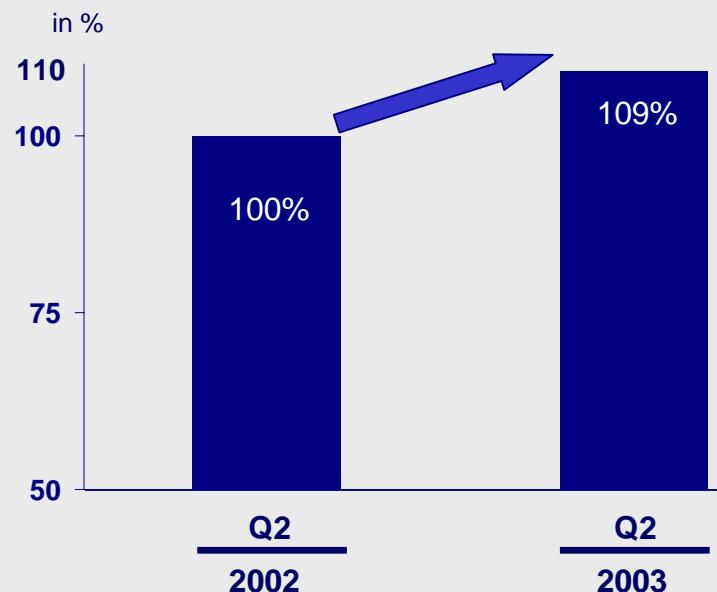


■ FME-NA ■ Comp. 2
■ Comp. 1 ■ Others

¹⁾ NAEM = net available external market

²⁾ 66% including internal sales

2008 K machines sold to
NAEM¹⁾ in Q2 2003

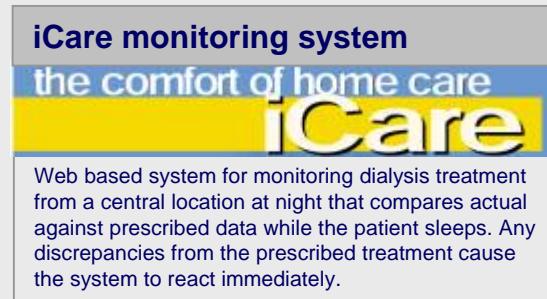
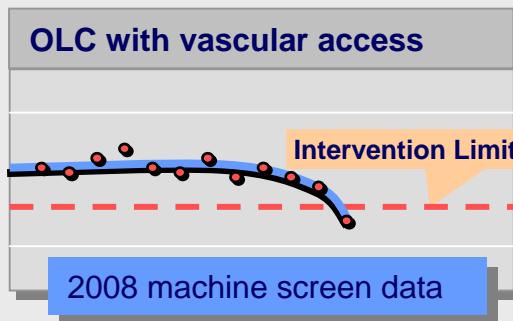


Acceptance of new technology
2008 K (82%) vs. 2008 H (18%) of sales

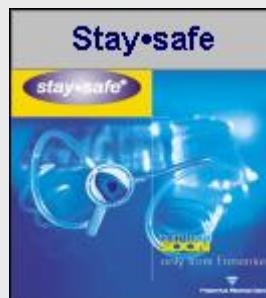
Products – North America

Continued focus achieving full year targets

- Dialyzers – Development of new single-use membranes to assist in the management of mineral metabolism in secondary hyperparathyroidism
- HD Machines - Additional features for integrated care



- Peritoneal dialysis - Introduction of stay-safe connectology system



HD = Hemodialysis OLC = Online clearance system

Services – International

Highlights Q2 2003

- Same store treatment growth at 8% - better than market
- Reimbursement increases in France, Turkey and Portugal
- Continued improvement in patient care quality



Products – International

Highlights Q2 2003

- Above-market product revenue growth of +6%cc yoy (incl. internal sales)
- Peritoneal dialysis patients grew by 27% versus Q2 2002 (3-4x market)
- Successful introduction of FX-dialyzer in Japan
- Expand market position in acute dialysis and therapeutic apheresis



cc = constant currency



Products & Services – International

Continued focus achieving full year targets

- FX-dialyzers – Continued production & yield improvements
- Improvement in operating efficiencies to balance reimbursement pressures in Europe & Asia-Pacific
- Continued Middle East revenue improvement trend



Reimbursement North America: development of ESRD payment structure

1996

- **Insurer/HMO based demonstration project**
 - Provided care for ESRD patients for a 3-year period (1998 – 2001)
 - Patients reported high satisfaction

2003

- **CMS¹⁾** announced in 2003 **new** ESRD demonstration project
 - Provider based disease management demonstration project
- **Fresenius Medical Care**
 - Leader in Renal Disease Management
 - Welcomes the opportunity to be paid for quality of services
 - Studying proposal in detail for risk assessment

¹⁾ CMS = Center for Medicare and Medicaid Services



Reimbursement North America: CMS disease demonstration project

2003

Two models are available:

1. Managed Care/Capitated Model

- A renal-related risk-adjusted payment rate for the demonstration project for delivery of all Medicare covered services

2. Expanded Dialysis Bundle Model

- An expanded dialysis bundle with add-on payments for drugs, labs, vascular access and disease management
- Other services continue to be paid by Medicare on fee for services basis

Risk sharing applies for both models:

- Surplus/deficit sharing based on Medicare costs per patient



Agenda

I. Business Update

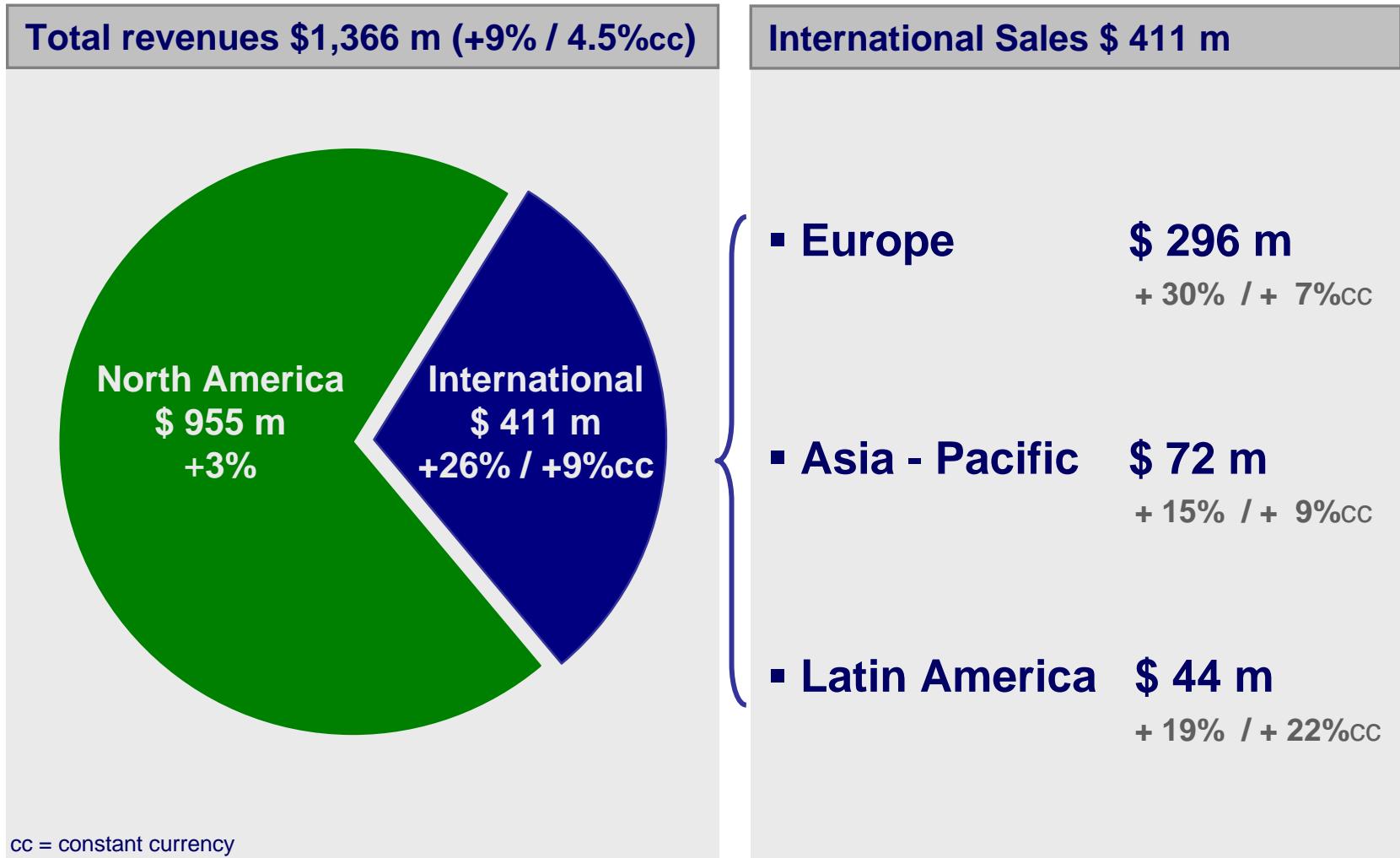
II. Financials Q2/H1 2003

- Revenue growth by segment
- Key figures
- EBIT-margins
- Days sales outstanding (DSO)
- Cash Flow

III. Outlook



Revenue growth by segment Q2 2003



Key figures Q2 2003

\$ m	Q2 2003	Q2 2002	%	%occ
Net revenue	1,366	1,254	9	4.5
Operating income (EBIT)	184	170	8	2
Net income	79	74	7	
EPS per Ord. (\$)	0.82	0.77	7	

cc = constant currency



Key figures H1 2003

\$ m	H1 2003	H1 2002	%	%occ
Net revenue	2,666	2,441	9	5.5
Operating income (EBIT)	353	344	2	(3)
Net income	149	138	8	
EPS per Ord. (\$)	1.54	1.42	8	

cc = constant currency



Key figures H1 2003 (adjusted)

\$ m	H1 2003	H1 2002	%	%occ
Net revenue	2,666	2,441	9	5.5
Operating income (EBIT) (H1 2002 adjusted for one-time effects)	353	338 ¹⁾	4	(1)
Net income (H1 2002 prior SFAS 145 and adjusted for one-time effects)	149	145 ¹⁾	3	
EPS per Ord. (\$) (H1 2002 prior SFAS 145 and adjusted for one-time effects)	1.54	1.51 ¹⁾	3	

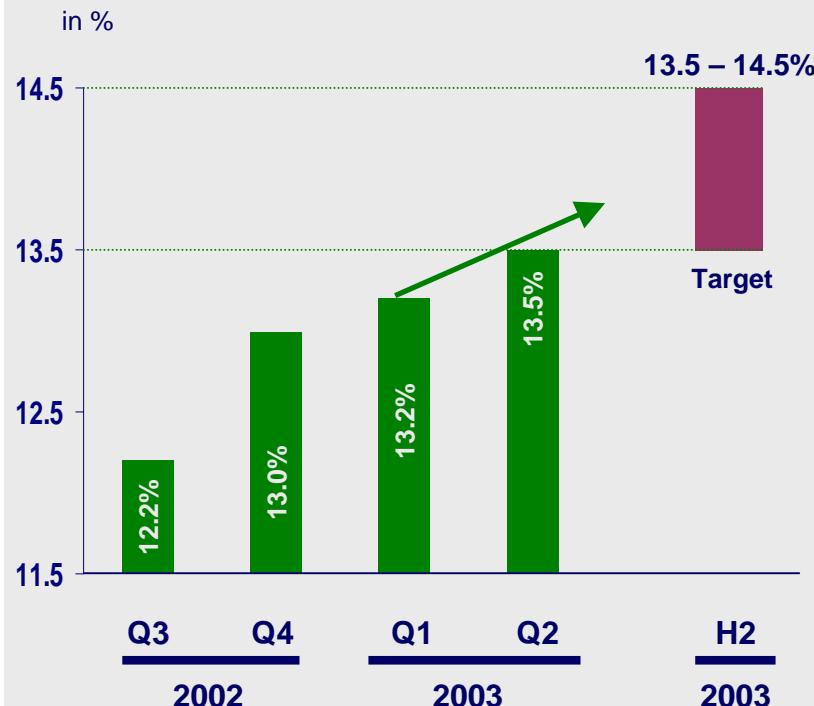
¹⁾ A reconciliation to the most directly comparable US-GAAP financial measure is provided in the attachment.
Before extraordinary redemption cost for Trust Preferred Securities of \$ 12 million after taxes and one-time effects (pension curtailment gain and severances of \$4 million after taxes).

cc = constant currency



North America – Continuing margin improvement

North America – EBIT margin



Services

- Same store growth trend on track
- Personnel costs flat with industry level wage increase

Products

- Strong machine and dialyzer growth
- Optiflux® manufacturing on target



International – improving margin

International – EBIT margin



Europe

- Revenue growth on track with margins improving
- Financially - one of the most interesting regions

Middle East

- Situation improving; shipments normalizing

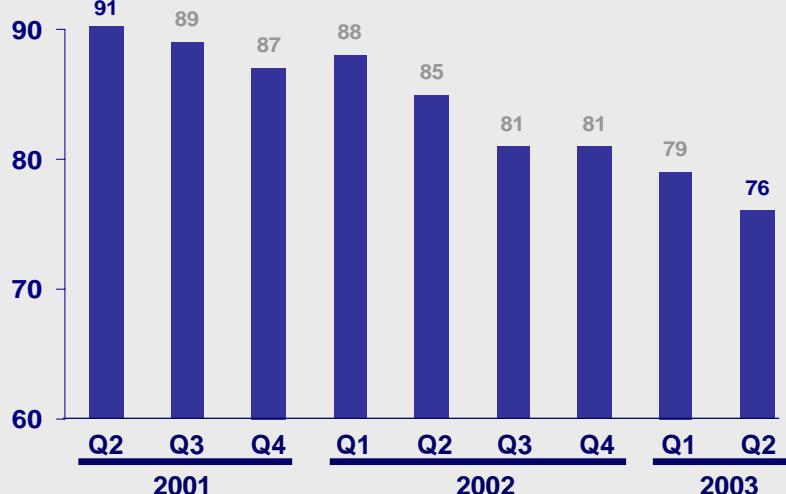
Latin America

- Positive development in Argentina but other countries are still difficult



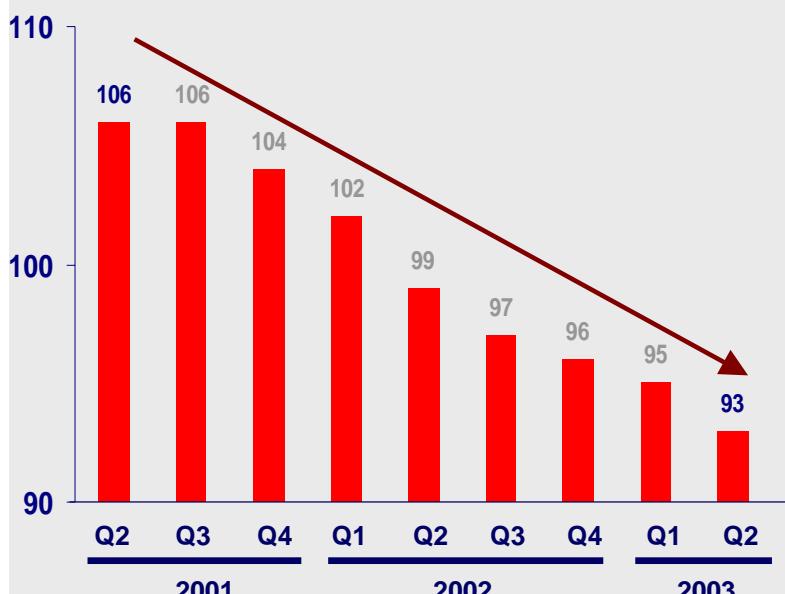
Days Sales Outstanding (DSO)

North America – in days



Group – in days

- Reduced by 6 days in the last twelve months



International – in days



Cash Flow Q2 2003

\$ m	Q2 2003	Q2 2002
Net cash provided by operating activities	175	173
Capital expenditure (net)¹⁾	(37)	(39)
Free Cash Flow	138	134
Acquisitions	(29)	(31)
Free Cash Flow after acquisitions	109	103

¹⁾ A reconciliation to the most directly comparable US-GAAP financial measure is provided in the attachment.



Cash Flow H1 2003

\$ m	H1 2003	H1 2002
Net cash provided by operating activities	300	244
Capital expenditure (net)¹⁾	(78)	(90)
Free Cash Flow	222	154
Acquisitions	(57)	(40)
Free Cash Flow after acquisitions	165	114

¹⁾ A reconciliation to the most directly comparable US-GAAP financial measure is provided in the attachment.



Financial ratio H1 2003

\$ m	June 30, 2003
EBITDA (annualized) ¹⁾	922
Dec. 31, 2002 Debt ¹⁾	2,833
+ CapEx ¹⁾	78
+ Acquisitions	57
+ FX-effects	62
+ Redemption costs Class D	9
+ Refinancing new credit agreement	18
+ Dividends	108
+ Others	12
- Cash from operations	300
June 30, 2003 Debt	2,877
Total debt / EBITDA	3.12

¹⁾ A reconciliation to the most directly comparable US-GAAP financial measure is provided in the attachment.



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- Financial outlook



Confirmed outlook 2003

Revenue growth
(constant currency)

Mid single digit

Capital expenditure ¹⁾

~ \$220 m

Acquisitions

< \$100 m

Net income growth ¹⁾
(expected to be at the lower end)

**High single /
low double digits**

¹⁾ A reconciliation to the most directly comparable US-GAAP financial measure is provided in the attachment.



Attachment I

Reconciliation of non US-GAAP financial measures to the most directly comparable US-GAAP financial measure

All numbers are in \$ millions

EBITDA		Q2 2002
Last twelve months operating income (EBIT)		703
+ Last twelve months depreciation and amortization		211
+ Non-cash charges		8
= EBITDA		922
Net income growth		FY 2002
Net income		290
+ Loss from early redemption of Trust Preferred Securities		12
= Net income prior SFAS 145 (basis for guidance)		302
Capital expenditure (net)		Q2 2003
Purchase of property, plant and equipment		42
- Proceeds from sale of property, plant and equipment		(5)
= Capital expenditure (net)		37
		Q2 2002
		61
		(22)
		39



Attachment II

Reconciliation of non US-GAAP financial measures to the most directly comparable US-GAAP financial measure

All numbers are in \$ millions

Capital expenditure (net)	H1 2003	H1 2002
Purchase of property, plant and equipment	86	116
- Proceeds from sale of property, plant and equipment	(8)	(26)
= Capital expenditure (net)	78	90
Debt	June 30, 2003	Dec. 31, 2002
Short term borrowings	112	125
+ Short term borrowings from related parties	50	6
+ Current portion of long-term debt and capital lease obligations	24	23
+ Long-term debt and capital lease obligations, less current portion	1,254	1,089
+ Trust Preferred Securities	1,188	1,145
+ Accounts receivable securitization program	249	445
Total debt	2,877	2,833
Net available external market (NAEM)	Q2 2003	Q2 2002
External dialysis product sales	109	114
Sales to other vertically integrated dialysis providers and to leasing companies	(11)	(12)
Method II and others	0	(10)
Adsorber business sales	(1)	0
Dialysis product sales to net available external market	97	92



Attachment III

Reconciliation of non US-GAAP financial measures to the most directly comparable US-GAAP financial measure

All numbers are in \$ millions

H2 2002: Adjusted EBIT, net income, EPS	US-GAAP	Loss from early redemption of trust pref. securities	One-time effects (pension curtailment gain and severances)	Adjusted
Operating Income (EBIT)	344		(6)	338
Interest expenses	(130)	20		(110)
Interest income	6	-		6
Interest expenses, net	(124)	20		(104)
Earnings before taxes	220	20	(6)	234
Income tax expenses	(81)	(8)	2	(87)
Minority interest	(2)			(2)
Net income	138	12	(4)	145
Earnings per share (EPS in \$)	1.42	0.12	(0.03)	1.51

External Revenue	Q2 2003	Q2 2002	growth
International product revenue	309	251	+23%
- Internal revenue	(30)	(23)	+35%
= External revenue	279	228	+22%



Safe harbor statement

This presentation includes certain forward-looking statements. Actual results could differ materially from those included in the forward-looking statements due to various risk factors and uncertainties, including changes in business, economic 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 the Company's reports filed with Securities and Exchange Commission and the German Exchange Commission „Deutsche Börse“.





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