



# Fresenius Medical Care

The World's Leading Renal Therapy Company

**Third Quarter / Nine Months 2009 Results**

Conference Call, November 3, 2009



Fresenius Medical Care

# Forward Looking Statements



**Safe Harbor Statement:** This presentation includes certain forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Act of 1934, as amended. 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 discussed in detail in the Company's reports filed with the Securities and Exchange Commission (SEC) and the German Exchange Commission (Deutsche Börse).

## 1. Business Update

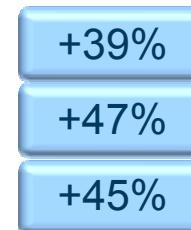


## Continued strong organic growth of 8% and improving outcomes

### Dialysis Services:

- Continued superior clinical outcomes
  - New Therapies
    - USA – Clinic Nocturnal
    - Europe – Online Hemodiafiltration
  - Integrated Care expanded

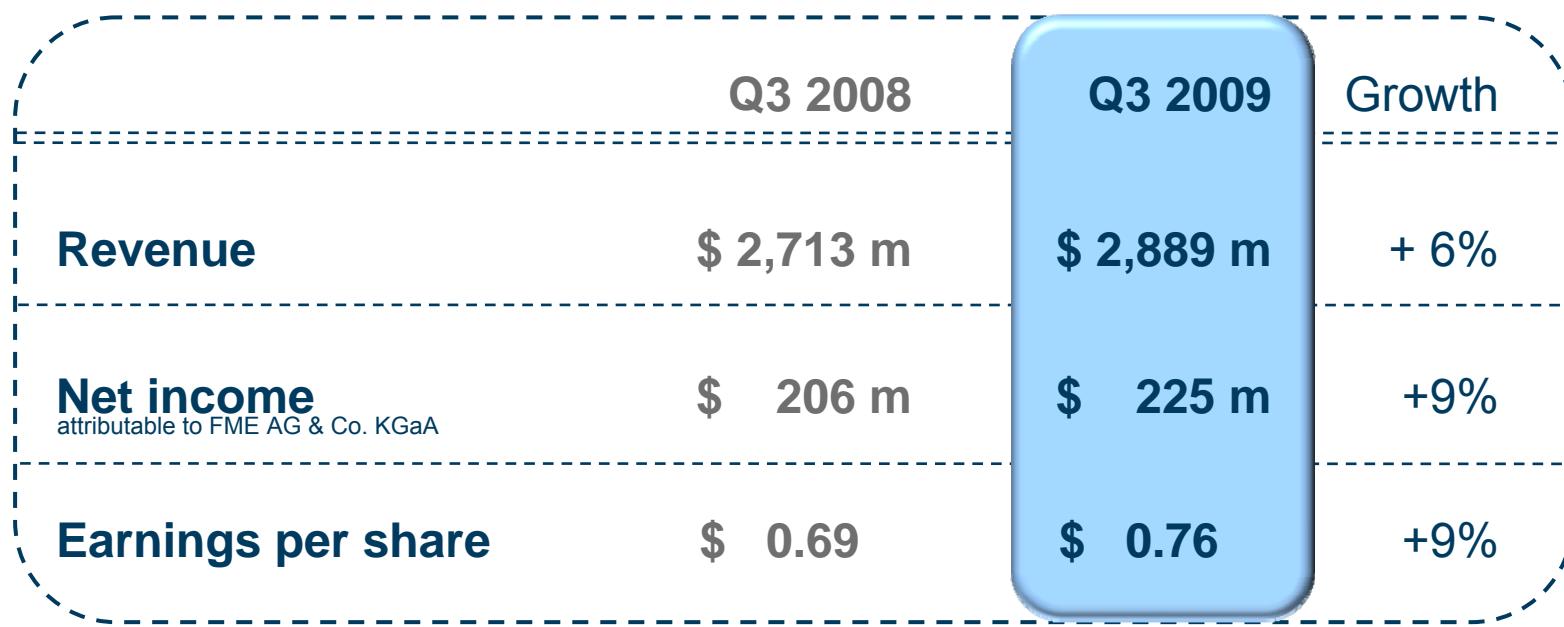
patient growth y-o-y



### Dialysis Products:

- Highest quality levels across all production plants and product lines
- Renal Pharma revenue on target
- New PD and HD products very well received

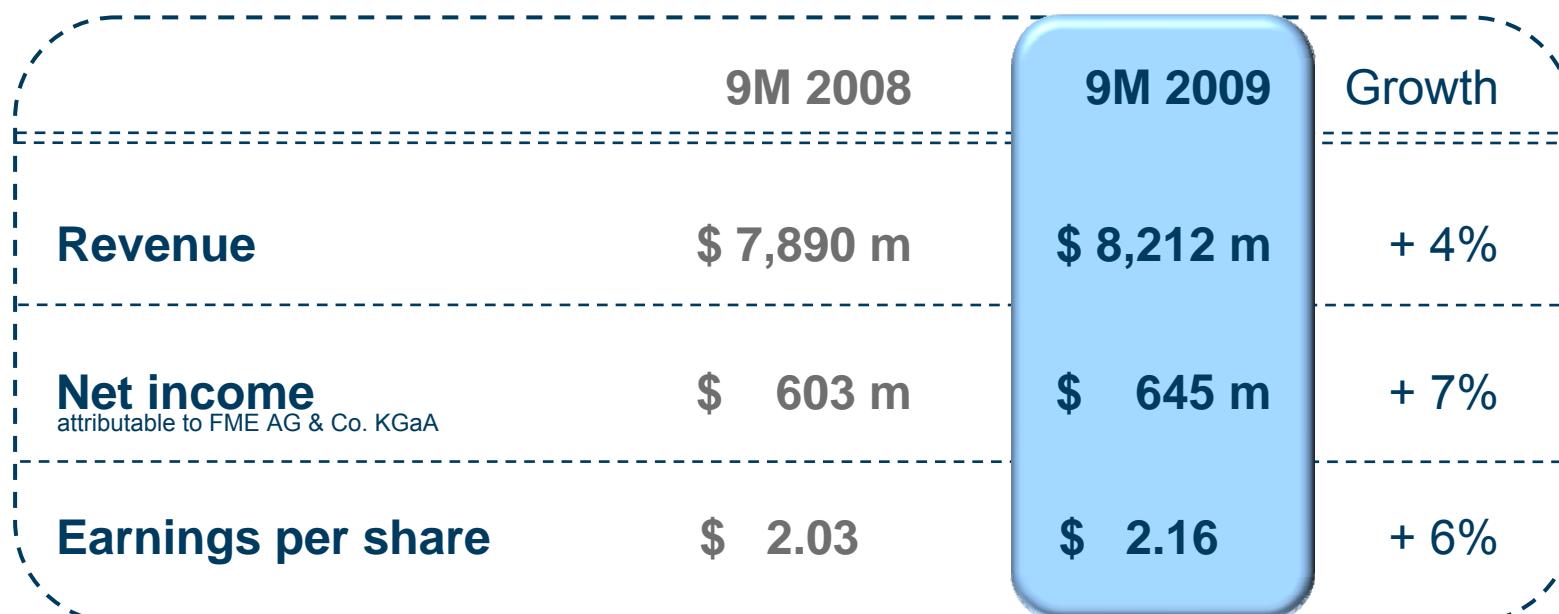
## Very good third quarter



- Continued strong revenue growth of +10%cc
- Strong sequential EBIT-margin improvement of 50 bps in the third quarter
- Improved net income growth of +9%

cc = constant currency

## Strong performance with ongoing currency headwinds



- For the 9M 2009 a total revenue growth of +9%cc and organic growth of +8%

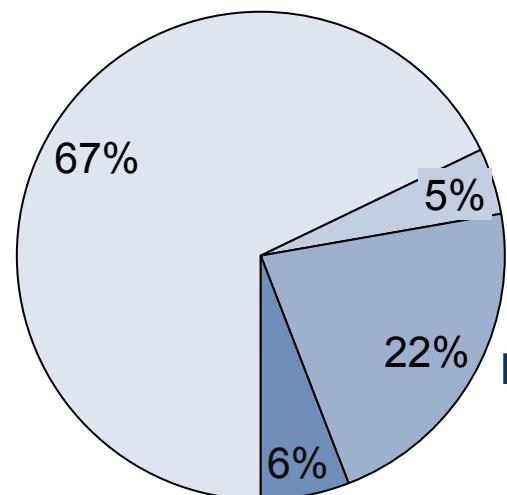
cc = constant currency



**Total revenue increased 6% to \$2,889 m (10%cc)**

## North America

Revenue \$1,950 m  
Growth 10%



**Asia-Pacific**  
Revenue \$165 m  
Growth 9% / 12%cc

## International \$939 m

- 33% of total revenue
- 7% organic growth

## Latin America

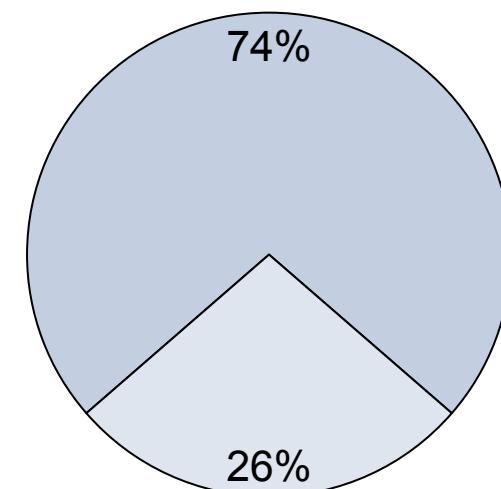
Revenue \$138 m  
Growth 1% / 14%cc

## Europe

Revenue \$636 m  
Growth -3% / 7%cc

## Dialysis Services

Revenue \$2,147 m  
Growth 8% / 10%cc



**Dialysis Products**  
Revenue \$742 m  
Growth 2% / 8%cc

cc = constant currency

## Very strong revenue growth globally

	Q3 2008	Q3 2009	Growth	cc
<b>North America</b>	1,587	<b>1,741</b>	10%	
<b>International</b>	398	<b>406</b>	2%	12%
<b>Total</b>	1,985	<b>2,147</b>	8%	10%

Treating more than 192,800 patients in ~ 2,510 clinics

cc = constant currency

## Excellent performance in all key metrics

Q3 2009

**Organic revenue growth**

Same market treatment growth

Revenue per treatment

Growth

Number of clinics

Growth

**De novos** (including managed clinics)

**Total**

+ 8%

+ 4%

**2,509**

+ 7%

**23**

**North America**

+ 8%

+ 4%

**\$ 342<sup>1)</sup>**

+ 4%

**International**

+ 9%

+ 4%

**\$ 167**

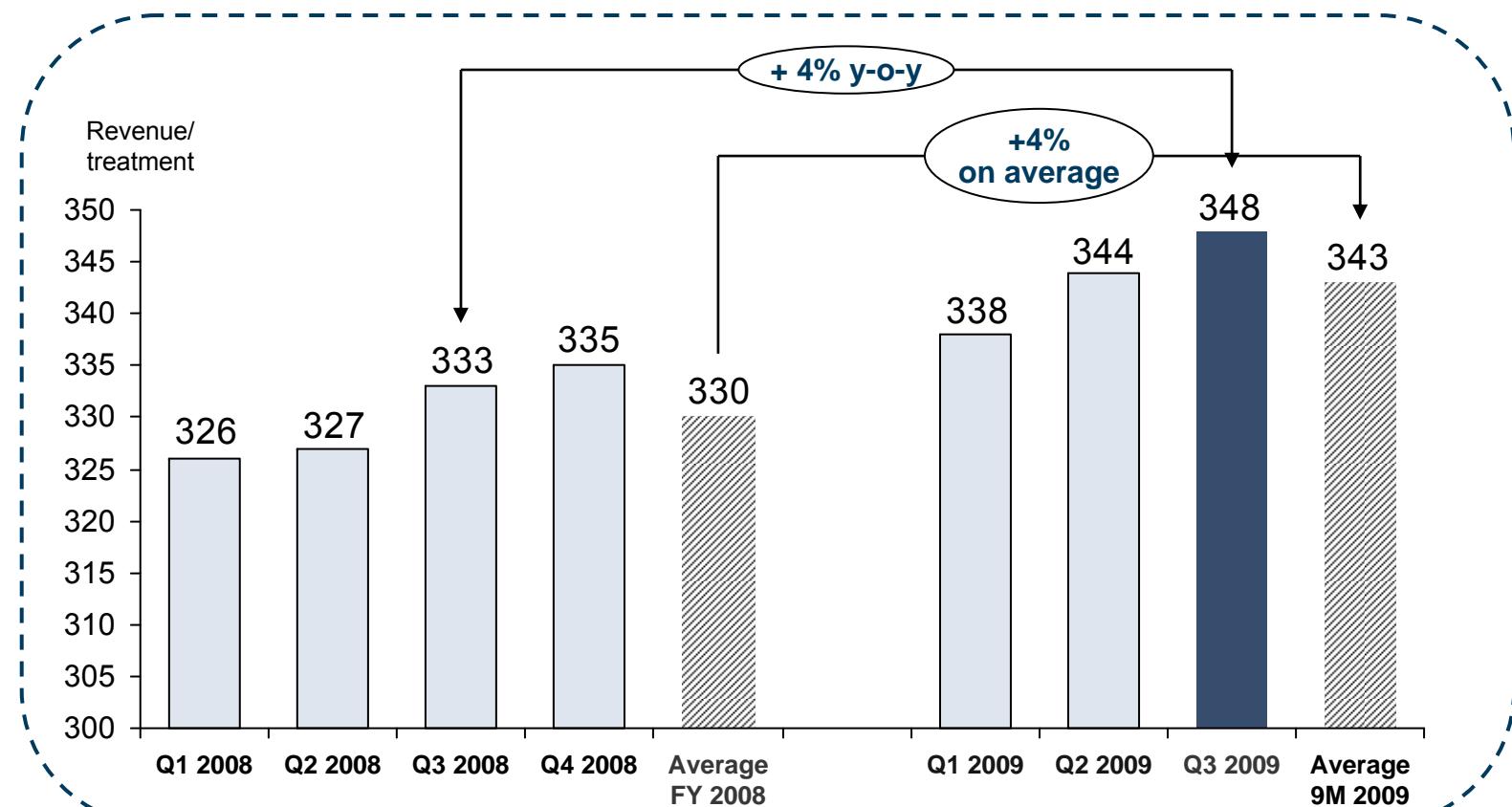
+ 3%cc

1) including Mexico

cc = constant currency

# Third Quarter 2009 – Revenue per treatment US

## Favorable reimbursement trend



## Overall strong quality performance

% of FME patients	North America		EMEA	
	Q3 2008	Q3 2009	Q3 2008	Q3 2009
Kt/V ≥ 1.2	95%	<b>96%</b>	95%	<b>95%</b>
Hemoglobin = 10-12 g/dl	58%	<b>64%</b>	51%	<b>53%</b>
Hemoglobin = 10-13 g/dl	86%	<b>87%</b>	76%	<b>74%</b>
Albumin ≥ 3.5 g/dl	81%	<b>82%</b>	85%	<b>85%</b>
Phosphate 3.5-5.5 mg/dl	53%	<b>54%</b>	60%	<b>58%</b>
Hospitalization days	10.5 *	<b>10.0 *</b>	7.6	<b>7.8</b>

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

# Third Quarter 2009 - Dialysis Products



**Strong external product growth of 8%cc**

US-\$ in millions	Q3 2008	Q3 2009	Growth	cc
<b>Total Revenue</b> (incl. Internal Revenue)	943	<b>988</b>	5%	11%
<b>External Revenue</b>	728	<b>742</b>	2%	8%
North America	184	<b>209</b>	14%	
International	544	<b>533</b>	-2%	6%

cc = constant currency

## Healthcare Reform Initiatives

- House bill introduced last week; Senate bill expected this week. Votes expected late November
- No cuts anticipated for dialysis providers
- Medicare Accountable Care Organization (ACO) and Medicare Special Needs Plans (SNP) reforms remain positive
- Specific terms of health exchanges, proposed device industry fee and public plan remain issues to be watched

## Bundling – 2011

- Comments due November 16; Final rule anticipated Q1 2010
- Current assessment:
  - Insufficient data available to duplicate the CMS analysis
  - Some areas would result in reimbursement reductions (e.g. case mix, transition adjustment)
  - Part D oral drugs are significantly underfunded as proposed
  - Proposed rule does not address coordination of secondary insurance coverage
- FME and the dialysis community are working cooperatively with CMS to address these issues

## 2. Financials and Outlook



# Third Quarter 2009 - Profit & Loss



\$ in millions	Q3 2008	Q3 2009	Growth
Net revenue	2,713	<b>2,889</b>	6% *
Operating income (EBIT)	422	<b>451</b>	7%
EBIT margin in %	15.6	15.6	
Interest expense, net	87	75	
Income before income tax	335	<b>376</b>	12%
Income Tax expense	120	<b>131</b>	
Tax rate	36%	35%	
Non controlling interest	9	20	
<b>Net income</b> attributable to FME AG & Co. KGaA	206	<b>225</b>	9%

\* 10% growth at constant currency, 8% organic growth

# Nine months 2009 - Profit & Loss



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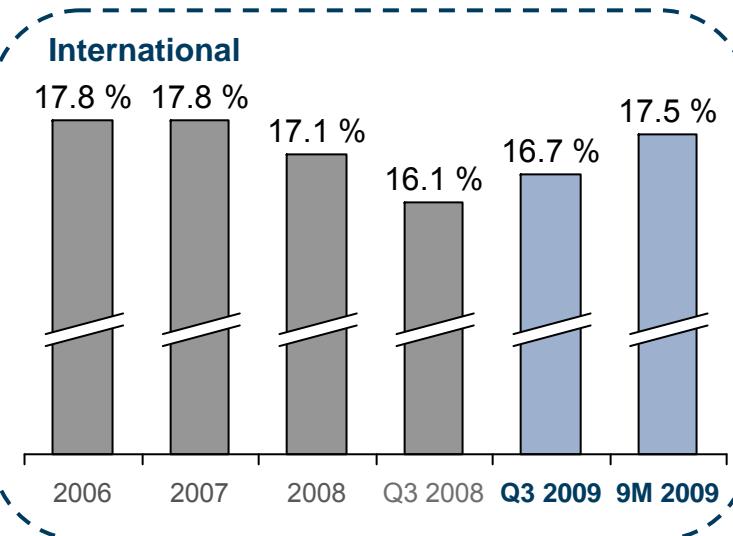
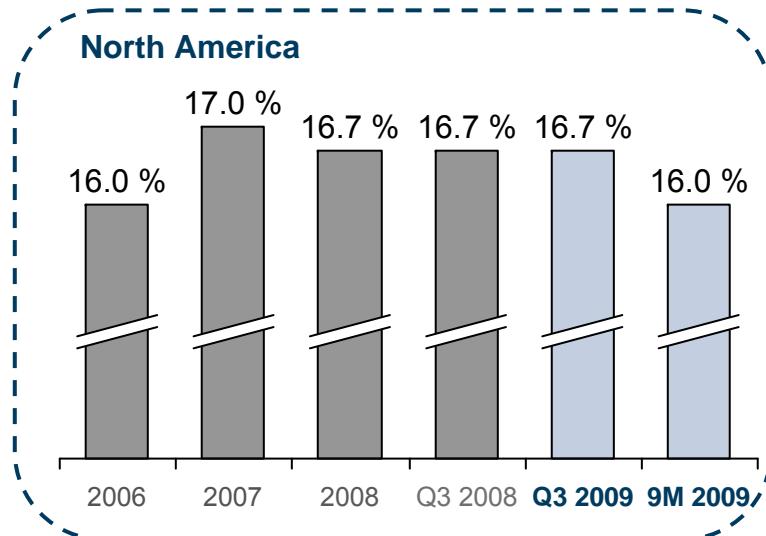
\$ in millions	9M 2008	9M 2009	Growth
Net revenue	7,890	<b>8,212</b>	4% *
Operating income (EBIT)	1,240	<b>1,265</b>	2%
EBIT margin in %	15.7	15.4	
Interest expense, net	252	225	
Income before income tax	988	<b>1,040</b>	5%
Income Tax expense	357	<b>345</b>	
Tax rate	36%	33%	
Non controlling interest	28	50	
<b>Net income</b> attributable to FME AG & Co. KGaA	603	<b>645</b>	7%

\* 9% growth at constant currency, 8% organic growth

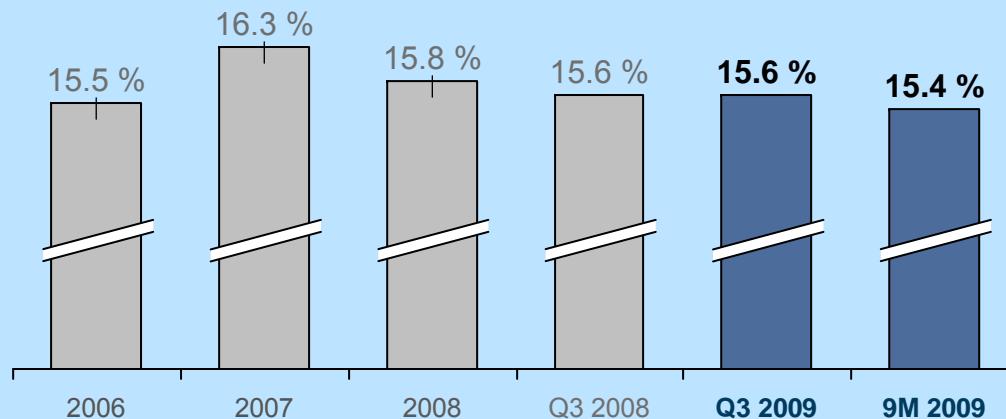
# Operating Margin Development



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## Total group

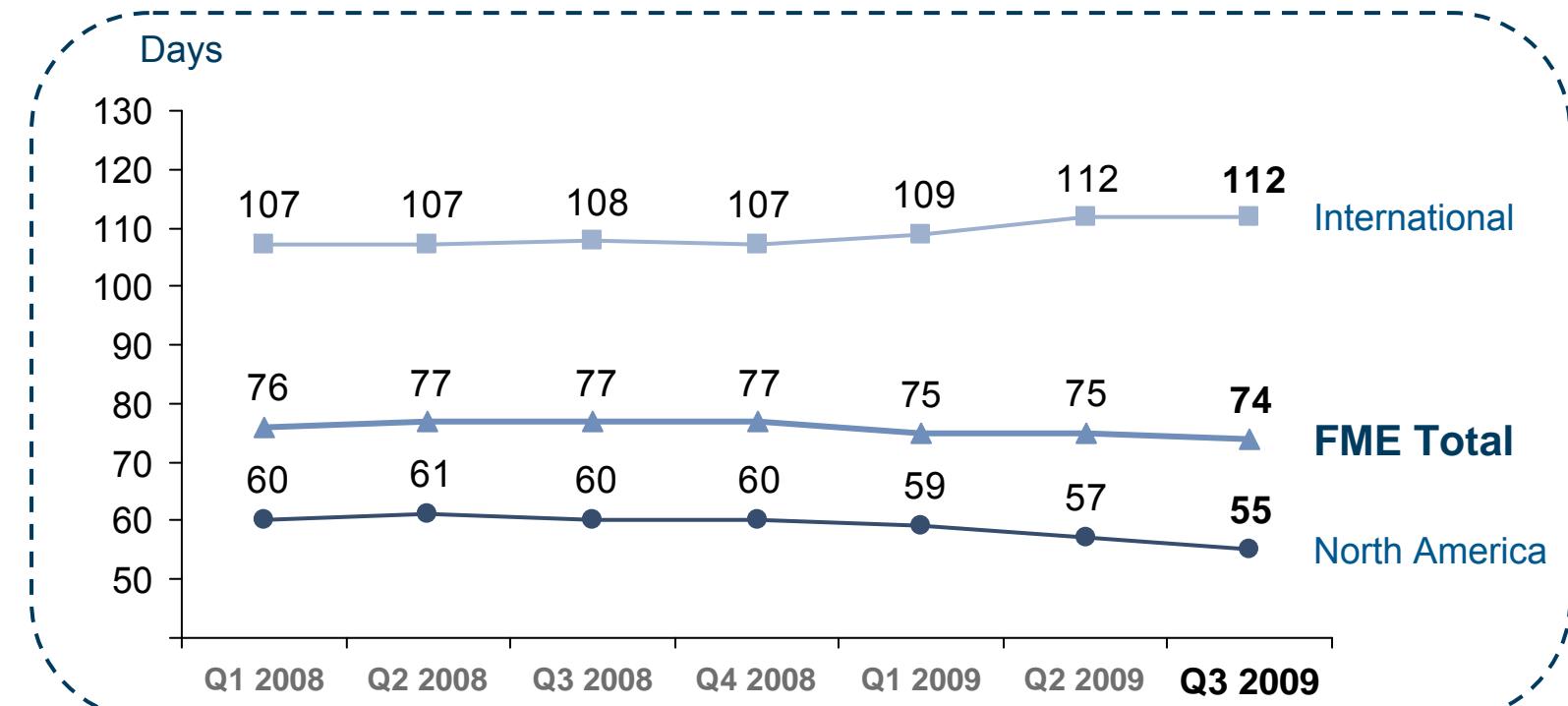


# Days Sales Outstanding (DSO)

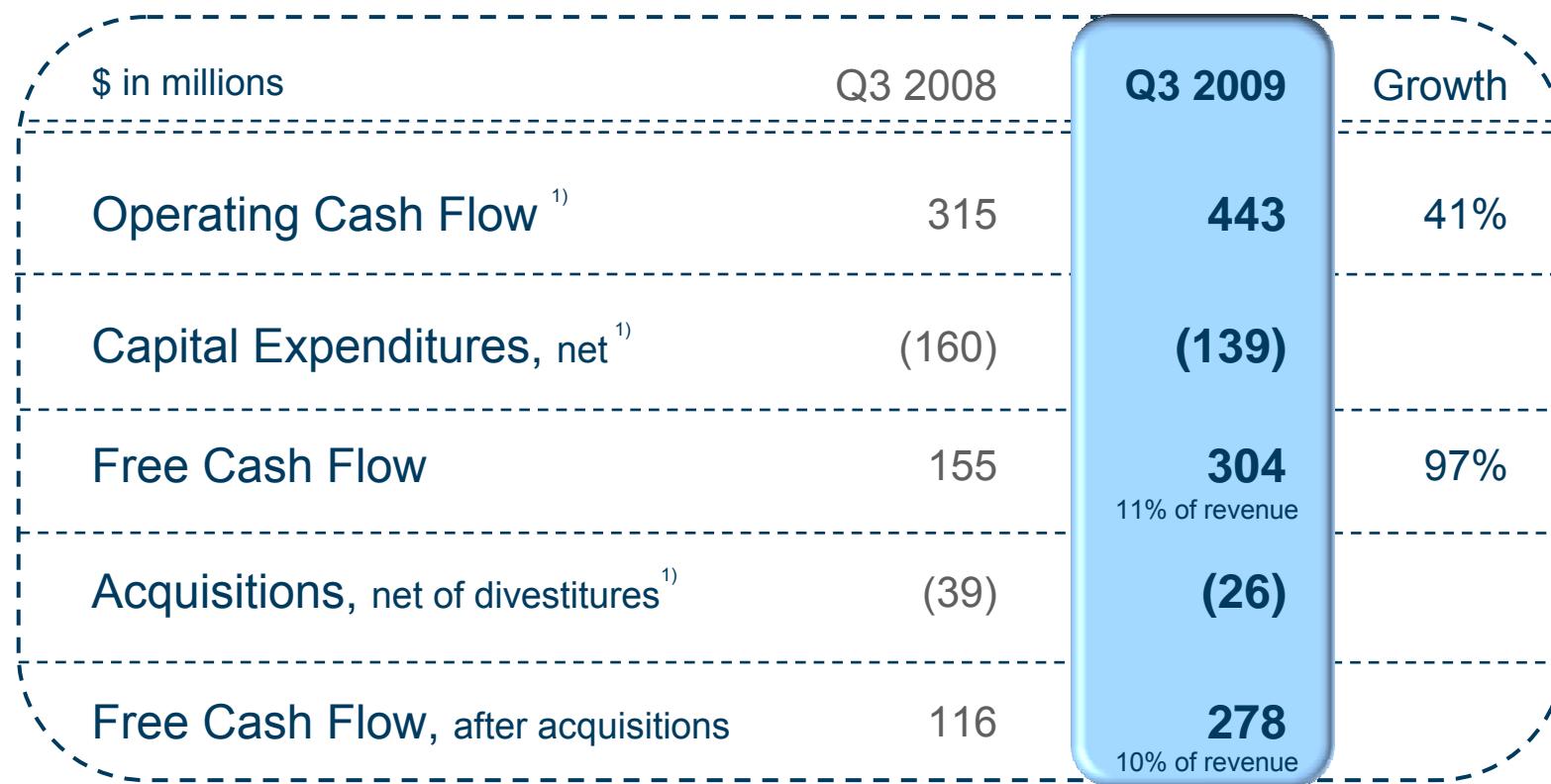


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**Excellent cash collection in North America**

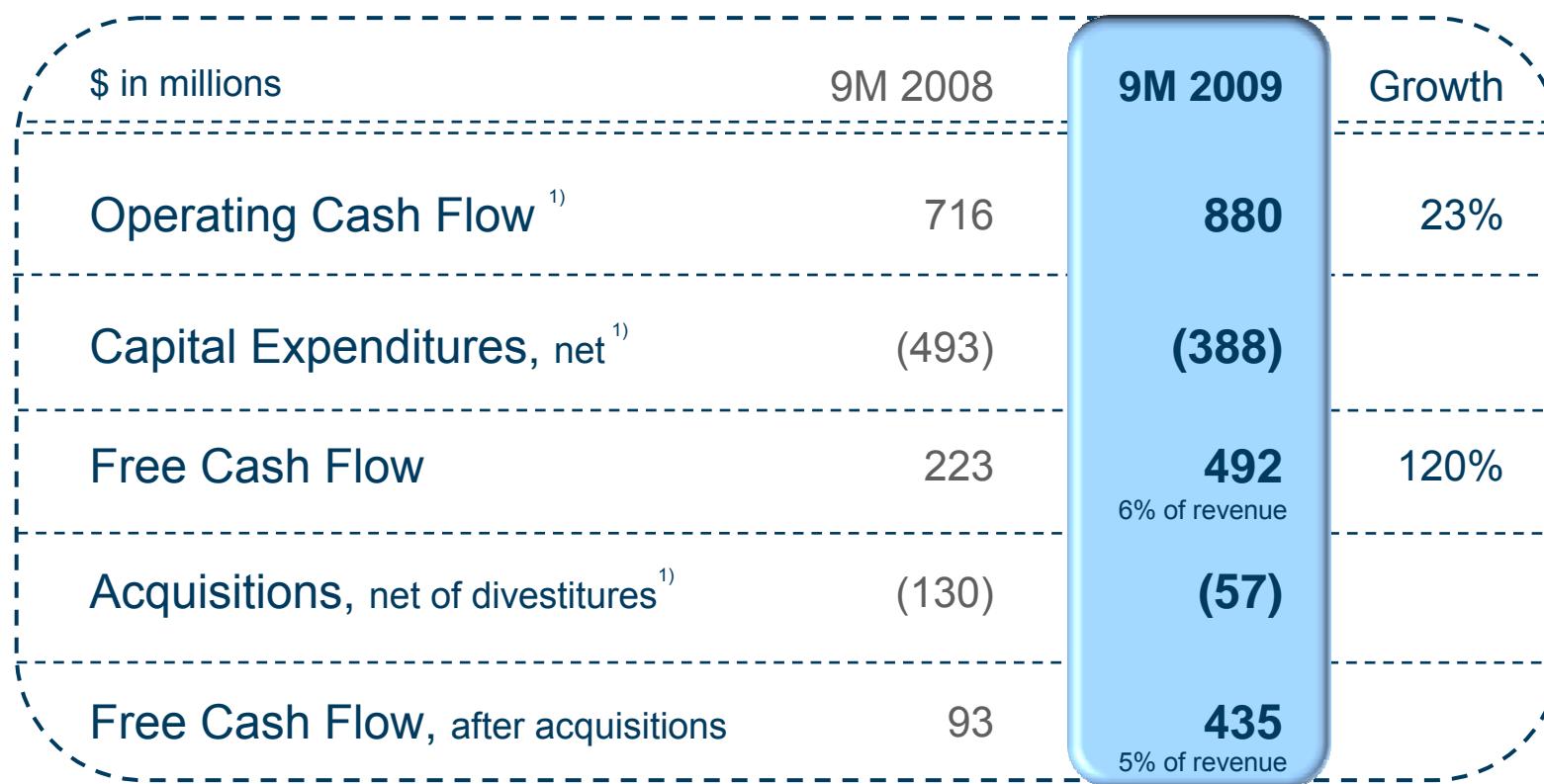


## Operating cash flow at 15% of revenue



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

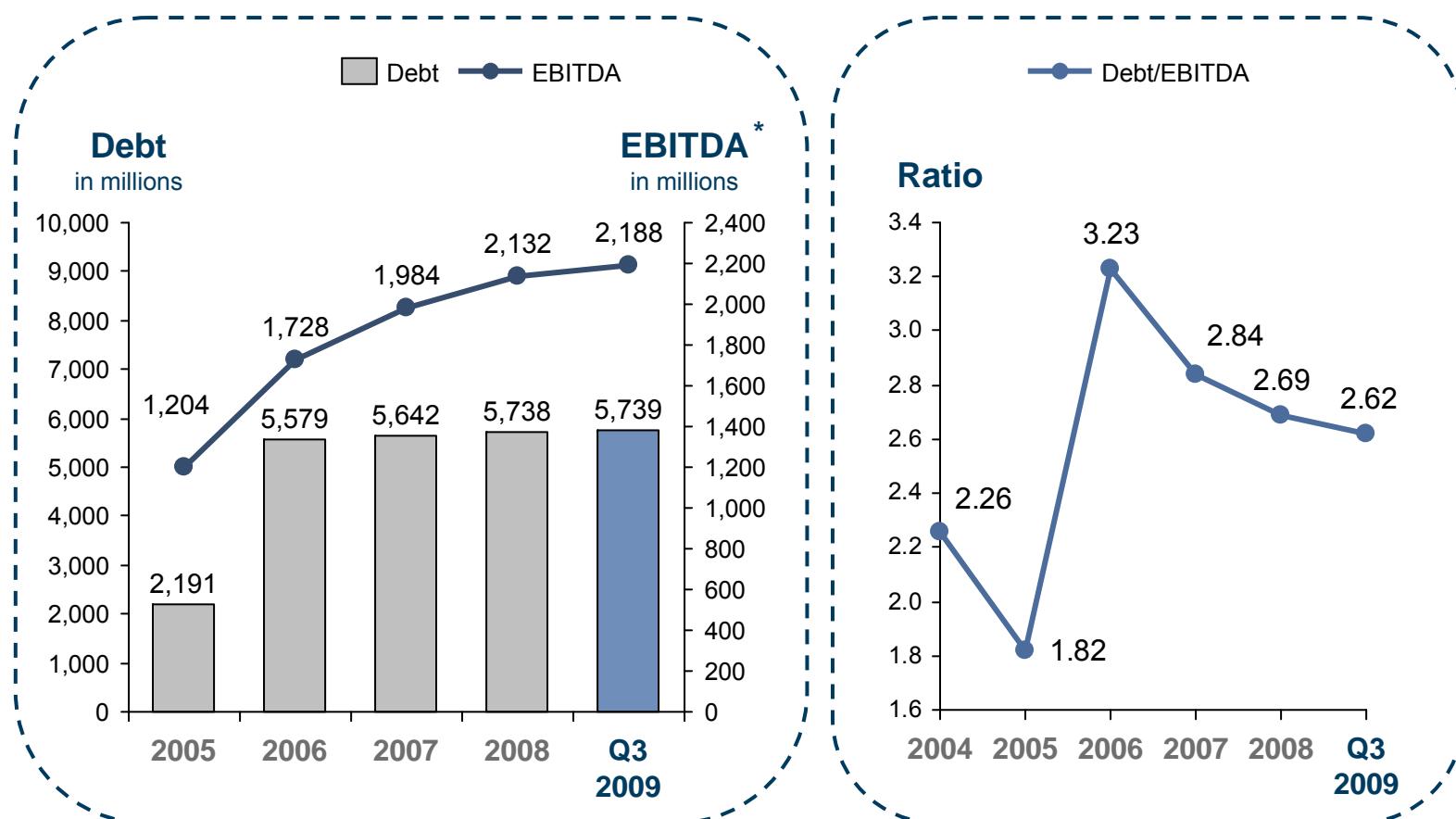
## Operating cash flow at 11% of revenue



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

# Q3 2009 - Debt and EBITDA Development

## Debt/EBITDA ratio ahead of target



\* including non-cash charges and in 2006/2007 excluding restructuring costs, in-process R&D and gain from the sale of dialysis clinics.  
A reconciliation to the most directly comparable US-GAAP financial measure is provided in the attachment.

# Fiscal Year 2009 – Outlook



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## Improved guidance for 2009

US-\$ in millions	OLD	Guidance
Net Revenues	> \$ 11,100	~ \$ 11,200
Net Income <small>attributable to FME AG &amp; Co. KGaA</small>	\$ 850 - 890	\$ 865 – 890
Leverage ratio (Debt/EBITDA)	< 2.7	< 2.7
Capital Expenditures	~ \$ 550 - 650	~ \$ 550 - 650
Acquisitions	~ \$ 200 - 300	~ \$ 200 - 250

# Third Quarter 2009 - Summary



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**Superior quality performance in both products and services**

**Continued expansion of new products and therapies worldwide**

**Strong sequential EBIT- margin improvement**

**Very strong Cash Flow development**

**Continued focus on R&D**

**Upgraded lower end of earnings guidance**

# Agenda



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## 3. Questions & Answers





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



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The World's Leading Renal Therapy Company

**Third Quarter / Nine Months 2009 Results**

Conference Call, November 3, 2009



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# Attachment I



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

All numbers are in \$ millions

Debt	Q3 2009	FY 2008	FY 2007	FY 2006	FY 2005
<b>Short term borrowings (incl. A/R program)</b>	<b>312</b>	<b>684</b>	<b>217</b>	<b>331</b>	<b>151</b>
+ Short term borrowings from related parties	43	1	2	5	19
+ Current portion of long-term debt and capital lease obligations	160	455	85	160	126
+ Current portion of Trust Preferred Securities		0	670		
+ Long-term debt and capital lease obligations, less current portion	4,561	3,957	4,004	3,829	707
+ Trust Preferred Securities (net of current portion)	663	641	664	1,254	1,188
<b>= Total debt</b>	<b>5,739</b>	<b>5,738</b>	<b>5,642</b>	<b>5,579</b>	<b>2,191</b>

EBITDA	Q3 2009	Q3 2008	FY 2008	FY 2007 <sup>1)</sup>	FY 2006 (pro forma)	FY 2005
<b>Last twelve months operating income (EBIT)</b>	<b>1,697</b>	<b>1,668</b>	<b>1,672</b>	<b>1,580</b>	<b>1,367</b>	<b>939</b>
+ Last twelve months depreciation and amortization	443	410	416	363	326	251
+ Non-cash charges	48	44	44	41	35	14
<b>= EBITDA (annualized)</b>	<b>2,188</b>	<b>2,122</b>	<b>2,132</b>	<b>1,984</b>	<b>1,728</b>	<b>1,204</b>

1) Excluding restructuring costs and in-process R&D

# Attachment II



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

All numbers are in \$ millions

	Q3 2009	Q3 2008	growth	cc
<b>External Revenue</b>				
<b>International product revenue</b>	<b>613</b>	<b>622</b>	<b>- 2%</b>	<b>+ 7%</b>
- Internal revenue	(80)	(78)		
<b>External revenue</b>	<b>533</b>	<b>544</b>	<b>- 2%</b>	<b>+ 6%</b>
<b>North America product revenue</b>	<b>378</b>	<b>321</b>	<b>+ 17%</b>	
- Internal revenue	(167)	(137)		
<b>External revenue</b>	<b>209</b>	<b>184</b>	<b>+ 14%</b>	
<b>TOTAL product revenue</b>	<b>988</b>	<b>943</b>	<b>+ 5%</b>	<b>+ 11%</b>
- Internal revenue	(246)	(215)		
<b>External revenue</b>	<b>742</b>	<b>728</b>	<b>+ 2%</b>	<b>+ 8%</b>
<b>Capital expenditure (net)</b>	<b>9M 2009</b>	<b>9M 2008</b>	<b>Q3 2009</b>	<b>Q3 2008</b>
Purchase of property, plant and equipment	(398)	(502)	(145)	(160)
- Proceeds from sale of property, plant and equipment	10	9	6	(0)
<b>= Capital expenditure (net)</b>	<b>(388)</b>	<b>(493)</b>	<b>(139)</b>	<b>(160)</b>
<b>Cash Flow</b>	<b>9M 2009</b>	<b>9M 2008</b>	<b>Q3 2009</b>	<b>Q3 2008</b>
Acquisitions and Investment and net purchases of intangible assets	(109)	(176)	(27)	(44)
Proceeds from divestitures	52	46	1	5
<b>Acquisitions, net of divestitures</b>	<b>(57)</b>	<b>(130)</b>	<b>(26)</b>	<b>(39)</b>

cc = constant currency

# Dialysis Services - Global



9M 2009	Clinic	Patients	Treatments (in million)
Total	2,509	192,804	21.8
Growth	+ 7%	+ 6%	+ 6%
North America	1,749	130,522	14.8
Growth	+ 5%	+ 4%	+ 4%
International	760	62,282	7.1
Growth	+ 11%	+ 10%	+ 10%
Europe	427	31,431	3.6
Latin America	193	20,834	2.4
Asia-Pacific	140	10,017	1.1

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# Reminder ...

## Q4 and Full Year Results 2009 – February 23, 2010

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