

Goldman Sachs 35th Annual Global Healthcare Conference

June 10, 2014
Rancho Palos Verdes



**FRESENIUS
MEDICAL CARE**

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If not mentioned differently the term net income refers to the net income attributable to the shareholders of Fresenius Medical Care AG Co. KGaA. Amounts are in US-\$ if not mentioned otherwise.

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Business Update

Q1 2014

Slow start into 2014 - in line with FY guidance

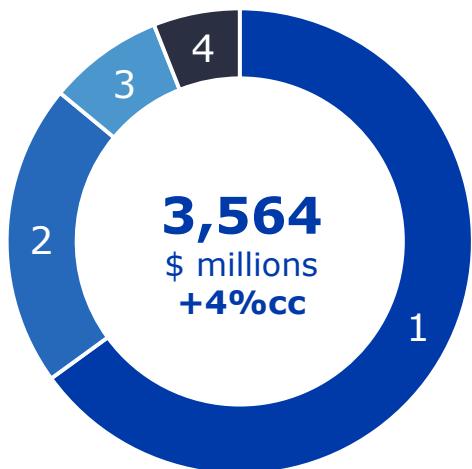
	Q1 2014 in \$ millions	Growth in %
Net Revenue	3,564	3
Earnings before interest and tax (EBIT)	445	(10)
Net income	205	(9)
Earnings per ordinary share (EPS)	0.68	(7)

- ▶ North America with overall good topline growth but earnings impacted by:
 - Last quarter of sequestration impact
 - Rebasing impact more than offset the market-basket-update needed, to cover the cost of care
- ▶ International growth impacted by:
 - Reorganization of distribution-network in China
 - Delay in product sales after a strong Q4
- ▶ The company is on track to achieve its full year guidance and cost savings target for 2014

Revenue breakdown for Q1 2014

North America

Revenue	\$ 2,393 m	+ 5%
Organic growth		+ 4%



cc = constant currency

International

Revenue	\$ 1,161 m	+ 4%cc
Organic growth		+ 3%
Europe	\$ 732 m	+ 2%cc
Asia-Pacific	\$ 243 m	+ 1%cc
Latin America	\$ 186 m	+ 13%cc

1	North America	67%
2	Europe/Middle East/Africa	21%
3	Asia-Pacific	7%
4	Latin America	5%

Revenue growth in Dialysis Services

	Q1 2013 in \$ millions	Q1 2014 in \$ millions	Growth in %	Growth in %cc	Organic growth in %	Same market growth in %
North America	2,104	2,201	5	5	3	3
International	574	581	1	8	7	4
Total Dialysis Services	2,678	2,782	4	5	4	4

- ▶ Good growth in North America
- ▶ International service business influenced by currency but strong underlying organic growth

cc = constant currency

Revenue growth in Dialysis Products (external)

		Q1 2013 in \$ millions	Q1 2014 in \$ millions	Growth in %	Growth in %cc
North America		183	192	5	5
International		595	580	(2)	(1)
Total Dialysis Product		786	782	(1)	0

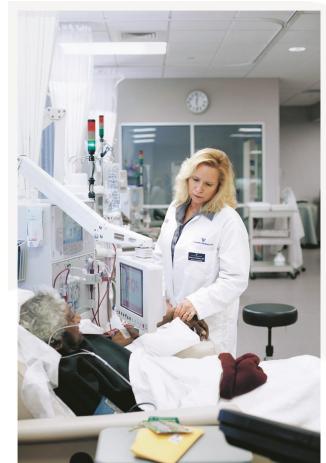
- ▶ Good product growth in North America following a strong Q4
- ▶ International product business mainly influenced by reorganization of distribution-network in China and delays in product sales

cc = constant currency

Our global service franchise in Q1 2014

	Clinics as of Mar. 31, 2014	De novo	Acquired
		Q1 2014	Q1 2014
Total	3,263 + 3%	20	3
Growth vs. Mar. 31, 2013			
North America	2,142 +2%	12	0
Growth vs. Mar. 31, 2013			
International	1,121 + 3%	8	3
Growth vs. Mar. 31, 2013			

- ▶ Delivered more than 10 million treatments globally
 - North America ~6.38 m | International ~3.73 m
- ▶ Providing care to more than 270,500 patients globally
 - North America ~171,100 | International ~99,400



Quality outcomes

% of patients	U.S.	EMEA		Asia-Pacific		
	Q4 2013	Q1 2014	Q4 2013	Q1 2014	Q4 2013	Q1 2014
Kt/V ≥ 1.2	97	97	96	96	96	97
No catheter (>90 days)	83	83	83	83	92	92
Hemoglobin = 10 – 12 g/dl	75	73	60	60	59	58
Hemoglobin = 10 – 13 g/dl (International)	81	78	78	77	68	66
Albumin ≥ 3.5 g/dl	86	85	88	89	91	91
Phosphate ≤ 5.5 mg/dl	66	65	77	78	70	68
Calcium 8.4 – 10.2 mg/dl	84	83	80	79	75	75
Hospitalization days, per patient	9.4	9.4	9.4	9.5	4.2	4.1

Summary

- ▶ First quarter is a reflection of the Full Year guidance
- ▶ In April at the CMD we gave a clear strategy for future growth
- ▶ The global efficiency program will enhance performance over time

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Financials & Outlook

Q1 2014

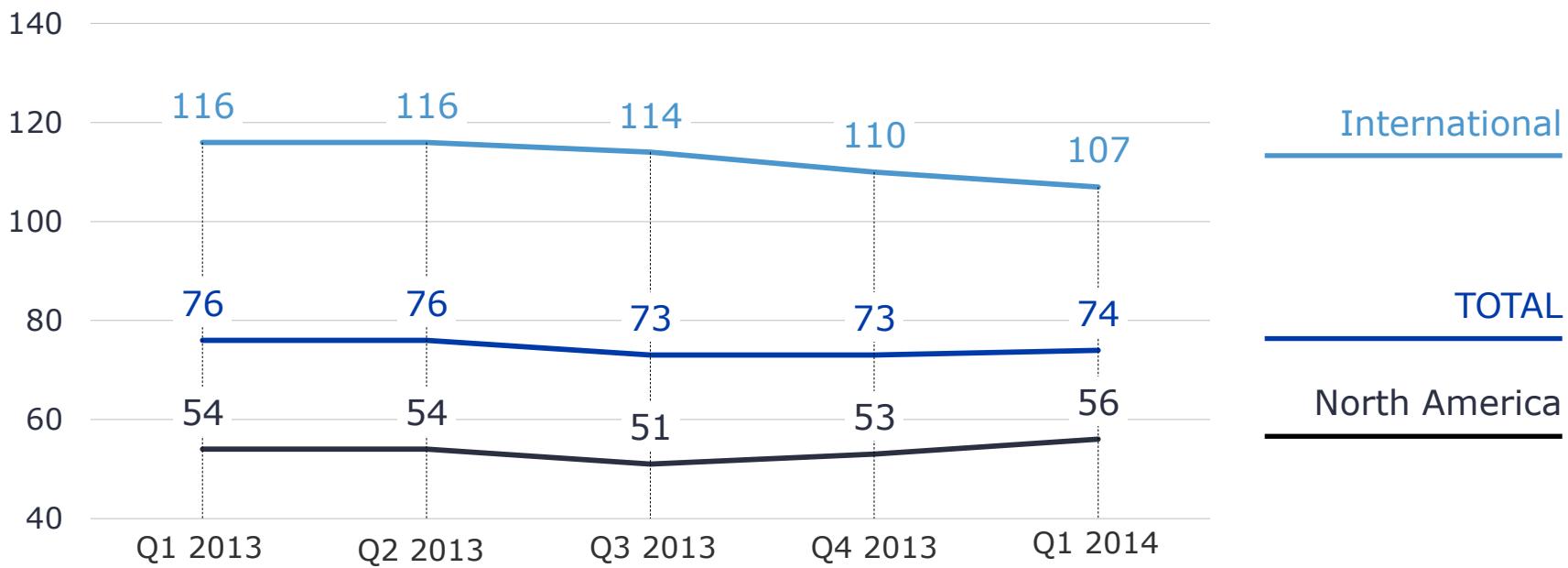
Q1 Profit & Loss

	Q1 2013 in \$ millions	Q1 2014 in \$ millions	Growth in %
Net revenue	3,464	3,564	3
Operating income (EBIT)	493	445	(10)
EBIT-margin in %	14.2	12.5	
Net interest expense	104	96	
Income before taxes	389	349	(10)
Income tax expense	260	247	
Tax rate in %	33.2	29.1	
Non-controlling interest	35	42	
Net income	225	205	(9)

- ▶ Negative impact by sequestration and new rebasing rule of approx. \$23 m on operating income
- ▶ Unfavourable currency effects, higher personnel expenses and continued enhancements of quality and compliance systems

Day Sales Outstanding (DSO)

In days



- ▶ Very positive trend in International and benchmark level in North America
- ▶ North America up 2 days y-o-y and International down 9 days y-o-y

Cash Flow

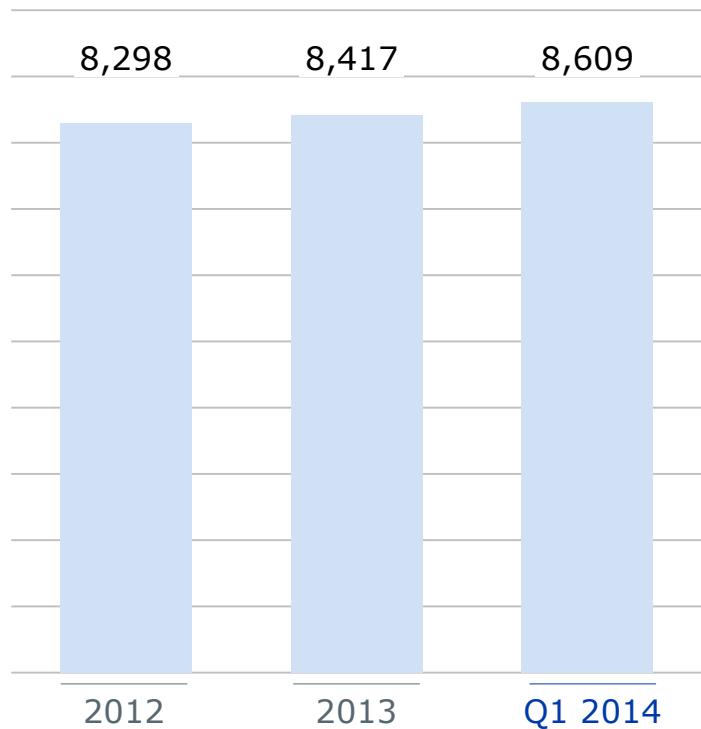
	Q1 2013 in \$ millions	Q1 2014 in \$ millions
Operating cash flow	315	112
Capital expenditures, net	(146)	(197)
Free cash flow	169	(85)
Acquisitions and investments, net of divestitures	(71)	(135)
Free cash flow, after acquisitions and investments	98	(220)

- Operating Cash Flow was influenced by
 - the W.R. Grace bankruptcy settlement payment of \$115 m
 - increased inventory and lower cash collections

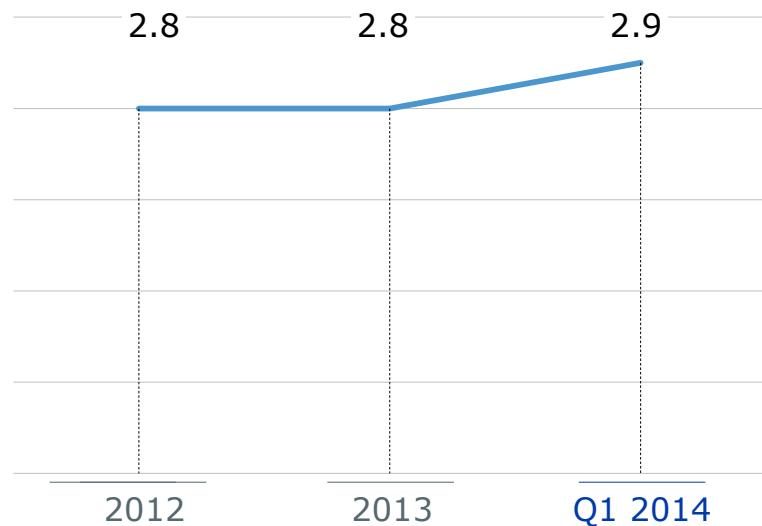
A reconciliation to the most directly comparable U.S. GAAP financial measures is provided in the attachments

Total Debt/EBITDA-ratio

Total debt in \$ millions



Total debt/EBITDA-ratio in %



Ratings	S&P	Moody's	Fitch
Company	BB+	Ba1	BB+
Outlook	positive	Stable	Stable

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

2014 Outlook – Confirmed

In \$ millions	2013	2014 E
	Reported	
Revenue	14,610	~ 15,200
EBIT	2,256	~ 2.2bn
Net income	1,110	1.0–1.05bn

- ▶ Q1 performance in line with FY guidance
- ▶ Outlook excludes potential net cost savings from the global efficiency program
- ▶ Program on track to achieve up to \$60 million before tax for 2014

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Questions & Answers

CREATING A FUTURE WORTH LIVING.
FOR DIALYSIS PATIENTS.
WORLDWIDE.
EVERY DAY.

Thank you very much for your attention!

Patients, treatments, clinics – Q1 2014		Clinics	Patients	Treatments in million
North America		2,142	171,123	6.38
Growth in %		2	2	4
International		1,121	99,447	3.73
Growth in %		3	5	6
Europe		637	52,264	1.96
Latin America		231	29,051	1.11
Asia-Pacific		253	18,132	0.66
Total		3,263	270,570	10.11
Growth in %		3	3	4
Exchange rates		Q1 2013	FY 2013	Q1 2014
\$:€				
Period end		1.281	1.379	1.379
Average		1.321	1.328	1.370
\$:ARS				
Period end		5.131	6.514	7.981
Average		5.012	5.478	7.603
Dialysis days per quarter		2013	2014	2015
Q1		76	76	77
Q2		78	78	78
Q3		79	79	79
Q4		80	79	79
Full Year		313	312	313

Attachment 1

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

In \$ millions

Debt	Q1 2014	FY 2013	FY 2012
Short term borrowings	157	97	118
+ Short term borrowing from related parties	135	62	4
+ Current portion of long-term debt and capital lease obligations	301	511	335
+ Long-term debt and capital lease obligations less current portion	8,016	7,747	7,841
TOTAL debt	8,609	8,417	8,298
EBITDA	Q1 2014	FY 2013	FY 2012 ¹⁾
Last twelve month operating income (EBIT)	2,208	2,256	2,255
+ Last twelve month depreciation and amortization	659	648	612
+ Non-cash charges	67	68	64
EBITDA (annualized)	2,934	2,972	2,931
Total Debt / EBITDA	2.9	2.8	2.8

¹⁾ EBITDA 2012: pro forma numbers incl. Liberty Dialysis Holdings Inc., after FTC mandated divestitures

Attachment 2

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

In \$ millions

Cash Flow

	Q1 2013	Q1 2014
Acquisitions, investments and net purchases of intangible assets	(72)	(137)
+ Proceeds from divestitures	1	2
= Acquisitions and investments, net of divestitures	(71)	(135)

Capital Expenditure, net

	Q1 2013	Q1 2014
Purchase of property, plant and equipment	(147)	(200)
- Proceeds from sale of property, plant & equipment	(1)	3
= Capital expenditure, net	(146)	(197)

Total Product Revenue

	Q1 2013	Q1 2014	Growth in %	Growth in %cc
International product revenue	701	694	(1)	1
- Internal revenue	(106)	(114)	6	14
= International external revenue	595	580	(2)	(1)
North America product revenue	370	387	5	5
- Internal revenue	(187)	(195)	5	5
= North America external revenue	183	192	5	5
Total product revenue	1,079	1,091	1	2
- Internal revenue	(293)	(309)	5	8
Total external revenue	786	782	(1)	-

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.

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Financial Calendar *

July 31, 2014

Report on 1st – 2nd quarter 2014

NEW

Nov 05, 2014

Report on 1st – 3rd quarter 2014

* Please notice that these dates might be subject to change

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