



# BofAML Global Healthcare Conference

London | September 14, 2016



**FRESENIUS  
MEDICAL CARE**

**20  
YEARS**

CREATING A FUTURE  
WORTH LIVING

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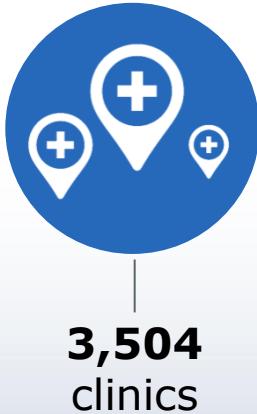
If not mentioned differently the term net income after minorities refers to the net income attributable to the shareholders of Fresenius Medical Care AG Co. KGaA independent of being the reported or the adjusted number. The term EMEA refers to the region Europe, Middle East and Africa. Amounts are in US-\$ if not mentioned otherwise.

# Fresenius Medical Care today

Every **0.7** seconds we **provide** a **dialysis treatment** somewhere on the globe



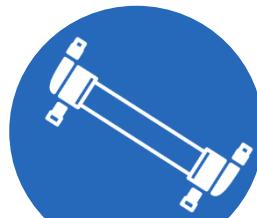
**37**  
Production sites



**3,504**  
clinics



**301,548**  
patients



**22,821,121**  
dialysis treatments  
(1st half 2016)



**106,556**  
employees



# AGENDA



Market dynamics

1

Business update: Q2 2016

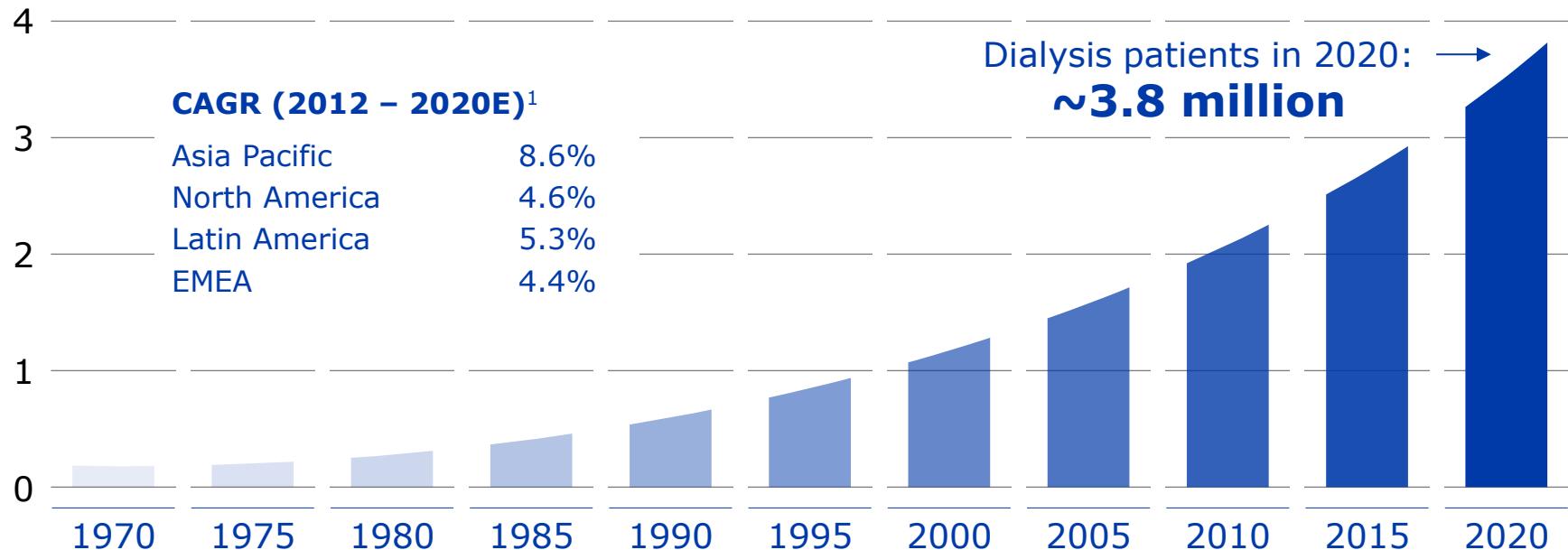
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Financials & outlook

3

# Expected global dialysis patient growth

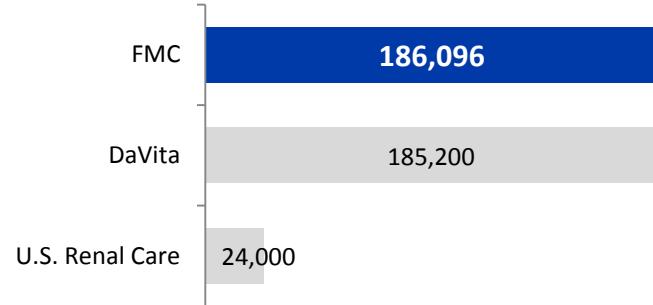
- ▶ Expected patient growth of around 6% p.a.
- ▶ Driven by age, lifestyle and higher life expectancy



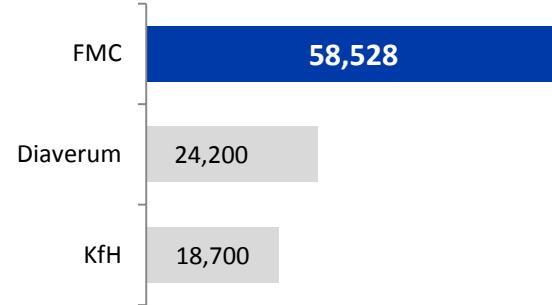
<sup>1</sup> Internal estimates

# Dialysis services worldwide: Patients treated<sup>1</sup>

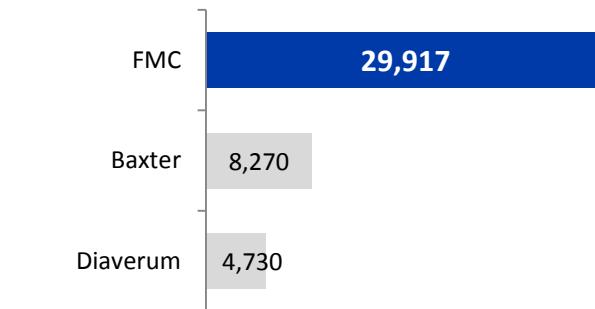
## North America



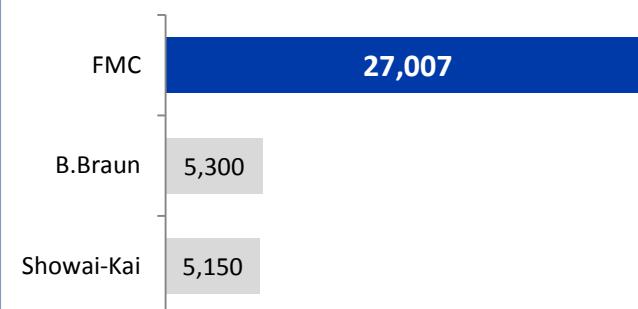
## EMEA



## Latin America



## Asia-Pacific



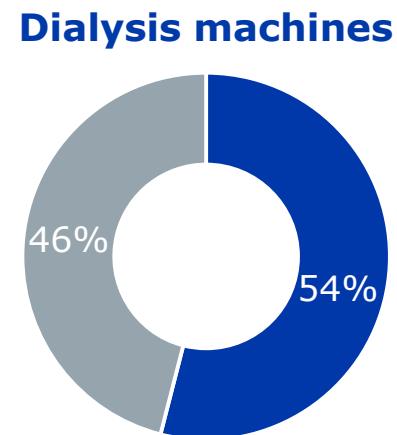
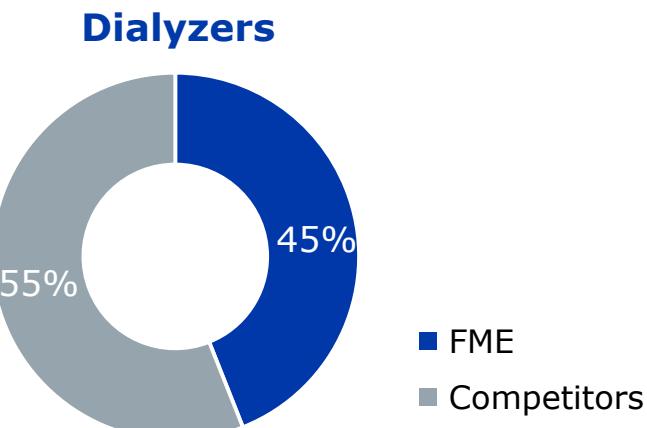
USD  
~73bn  
Market

We lead in every major market,  
treating > 290,000 patients worldwide

<sup>1</sup> as of June 30, 2015, based on company statements and own estimates.

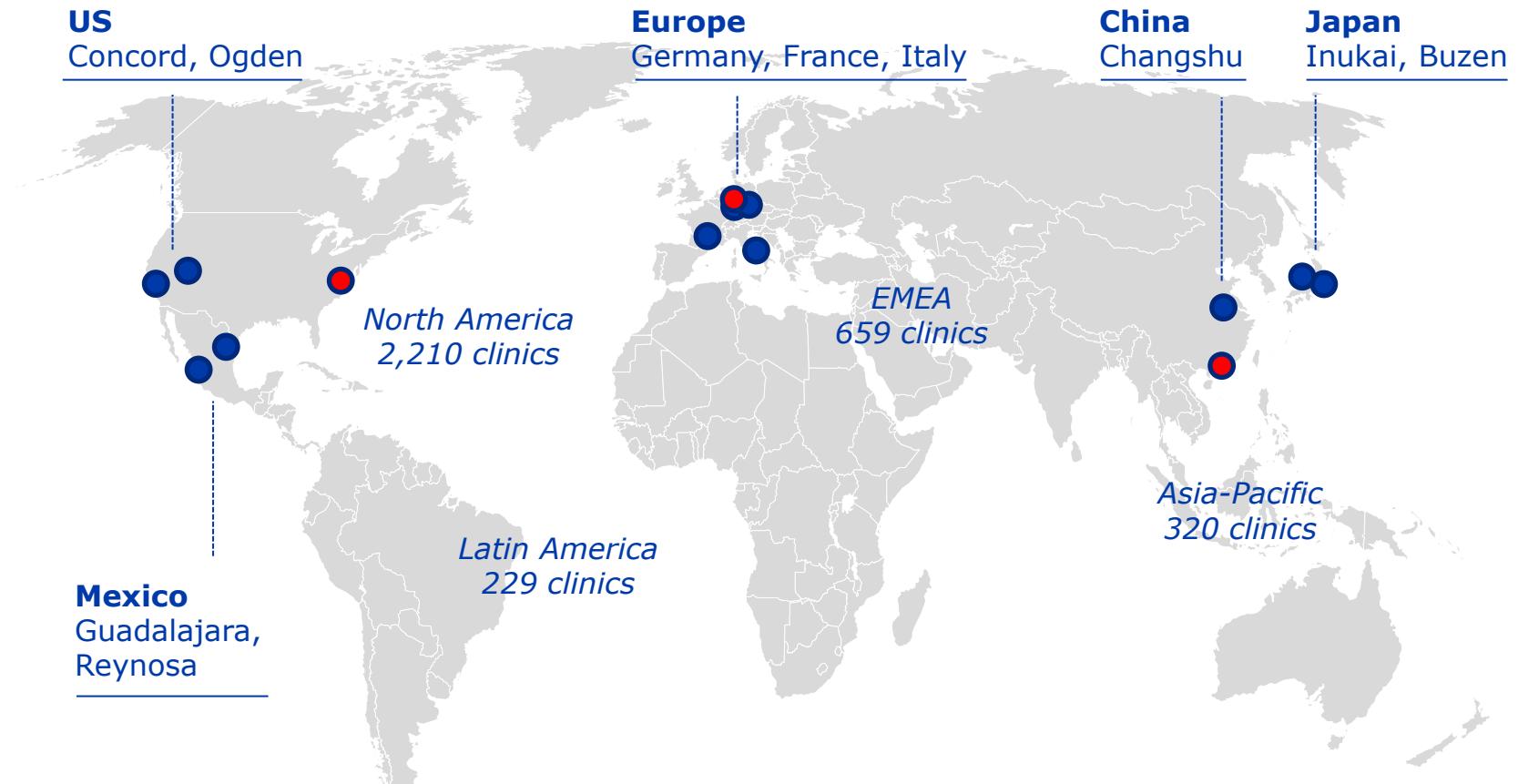
# Market position by major product groups 2015

Position 1	
Dialyzers	FMC
Dialysis machines	FMC
Hemodialysis concentrates	FMC
Bloodlines	FMC
Peritoneal dialysis products	Baxter



Sold around 120 million dialyzers in 2015

# Global presence: products & services



Fresenius Medical Care has  
37 production sites worldwide

Company Headquarters  
Regional Headquarters Asia-Pac.  
Regional Headquarters America

Bad Homburg  
 HongKong  
 Waltham

# AGENDA



Market dynamics

1

**Business update: Q2 2016**

2

Financials & outlook

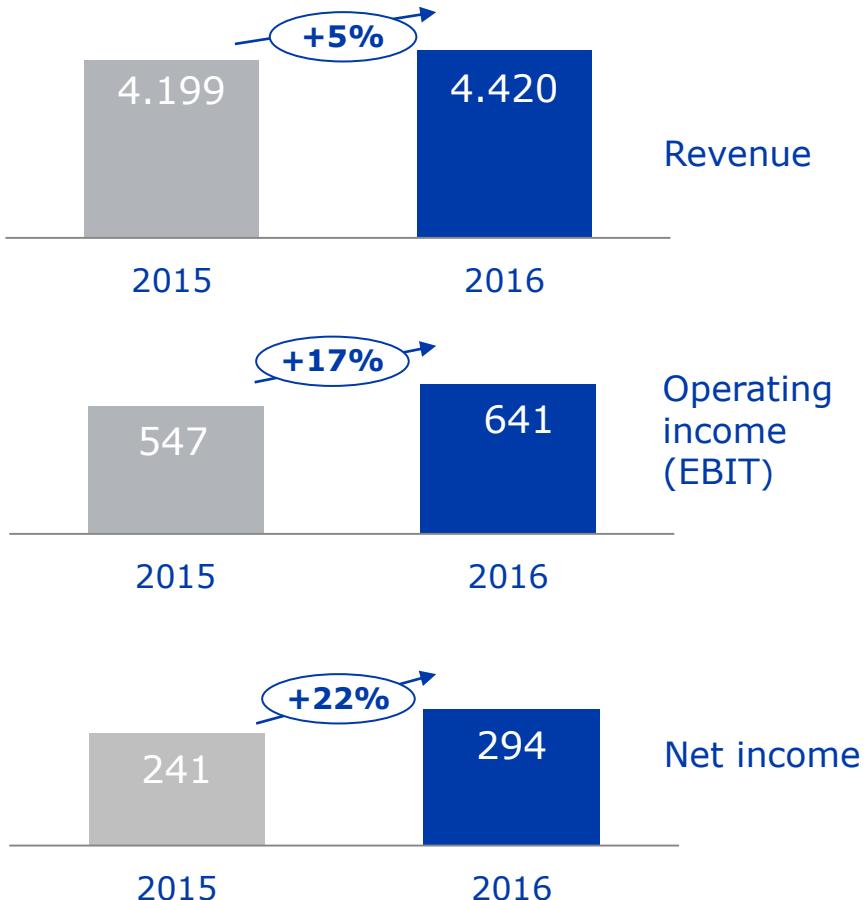
3

# Q2: Accelerated earnings growth

## Q2 2016 Highlights

- ▶ Solid revenue growth driven by very good results in health care services
- ▶ North America again with excellent operating performance
- ▶ Care Coordination continues to show significant top-line growth
- ▶ New innovative hemodialysis therapy system 6008 launched in May
- ▶ For the first time providing services to more than 300,000 patients worldwide
- ▶ On track to achieve full year guidance

## Q2 2016 Performance (US\$ million)



# Q2: Solid revenue development in all segments

## North America

	US\$ million	
Revenue	3,168	+8%
Organic growth		+7%

## EMEA

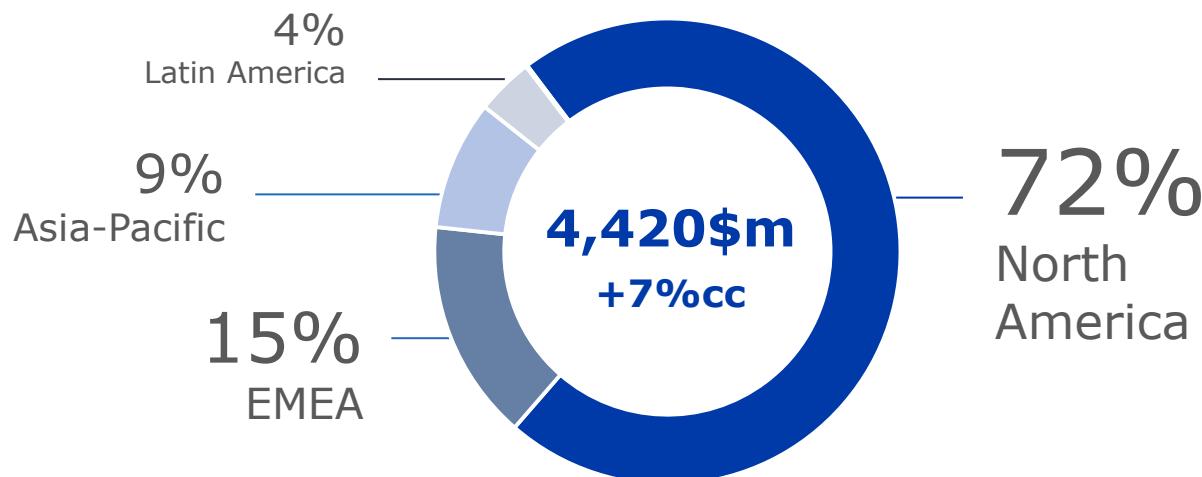
	US\$ million	
Revenue	676	+3%cc
Organic growth		0%

## Asia-Pacific

	US\$ million	
Revenue	397	+6%cc
Organic growth		+7%

## Latin America

	US\$ million	
Revenue	175	+9%cc
Organic growth		+17%



## Q2: Quality outcomes remain stable

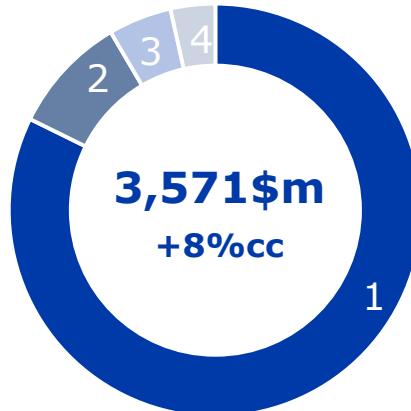
% of patients	North America		EMEA		Latin America <sup>1</sup>		Asia-Pacific <sup>1</sup>	
	Q2 2016	Q1 2016	Q2 2016	Q1 2016	Q2 2016	Q1 2016	Q2 2016	Q1 2016
Kt/V ≥ 1.2	<b>98</b>	98	<b>96</b>	96	<b>92</b>	92	<b>97</b>	97
No catheter (>90 days)	<b>84</b>	85	<b>81</b>	82	<b>82</b>	82	<b>91</b>	91
Hemoglobin = 10 – 12 g/dl	<b>73</b>	72	<b>77</b>	78	<b>52</b>	52	<b>58</b>	58
Hemoglobin = 10 – 13 g/dl (International)	<b>78</b>	77	<b>77</b>	77	<b>69</b>	68	<b>66</b>	66
Albumin ≥ 3.5 g/dl	<b>81</b>	82	<b>90</b>	91	<b>90</b>	90	<b>87</b>	89
Phosphate ≤ 5.5 mg/dl	<b>63</b>	64	<b>76</b>	78	<b>77</b>	75	<b>71</b>	70
Calcium 8.4 – 10.2 mg/dl	<b>83</b>	84	<b>73</b>	74	<b>74</b>	76	<b>75</b>	74
Hospitalization days, per patient	<b>10.0</b>	10.0	<b>9.4</b>	9.4	<b>3.6</b>	3.5	<b>4.0</b>	4.3

<sup>1</sup> Outcome data in these regions might be more volatile over time as clinic data will be added.

# Q2: Health care services revenue continues to grow

	Q2 2016 US\$ million	Q2 2015 US\$ million	Growth in %	Growth in %cc	Organic growth in %	Same market growth in %
<b>Total health care</b>	<b>3,571</b>	<b>3,345</b>	<b>7</b>	<b>8</b>	<b>7</b>	<b>3</b>
North America	2,938	2,722	8	8	7	3
of which Care Coordination	564	468	21	21	17	n.a.
EMEA	331	309	7	9	3	3
Asia-Pacific	177	164	8	2	4	5
Latin-America	125	139 <sup>1</sup>	(10) <sup>1</sup>	18*	19	2

- ▶ 4% increase in dialysis treatments
- ▶ Positive impact from a higher volume with commercial payers
- ▶ Care Coordination with significant organic growth



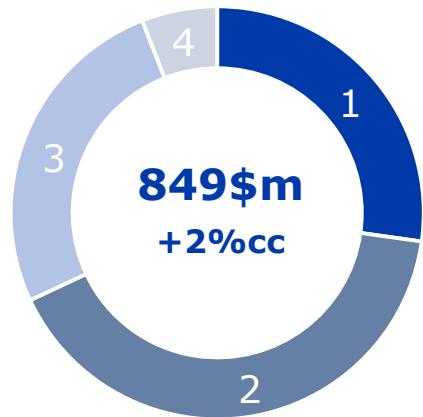
1	North America	82%
2	EMEA	9%
3	Asia-Pacific	5%
4	Latin America	4%

<sup>1</sup> Pro-forma health care services revenue, reflecting sale of Fresenius Medical Care's clinics in Venezuela in July 2015 (\$11 million revenue in Q2 2015).

# Q2: Dialysis products grow despite strong Q2 2015

	Q2 2016 US\$ million	Q2 2015 US\$ million	Growth in %	Growth in %cc
<b>Total dialysis products</b>	<b>849</b>	<b>854</b>	<b>(1)</b>	<b>2</b>
North America	230	224	2	2
EMEA	345	359	(4)	(3)
Asia-Pacific	220	212	4	9
Latin America	50	53	(5)	8
Corporate	4	6	(30)	(31)

- ▶ Increased sales of dialyzers and machines
- ▶ Very tough comparison due to exceptionally strong performance in the comparable quarter last year
- ▶ Foreign currency headwinds outside of North America



1	North America	27%
2	EMEA	41%
3	Asia-Pacific	26%
4	Latin America	6%

# AGENDA



Market dynamics

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Business update: Q2 2016

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**Financials & outlook**

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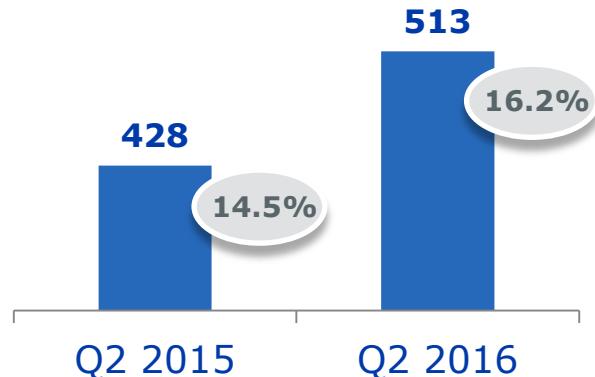
# Q2/H1: Strong profit increase

	<b>Q2 2016</b> US\$ million	Q2 2015 US\$ million	Growth in %	<b>H1 2016</b> US\$ million	H1 2015 US\$ million	Growth in %
<b>Net revenue</b>	<b>4,420</b>	4,199	5	<b>8,626</b>	8,159	6
<b>Operating income (EBIT)</b>	<b>641</b>	547	17	<b>1,181</b>	1,051	12
<i>EBIT-margin in %</i>	<b>14.5</b>	13.0	150bp	<b>13.7</b>	12.9	80bp
Net interest expense	<b>102</b>	102	1	<b>208</b>	204	2
Income before taxes	<b>539</b>	445	21	<b>973</b>	847	15
Income tax expense	<b>169</b>	135	24	<b>306</b>	273	12
<i>Tax rate in %</i>	<b>31.3</b>	30.4	90bp	<b>31.5</b>	32.2	(70bp)
Non-controlling interest	<b>76</b>	69	11	<b>145</b>	124	17
<b>Net income</b>	<b>294</b>	241	22	<b>522</b>	450	16

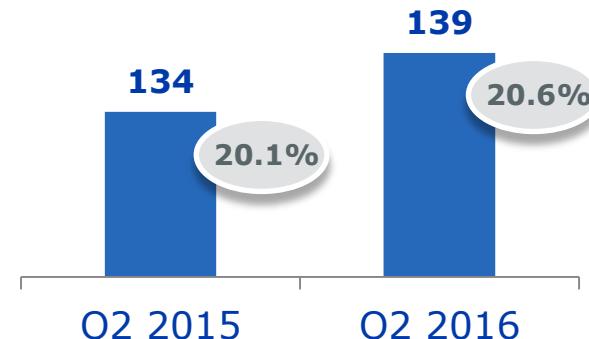
- ▶ Revenue for the first half increased by 8% constant currency, in line with full-year guidance.
- ▶ Net income supported by lower cost for healthcare supplies and savings from Global Efficiency Program.

## Q2: Margin improvement across all segments

North America (69% of EBIT\*)



EMEA (19% of EBIT\*)

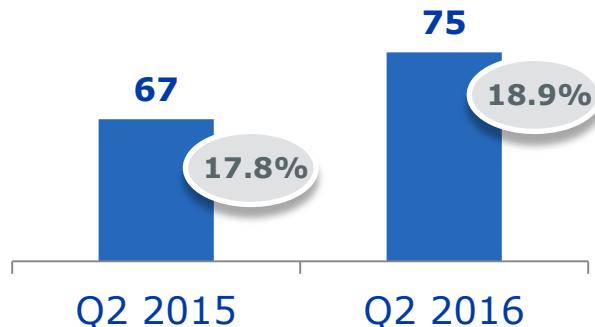


in US\$ million

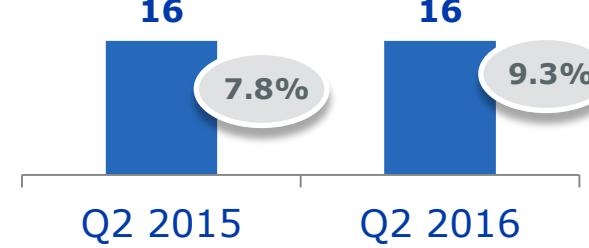
■ EBIT

○ % EBIT-  
margin

Asia-Pacific (10% of EBIT\*)



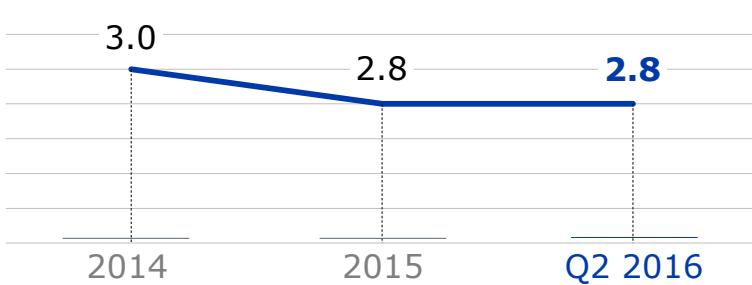
Latin America (2% of EBIT\*)



# Q2: Cash flow development and credit profile

	Q2 2016 in \$ million	H1 2016 in \$ million	Q2 2015 in \$ million	H1 2015 in \$ million
<b>Operating cash flow</b>	<b>678</b>	<b>857</b>	<b>385</b>	<b>832</b>
in % of revenue	15.3	9.9	9.2	10.2
Capital expenditures, net	(252)	(498)	(214)	(411)
<b>Free cash flow</b>	<b>426</b>	<b>359</b>	<b>171</b>	<b>421</b>
Free cash flow, after acquisitions and investments	359	202	116	355

## Total debt/EBITDA-ratio

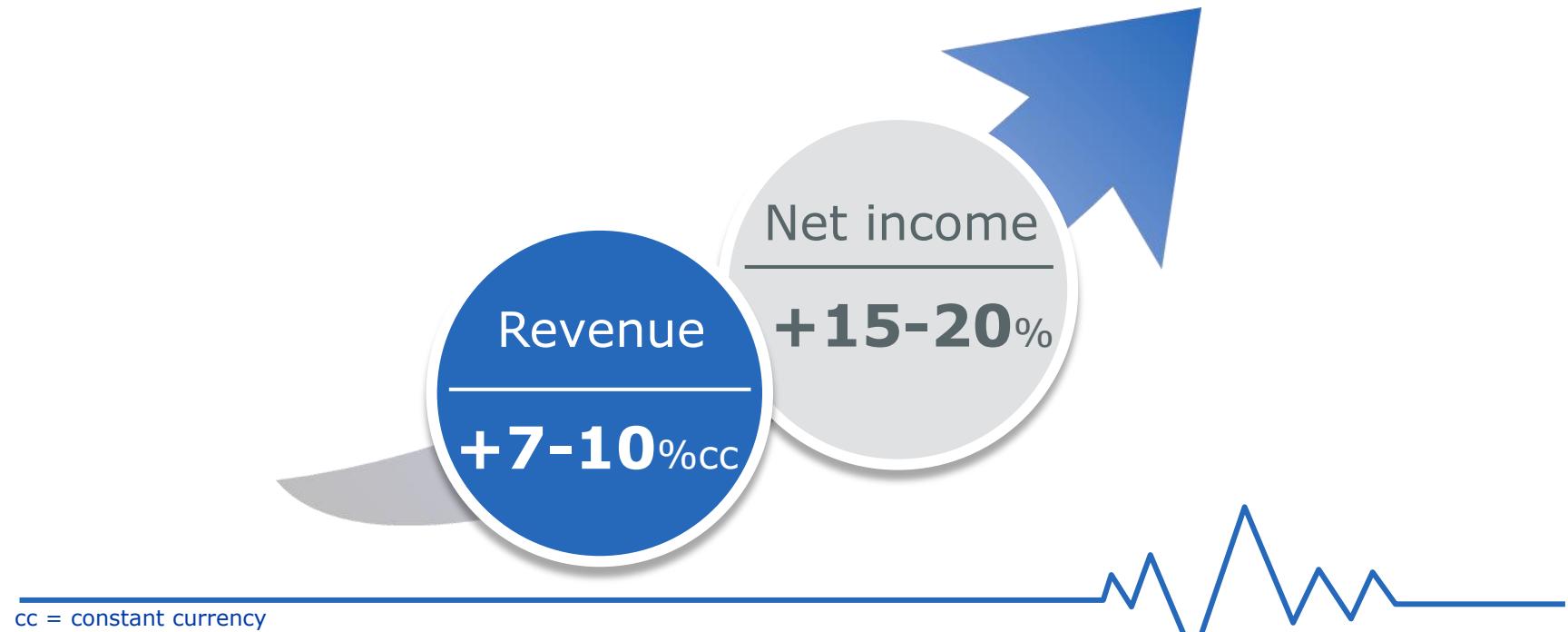


## Current ratings

	S&P	Moody's	Fitch
Company	BBB-	Ba1	BBB-
Outlook	stable	stable	stable

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

# Outlook 2016 confirmed



- ▶ 2016 net income growth outlook is based on current exchange rates
- ▶ Savings from the Global Efficiency Program are included
- ▶ Acquisitions 2015/2016 are not included
- ▶ Net income growth based on US\$ 1,057 million in 2015

# 2020 growth strategy

**Opening up  
new business  
areas**

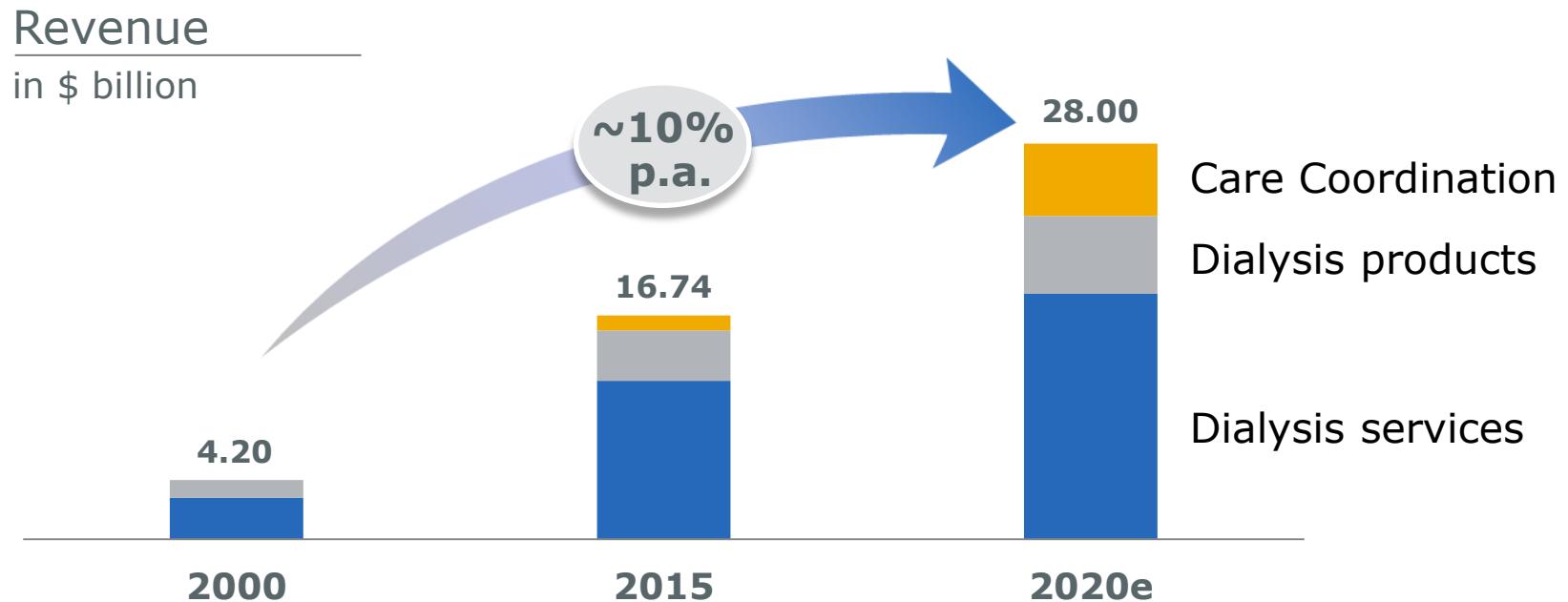
**Growing in our  
core business**

**Enhancing  
products and  
treatments**

**Increasing  
flexibility and  
efficiency**



# Long-term goals up to 2020



- ▶ We expect an average increase in net income in the high single-digit percentage range for the same period.
- ▶ We will continue to grow our dialysis services and products business.
- ▶ We plan to further expand our Care Coordination activities.



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# Attachment 1

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

US\$ million

<b>Debt</b>	<b>FY 2014 <sup>1)</sup></b>	<b>FY 2015</b>	<b>Q2 2016</b>
Short term borrowings	133	109	705
+ Short term borrowing from related parties	5	19	3
+ Current portion of long-term debt and capital lease obligations	314	664	675
+ Long-term debt and capital lease obligations less current portion	9,014	7,854	7,702
<b>TOTAL debt</b>	<b>9,466</b>	<b>8,646</b>	<b>9,085</b>
<b>EBITDA</b>	<b>FY 2014 <sup>2)</sup></b>	<b>FY 2015 <sup>2)</sup></b>	<b>Q2 2016 <sup>2)</sup></b>
Last twelve month operating income (EBIT)	2,347	2,327	2,466
+ Last twelve month depreciation and amortization	716	717	739
+ Non-cash charges	57	83	89
<b>EBITDA (annualized)</b>	<b>3,120</b>	<b>3,127</b>	<b>3,294</b>
<b>Total Debt <sup>1)</sup> / EBITDA</b>	<b>3.0</b>	<b>2.8</b>	<b>2.8</b>

1) Reclassification of debt issuance costs from current / non-current assets to long-term liabilities

2) EBITDA: including largest acquisitions

# Attachment 2

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

US\$ million

<b>Cash Flow</b>	Q2 2015	<b>Q2 2016</b>	H1 2015	<b>H1 2016</b>
Acquisitions, investments and net purchases of intangible assets	(79)	(213)	(101)	(304)
+ Proceeds from divestitures	24	146	35	147
= Acquisitions and investments, net of divestitures	(55)	(67)	(66)	(157)
<b>Capital expenditures, net</b>	Q2 2015	<b>Q2 2016</b>	H1 2015	<b>H1 2016</b>
Purchase of property, plant and equipment	(217)	(256)	(418)	(506)
- Proceeds from sale of property, plant & equipment	3	4	7	8
= Capital expenditure, net	(214)	(252)	(411)	(498)

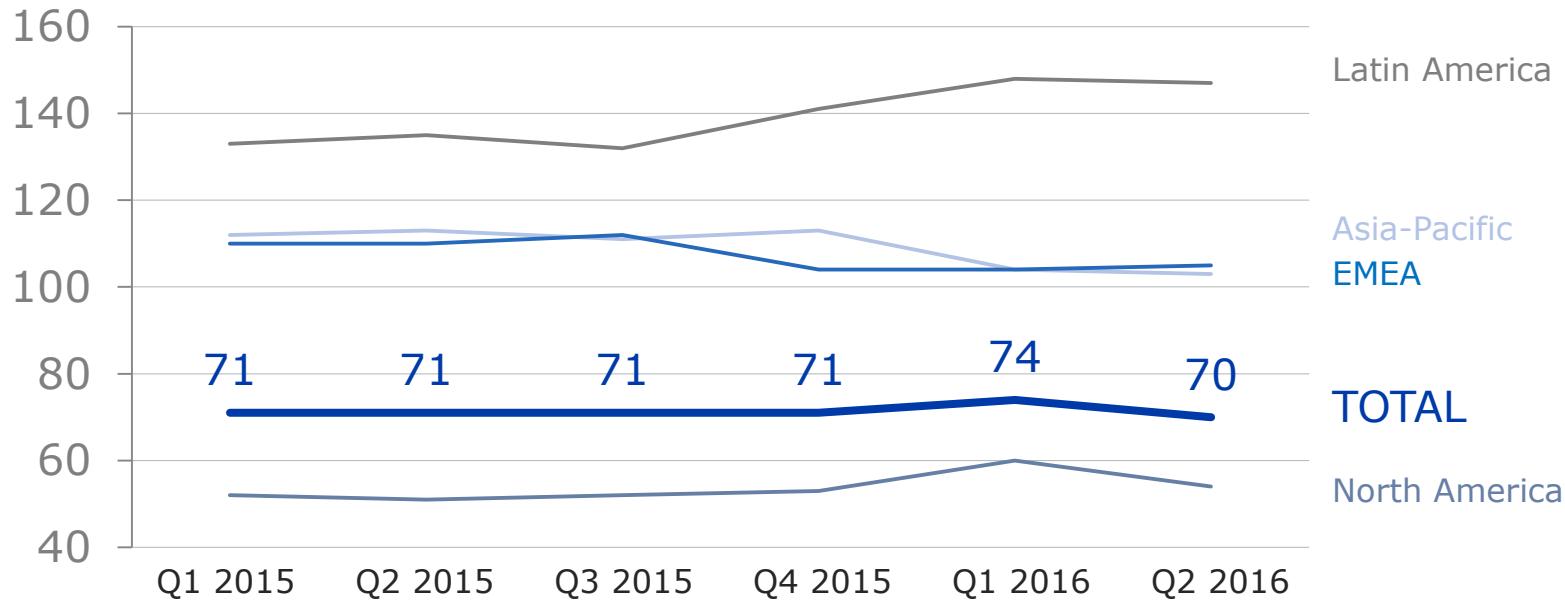
# H1: Health care services & product revenue

	H1 2016 US\$ million	H1 2015 US\$ million	Growth in %	Growth in %cc	Organic growth in %	Same market growth in %
<b>Total health care services</b>	<b>6,985</b>	<b>6,527</b>	<b>7</b>	<b>9</b>	<b>7</b>	<b>4</b>
North America	5,770	5,293	9	9	7	3
of which Care Coordination	1,086	902	20	20	17	-
EMEA	632	610	4	8	3	4
Asia-Pacific	345	328	5	3	4	6
Latin-America	238	296	(20)	9	17	2
<b>Total dialysis products</b>	<b>1,641</b>	<b>1,632</b>	<b>1</b>		<b>4</b>	
North America	442	424		4		4
EMEA	675	687		(2)		1
Asia-Pacific	426	401		6		12
Latin America	90	105		(14)		2
Corporate	8	15		(48)		(48)

cc = constant currency

# Day sales outstanding (DSO)

in days



- The DSO increase in the North America Segment in Q1 2016 is mainly due to an adjustment which impacted invoicing. This effect was largely resolved in Q2 2016.

# H1: Patients, treatments, clinics

	<b>Patients</b> as of June 30, 2016	<b>Treatments</b> H1 2016, in million	<b>Clinics</b> as of June 30, 2016
North America	186,096	14.2	2,249
Growth in %	4	5	2
EMEA	58,528	4.3	700
Asia-Pacific	27,007	1.9	324
Latin America	29,917	2.3	231
<b>Total</b>	<b>301,548</b>	<b>22.8</b>	<b>3,504</b>
Growth in %	4	4	2

# Exchange rates

	Q2 2015	H1 2015	Q2 2016	H1 2016
<b>€:\$</b>	1.119	1.119	1.110	1.110
	1.105	1.116	1.129	1.116
<b>\$:CNY</b>	6.200	6.200	6.643	6.643
	6.204	6.221	6.543	6.539
<b>\$:RUB</b>	55.729	55.729	64.421	64.421
	52.674	57.932	65.828	70.165
<b>\$:ARS</b>	9.105	9.105	14.911	14.911
	8.960	8.822	14.211	14.326

# U.S. dialysis days per quarter

	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Full year</b>
2014	76	78	79	80	<b>313</b>
2015	76	78	79	79	<b>312</b>
2016	78	78	79	79	<b>314</b>
2017	77	78	79	78	<b>312</b>

**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.

# Financial calendar \*

Oct 27, 2016      Report on 3<sup>rd</sup> quarter 2016

Sep 20, 2016	Berenberg & Goldman Sachs Corporate Conference, Munich
Sep 21, 2016	Baader Investment Conference, Munich
Sep 22, 2016	Bernstein's Strategic Decision Conference, London
Sep 29, 2016	JP Morgan Investor Forum, Milan
Nov 7, 2016	Credit Suisse Healthcare Conference, Scottsdale
Nov 14-16, 2016	BofAML German Corporate Days Asia, Singapore/Hong Kong
Nov 17, 2016	HSBC Healthcare Day, Frankfurt

\* Please note that dates and/or participation might be subject to change

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