

# Q2 2017

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Conference call | August 1, 2017



**FRESENIUS  
MEDICAL CARE**

Rice Powell - CEO  
Mike Brosnan - CFO

**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. The Company has based these forward-looking statements on current estimates and assumptions made to the best of our knowledge. 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. Given these uncertainties, readers should not put undue reliance on any forward-looking statements. These and other risks and uncertainties are discussed in detail in Fresenius Medical Care AG & Co. KGaA's (FMC AG & Co. KGaA) Annual Report on Form 20-F under the heading "Forward-Looking Statements" and under the headings in that report referred to therein, and in FMC AG & Co. KGaA's other reports filed with the Securities and Exchange Commission (SEC) and the German Exchange Commission (Deutsche Börse).

Forward-looking statements represent estimates and assumptions only as of the date that they were made. The information contained in this presentation is subject to change without notice and the company does not undertake any duty to update the forward-looking statements, and the estimates and assumptions associated with them, except to the extent required by applicable law and regulations.

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. The term EMEA refers to the region Europe, Middle East and Africa. Amounts are in Euro if not mentioned otherwise.

# AGENDA – Q2 2017



**Business update**

1

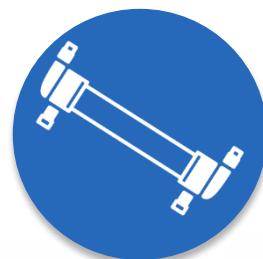
**Financials & outlook**

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**Q&A**

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# Q2 2017: Solid growth trend continued



12,011,177

**Employees**  
+5%



112,163



# H1 2017: Results in line with FY guidance

	H1 2017 € million	H1 2016 € million	Growth in %	Growth in %cc
<b>Revenue</b>	<b>9,019</b>	7,942	14	11
<b>Revenue<sup>1</sup> (excl. VA agreement)</b>	<b>8,921</b>	7,942	12	9
<b>Operating profit (EBIT)</b>	<b>1,235</b>	1,068	16	13
<b>EBIT<sup>1</sup> (excl. VA agreement)</b>	<b>1,144</b>	1,068	7	5
<b>Net income<sup>2</sup></b>	<b>577</b>	477	21	19
<b>Net income<sup>1,2</sup> (excl. VA agreement)</b>	<b>523</b>	477	10	8
<b>Basic EPS [€]</b>	<b>1.88</b>	1.56	21	18

- Solid growth in group revenue and net income
- H1 in line with guidance for FY 2017

1 Excl. VA agreement (€98m revenue, €91m EBIT, €54m net income) | 2 Net income attr. to shareholders of FME | cc = constant currency

# Q2 2017: Net income impacted by headwinds

	Q2 2017 € million	Q2 2016 € million	Growth in %	Growth in %cc
<b>Revenue</b>	<b>4,471</b>	4,026	11	9
<b>Revenue<sup>1</sup> (excl. VA agreement)</b>	<b>4,473</b>	4,026	11	9
<b>Operating profit (EBIT)</b>	<b>583</b>	571	2	0
<b>EBIT<sup>1</sup> (excl. VA agreement)</b>	<b>591</b>	571	4	2
<b>Net income<sup>2</sup></b>	<b>269</b>	264	2	0
<b>Net income<sup>1,2</sup> (excl. VA agreement)</b>	<b>274</b>	264	4	2
<b>Basic EPS [€]</b>	<b>0.88</b>	0.86	2	0

- ▶ Underlying revenue growth trend fully intact
- ▶ Earnings affected by:
  - Higher personnel expenses
  - Higher bad debt expenses
  - Increased foreign currency transaction losses

<sup>1</sup> Excl. VA agreement (€-2m revenue, €-8m EBIT, €-5m net income) | <sup>2</sup> Net income attr. to shareholders of FME | cc = constant currency

# Q2 2017: Top-line growth across all regions

## North America

	€ million	
Revenue	3,225	+11%
Organic growth		+5%

## EMEA

	€ million	
Revenue	642	+7%
Organic growth		+4%

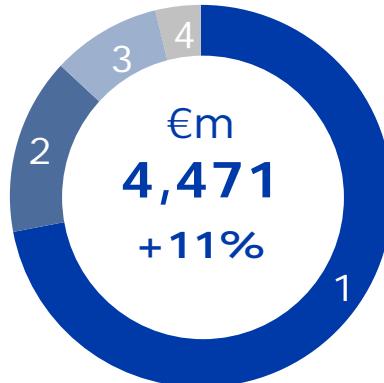
## Asia-Pacific

	€ million	
Revenue	417	+19%
Organic growth		+11%

## Latin America

	€ million	
Revenue	183	+18%
Organic growth		+15%

- ▶ North America with strong organic revenue growth supported by Care Coordination
- ▶ Asia-Pacific growth positively impacted by acquisitions and business growth in China



1	North America	72%
2	EMEA	15%
3	Asia-Pacific	9%
4	Latin America	4%

# Q2 2017: Health Care Services – strong growth

Revenue	Q2 2017 € million	Q2 2016 € million	Growth in %	Growth in %cc	Organic growth in %	Same market growth in %
<b>Total Health Care</b>	<b>3,649</b>	<b>3,273</b>	<b>11</b>	<b>9</b>	<b>6</b>	<b>3</b>
North America	3,017	2,712	11	8	6	3
of which Care Coordination	698	528	32	29	19	-
EMEA	310	293	6	5	2	3
Asia-Pacific	191	157	22	19	6	5
of which Care Coordination	39	n.a.	n.a.	n.a.	n.a.	-
Latin America	131	111	18	18	18	1

- ▶ North American Care Coordination business continues very strong growth
- ▶ High growth in Asia-Pacific supported by Cura acquisition
- ▶ Growth in EMEA in line with patient growth
- ▶ Latin America driven by strong underlying organic growth



cc = constant currency

# Q2 2017: Quality outcomes remain on high level

% of patients <sup>1</sup>	North America		EMEA		Latin America		Asia-Pacific	
	Q2 2017	Q1 2017	Q2 2017	Q1 2017	Q2 2017	Q1 2017	Q2 2017	Q1 2017
Kt/V ≥ 1.2	98	98	95	95	93	92	96	96
No catheter (>90 days)	84	84	81	81	81	81	88	89
Hemoglobin = 10 – 12 g/dl	73	73	78	79	51	51	58	59
Hemoglobin = 10 – 13 g/dl (International)	80	79	78	78	69	67	66	68
Albumin ≥ 3.5 g/dl <sup>2</sup>	78	78	86	87	91	90	87	87
Phosphate <sup>3</sup> ≤ 5.5 mg/dl	62	63	75	77	77	74	69	67
Calcium 8.4 – 10.2 mg/dl	84	84	74	74	78	75	74	75
Hospitalization days, per patient	10.1	10.0	7.5	7.9	3.9	3.9	3.9	4.0

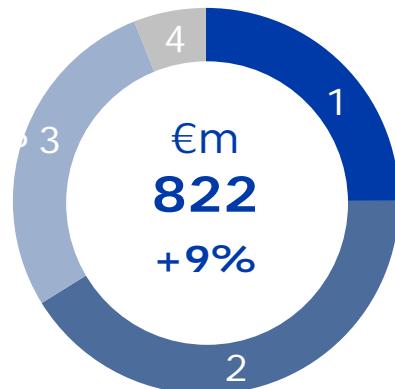
1 Outcome data in these regions might be more volatile over time as clinic data will be added |

2 International standard BCR CRM470 | 3 Phosphate reported as mg/dL of phosphorus

# Q2 2017: Dialysis Products show good demand

	Q2 2017 € million	Q2 2016 € million	Growth in %	Growth in %cc
<b>Total Health Care Products</b>	<b>822</b>	<b>753</b>	<b>9</b>	<b>8</b>
<b>Dialysis Products</b>	<b>801</b>	<b>741</b>	<b>8</b>	<b>7</b>
North America	208	204	2	0
EMEA	311	294	6	6
Asia-Pacific	226	194	17	15
Latin America	52	44	17	10
<b>Non-Dialysis Products</b>	<b>21</b>	<b>12</b>	<b>71</b>	<b>71</b>

- ▶ Increased sales of products for peritoneal and disposables for hemo dialysis in North America
- ▶ Growth in EMEA, Asia-Pacific and Latin America accelerated sequentially



cc = constant currency

# H1 2017: Highlights

- ▶ Performance H1 in-line with FY 2017 guidance
- ▶ All regions contributed to a solid performance in H1
- ▶ Value-based care programs continue to develop successfully: BPCI<sup>1</sup> program and ESCO<sup>2</sup> continue to deliver savings
- ▶ Closing of Cura acquisition contributes to Care Coordination targets
- ▶ Successful refinancing of credit agreement

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# H1 2017: Development in-line with FY 2017 targets

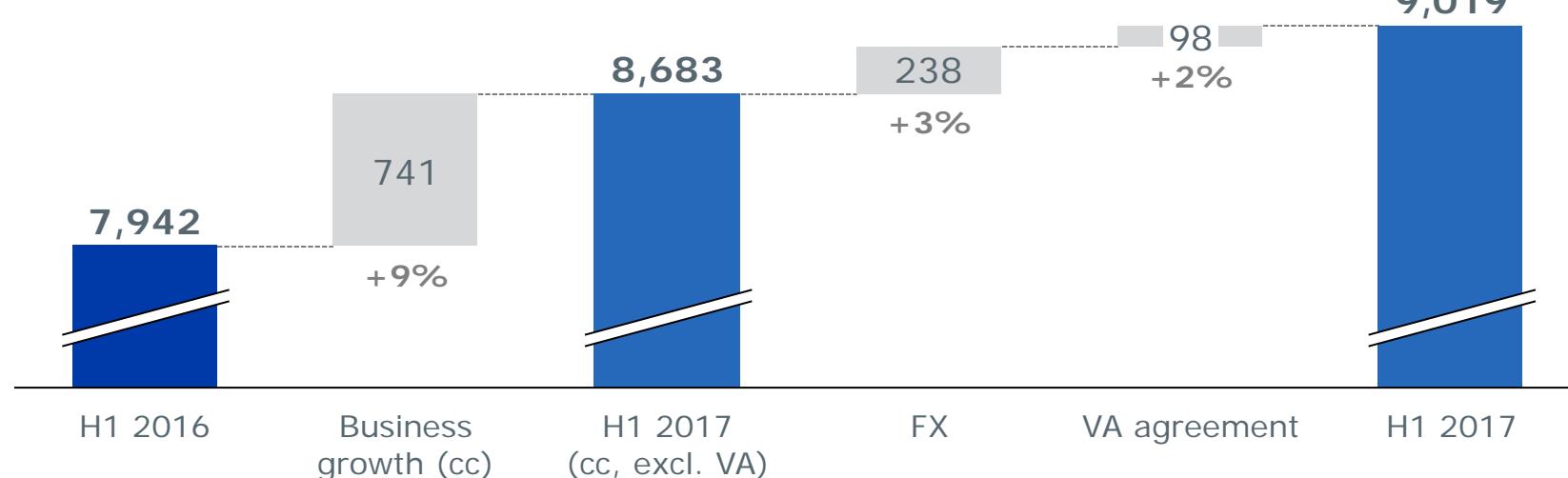
					Excl. VA agreement			
	H1 2017 € million	H1 2016 € million	Growth in %	H1 2017 € million	H1 2016 € million	Growth in %	Growth in %cc	
<b>Net revenue</b>	<b>9,019</b>	<b>7,942</b>	<b>14</b>	<b>8,921</b>	<b>7,942</b>	<b>12</b>	<b>9</b>	
<b>Operating income (EBIT)</b>	<b>1,235</b>	<b>1,068</b>	<b>16</b>	<b>1,144</b>	<b>1,068</b>	<b>7</b>	<b>5</b>	
EBIT-margin in %	13.7	13.5	0.2 pp	12.8	13.5	(0.7) pp	(0.6) pp	
Net interest expense	188	186	1	188	186	1	(1)	
Income before taxes	1,047	882	19	956	882	8	6	
Income tax expense	332	275	21	297	275	8	6	
Tax rate in %	31.7	31.2	0.5 pp	31.1	31.2	(0.1) pp	(0.1) pp	
Non-controlling interest	138	130	6	136	130	5	2	
<b>Net income<sup>1</sup></b>	<b>577</b>	<b>477</b>	<b>21</b>	<b>523</b>	<b>477</b>	<b>10</b>	<b>8</b>	

- Revenue<sup>2</sup> for H1 2017 is in line with FY 2017 guidance and increased by 9% at constant currency
- Net income growth<sup>2</sup> of 8% at constant currency in line with 2017 targets

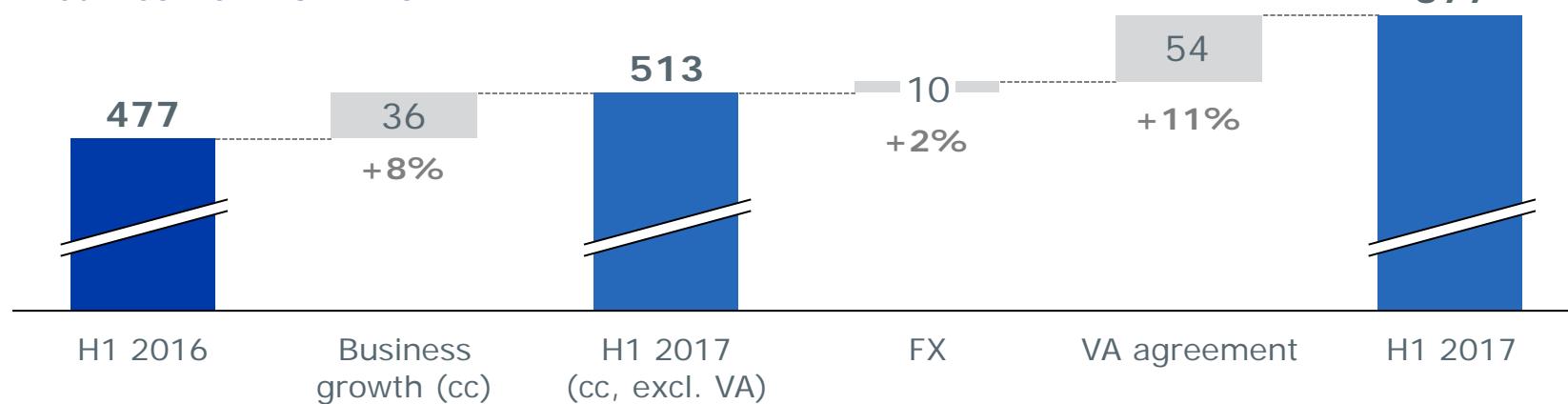
<sup>1</sup> Net income attr. to shareholders of FME | <sup>2</sup> Excl. VA agreement | cc= constant currency

# H1 2017: revenue and net income reconciliation

Revenue in € million



Net income in € million



FX = translational foreign exchange effects | cc= constant currency

# Q2 2017: Net income impacted by headwinds

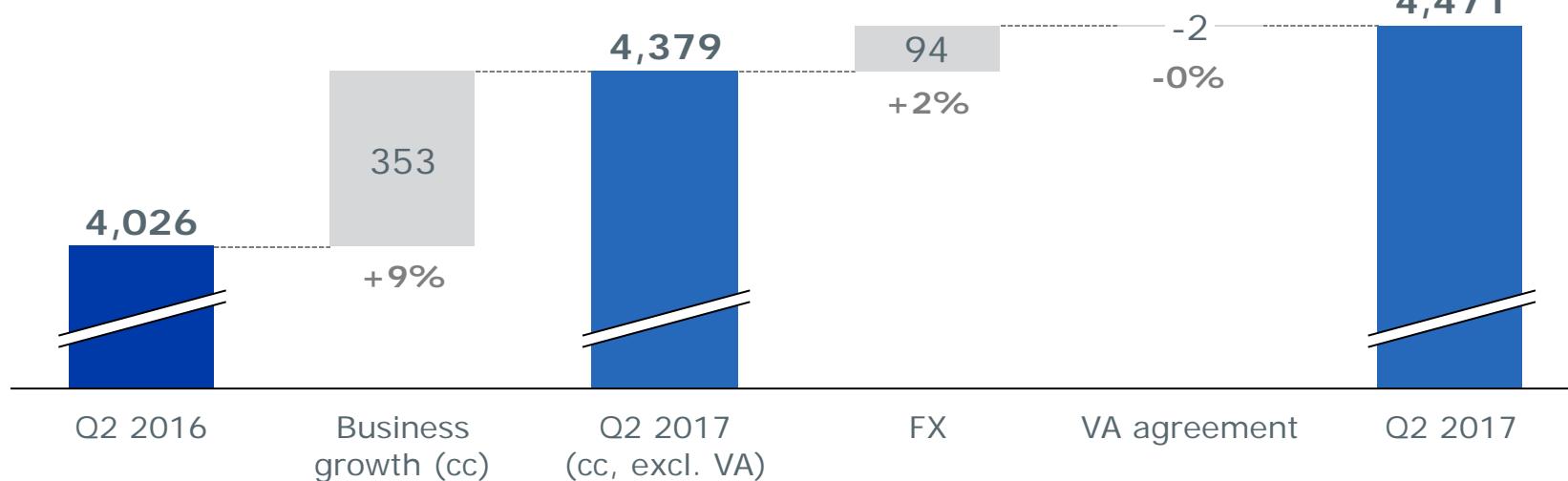
	Q2 2017				Excl. VA agreement			
	€ million	Q2 2016 € million	Growth in %	€ million	Q2 2016 € million	Growth in %	Growth in %cc	
<b>Net revenue</b>	<b>4,471</b>	<b>4,026</b>	<b>11</b>	<b>4,473</b>	<b>4,026</b>	<b>11</b>	<b>9</b>	
<b>Operating income (EBIT)</b>	<b>583</b>	<b>571</b>	<b>2</b>	<b>591</b>	<b>571</b>	<b>4</b>	<b>2</b>	
<i>EBIT-margin in %</i>	<i>13.0</i>	<i>14.2</i>	<i>(1.2) pp</i>	<i>13.2</i>	<i>14.2</i>	<i>(1.0) pp</i>	<i>(0.9) pp</i>	
Net interest expense	95	90	5	95	90	5	3	
Income before taxes	488	481	2	496	481	3	1	
Income tax expense	150	149	1	153	149	3	1	
<i>Tax rate in %</i>	<i>30.8</i>	<i>31.1</i>	<i>(0.3) pp</i>	<i>30.9</i>	<i>31.1</i>	<i>(0.2) pp</i>	<i>(0.2) pp</i>	
Non-controlling interest	69	68	2	69	68	2	0	
<b>Net income<sup>1</sup></b>	<b>269</b>	<b>264</b>	<b>2</b>	<b>274</b>	<b>264</b>	<b>4</b>	<b>2</b>	

- ▶ Solid revenue<sup>2</sup> growth of 9% at constant currency
- ▶ As expected net income<sup>2</sup> development at constant currency of 2% impacted by headwinds

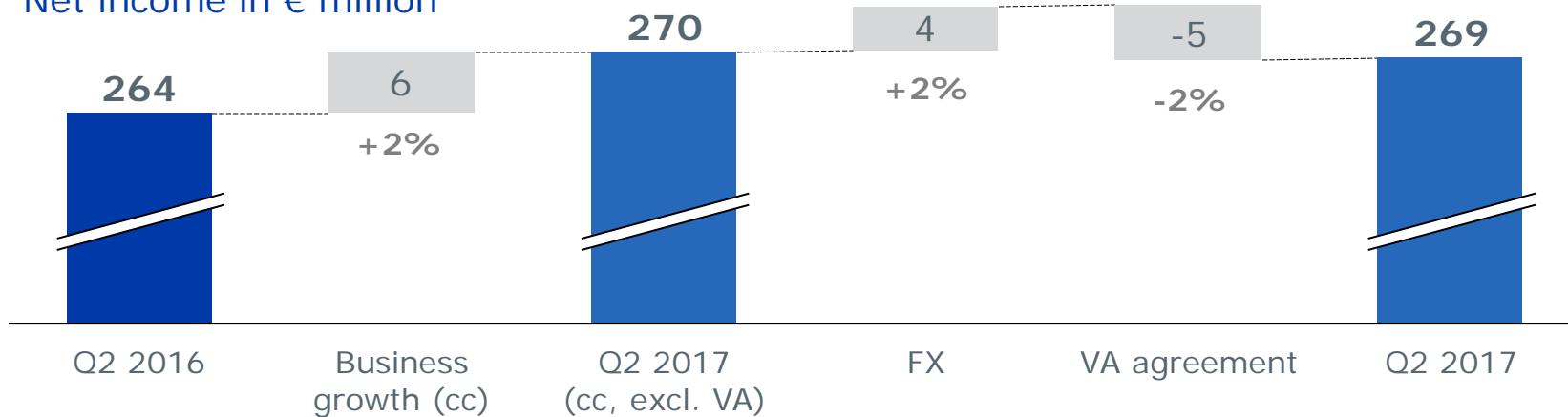
<sup>1</sup> Net income attr. to shareholders of FME | <sup>2</sup> Excl. VA agreement | cc= constant currency

# Q2 2017: revenue and net income reconciliation

Revenue in € million



Net income in € million



FX = translational foreign exchange effects | cc= constant currency

# Q2 2017: regional margin profile

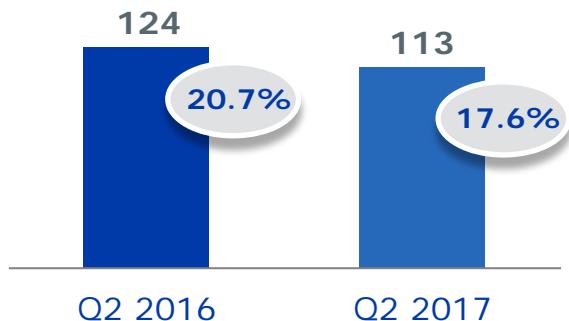
## North America (71% of EBIT<sup>1</sup>)



- ▶ Dialysis business margin of 18.2% reflect
  - higher expense for personnel, supplies and rent
  - gain from a consent agreement on certain pharmaceuticals, lower costs for pharmaceuticals and lower bad debt expenses
- ▶ Care Coordination margins of 1.2% reflect
  - higher bad debt expense, lower profit from vascular services and higher costs for pharmacy services
  - sequential margin improvement

Diagrams: different scales applied

## EMEA (16% of EBIT<sup>1</sup>)



- ▶ Operating profit margin development reflects
  - unfavorable foreign currency transaction effects, pressure on reimbursement in some countries and higher investment in Xenios
  - higher product revenue and lower bad debt expense

in € million

EBIT

%

EBIT-  
margin

1 Excl. Corporate

# Q2 2017: regional margin profile

## Asia-Pacific (11% of EBIT<sup>1</sup>)



- ▶ Operating profit margin development impacted by unfavourable foreign currency transaction losses, partially offset by business growth in China
- ▶ Care Coordination performance impacted by integration cost and building up of business

Diagrams: different scales applied

## Latin America (2% of EBIT<sup>1</sup>)



- ▶ Operating profit margin decrease mainly driven by unfavorable impact from foreign currency transaction losses
- ▶ Reimbursement increases mitigate inflationary cost increases

in € million

EBIT

%

EBIT-  
margin

1 Excl. Corporate

# Q2 2017: Strong cash flow generation

	Q2 2017 in € million	Q2 2016 in € million	H1 2017 <sup>1</sup> in € million	H1 2016 in € million
<b>Operating cash flow</b>	<b>883</b>	604	1,052	767
in % of revenue	19.7	15.0	11.7	9.7
Capital expenditures, net	(193)	(223)	(388)	(446)
<b>Free cash flow</b>	<b>690</b>	381	664	321
Free cash flow, after acquisitions and investments	508	323	322	180

Days sales outstanding (DSO) at 66 days worldwide.

## Net debt/EBITDA



## Current ratings

	S&P	Moody's	Fitch
Company	BBB-	Baa3	BBB-
Outlook	stable	stable	stable

<sup>1</sup> Incl. \$205m (€193m) cash contribution from VA agreement

# Successful refinancing of credit agreement

- ▶ Amended and extended credit agreement in the amount of approximately USD 3.9 billion denominated in U.S. Dollar and Euro
- ▶ Maturities in 2020 and 2022
- ▶ Simplified, unsecured structure consistent with the investment grade rating of the company and lower tiered pricing
- ▶ Future bond issuances should be ranked pari passu with the credit agreement

# Outlook 2017 confirmed

	Guidance 2017	2016 base (IFRS/€m)
Revenue growth	<b>8 to 10%</b>	16,570
Net income growth	<b>7 to 9%</b>	1,144

## Assumptions:

- ▶ Numbers at constant currency
- ▶ Guidance 2017 excluding effect from agreement with United States Departments of Veterans Affairs and Justice
- ▶ Net income refers to net income attributable to shareholders of FMC AG & Co. KGaA

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Your questions  
are welcome

Conference call | August 1, 2017



**FRESENIUS**  
**MEDICAL CARE**

Rice Powell - CEO  
Mike Brosnan - CFO

# Attachment 1

Reconciliation of non-IFRS financial measures to the most comparable IFRS measure

€ million

Debt	FY 2015	FY 2016	Q2 2017
Short term debt	101	572	970
+ Short term debt from related parties	18	3	18
+ Current portion of long-term debt and capital lease obligations	610	724	670
+ Long-term debt and capital lease obligations less current portion	7,214	6,833	6,387
<b>TOTAL debt</b>	<b>7,943</b>	<b>8,132</b>	<b>8,045</b>
Cash and cash equivalents	516	709	721
<b>Net debt</b>	<b>7,427</b>	<b>7,423</b>	<b>7,324</b>
EBITDA	FY 2015	FY 2016 <sup>1</sup>	Q2 2017 <sup>1</sup>
Last twelve month operating income (EBIT)	2,129	2,398	2,586
+ Last twelve month depreciation and amortization	648	710	748
+ Non-cash charges	47	65	61
<b>EBITDA (annualized)</b>	<b>2,824</b>	<b>3,173</b>	<b>3,395</b>
<b>Total Net Debt / EBITDA</b>	<b>2.6</b>	<b>2.3</b>	<b>2.2</b>

<sup>1</sup> EBITDA: including largest acquisitions

# Attachment 2

Reconciliation of non-IFRS financial measures to the most comparable IFRS measure

€ million

## Cash Flow

	Q2 2016	Q2 2017	H1 2016	H1 2017
Acquisitions, investments and net purchases of intangible assets	(190)	(191)	(273)	(352)
+ Proceeds from divestitures	132	9	132	10
= Acquisitions and investments, net of divestitures	(58)	(182)	(141)	(342)

## Capital expenditures, net

	Q2 2016	Q2 2017	H1 2016	H1 2017
Purchase of property, plant and equipment	(227)	(206)	(453)	(404)
- Proceeds from sale of property, plant & equipment	4	13	7	16
= Capital expenditure, net	(223)	(193)	(446)	(388)

# Attachment 3

Reconciliation of non IFRS financial measures to the most directly comparable IFRS financial measures

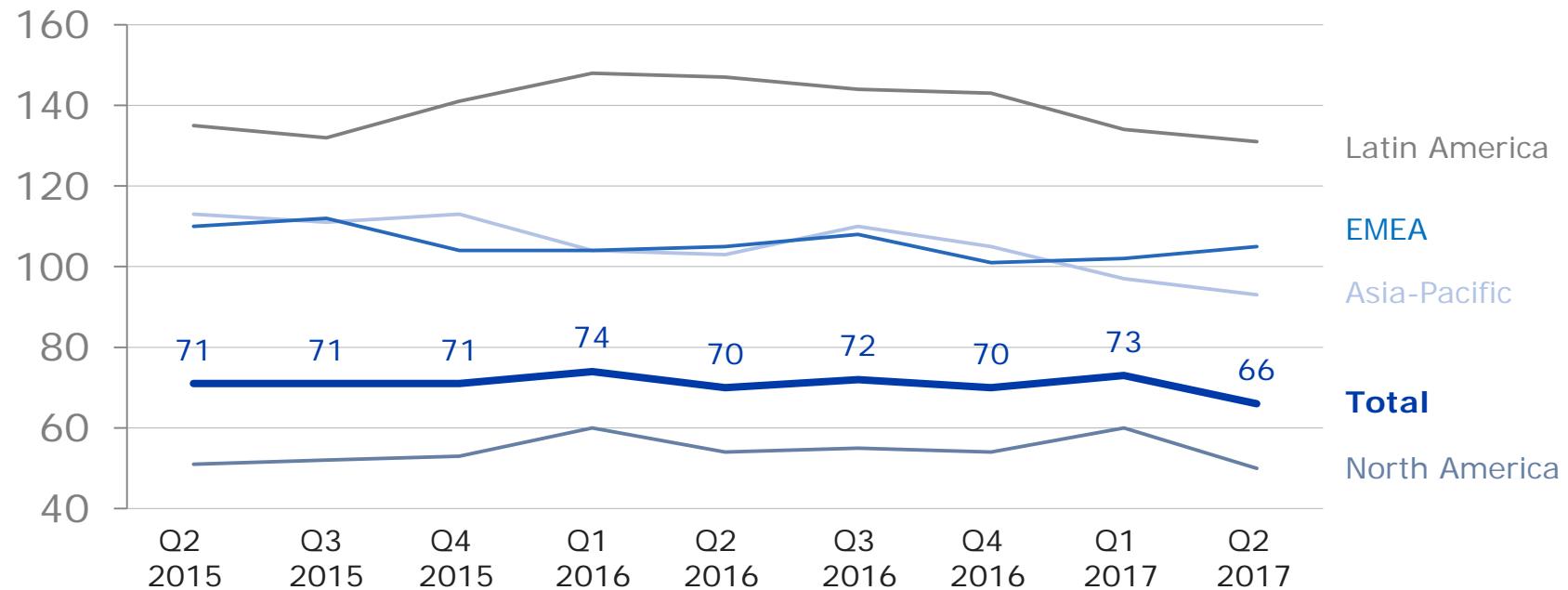
Operating performance excluding VA agreement – basis for guidance 2017

€ million	Q2 2016	Q2 2017	H1 2016	H1 2017
<b>Revenue</b>	<b>4,026</b>	<b>4,471</b>	<b>7,942</b>	<b>9,019</b>
VA agreement	-	(2)	-	98
<b>Revenue excluding VA agreement</b>	<b>4,026</b>	<b>4,473</b>	<b>7,942</b>	<b>8,921</b>
<b>Operating income (EBIT)</b>	<b>571</b>	<b>583</b>	<b>1,068</b>	<b>1,235</b>
VA agreement	-	(8)	-	91
<b>Operating income (EBIT) excluding VA agreement</b>	<b>571</b>	<b>591</b>	<b>1,068</b>	<b>1,144</b>
<b>Net income<sup>1</sup></b>	<b>264</b>	<b>269</b>	<b>477</b>	<b>577</b>
VA agreement	-	(5)	-	54
<b>Net income<sup>1</sup> excluding VA agreement</b>	<b>264</b>	<b>274</b>	<b>477</b>	<b>523</b>

1 attributable to shareholders of FMC AG & Co. KGaA

# Day sales outstanding (DSO)

in days



- Total DSO decrease driven by North America

# H1 2017: Health care services revenue

Revenue	H1 2017 € million	H1 2016 € million	Growth in %	Growth in %cc	Organic growth in %	Same market growth in %
<b>Total Health Care Services</b>	<b>7,418</b>	<b>6,472</b>	<b>15</b>	<b>11</b>	<b>8</b>	<b>3</b>
North America	6,182	5,383	15	11	8	3
of which Care Coordination	1,389	1,027	35	31	23	-
EMEA	613	567	8	7	3	4
Asia-Pacific	360	309	16	12	5	4
of which Care Coordination	59	n.a.	n.a.	n.a.	n.a.	-
Latin America	263	213	23	20	19	1

cc = constant currency

# H1 2017: Health care products revenue

Revenue	H1 2017 € million	H1 2016 € million	Growth in %	Growth in %cc
<b>Total Health Care Products</b>	<b>1,601</b>	<b>1,470</b>	<b>9</b>	<b>7</b>
<b>Dialysis Products</b>	<b>1,560</b>	<b>1,447</b>	<b>8</b>	<b>6</b>
North America	418	395	6	3
EMEA	601	581	4	4
Asia-Pacific	435	382	14	12
Latin America	97	81	20	8
<b>Non-Dialysis Products</b>	<b>41</b>	<b>23</b>	<b>66</b>	<b>66</b>

# H1 2017: patients, treatments, clinics

	<b>Patients</b> as of June 30, 2017	<b>Treatments</b> H1 2017, in million	<b>Clinics</b> as of June 30, 2017
North America	193,605	14.7	2,345
<i>Growth in %</i>	4	3	4
EMEA	61,256	4.6	727
<i>Growth in %</i>	5	7	4
Asia-Pacific	30,099	2.1	387
<i>Growth in %</i>	11	8	19
Latin America	30,345	2.4	231
<i>Growth in %</i>	1	2	0
<b>Total</b>	<b>315,305</b>	<b>23.8</b>	<b>3,690</b>
<i>Growth in %</i>	5	4	5

# U.S. dialysis days per quarter

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

# Exchange rates

	H1 2016	FY 2016	H1 2017
€:\$			
	Period end	1.110	1.054
€:CNY	Average	1.116	1.107
	Period end	7.376	7.320
€:RUB	Average	7.297	7.352
	Period end	71.520	64.300
€:ARS	Average	78.297	74.145
	Period end	16.554	16.718
€:BRL	Average	15.987	16.334
	Period end	3,590	3.431
	Average	4.130	3.856
			3.443

# Financial calendar<sup>1</sup>

November 2, 2017	Report on 3rd quarter 2017
August 29, 2017	Commerzbank Sector Conference, Frankfurt
September 6, 2017	Wells Fargo Conference, Boston
September 7, 2017	Goldman Sachs Medtech and Healthcare Services Conference, London
September 11-12, 2017	Morgan Stanley Global Healthcare Conference, New York
September 14, 2017	Bank of America Merrill Lynch Global Healthcare Conference, London
September 18-19, 2017	Berenberg & Goldman Sachs German Corp. Conference, Munich
September 20, 2017	Baader Investment Conference, Munich

<sup>1</sup> Please note that dates and/or participation might be subject to change

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**Constant currency:** Changes in revenue, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items include the impact of changes in foreign currency exchange rates. We use the non-IFRS financial measure "at constant exchange rates" or constant currency in our filings to show changes in our revenue, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items without giving effect to period-to-period currency fluctuations. Under IFRS, amounts received in local (non-Euro) currency are translated into Euros at the average exchange rate for the period presented. Once we translate the local currency for the constant currency, we then calculate the change, as a percentage, of the current period using the prior period exchange rates versus the prior period. This resulting percentage is a non-IFRS measure referring to a change as a percentage "at constant currency."

We believe that the non-IFRS 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 a company's revenue, operating income and other items from period to period. However, we also believe that the usefulness of data on constant currency period-over-period changes is subject to limitations, particularly if the currency effects that are eliminated constitute a significant element of our revenue, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items and 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 into Euros. We do not evaluate our results and performance without considering both constant currency period-over-period changes in non-IFRS revenue, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items and changes in revenue, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items prepared in accordance with IFRS. 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, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items prepared in accordance with IFRS. We present the growth rate derived from IFRS measures next to the growth rate derived from non-IFRS measures such as revenue, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items. Because the reconciliation is inherent in the disclosure, we believe that a separate reconciliation would not provide any additional benefit.