

# Cheuvreux

## German Corporate Conference

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Frankfurt, January 16, 2012



**FRESENIUS  
MEDICAL CARE**

# AGENDA

- ▶ 1 BUSINESS UPDATE
- ▶ 2 GROWTH STRATEGY

# 1

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## BUSINESS UPDATE

Q3 2011

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# Q3 | Overview

## Strong operating performance

- ▶ Excellent International revenue growth of +13% cc
- ▶ International EBIT-margin up +150 bps and North America up +20 bps (y-o-y)
- ▶ Earnings after tax increased +13% in Q3

\$ in m	Q3 2010	Q3 2011	Growth in %
Net revenue	3,058	<b>3,242</b>	6
Net income attributable to FMC AG & Co. KGaA	248	<b>279</b>	13
Earnings per share	0.82	<b>0.92</b>	12

# Q3 | Revenue split by region

Total revenue improved 6% to \$ 3,242 m\*

► **North America**

Revenue      \$ 2,050 m - 1%

► **International** ~ 37% of total revenue

Revenue      \$ 1,187 m +13% cc

EMEA      \$ 757 m +12% cc

Asia-Pacific      \$ 248 m +10% cc

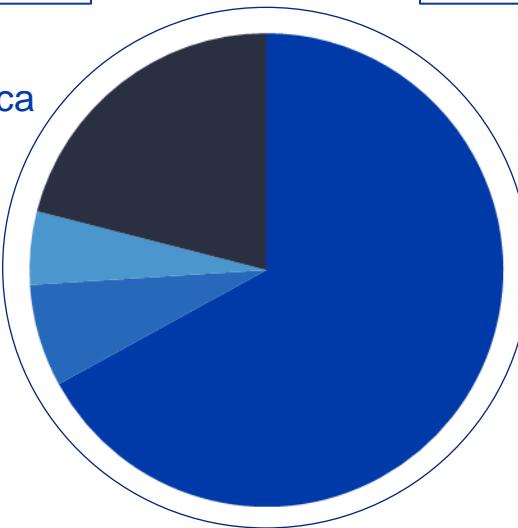
Latin America      \$ 182 m +20% cc

► 23% Europe | Middle East | Africa (EMEA)

► 6% Latin America

► 8% Asia-Pacific

► 63% North America



\* incl. Corporate of \$ 5 m

cc = constant currency

# Q3 | Dialysis Services

## Strong same market treatment growth

- ▶ Excellent organic revenue growth of 8% in International
- ▶ Continued strong same market treatment growth of 4% globally
- ▶ North America on target with the „bundle“ implementation in the clinics

\$ in m	Q3 2010	Q3 2011	Growth in %	Growth in % cc	Same market treatment growth in %
North America	1,863	1,846	(1)	(1)	3
International	458	579	26	20	6
► Total	2,321	2,425	4	3	4

cc = constant currency

# Q3 | Dialysis Services | Quality outcomes

Excellent global quality improvement programs

	U. S.	EMEA	Asia-Pacific			
% of patients	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011
Kt/V $\geq$ 1.2	96	97	95	96	96	97
No catheter (all patients)	75	78	82	81	97	94
No catheter (>90 days)	n/a	81	85	85	97	94
Hemoglobin = 10 – 12 g/dl	69	77	54	56	60	61
Albumin $\geq$ 3.5 g/dl*	82	84	88	87	89	88
Phosphate $\leq$ 5.5 mg/dl	63	64	77	76	71	71
Calcium 8.4 – 10.2 mg/dl	80	80	79	79	75	76
Hospitalization days, per patient	9.8	9.8	9.4	9.2	5.0	5.0

\* In the U.S. the albumin results are calculated with the BCG-method (bromcresol green)

# Q3 | Dialysis Products

Global total product growth of 7% cc (incl. internal)

- ▶ Total product growth
  - ▶ North America +3%
  - ▶ International +9% cc
- ▶ External product growth
  - ▶ North America (2%) influenced by pharma pricing but sequential improvement
  - ▶ International +7% cc

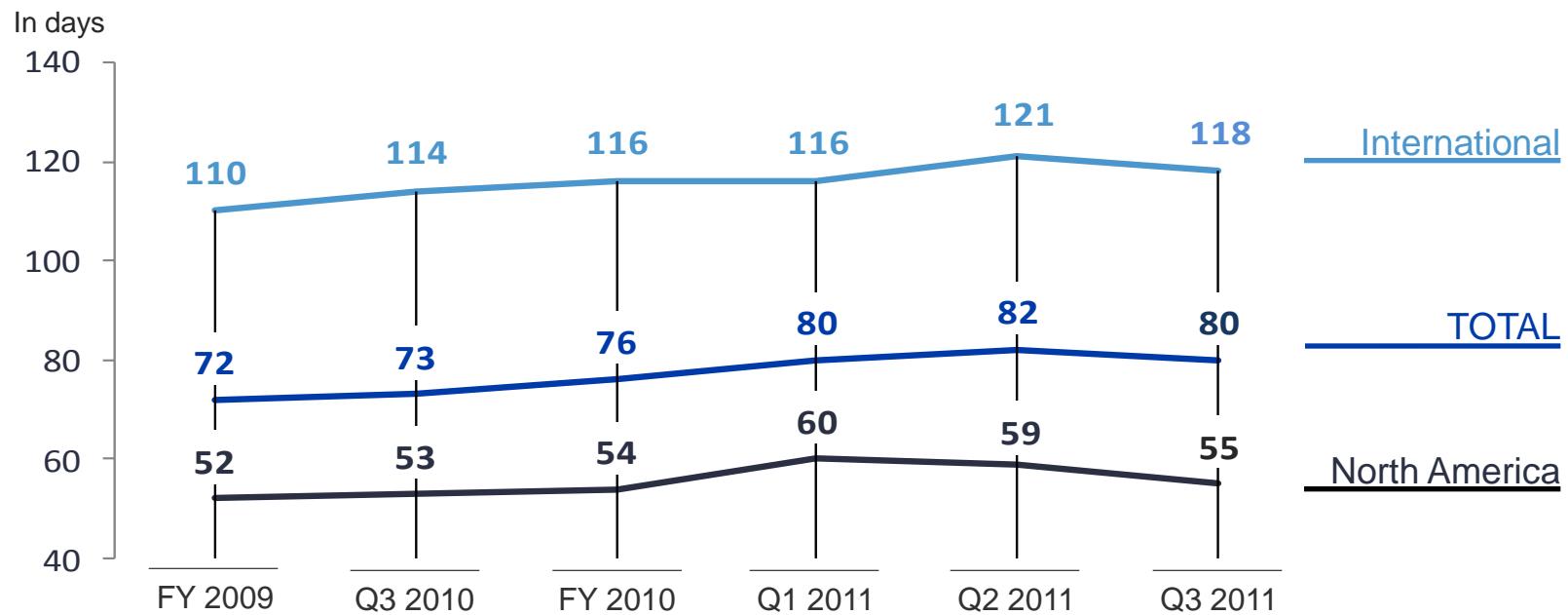
\$ in m	Q3 2010	Q3 2011	Growth in %	Growth in % cc
Total product revenue (incl. internal)	1,007	1,129	12	7
External revenue	737	817	11	5
North America	208	204	(2)	(2)
International	529	608	15	7

cc = constant currency

# Q3 | Day Sales Outstanding (DSO)

## DSO levels improved globally

- ▶ International DSO decreased sequentially by 3 days despite the economic pressure in some countries
- ▶ North America DSO down sequentially by 4 days



## Q3 | Cash Flow

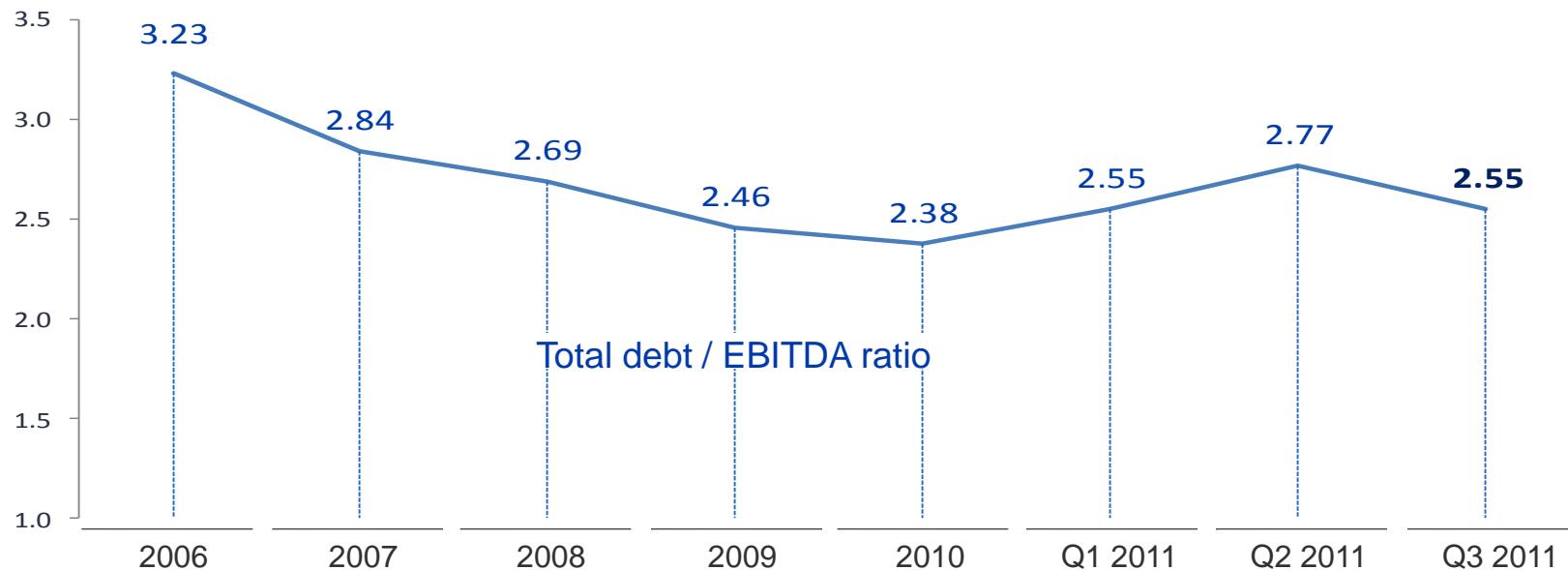
\$ in m	Q3 2010	Q3 2011	Growth in %	
Operating cash flow	384	463	21	Favorable DSO development globally and increased earnings
% of revenue	13	14		
Capital expenditures, net*	(121)	(150)		
Free cash flow	263	313	19	
Acquisitions and investments, net of divestitures*	(87)	(49)		
Free cash flow after acquisitions and investments	176	264	50	

\* A reconciliation to the most directly comparable U.S. GAAP financial measures is provided in the attachments

# Q3 | Total Debt/EBITDA

## Ratio decreased

- ▶ FY 2011 target of < 3.0
- ▶ Total debt of \$ 6,711 m and annualized EBITDA of \$ 2,628 m



A reconciliation to the most directly comparable U.S. GAAP financial measures is provided in the attachments

# Acquisition Update

## American Access

- ▶ Acquisition closed on October 1<sup>st</sup> 2011
- ▶ Adding ~\$175 m in revenue and expected to be accretive to earnings in the first year after closing

## Vifor JV

- ▶ Closed on November 1<sup>st</sup> 2011

## Liberty/RAI

- ▶ On target to close in Q1 2012
- ▶ Would add ~\$1 bn in revenue (before FTC review) and expected to be accretive to earnings in the first year after closing

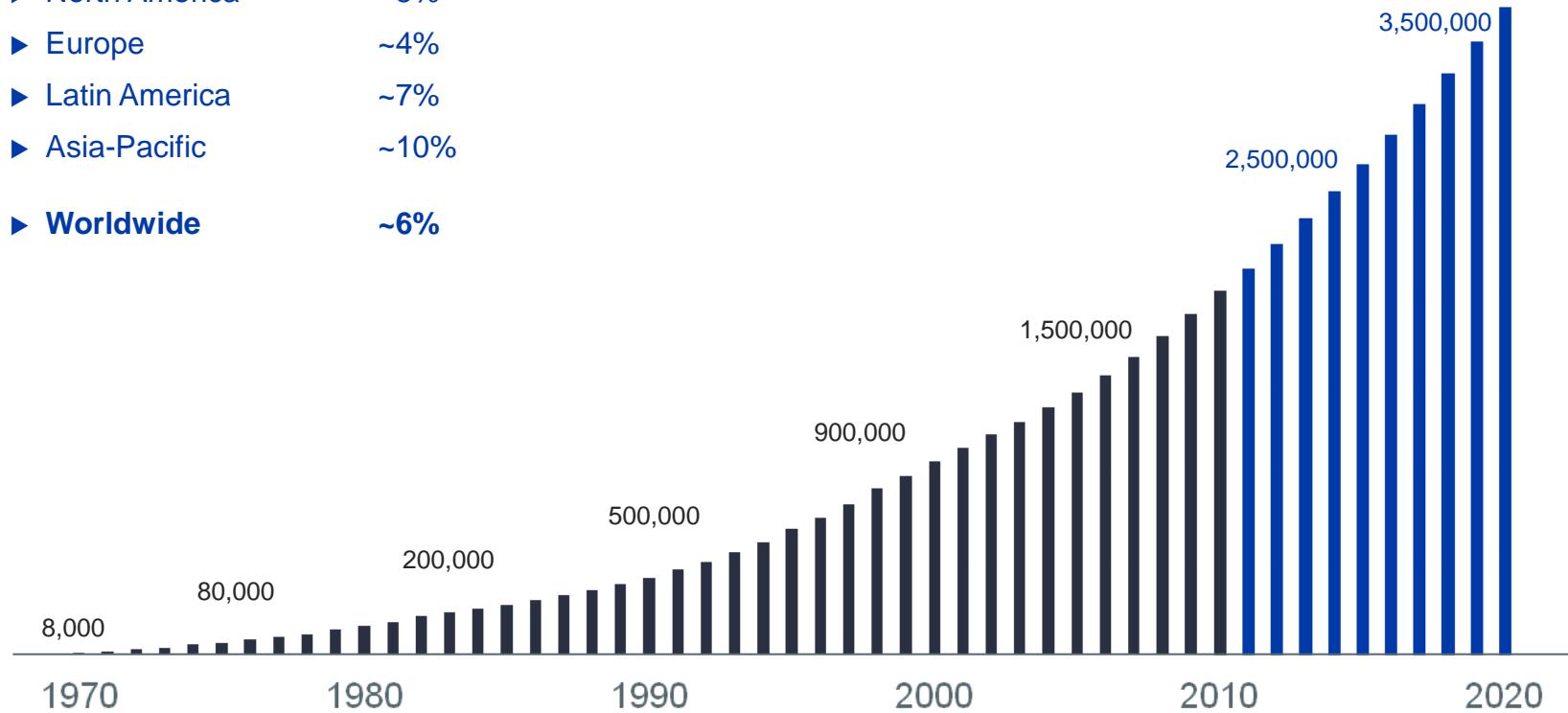
# 2

## GROWTH STRATEGY

# Development of Dialysis Patient Population

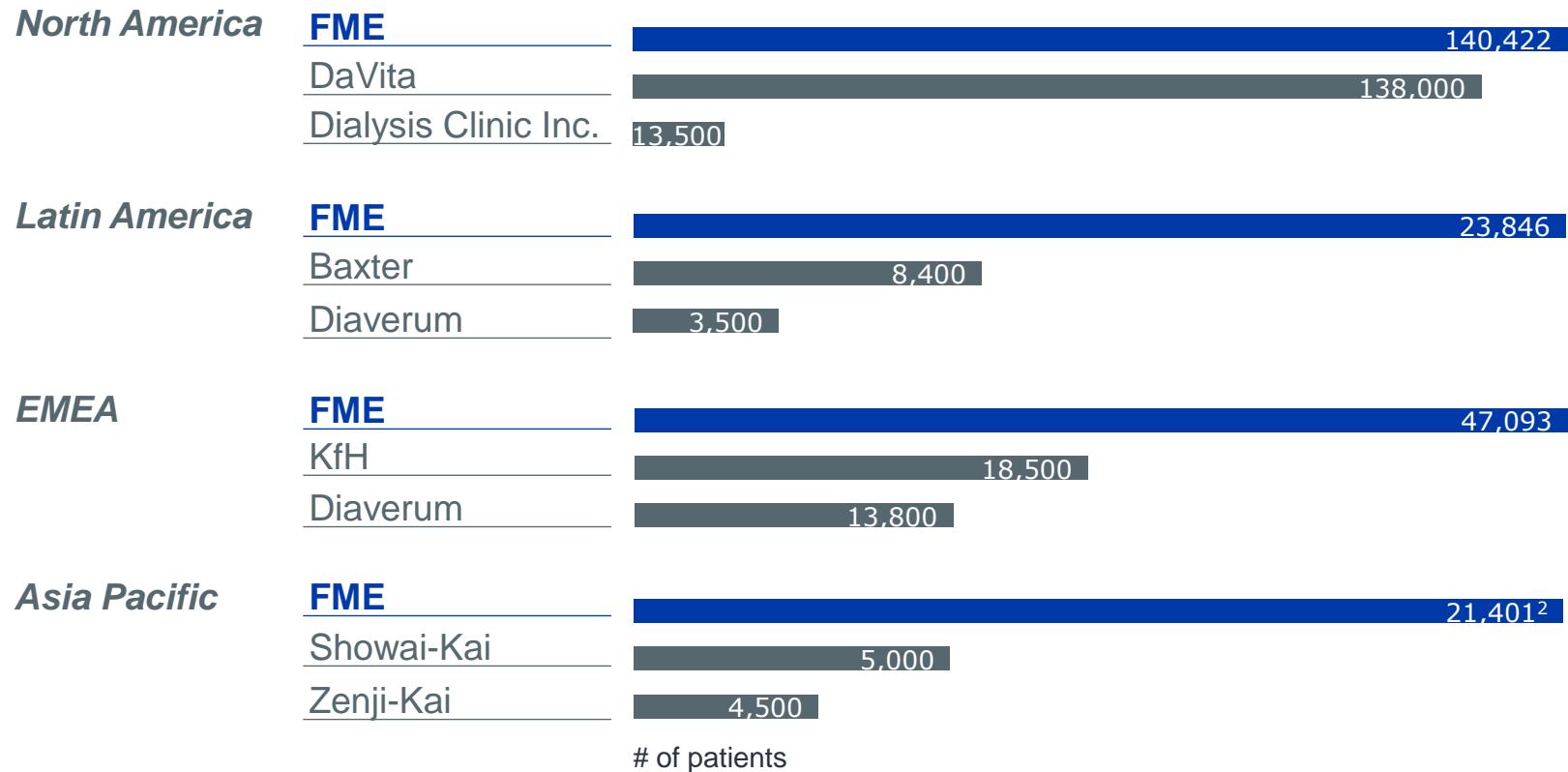
2020: Estimates suggest an increase to nearly 4 million dialysis patients

- ▶ North America      ~5%
- ▶ Europe              ~4%
- ▶ Latin America      ~7%
- ▶ Asia-Pacific        ~10%
- ▶ Worldwide           ~6%



# World Leader in Dialysis Services<sup>1</sup>

We lead in every major market, treating more than 228,239 patients worldwide



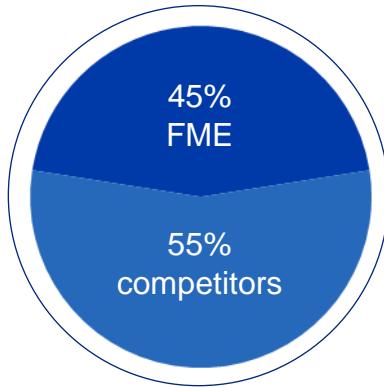
<sup>1</sup> Based on company statements and estimates

<sup>2</sup> Patients including managed clinics

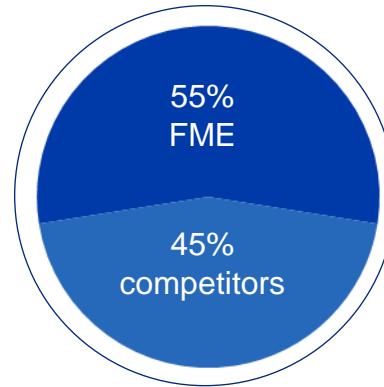
# Market position by major product groups 2010

	Rank 1	Rank 2
Dialyzers	FME	Gambro
Dialysis machines	FME	Gambro
Hemodialysis concentrates	FME	Fuso
Bloodlines	FME	Gambro
Peritoneal dialysis products	Baxter	FME

Dialyzers



Dialysis machines



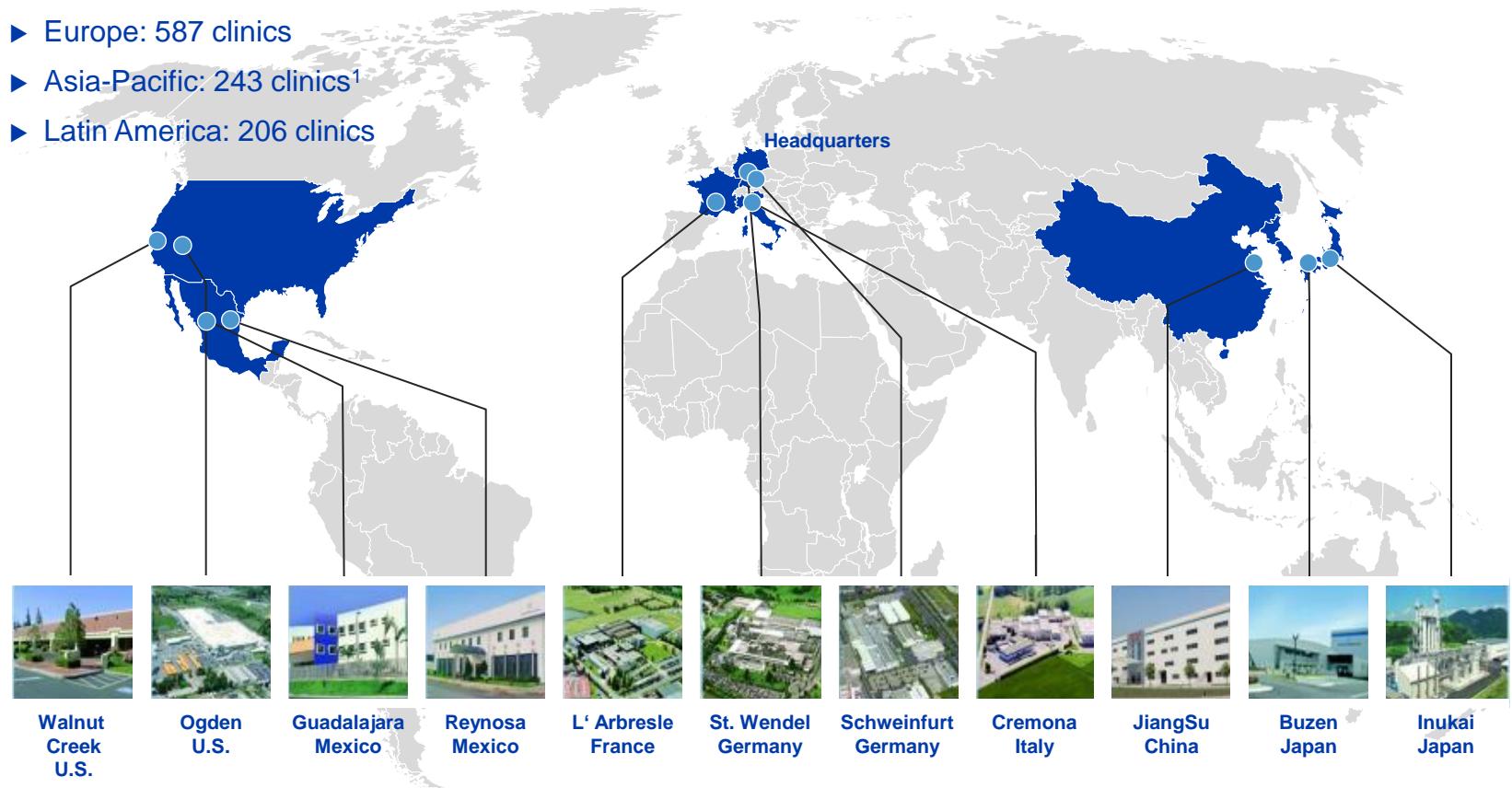
Produced more than 92,000,000 dialyzers in 2010

# Major Production Sites

## Dialysis clinics

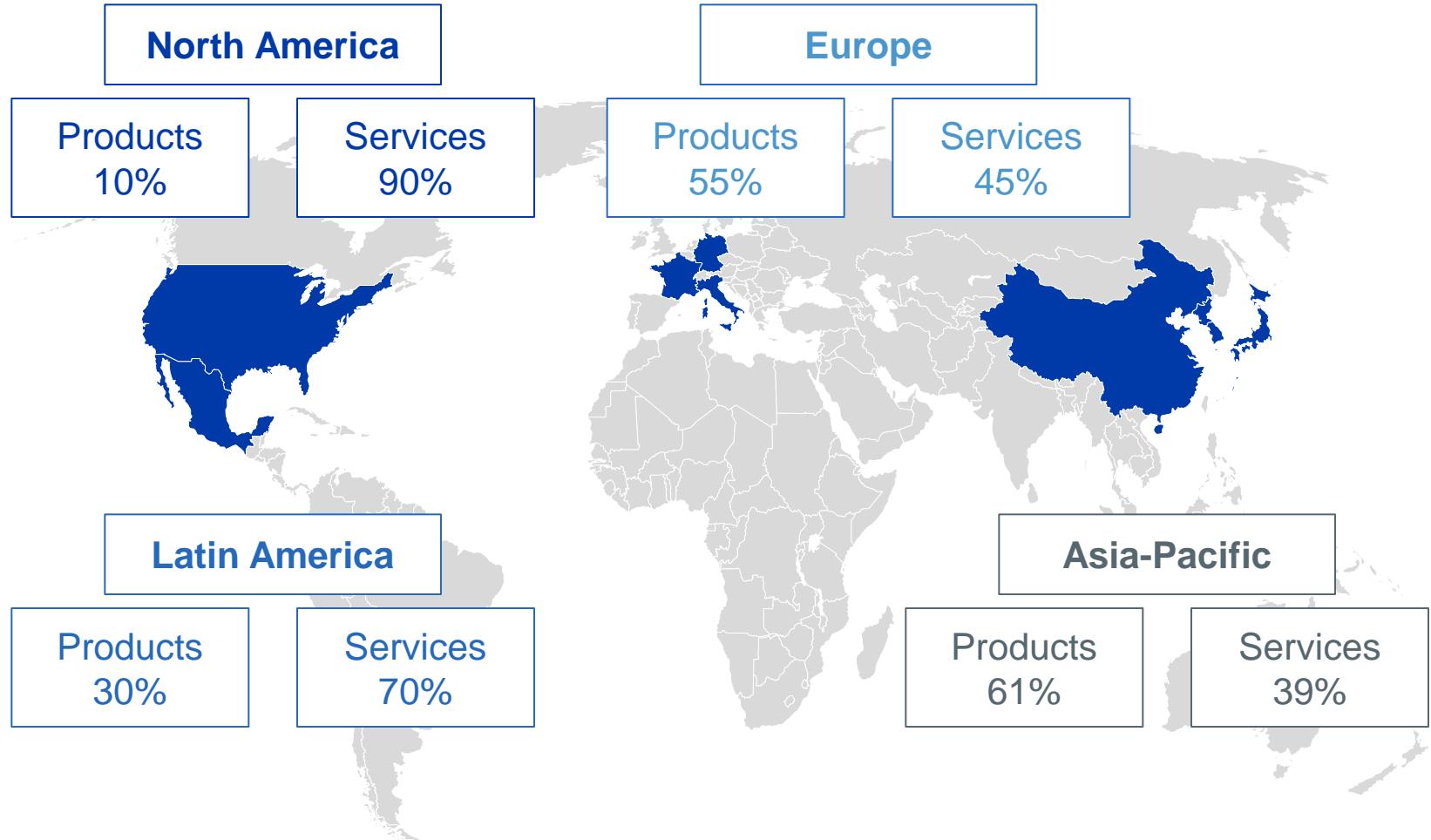
- ▶ North America: 1,826 clinics
- ▶ Europe: 587 clinics
- ▶ Asia-Pacific: 243 clinics<sup>1</sup>
- ▶ Latin America: 206 clinics

## Major Production Sites



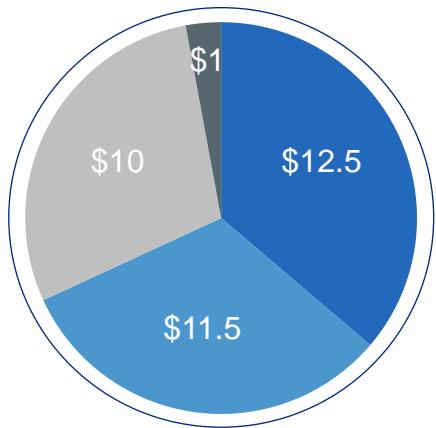
<sup>1</sup> Clinics including managed clinics

# FME's Products & Services by Region

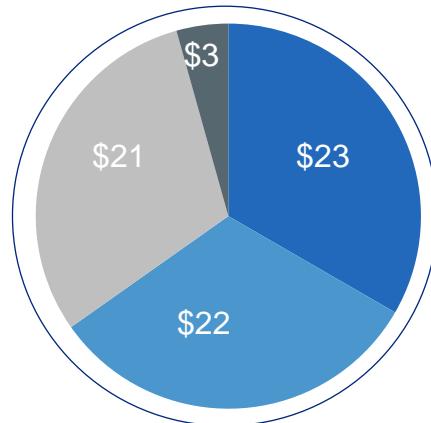


# Market Opportunity by Region

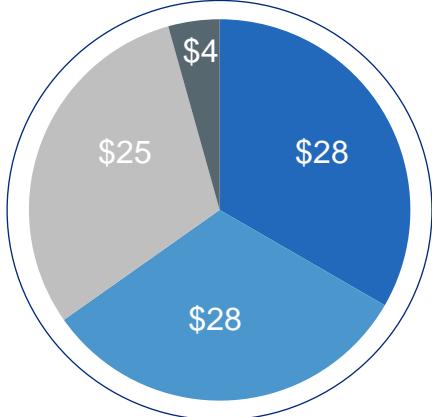
**2000**  
\$ 35 BN Market



**2010**  
\$ 69 BN Market



**2015**  
\$ 85 BN Market

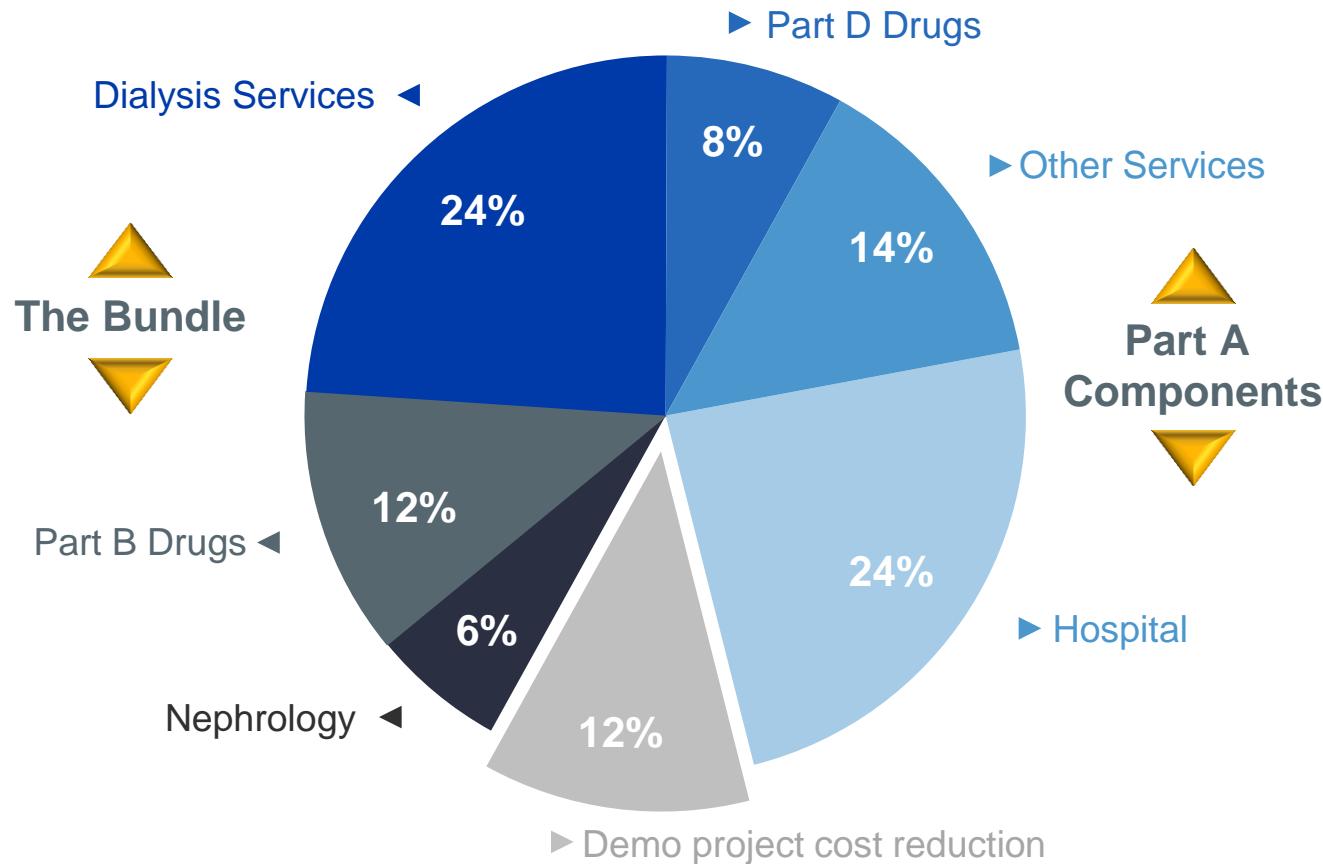


- North America
- Asia-Pacific
- Europe, Middle East and Africa
- Latin America

Data in \$ BN

# Global Strategy: Integrated Care Model

## ESRD Demonstration Project / FME Cost Model



# FMC Demo Clinical Interventions



## Treatment Options Education

### KidneyTel® Home Health Monitoring Device

- Weight
- Glucose
- Blood Pressure

### Customizable Care Pathways and Patient Education

### Oral Nutritional Supplements

### Foot Checks and Peripheral Vascular Disease Management

### Vaccinations

# FMC Demo Is a Proven Model of Success

## Significant Savings and Improved Health Outcomes

	FMC Demo	Medicare FFS (Case Mix Adjusted)	% FMC Improvement
Adjusted 1-year Mortality	<b>9.3%</b>	<b>14.6%</b>	<b>36%</b>
Adjusted 2-year Mortality	<b>19.9%</b>	<b>26.1%</b>	<b>24%</b>
Patients Hospitalized – All Causes 2 year	<b>60.5%</b>	<b>76.1%</b>	<b>20%</b>
Patients Hospitalized – CVD 2 year	<b>59.7%</b>	<b>75.2%</b>	<b>21%</b>

All results were adjusted for demographics and co-morbidities

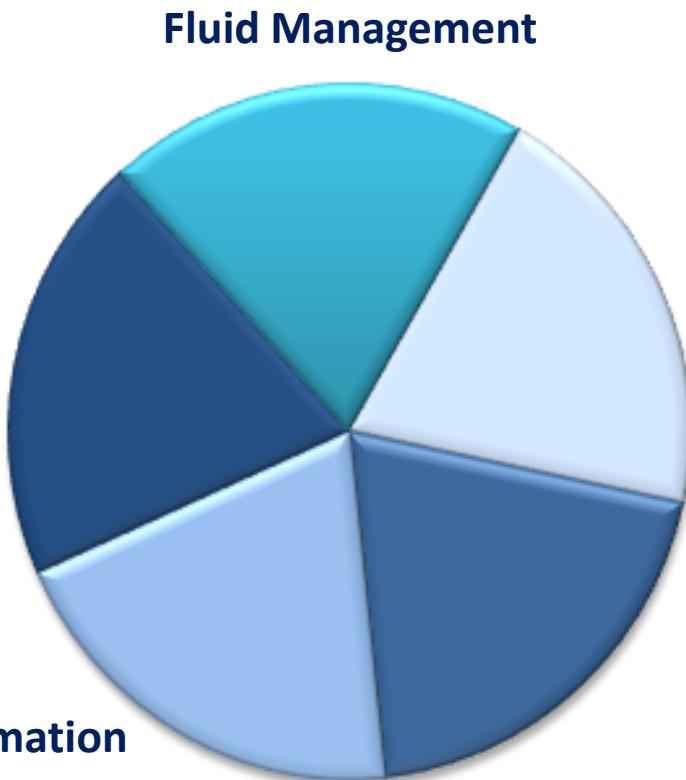
Source: Arbor Research : ESRD Demonstration Disease Management Demonstration Evaluation from 2006-2008, the First Three Years of a Five-Year Demonstration, December 8, 2010.

# Additional Opportunities to Improve Dialysis Outcomes

**Bone Mineral  
Metabolism  
Management**

**Nutrition & Inflammation  
Management**

- Reduction of Catheters
- Pharmacology Modulation of Inflammation



**Anemia Management**

**New Dialysis  
Therapies**

- Online Hemodiafiltration
- Nocturnal Clinic Dialysis
- More Frequent Dialysis

# Clinic Centric – Renal Services Center

HD

Home Hemo

- Dialysis 3X / Week



Dialysis Clinic

3X / Week + Nocturnal



PD

- CAPD
- APD
- Wearable Kidney



Assisted Self Care Dialysis

3 – 5 X / Week

Just like Home



Portable Artificial Kidney (PAK)

# FMC's Global Initiatives

- **Optimize Reimbursement Structure for Patients, Payors, Physicians and Providers**
- **Optimize Site of Care for Dialysis Patients**
- **Develop Cost Effective Quality Improvements to solve unmet Medical needs for Dialysis Patients**

CREATING A FUTURE WORTH LIVING.  
FOR PEOPLE. WORLDWIDE.  
EVERY DAY.

Thank you very much for your attention!

## ATTACHMENTS

# Attachment 1

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

All numbers are in \$ m

External revenue Q3 (excl. \$5 m Corporate)	Q3 2010	Q3 2011	Growth in %	Growth in % cc
International product revenue	616	723	17	9
- Internal revenue	(87)	(115)		
= International external revenue	529	608	15	7
North America product revenue	390	401	3	3
- Internal revenue	(182)	(197)		
= North America external revenue	208	204	(2)	(2)
<b>Total</b> product revenue	<b>1,007</b>	<b>1,129</b>	<b>12</b>	<b>7</b>
- Internal revenue	(270)	(312)		
<b>► Total external revenue</b>	<b>737</b>	<b>817</b>	<b>11</b>	<b>5</b>
Capital expenditure, net	Q3 2010	Q3 2011		
Purchase of property, plant and equipment	(123)	(158)		
- Proceeds from sale of property, plant and equipment	2	8		
= Capital expenditure, net	(121)	(150)		

## Attachment 2

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

All numbers are in \$ m

External revenue 9M (excl. \$13 m Corporate)	9M 2010	9M 2011	Growth in %	Growth in % cc
International product revenue	1,801	2,095	16	9
- Internal revenue	(248)	(306)		
= International external revenue	1,553	1,789	15	8
North America product revenue	1,146	1,173	2	2
- Internal revenue	(529)	(574)		
= North America external revenue	617	599	(3)	(3)
<b>Total</b> product revenue	<b>2,947</b>	<b>3,281</b>	<b>11</b>	<b>7</b>
- Internal revenue	(777)	(880)		
<b>► Total external revenue</b>	<b>2,170</b>	<b>2,401</b>	<b>11</b>	<b>5</b>
Capital expenditure, net	9M 2010	9M 2011		
Purchase of property, plant and equipment	(350)	(397)		
- Proceeds from sale of property, plant and equipment	11	17		
= Capital expenditure, net	(339)	(380)		

# Attachment 3

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

All numbers are in \$ m

<b>Cash Flow</b>	<b>9M 2010</b>	<b>9M 2011</b>	<b>Q3 2010</b>	<b>Q3 2011</b>
Acquisitions, investments and net purchases of intangible assets	(378)	(1,171)	(88)	(49)
+ Proceeds from divestitures	8	-	1	-
= Acquisitions and investments, net of divestitures	(370)	(1,171)	(87)	(49)

<b>Patients, treatments, clinics – Q3 2011</b>	<b>Clinics</b>	<b>Patients</b>	<b>Treatments in million</b>
North America	1,826	140,422	16.11
Growth in %	2	3	4
International	1,036	87,817	9.35
Growth in %	14	18	18
Europe	587	47,093	4.76
Latin America	206	23,846	2.72
Asia-Pacific	243	16,878	1.87
<b>► TOTAL</b>	<b>2,874</b>	<b>228,239</b>	<b>25.46</b>
Growth in %	6	9	9

# Attachment 4

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

All numbers are in \$ m

<b>Debt</b>	<b>Q3 2011</b>	<b>FY2010</b>	<b>FY 2009</b>	<b>FY 2008</b>	<b>FY 2007</b>	<b>FY 2006</b>
Short term borrowings (incl. A/R program <sup>1</sup> )	161	671	316	684	217	331
+ Short term borrowing from related parties	89	10	10	1	2	5
+ Current portion of long-term debt and capital lease obligations	974	264	158	455	85	160
+ Current portion of trust preferred securities	-	625	-	-	670	-
+ Long-term debt and capital lease obligations less current portion	5,487	4,310	4,428	3,957	4,004	3,829
+ Trust preferred securities less current portion	-	-	656	641	664	1,254
► <b>TOTAL debt</b>	<b>6,711</b>	<b>5,880</b>	<b>5,568</b>	<b>5,738</b>	<b>5,642</b>	<b>5,579</b>
<b>EBITDA</b>	<b>Q3 2011</b>	<b>FY2010</b>	<b>FY 2009</b>	<b>FY 2008</b>	<b>FY 2007</b>	<b>FY 2006</b>
Last twelve months operating income (EBIT)	2,027	1,924	1,756	1,672	1,580	1,367
+ Last twelve months depreciation and amortization	548	503	457	416	363	326
+ Non-cash charges	53	45	50	44	41	35
► <b>EBITDA (annualized)</b>	<b>2,628</b>	<b>2,472</b>	<b>2,263</b>	<b>2,132</b>	<b>1,984</b>	<b>1,728</b>
► <b>Total Debt / EBITDA</b>	<b>2.55</b>	<b>2.38</b>	<b>2.46</b>	<b>2.69</b>	<b>2.84</b>	<b>3.23</b>

<sup>1</sup> 2006 - 2010

# 9M | Overview

**Good 2011 despite U.S. Medicare reimbursement reform and confirming full year guidance by targeting another record year 2011**

- ▶ Strong underlying operating performance
- ▶ Revenue growth of 4% at constant currency
- ▶ Organic revenue growth of 2%
- ▶ Confirming full year 2011 sales and earnings guidance

\$ in m	9M 2010	9M 2011	Growth in %
Net revenue	8,886	<b>9,473</b>	7
Net income attributable to FMC AG & Co. KGaA	707	<b>761</b>	8
Earnings per share	2.35	<b>2.51</b>	7

# 9M | Revenue split by region

Total revenue improved 7% to \$ 9,473 m\*

► **North America**

Revenue      \$ 6,055 m   0%

► **International**   ~ 36% of total revenue

Revenue      \$ 3,405 m   +14% cc

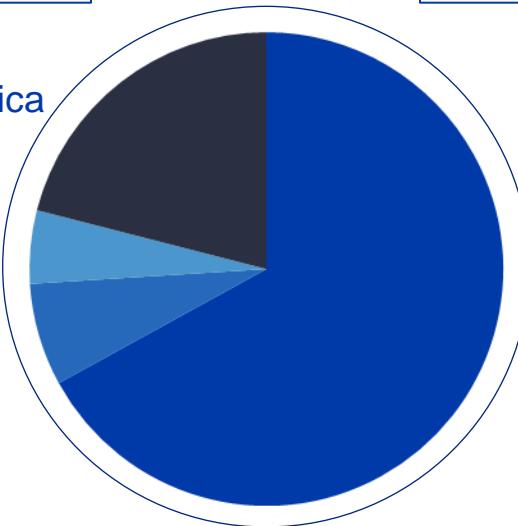
EMEA	\$ 2,177 m	+11% cc
Asia-Pacific	\$ 712 m	+21% cc
Latin America	\$ 516 m	+16% cc

► 23% Europe | Middle East | Africa (EMEA)

► 5% Latin America

► 8% Asia-Pacific

► 64% North America



\* including Corporate of \$ 13 m

cc = constant currency

# 9M | Dialysis Services

## Excellent International revenue growth

- Excellent International organic revenue growth of 7% in International
- Europe revenue growth of +17% (+11% cc)
- Asia-Pacific revenue growth of +30% (+21% cc)

\$ in m	9M 2010	9M 2011	Growth in %	Growth in % cc	Same market treatment growth in %
North America	5,441	5,456	0	0	3
International	1,275	1,616	27	20	6
► Total	6,716	7,072	5	4	4

cc = constant currency

# 9M | Dialysis Products

## Global product growth of 7% cc (incl. internal)

- ▶ External product growth in International of 8% cc
- ▶ Asia-Pacific external product growth of 15% cc
- ▶ North America external product growth of (3%) impacted by pharma pricing
  - ▶ Peritoneal dialysis external revenue growth of 16%

\$ in m	9M 2010	9M 2011	Growth in %	Growth in % cc
Total product revenue (incl. internal)	2,947	3,281	11	7
External revenue	2,170	2,401	11	5
North America	617	599	(3)	(3)
International	1,553	1,789	15	8

cc = constant currency

# 9M | Profit & Loss

\$ in m	9M 2010	9M 2011	Growth in %
Net revenue	8,886	<b>9,473</b>	7 <small>4% cc</small>
Operating income (EBIT)	1,385	<b>1,488</b>	7
EBIT margin in %	15.6	<b>15.7</b>	
Net interest expense	206	<b>214</b>	
Income before taxes	1,179	<b>1,274</b>	8
Income tax expense	410	<b>436</b>	
Tax rate in %	34.7	<b>34.2</b>	
Non-controlling interest	62	<b>77</b>	
<b>Net income</b> attributable to FMC AG & Co. KGaA	<b>707</b>	<b>761</b>	8

cc = constant currency

# 9M | Cash Flow

\$ in m	9M 2010	9M 2011	Growth in %
Operating cash flow	1,027	950	(8)
% of revenue	12	10	As expected in the targeted range of 10% for FY 2011
Capital expenditures, net*	(339)	(380)	
Free cash flow	688	570	(17)
Acquisitions and investments, net of divestitures*	(370)	(1,171)	Acquisition of Euromedics, investment in Renal Advantage, others
Free cash flow after acquisitions and investments	318	(601)	

\* A reconciliation to the most directly comparable U.S. GAAP financial measures is provided in the attachments

# Contacts



## Investor Relations

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# Financial Calendar\*

Feb 21, 2012	Report on fiscal year 2011
May 03, 2012	Report on 1 <sup>st</sup> quarter 2012
May 10, 2012	Annual General Meeting, Frankfurt/Main
Aug 01, 2012	Report on 1 <sup>st</sup> – 2 <sup>nd</sup> quarter 2012
Oct 31, 2012	Report on 1 <sup>st</sup> – 3 <sup>rd</sup> quarter 2012

\* Please notice that these dates might be subject to change

**Constant Currency:** Changes in revenue include the impact of changes in foreign currency exchange rates. We use the non-GAAP financial measure “at constant exchange rates” in our filings to show changes in our revenue without giving effect to period-to-period currency fluctuations. Under U.S. GAAP, revenues received in local (non-U.S. dollar) currency are translated into U.S. dollars at the average exchange rate for the period presented. When we use the term “constant currency,” it means that we have translated local currency revenues for the current reporting period into U.S. dollars using the same average foreign currency exchange rates for the conversion of revenues into U.S. dollars that we used to translate local currency revenues for the comparable reporting period of the prior year. We then calculate the change, as a percentage, of the current period revenues using the prior period exchange rates versus the prior period revenues. This resulting percentage is a non-GAAP measure referring to a change as a percentage “at constant exchange rates.”

We believe that revenue growth is a key indication of how a company is progressing from period to period and that the non-GAAP financial measure constant currency is useful to investors, lenders, and other creditors because such information enables them to gauge the impact of currency fluctuations on its revenue from period to period. However, we also believe that data on constant currency period-over-period changes have limitations, particularly as the currency effects that are eliminated could constitute a significant element of our revenue and could significantly impact our performance. We therefore limit our use of constant currency period-over-period changes to a measure for the impact of currency fluctuations on the translation of local currency revenue into U.S. dollars. We do not evaluate our results and performance without considering both constant currency period-over-period changes in non-U.S. GAAP revenue on the one hand and changes in revenue prepared in accordance with U.S. GAAP on the other. We caution the readers of this report to follow a similar approach by considering data on constant currency period-over-period changes only in addition to, and not as a substitute for or superior to, changes in revenue prepared in accordance with U.S. GAAP. We present the fluctuation derived from U.S. GAAP revenue next to the fluctuation derived from non-GAAP revenue. Because the reconciliation is inherent in the disclosure, we believe that a separate reconciliation would not provide any additional benefit.

**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 Fresenius Medical Care AG & Co. KGaA's (FMC AG & Co. KGaA) reports filed with the Securities and Exchange Commission (SEC) and the German Exchange Commission (Deutsche Börse).

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Frankfurt, January 16, 2012



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MEDICAL CARE**