



# Fresenius Medical Care

## The World's Leading Renal Therapy Company

Commerzbank AG Life Sciences Forum

Frankfurt, October 16, 2008



Fresenius Medical Care

# Safe Harbor Statement



Fresenius Medical Care

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 the Securities and Exchange Commission and the German Exchange Commission "Deutsche Börse".



# Agenda

**1. Business Update**

**2. Financials and Outlook**

**3. Midterm Strategy**

**4. Attachments**

# Dialysis Services Worldwide - Patients



Fresenius Medical Care

## North America

FME

123,784

DaVita

109,000

DCI

12,800

# of patients

## Latin America

FME

18,404

Baxter

9,500

Diaverum

2,700

# of patients

\$48  
Billion  
Market

We Lead in Every Major  
Market, Treating more  
than 180,000 Patients  
Worldwide

## EMEA

FME

28,799

KfH

18,000

Diaverum

9,800

# of patients

## Asia Pacific

FME \*

11,510

Asia Renal Care

4,700

Showai-Kai

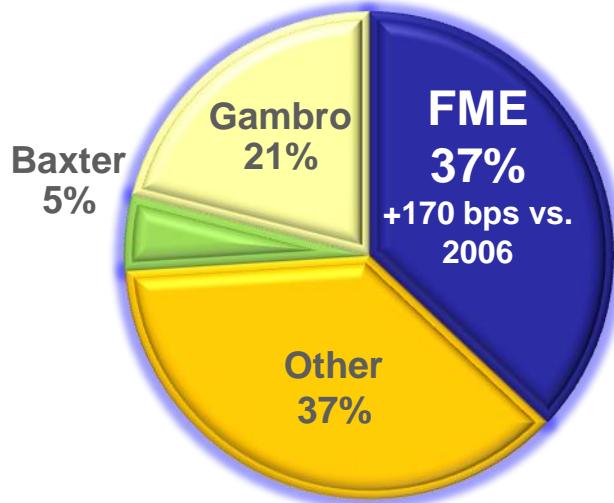
3,600

# of patients including managed

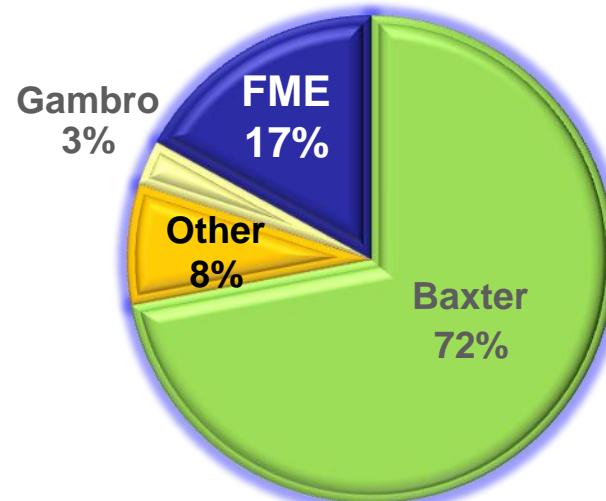
Source: Company data

\* Including patients treated in clinics  
where FME has an interest of at least 10%

## Hemodialysis (HD)



## Peritoneal Dialysis (PD)



- We clearly gained market share in HD
- Produced 75 Million Dialyzers in 2007
- Produced the Company's 500 Millionth Dialyzer
- RSI Acquisition to set standards in future technologies

Source: 2007 Company data / internal estimates

## HD

### HD Machines

5008



2008T



5008S



### Dialyzers

#### Next Generation

#### Optiflux



#### Next Generation FX Series



## PD

### PD Devices/Solution

#### Liberty Cycler



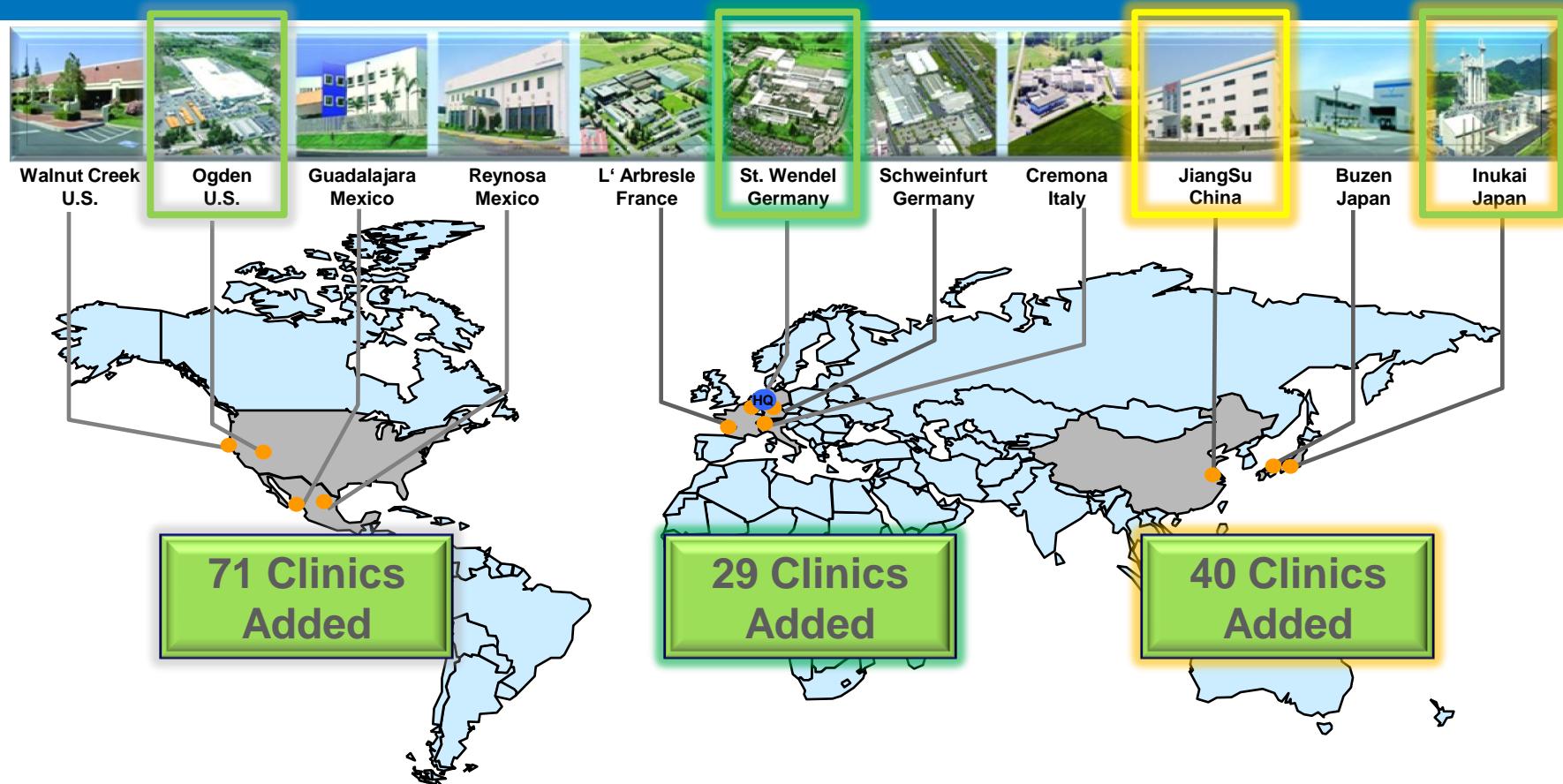
#### Delflex®@balanced



# Expanded Global Presence Last 12 Months



Fresenius Medical Care



\* including clinics where FME has an interest of at least 10%



# Agenda

**1. Business Update**

**2. Financials and Outlook**

**3. Midterm Strategy**

**4. Attachments**



**Revenue** **\$ 2,665 m** + 11%



**Net income** **\$ 211 m** + 18%



**Earnings per share** **\$ 0.71** + 18%

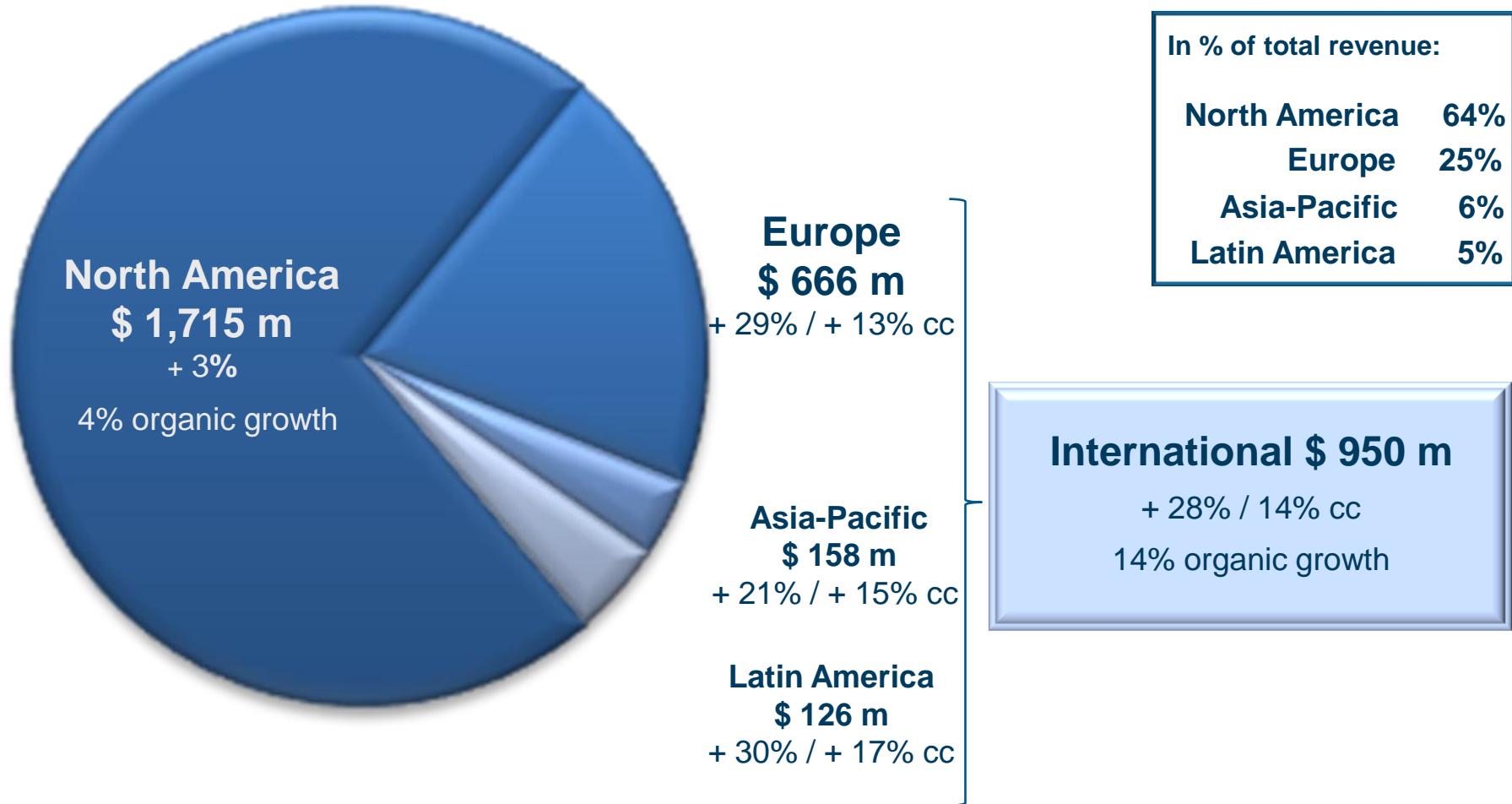


► On track to achieve Full Year Guidance

despite:

- EPO reimbursement below previous year
- Heparin costs in North America significantly higher in the second half of 2008

## Total Revenue Increased by 11% to \$ 2,665 m \*



\* 7% growth at constant currency (cc)



# Highlights Q2



- ▶ Continued revenue growth momentum in products of 13%
- ▶ Bundle reimbursement in 2011 with automatic update
- ▶ Anemia Management developing as expected
- ▶ Add IV Iron to the Renal Pharma Portfolio



- ▶ Revenue growth momentum continued of 13%cc
- ▶ Continued strong growth in Eastern Europe +17%
- ▶ Same market treatment growth of 9%
- ▶ Very strong growth in the Acute Renal Business



- ▶ Strong same market treatment growth of 6%
- ▶ Impressive revenue growth in China of 42%cc
- ▶ Continued impressive revenue growth of 38% cc (excl. Japan)
- ▶ Launch of new high performance dialyzer FX-S

cc= constant currency

# Profit & Loss



Fresenius Medical Care

US-\$ in millions	Q2 2007	Q2 2008	Growth
Net revenue	2,404	<b>2,665</b>	11%*
Operating income (EBIT)	391	<b>429</b>	10%
EBIT margin in %	16.3	<b>16.1</b>	
Interest expense, net	92	<b>82</b>	
Income before income tax	299	<b>347</b>	16%
Income Tax expense	113	<b>129</b>	
Tax rate	38.0%	<b>37.2%</b>	
Minority interest	7	<b>7</b>	
Net income	179	<b>211</b>	18%

\* 7% growth at constant currency, 7% organic growth



# Cash Flow

US-\$ in millions	Q2 2007	Q2 2008	Growth
Net cash provided by operating activities <sup>1)</sup>	225	<b>209</b> 8% of revenue	(7%)
Capital expenditures (net) <sup>1)</sup>	(130)	<b>(179)</b>	
Free Cash Flow	95	<b>30</b>	(69%)
Acquisitions, net of divestitures <sup>1)</sup>	2	<b>(58)</b>	
Free Cash Flow after acquisitions	97	<b>(28)</b>	

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

# Outlook 2008 - Confirmed



Fresenius Medical Care

US-\$ in millions	Guidance
Net Revenues	<b>&gt; \$ 10,400</b>
Net Income	<b>\$ 805 - 825</b>
Leverage ratio (Debt/EBITDA)	<b>&lt; 2.8</b>
Capital Expenditure	<b>~ \$ 650 - 750</b>
Acquisitions	<b>~ \$ 150 - 250</b>



# Agenda

**1. Business Update**

**2. Financials and Outlook**

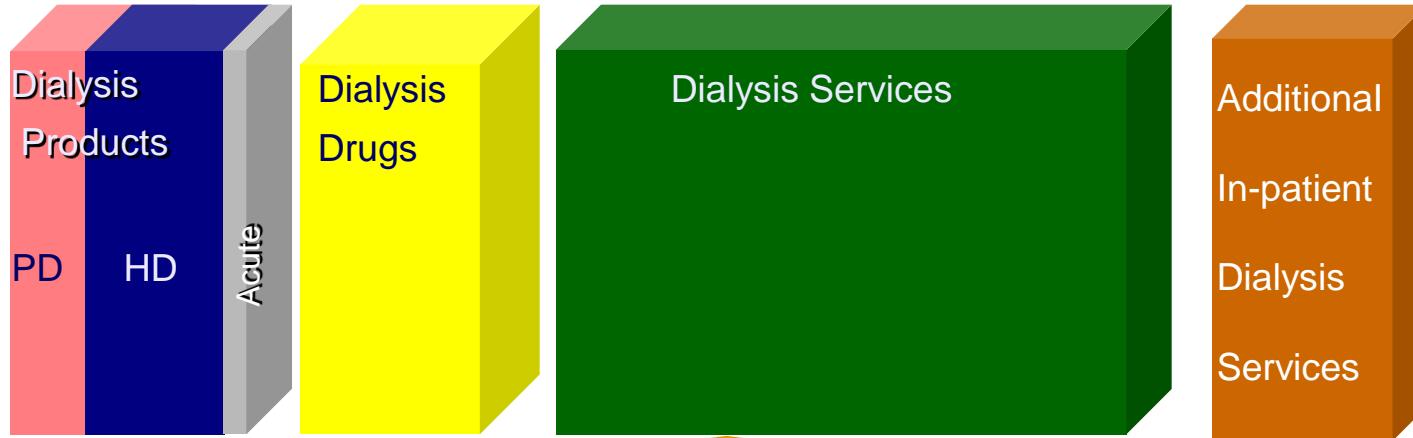
**3. Midterm Strategy**

**4. Attachments**

# \$67 billion Dialysis Market 2010

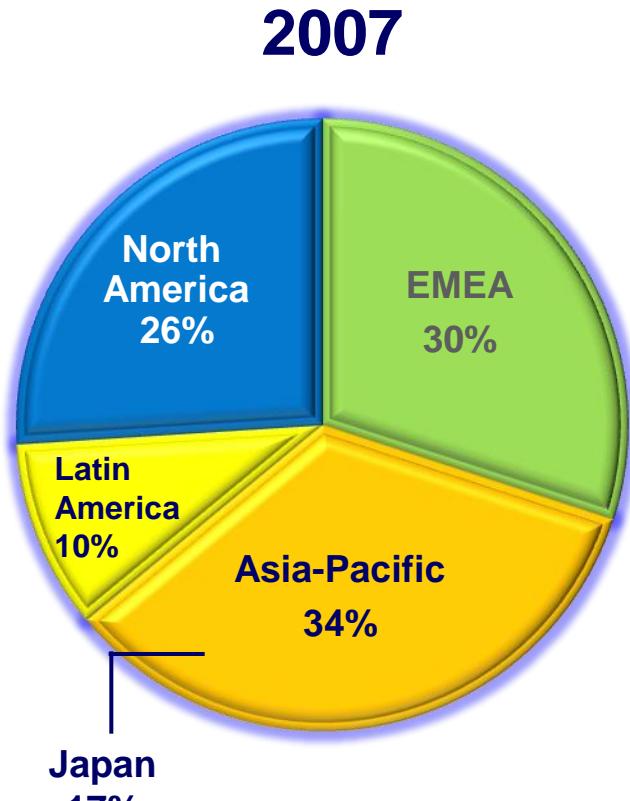


Fresenius Medical Care





# Global Patients by Region



**1.65 million**

Source: Company estimates

**Sustainable  
Patient Growth of ~ 6% p.a.**

**~ 2 million patients  
expected by 2010**

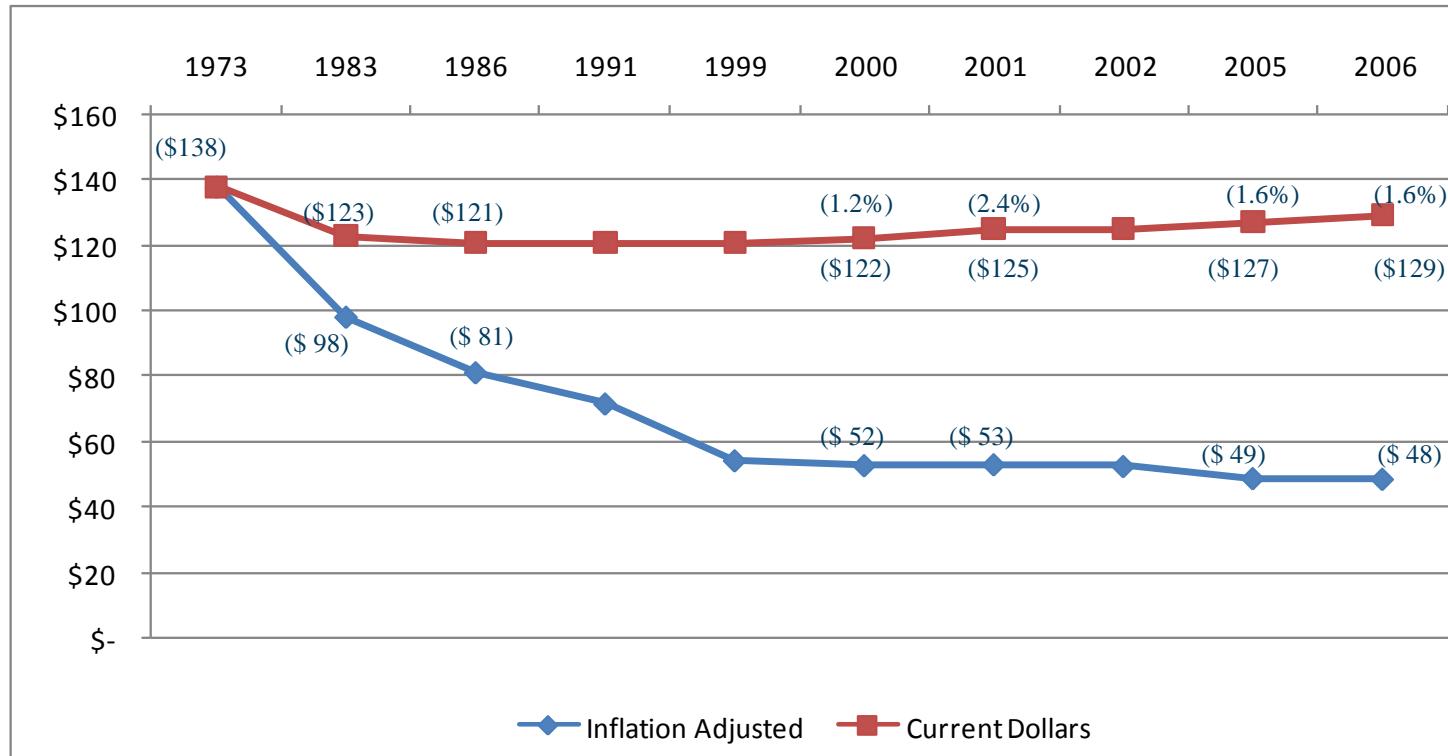
**~ 4 million patients  
expected by 2025**

# Average Medicare Payment per Dialysis Treatment 1973-2006



Fresenius Medical Care

## Medicare Allowed Charges



\*Payment for dialysis treatment ("composite rate") is the only procedure which has not had an inflationary adjustment from 1973 till 1999

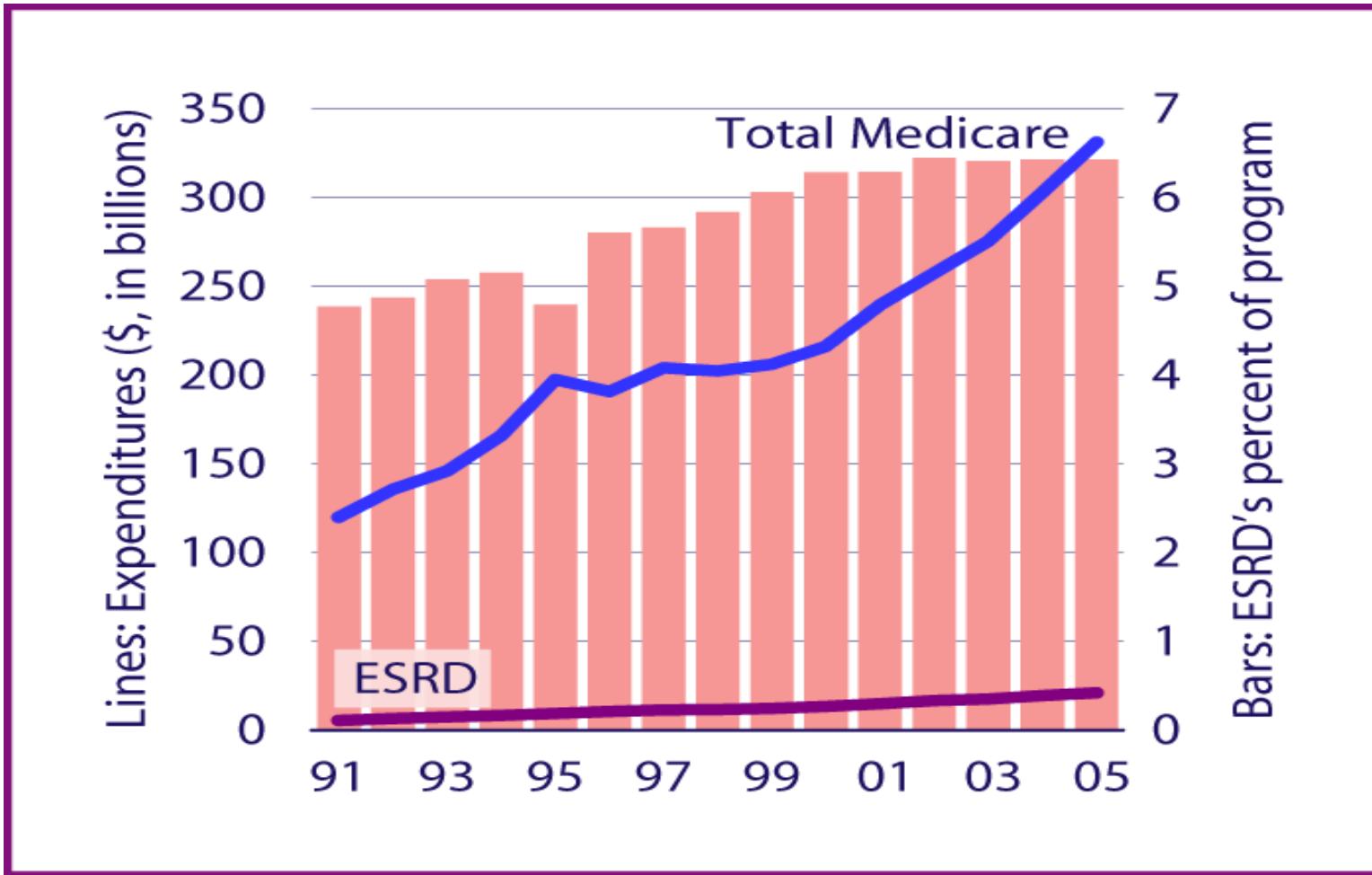
Source: Medicare Payment Advisory Commission

Source: GDP Inflation Calculator

# Total Medicare and ESRD Expenditures



Fresenius Medical Care

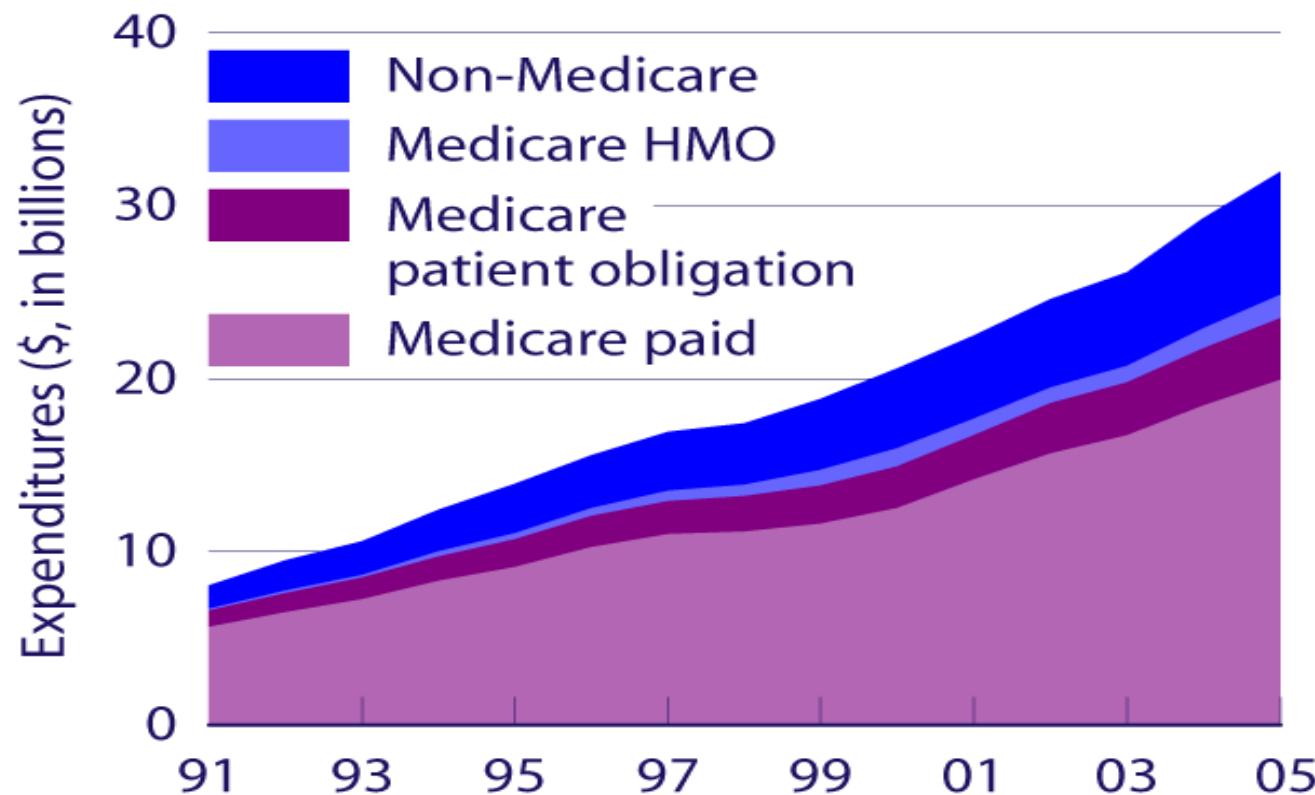


Source: 2007 USRDS Annual Data Report

# Medicare ESRD Spending by Payor



Fresenius Medical Care



Source: 2007 USRDS Annual Data Report



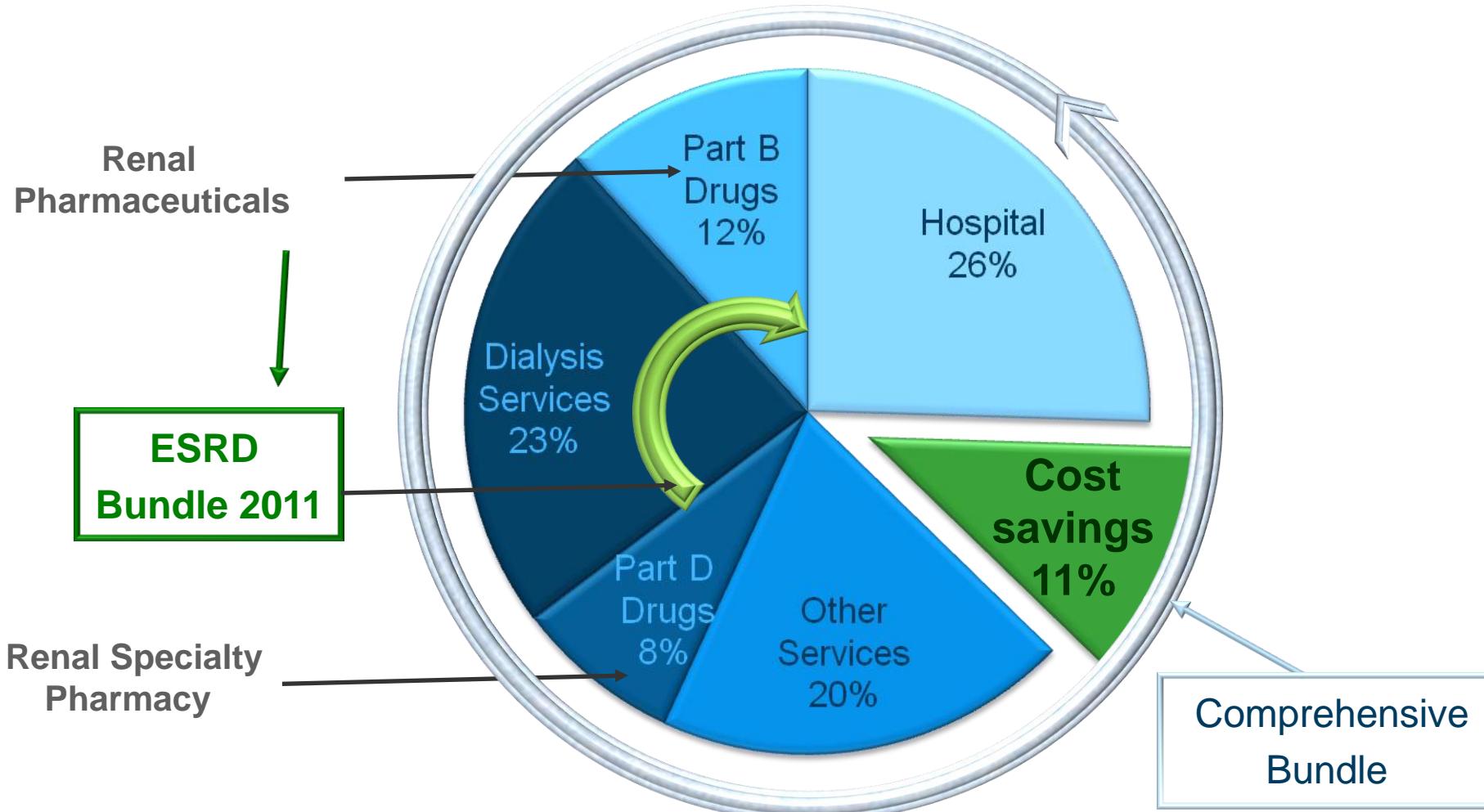
## Medicare Bill was passed on July 14, 2008

### Key Dialysis components included are:

- ▶ Composite rate increase of 1% per annum in 2009 and 2010
- ▶ New law mandates a bundled payment rate at 98% of total non-bundled expenditures starting in 2011
  - Providers may elect to voluntarily phase in over 3 years
- ▶ Permanent market basket increase beginning in 2012, estimated approximately 2% per year
- ▶ Extends authority for Medicare Advantage Special Needs Plan (MA-SNP) through 2011
- ▶ Delays moratorium on new MA-SNP to 2010

# Fresenius Medical Care – North America

## Health Plan 2nd year results



**Medicare Fee For Service**

**100% of costs per annum**

**FMC Health Plan (Capitation – Special Needs Plan/SNP)**

**89% of costs per annum**

- Enrollment reached 550 patients by year end 2006 and 900 patients by mid-year 2007
- Medical loss ratio of approximately 89% achieved
- Quality indicators surpassed national averages and generally met improvement targets
- Approximately 50% of patients qualified and received nutritional support
- Hospital admissions below USRDS historical levels and averaged 1.5 admission per patient per year (PPPY) for first eighteen months of the demo project

## Focusing on further improving patient therapy and expanding market opportunities globally

### North America

- ▶ Exclusive 10 year U.S. manufacturing and distribution sublicense agreement for Venofer® and next generation I.V. Iron product for dialysis stage V
- ▶ Venofer® is the leading I.V. Iron product worldwide
  - Total U.S. I.V. Iron purchases are ~ \$500 million (Venofer® accounts for 55%)

### International

- ▶ Exclusive agreement with Galenica to commercialize I.V. Iron products Venofer® and Ferinject® for dialysis stage V patients
- ▶ Total market for I.V. Iron in Europe, Middle East, Africa, and Latin America was more than \$120 million in 2007
  - Commercialization expected to become effective no later than January 1, 2009
  - Expected 2010 annual sales to be about \$50 million

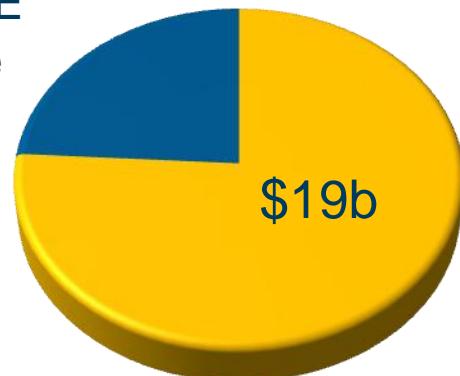
# Market Opportunity



Fresenius Medical Care

U.S.

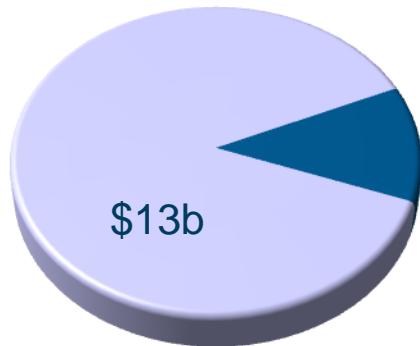
\$6 Billion FME  
Market Share



- \$25 Billion Total Market

Europe

\$1.8 Billion FME  
Market Share



Asia Pacific

\$0.4 Billion FME  
Market Share

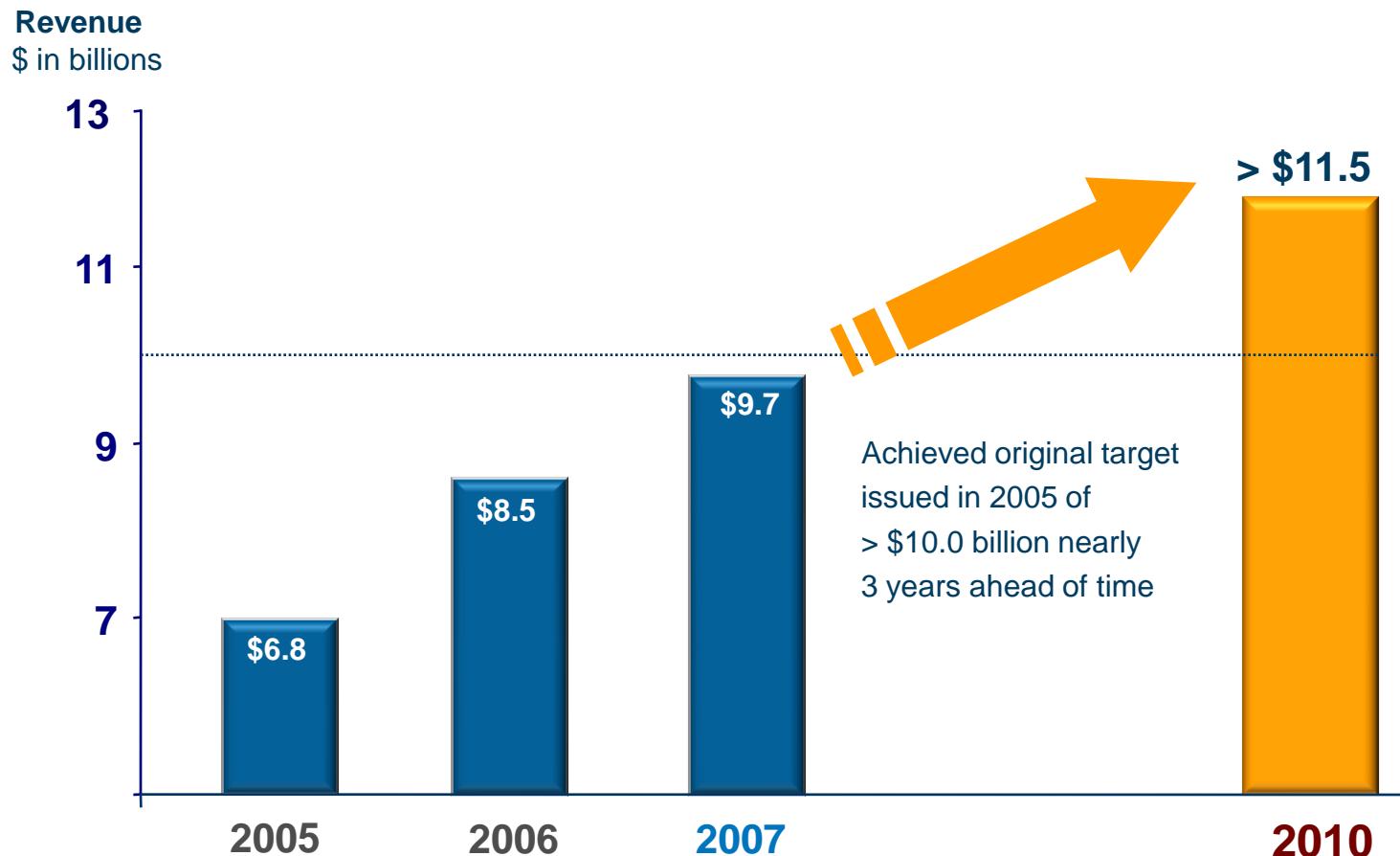


- \$15 Billion Total Market

- \$12 Billion Total Market



# 2010 Revenue Target



**Sustainable Growth of Earnings After Tax – Low to Mid-Twenties per year**



# Our Growth Drivers

	North America	EMEA/Latin America	Asia-Pacific
Renal Pharma	✓	✓	
Expansion of Clinic Network	✓	✓	✓
Reimbursement Based on Quality	✓	✓	✓
Increased Product Market Share		✓	✓

Targeted Revenue Growth in 2008 >7%

**Thank You  
for your interest in  
Fresenius Medical Care !**





# Agenda

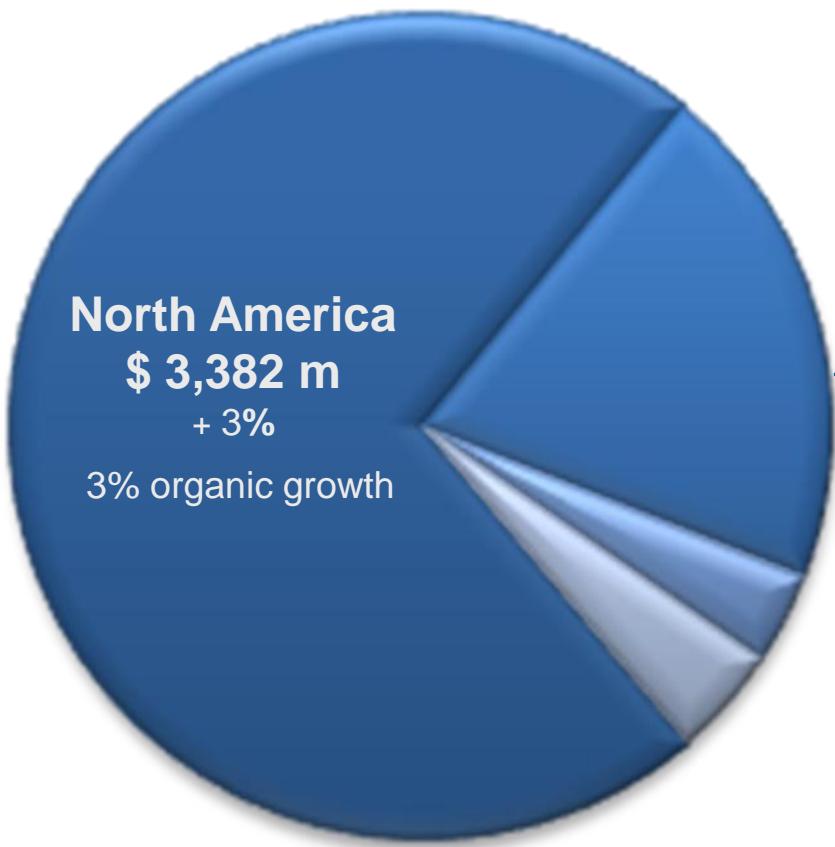
**1. Business Update**

**2. Financials and Outlook**

**3. Midterm Strategy**

**4. Attachments**

**Total Revenue Increased 10% to \$ 5,177 m \***



**Europe**  
\$ 1,257 m  
+ 27% / + 12% cc

**Asia-Pacific**  
\$ 300 m  
+ 16% / + 11% cc

**Latin America**  
\$ 238 m  
+ 29% / + 16% cc

In % of total revenue:

North America	65%
Europe	24%
Asia-Pacific	6%
Latin America	5%

**International** \$ 1,795 m

+ 26% / 12% cc  
12% organic growth

\* 6% growth at constant currency (cc)



## Strong Organic Revenue growth and improving Revenue per Treatment

Q2 2008	Total	North America	International
<b>Organic revenue growth</b>	<b>+ 5%</b>	<b>+ 3%</b>	<b>+ 19%</b>
Same market treatment growth	+ 4.2%	+ 2.8%	+ 7.9%
Revenue per treatment		\$ 323 <sup>1)</sup>	\$ 183
Growth		-0.1%	+ 10.3% cc
Clinics Q2 2008	<b>2,318</b>	<b>1,647</b>	<b>671</b>
Growth	+ 5%	+ 4%	+ 7%
De novos Q2 (including managed clinics)	<b>26</b>	<b>12</b>	<b>14</b>

1) including Mexico

cc = constant currency

# Dialysis Services - Global



Fresenius Medical Care

H1 2008	Clinic	Patients	Treatments (in million)
Total	2,318	179,340	13.61
Growth	+ 5%	+ 4%	+ 5%
North America	1,647	123,784	9.39
Growth	+ 4%	+ 3%	+ 3%
International	671	55,556	4.22
Growth	+ 7%	+ 8%	+ 8%
Europe	382	28,799	2.17
Latin America	175	18,404	1.41
Asia-Pacific	114	8,353	0.64



## Accelerated International Growth of 19% cc

US-\$ in millions	Q2 2007	Q2 2008	Growth	cc
North America	1,499	1,533	2%	
Adjusted for the sale of the perfusion business			3%	
International	296	391	32%	19%
<b>Total</b>	1,796	<b>1,924</b>	<b>7%</b>	<b>5%</b>
Adjusted for the sale of the perfusion business			8%	6%

cc = constant currency

## Accelerated Growth Internationally of 16% cc

US-\$ in millions	H1 2007	H1 2008	Growth	cc
North America	2,983	<b>3,028</b>	2%	
Adjusted for the sale of the perfusion business			3%	
International	573	<b>741</b>	29%	16%
<b>Total</b>	3,556	<b>3,769</b>	<b>6%</b>	<b>4%</b>
Adjusted for the sale of the perfusion business			7%	5%

cc = constant currency



## Overall Strong Quality Performance Except for Hemoglobin

% of FME patients	North America		EMEA	
	Q2 2007	Q2 2008	Q2 2007	Q2 2008
<b>Kt/V ≥ 1.2</b>	94%	<b>95%</b>	94%	<b>95%</b>
<b>Hemoglobin ≥ 11 g/dl</b>	81%	<b>73%</b>	72%	<b>69%</b>
<b>Albumin ≥ 3.5 g/dl</b>	79%	<b>80%</b>	86%	<b>85%</b>
<b>Phosphate 3.5-5.5 mg/dl</b>	52%	<b>55%</b>	57%	<b>60%</b>
<b>Hospitalization days</b>	11.2 <sup>*</sup>	<b>10.5<sup>*</sup></b>	7.9	<b>8.0</b>

\* The hospitalization rates for the US reflects FMS adoption of CMS policy



## Excellent External Product Revenue Growth

US-\$ in millions	H1 2007	H1 2008	Growth	cc
<b>Total revenue</b> (incl. Internal Revenue)	1,539	<b>1,822</b>	18%	10%
<b>External revenue</b>	1,169	<b>1,408</b>	20%	11%
 <b>North America</b>	314	<b>354</b>	13%	13%
 <b>International</b>	855	<b>1,054</b>	23%	10%

cc = constant currency



# Cash Flow

US-\$ in millions	H1 2007	H1 2008	Growth
Net cash provided by operating activities <sup>1)</sup>	508	<b>401</b> 8% of revenue	(21%)
Capital expenditures (net) <sup>1)</sup>	(237)	<b>(332)</b>	
Free Cash Flow	271	<b>69</b>	(75%)
Acquisitions, net of divestitures <sup>1)</sup>	(90)	<b>(92)</b>	
Free Cash Flow after acquisitions	181	<b>(23)</b>	

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

# Profit & Loss



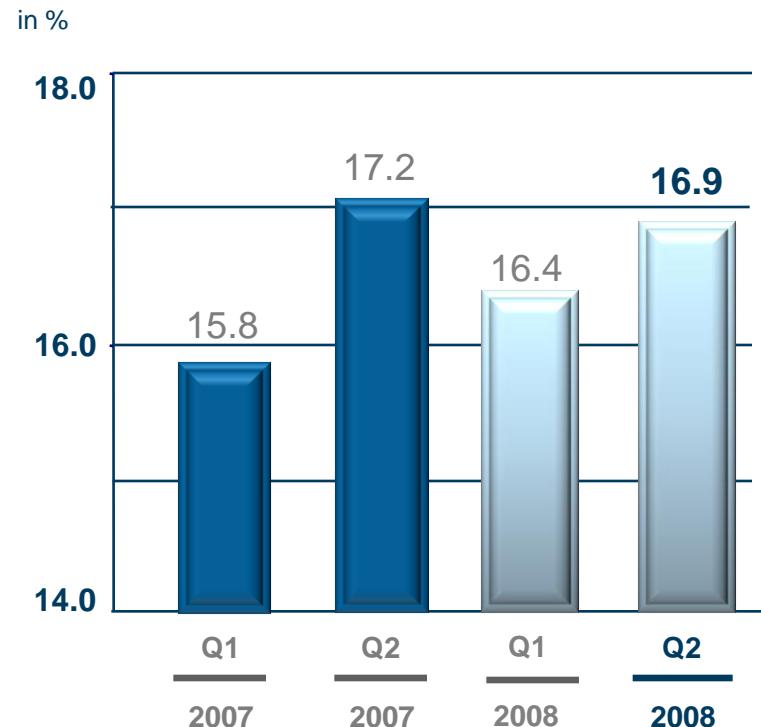
Fresenius Medical Care

US-\$ in millions	H1 2007	H1 2008	Growth
Net revenue	4,725	<b>5,177</b>	10%*
Operating income (EBIT)	756	<b>818</b>	8%
EBIT margin in %	16.0	<b>15.8</b>	
Interest expense, net	187	<b>165</b>	
Income before income tax	569	<b>653</b>	15%
Income Tax expense	216	<b>243</b>	
Tax rate	38.0%	<b>37.2%</b>	
Minority interest	14	<b>13</b>	
Net income	339	<b>397</b>	17%

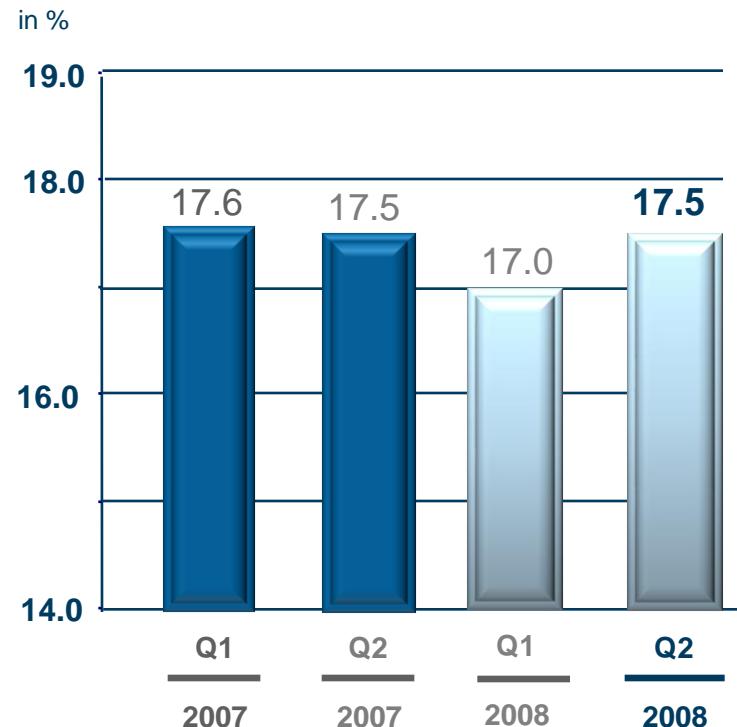
\* 6% growth at constant currency, 6% organic growth

## Continued Solid Performance in All Segments

### North America

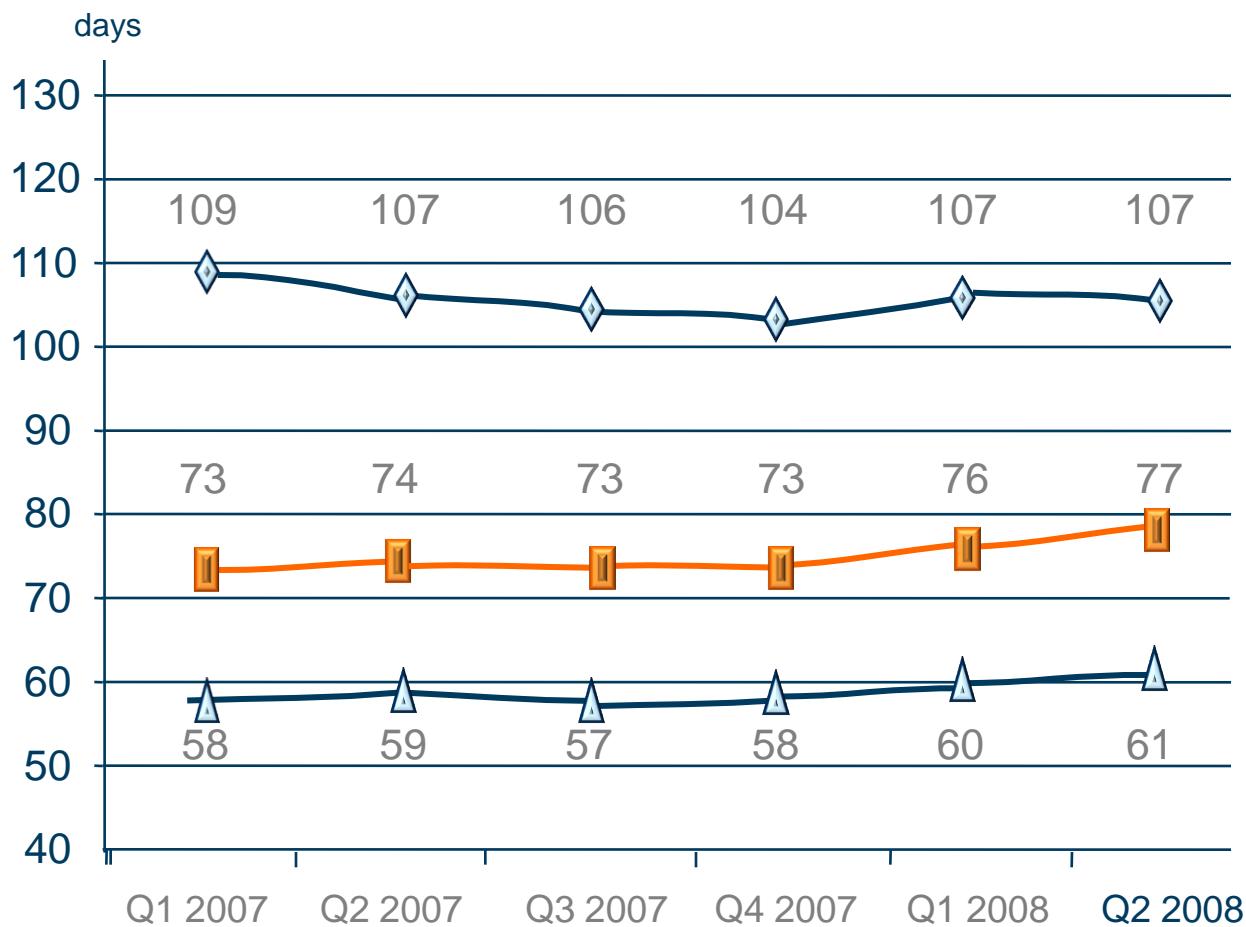


### International



# Days Sales Outstanding (DSO)

**Overall Slightly Increasing since Beginning of the Year**



International

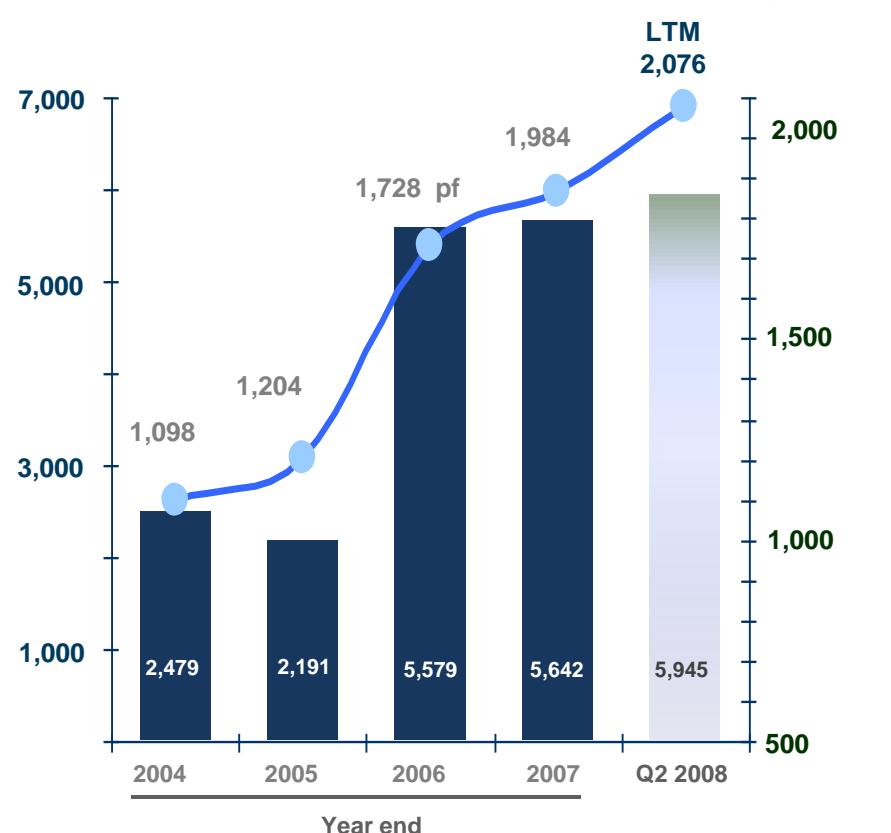
FME Total

North America

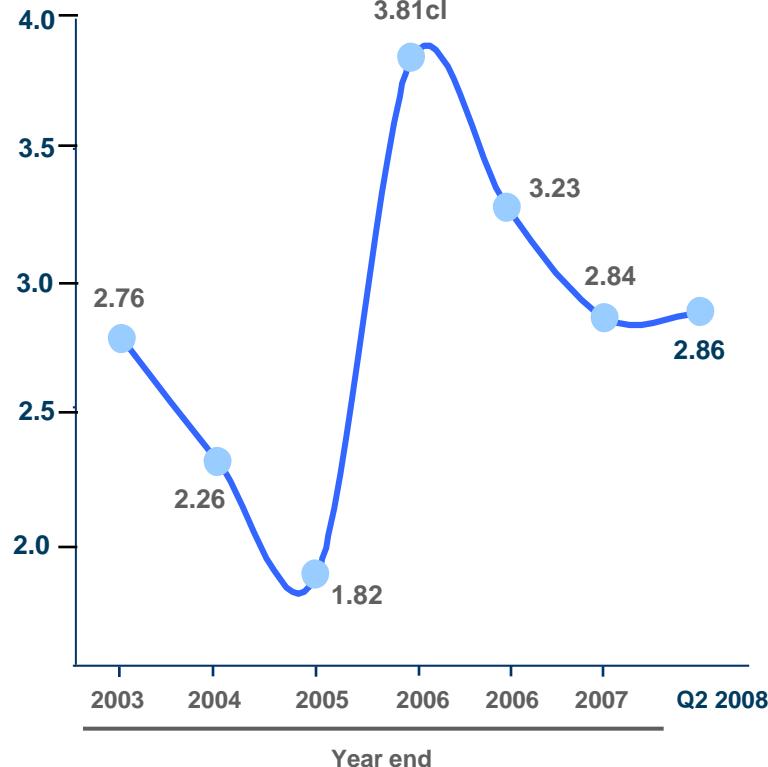
# Debt and EBITDA Development

## Debt

US-\$ in millions



## Leverage Ratio Debt / EBITDA



• including non-cash charges

pf = pro forma excluding restructuring costs, in-process R&D and gain from the sale of dialysis clinics      ltm = last twelve months

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

cl = closing RCG



# Financial Cushion (as of June 30, 2008)

\$ in millions	Facility	Utilization <sup>1)</sup>	Cushion
Credit Agreement	4,128	3,347	781
Trust Preferred Securities	698	698	0
Bond 2007 – 2017	500	500	0
Notes (Schuldscheindarlehen)	315	315	0
EIB Facility	348	191	0
Other bank facilities	526	300	226
<b>Subtotal</b>	<b>6,515</b>	<b>5,351</b>	<b>1,007</b>
Accounts Receivable Program			
North America <sup>2)</sup>	620	599	21
<b>TOTAL</b>	<b>7,135</b>	<b>5,950</b>	<b>1,028</b>

<sup>1)</sup> Utilization may differ from Balance Sheet debt due to off-balance sheet items

<sup>2)</sup> \$ 650 million facility amount, limit represents maximum amount of eligible receivables



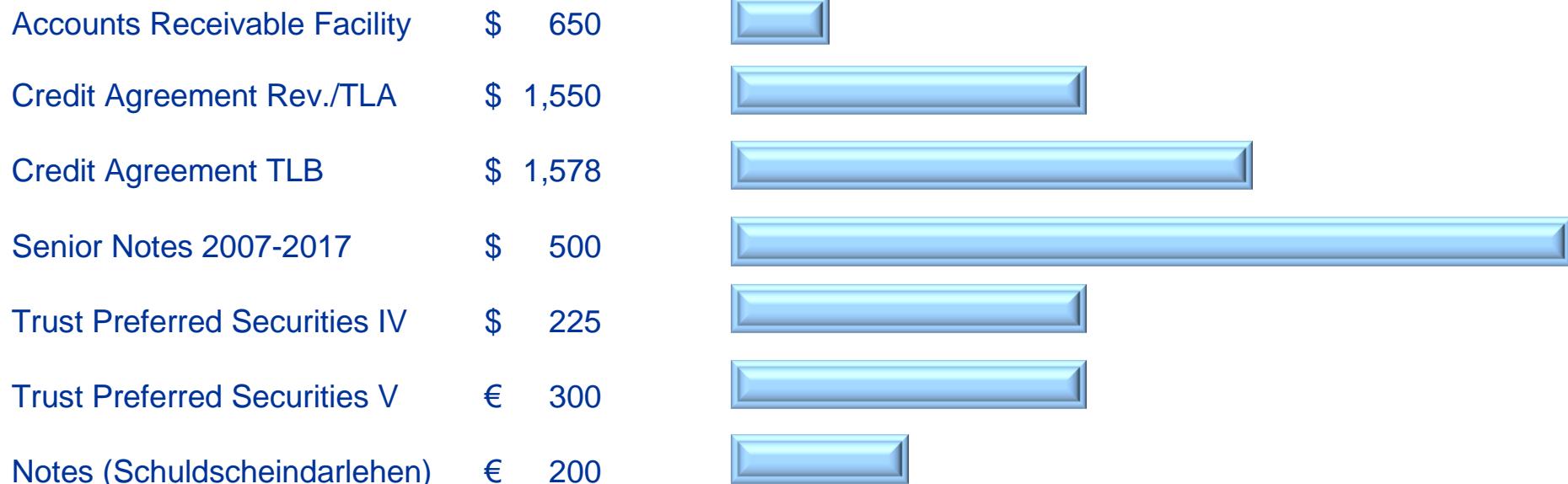
# Current Debt Maturity

June 30, 2008

Amount  
in million

Year

07 08 09 10 11 12 13 14 15 16 17





# Attachment I

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

All numbers are in US-\$ millions

<b>External Revenue</b>	<b>Q2 2008</b>	<b>Q2 2007</b>	<b>growth</b>	<b>cc</b>
International product revenue	638	508	+ 26%	+ 12%
- Internal revenue	(79)	(61)		
<b>= External revenue</b>	<b>559</b>	<b>447</b>	<b>+ 25%</b>	<b>+ 11%</b>
North America product revenue	315	291	+ 8%	
- Internal revenue	(133)	(130)		
<b>= External revenue</b>	<b>182</b>	<b>161</b>	<b>+ 13%</b>	
<b>TOTAL</b> product revenue	953	799	+ 19%	+ 10%
- Internal revenue	(212)	(191)		
<b>= External revenue</b>	<b>741</b>	<b>608</b>	<b>+ 22%</b>	<b>+ 12%</b>

<b>Capital expenditure (net)</b>	<b>H1 2008</b>	<b>H1 2007</b>	<b>Q2 2008</b>	<b>Q2 2007</b>
Purchase of property, plant and equipment	343	249	184	133
- Proceeds from sale of property, plant and equipment	(11)	(12)	(5)	(3)
<b>= Capital expenditure (net)</b>	<b>332</b>	<b>237</b>	<b>179</b>	<b>130</b>

cc = constant currency

# Attachment II



Fresenius Medical Care

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

All numbers are in US-\$ millions

Debt	Q2 2008	FY 2007	FY 2006	FY 2005	FY 2004
Short term borrowings	734	217	331	151	419
+ Short term borrowings from related parties	181	2	5	19	6
+ Current portion of long-term debt and capital lease obligations	151	85	160	126	230
+ Current portion of Trust Preferred Securities	-	670			
+ Long-term debt and capital lease obligations, less current portion	4,183	4,004	3,829	707	545
+ Trust Preferred Securities (net of current portion)	696	664	1,254	1,188	1,279
= Total debt	5,945	5,642	5,579	2,191	2,479
EBITDA	Q2 2008	FY 2007	FY 2006 (pro forma)	FY 2005	FY 2004
Last twelve months operating income (EBIT)	1,642	1,580	1,367	939	852
+ Last twelve months depreciation and amortization	392	363	326	251	233
+ Non-cash charges	42	41	35	14	13
= EBITDA (annualized)	2,076	1,984	1,728	1,204	1,098
Cash Flow	H1 2008	H1 2007	Q2 2008	Q2 2007	
Acquisitions and investments and net purchases of intangible assets	(133)	(117)	(60)	(26)	
Proceeds from divestitures	41	27	2	28	
<b>Acquisitions, net of divestitures</b>	<b>(92)</b>	<b>(90)</b>	<b>(58)</b>	<b>2</b>	

# Contacts



Fresenius Medical Care

**Fresenius Medical Care AG & Co. KGaA**  
**Investor Relations**  
**Else-Kröner-Str. 1**  
**61352 Bad Homburg v.d.H.**

**Ordinary shares**  
WKN 578 580  
ISIN DE0005785802  
SEDOL1 5129074 DE

**Oliver Maier**  
**Head of Investor Relations & Corporate Communications**  
Tel.: +49-(0)6172-609-2601  
Fax.: +49-(0)6172-609-2301  
Email: [oliver.maier@fmc-ag.com](mailto:oliver.maier@fmc-ag.com)

**Terry L. Morris**  
Tel.: +1-800-948-2538  
Fax.: +1-615-345-5605  
Email: [terry.morris@fmc-na.com](mailto:terry.morris@fmc-na.com)

**Gerrit Jost**  
Tel.: +49-(0)6172-609-5216  
Fax.: +49-(0)6172-609-2301  
Email: [gerrit.jost@fmc-ag.com](mailto:gerrit.jost@fmc-ag.com)



# Reminder ...

**November 4<sup>th</sup>, 2008**

**Report Q3/9M 2008**

For further information and current news:

**[www.fmc-ag.com](http://www.fmc-ag.com)**

**Calendar**

**Investor Relations > Financial Calendar**

**Annual Report / Quarterly Filings / SEC Filings / Deutsche Börse Filings ...**

**Investor Relations > Publications**

**Corporate Governance / Sarbanes-Oxley Act / NYSE declaration ...**

**Investor Relations > Corporate Governance**

**Financing / Analyst Coverage / Consensus estimates / Share data ...**

**Investor Relations > Our Share**