



## Health Care Worldwide



**Analyst Meeting, February 22, 2007**

# Fresenius

This presentation contains forward-looking statements that are subject to various risks and uncertainties. Future results could differ materially from those described in these forward-looking statements due to certain factors, e.g. changes in business, economic and competitive conditions, regulatory reforms, results of clinical trials, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings, and the availability of financing. Fresenius does not undertake any responsibility to update the forward-looking statements contained in this presentation.

# Agenda

## **I. Business Update**

- Fresenius Group
- Fresenius Kabi
- Fresenius ProServe
- Fresenius Biotech

## **II. Financials FY 2006**

## **III. Outlook 2007**

# Fresenius Group: 2006 – A Year of Significant Accomplishments

- Strengthened position as a leading global diversified healthcare company
- Successfully integrated two landmark acquisitions – HELIOS Kliniken and Renal Care Group
- Strong organic growth and EBIT margin improvement in all business segments
- Enhanced strategic posture in all business segments – HUMAINE Kliniken, phosphate binder business from Nabi, Filaxis
- SE conversion / share split initiated

# Fresenius Group: Significant Growth in Sales and Earnings

FY 2006	Sales 10,777 €m	EBIT 1,444 €m	Net income 330 €m
Growth at constant currency rates	+37 %	+50 %	+49 %
Growth at actual currency rates	+37%	+49 %	+49 %

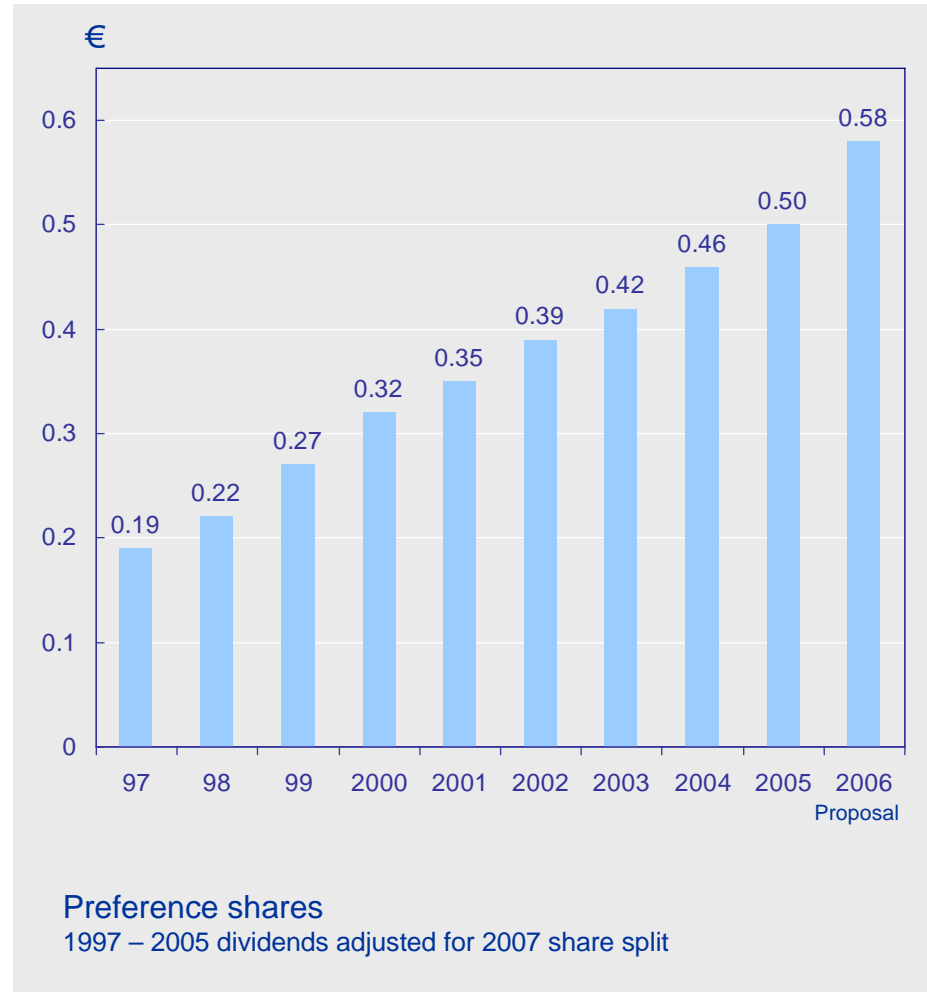
# Fresenius Group: Double-Digit Earnings Growth in all Business Segments

FY 2006	Fresenius Medical Care	Fresenius Kabi	Fresenius ProServe
Sales Growth	8,499 US\$m +26 %	1,893 €m +13 %	2,155 €m +7 %*
EBIT Growth	1,318 US\$m +40 %	291 €m +24 %	154 €m +23 %*
<b>All business segments achieved / exceeded their 2006 targets</b>			

\* based on FY 2005 incl. HELIOS Kliniken

# Fresenius AG: 15 % Dividend Increase Proposed

- Proposed dividend:  
€0.57 per ordinary share  
€0.58 per preference share
- 14<sup>th</sup> consecutive dividend increase
- Total distribution: 88.8 €m







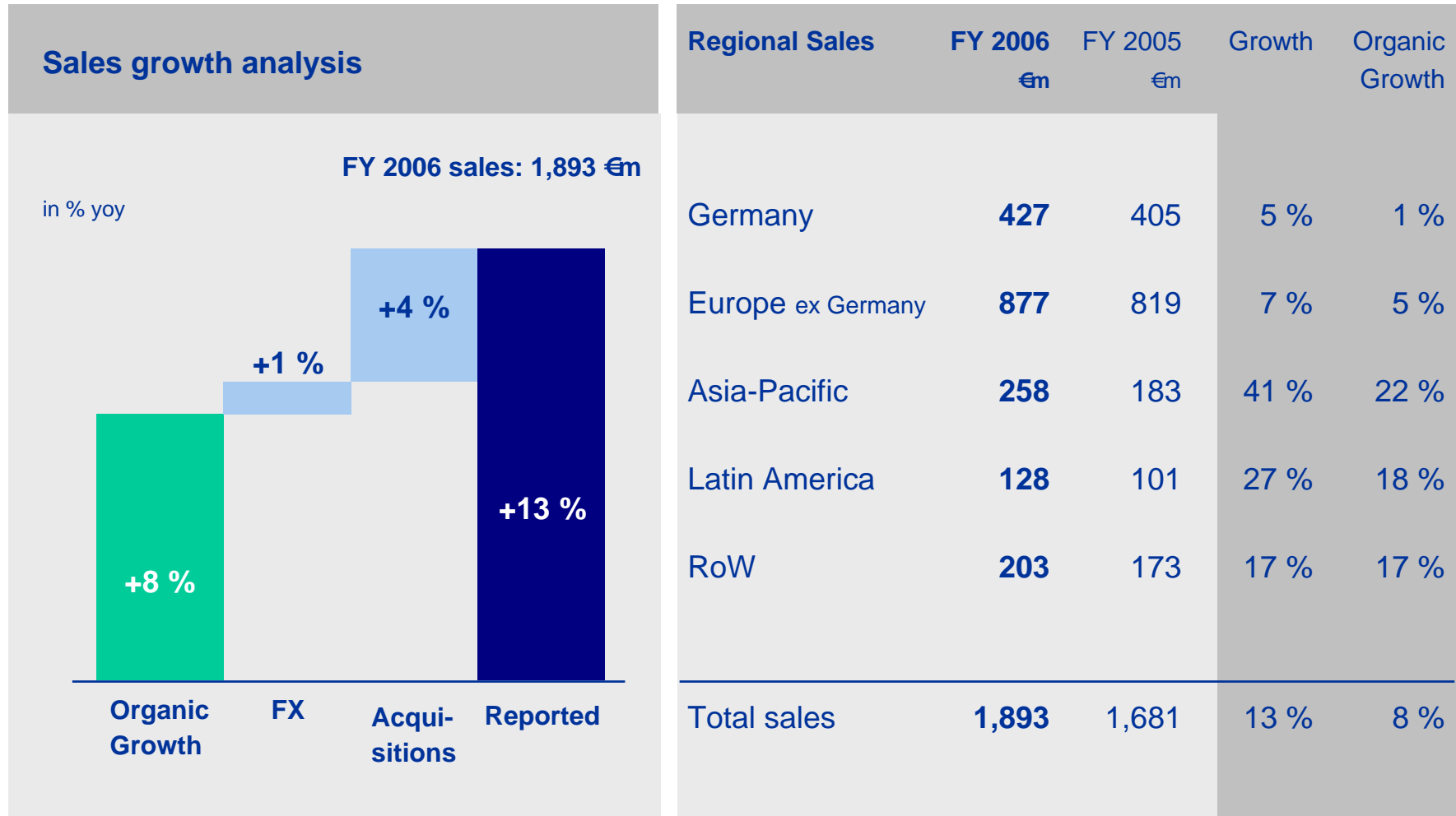
# Fresenius Kabi: Accomplishments 2006

- Strong sales growth in all product segments and regions
- Operating margin at record level; driven by improvements in production technology, SG&A leverage and product mix
- Generic I.V. drugs / Medical Devices:  
Roll-out plans on track for 2007; enhancing Kabi's product portfolio

# Fresenius Kabi: Excellent Sales Growth in All Product Segments

€m	FY 2006	FY 2005	Growth	Organic Growth
Total Sales	<b>1,893</b>	1,681	13 %	8 %
<b>By Product Segment:</b>				
Infusion Therapy	<b>1,023</b>	895	14 %	7 %
Clinical Nutrition	<b>753</b>	674	12 %	10 %
Transfusion Technology	<b>117</b>	112	4 %	3 %

# Fresenius Kabi: Strong Organic Sales Growth of 8 %

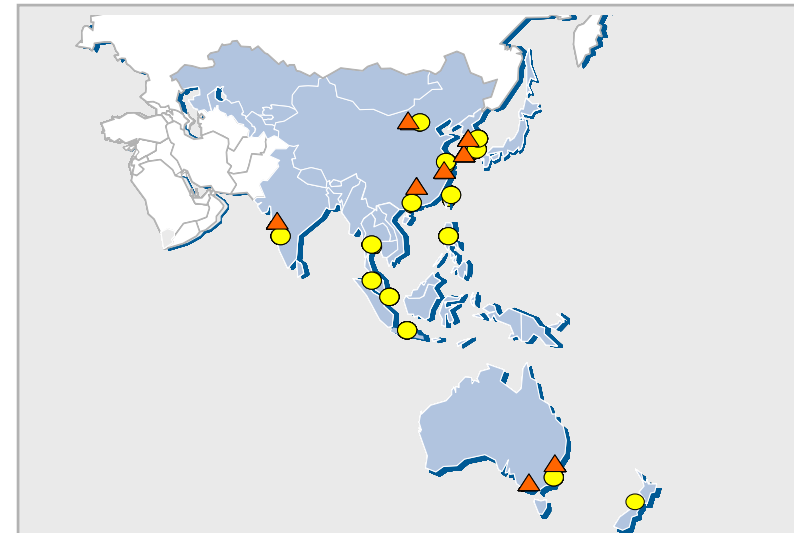


# Fresenius Kabi: Excellent EBIT Growth – Record Q4 06 Margin of 16.0 %

€m	FY 2006	FY 2005	Change
EBIT	<b>291</b>	234	24 %
EBIT margin	<b>15.4 %</b>	13.9 %	
<b>EBIT by Region:</b>			
▪ Europe	<b>256</b>	216	19 %
EBIT margin	<b>19.6 %</b>	17.6 %	
▪ International	<b>100</b>	74	35 %
EBIT margin	<b>17.0 %</b>	16.2 %	
▪ Corporate and Corporate R&D	<b>-65</b>	-56	
Net income	<b>143</b>	111	29 %

# Fresenius Kabi: Geographic Presence in Asia-Pacific and Latin America

- Long-term commitment
  - Asia-Pacific market entry in 1982
  - Latin America market entry in 1978
- 5-years sales CAGR
  - Asia-Pacific: 21 % cc
  - Latin America: 15 % cc
- Leading market positions
  - Asia-Pacific\*:
    - No 1 in Clinical Nutrition
  - Latin America:
    - No 1 in Infusion Therapy



\* excl. Japan

# Fresenius Kabi: 2007 and Mid-Term Financial Outlook

## 2007

## Guidance

Organic revenue growth	6 – 8 %
EBIT margin	16.0 – 16.5 %

## Mid-term

Organic revenue growth	6 – 8 %
EBIT margin	16 – 18 %



fresenius  proServe

# Fresenius ProServe: Accomplishments 2006

- Achieved excellent financial results; engineering and services business with strong order intake
- Implemented integration plan successfully – HELIOS, Wittgensteiner Kliniken, HUMAINE
- Improved strategic focus through Pharmaplan divestiture; hospital operations and hospital services as core activities
- Concluded a nationwide group wage tariff agreement with the unions ver.di and Marburger Bund



# Fresenius ProServe: Sales Development fully in Line with Guidance

€m	FY 2006	FY 2005 incl. HELIOS	Growth	Organic Growth
Total Sales	<b>2,155</b>	2,009	7 %	3 %
<b>Sales by Division:</b>				
▪ Hospital Operations (HELIOS)	<b>1,673</b>	1,550	8 %	3 %
▪ Engineering & services for hospitals and the pharmaceutical industry (VAMED + Pharmaplan)	<b>482</b>	459	5 %	5 %

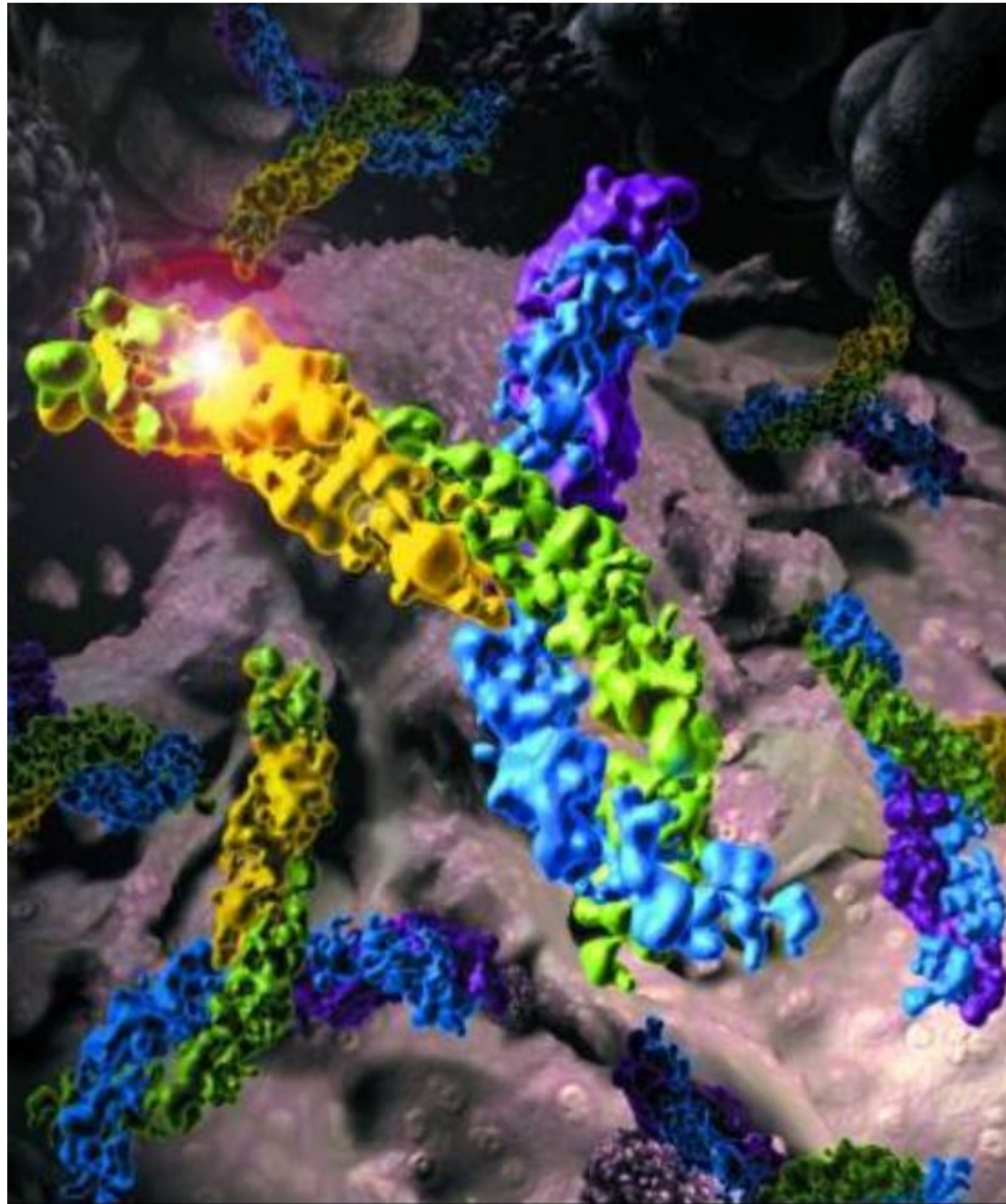
# Fresenius ProServe: EBIT Result Exceeds Guidance of 140 – 150 €m

€m	FY 2006	FY 2005 incl. HELIOS	Growth
EBIT	<b>154</b>	125	23 %
EBIT margin	7.1 %	6.2 %	
<b>EBIT by Division:</b>			
▪ Hospital operations	<b>133</b>	107	24 %
EBIT margin	7.9 %	6.9 %	
▪ Engineering + services for hospitals and the pharmaceutical industry	<b>25</b>	22	14 %
EBIT margin	5.2 %	4.8 %	
▪ Corporate costs	<b>-4</b>	-4	-

# Fresenius ProServe: 2007 Financial Outlook

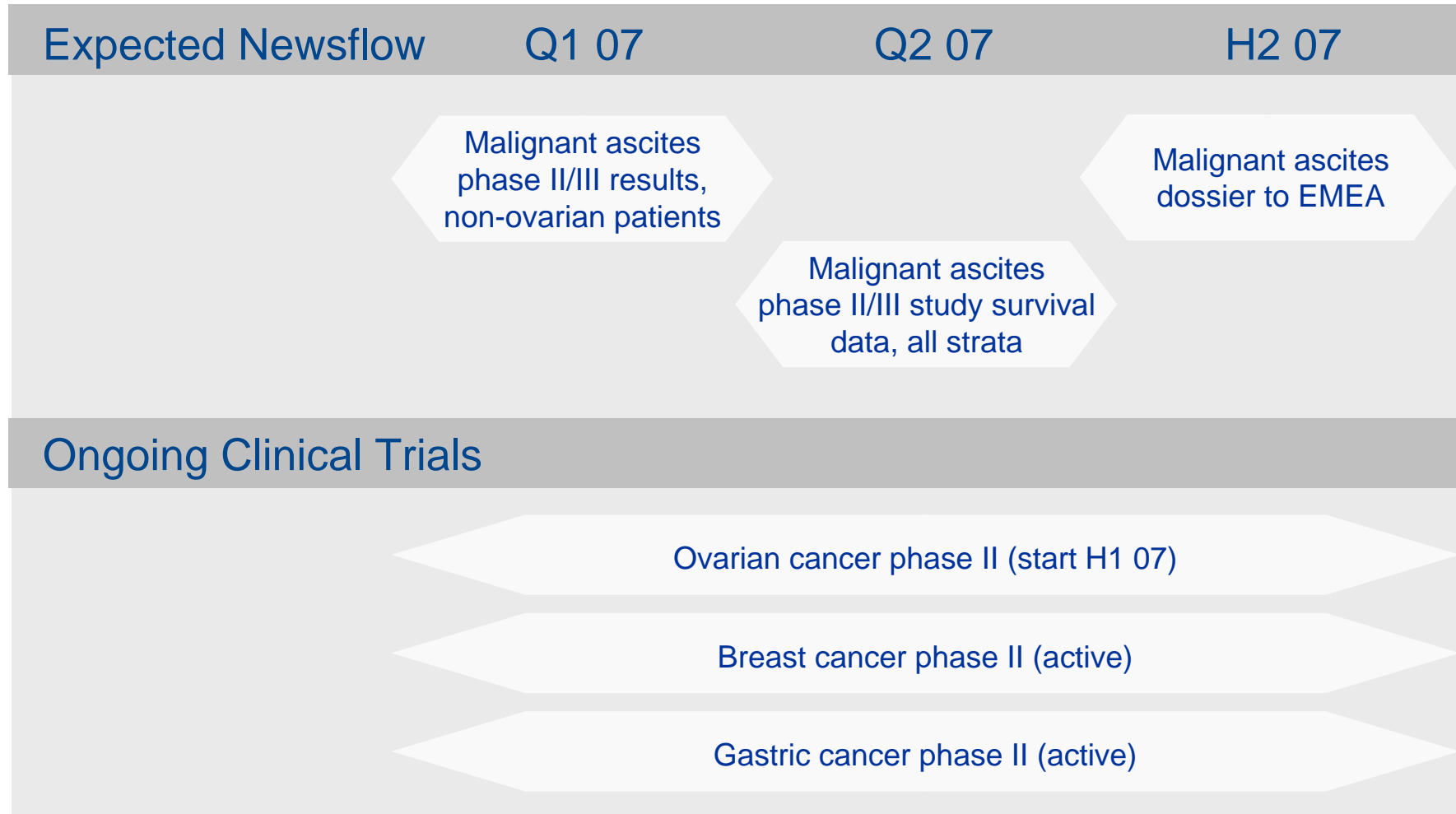
## Guidance

Organic revenue growth	2 – 3 %
EBIT	160 – 170 €m



**Fresenius**  
Biotech

# Fresenius Biotech: 2007 Newsflow and Clinical Activity



# Fresenius Biotech: 2006 / 2007 EBIT Result

EBIT 2006	-45 €m
	<b>Guidance</b>
EBIT 2007 Outlook	~ -50 €m

# Fresenius Group: Where Are We Heading Mid-term?

**15 / 15 by 2010**







Target revenues of 15 €bn and EBIT margin of 15 %



# Group Financials FY 2006



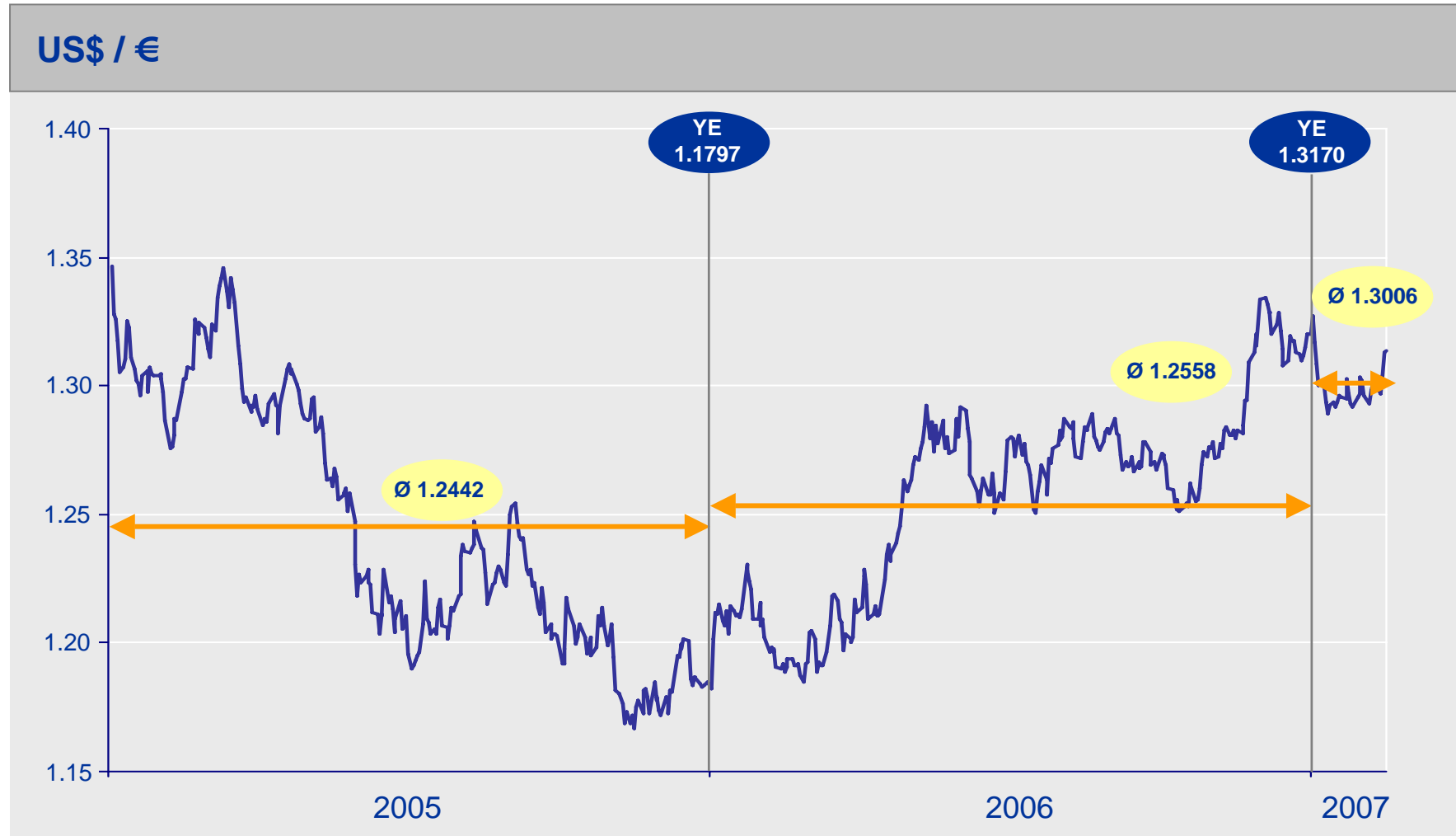
# Fresenius Group: 2006 – Guidance Fully Achieved

	Target	Result	
Revenue Revenue growth (cc)	> 10.7 €bn > 35 %	~ 10.8 €bn +37 %	
Net income growth (cc)	40 – 45 %	+49 %	 
Net Debt / EBITDA	~ 3.5	3.0	 
Capital expenditure	550 – 600 €m	600 €m	

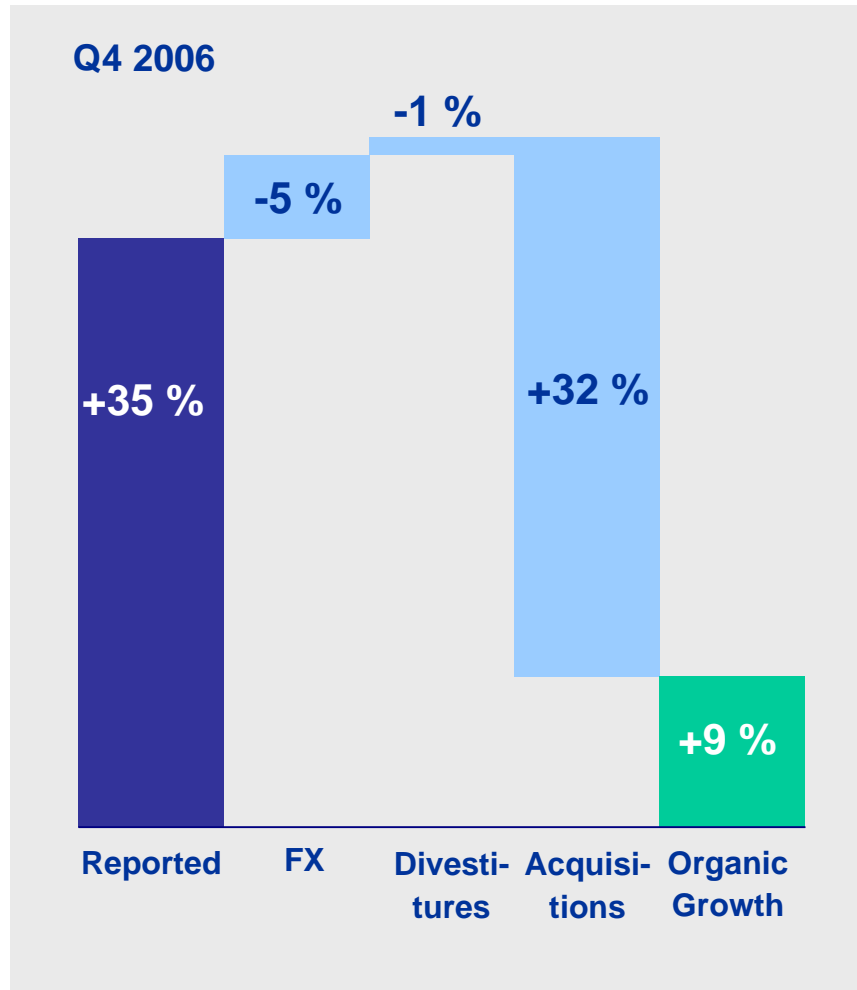
# Fresenius Group: P+L Statement – New Records

€m	Q4 2006	FY 2006	FY 2006 YoY		Remarks on FY
			actual rates	constant rates	
Sales	2,934	10,777	+37 %	+37 %	strong 9 % organic growth
EBIT	384	1,444	+49 %	+50 %	
Interest result	-100	-395	-95 %	-96 %	
Taxes	-101	-414	-39 %	-40 %	
Net income	97	330	+49 %	+49 %	
EPS (prefs) (€)	0.63	2.16	+22 %	+22 %	

# Currency Development



# Fresenius Group: Strong Underlying Sales Growth



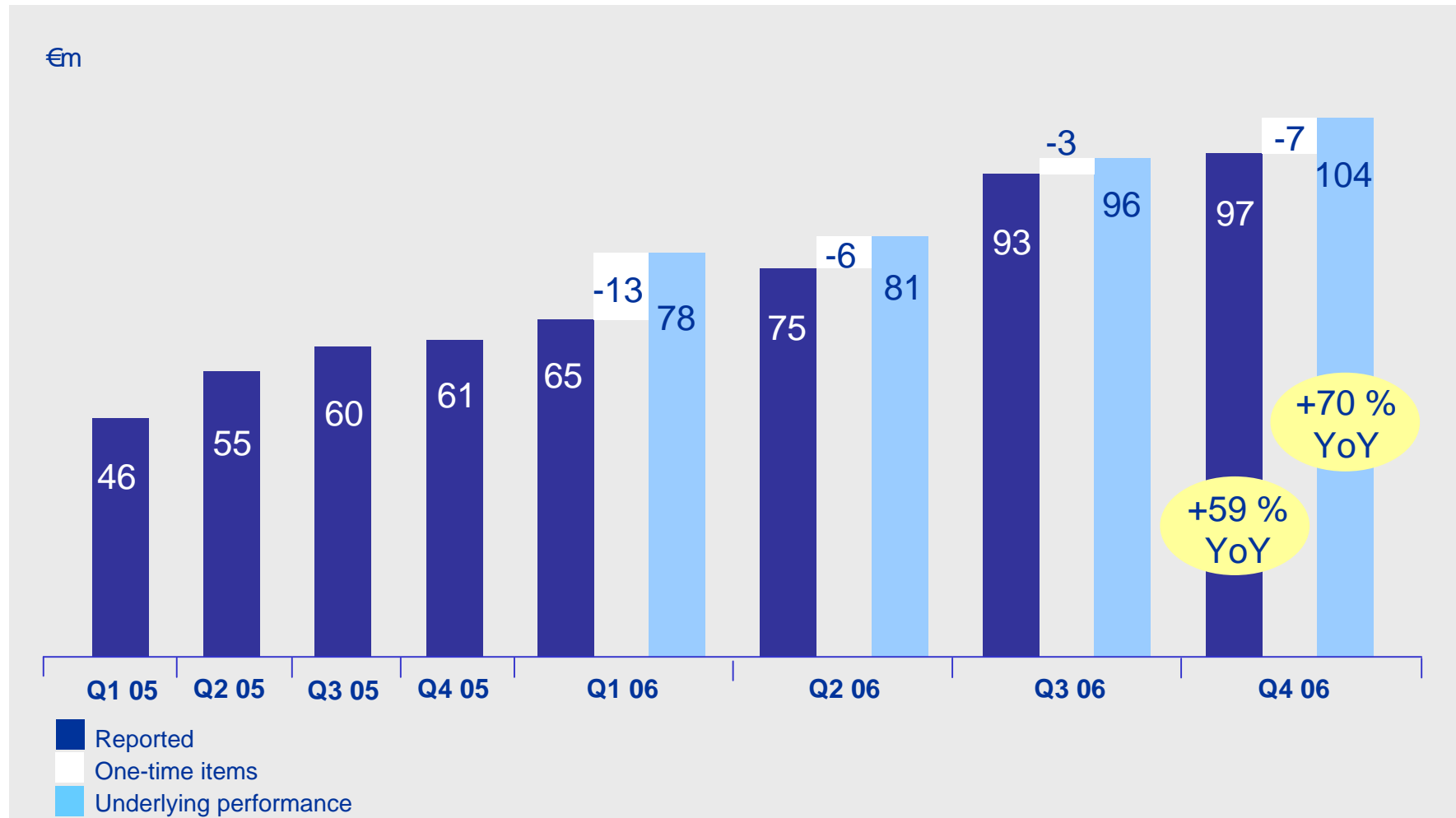
Organic Growth in %	Q4	Q3	Q2	Q1
Fresenius Medical Care	11	10	9	9
Fresenius Kabi	8	7	7	9
Fresenius ProServe*	0	2	12	5
<b>Group</b>	<b>9</b>	<b>8</b>	<b>9</b>	<b>9</b>

\* excl. HELIOS in 2005

# Fresenius Group: P + L Statement – New Records

€m	Q4 2006	FY 2006	FY 2006 YoY		Remarks on FY
			actual rates	constant rates	
Sales	2,934	10,777	+37 %	+37 %	strong 9 % organic growth
EBIT	384	1,444	+49 %	+50 %	including -12 €m (net) one-time items / SFAS 123R
Interest result	-100	-395	-95 %	-96 %	including 30 €m costs for early refinancing
Taxes	-101	-414	-39 %	-40 %	impacted by effects from US dialysis clinic divestiture
Net income	97	330	+49 %	+49 %	including -29 €m (net) one-time items / SFAS 123R
EPS (prefs) (€)	0.63	2.16	+22 %	+22 %	

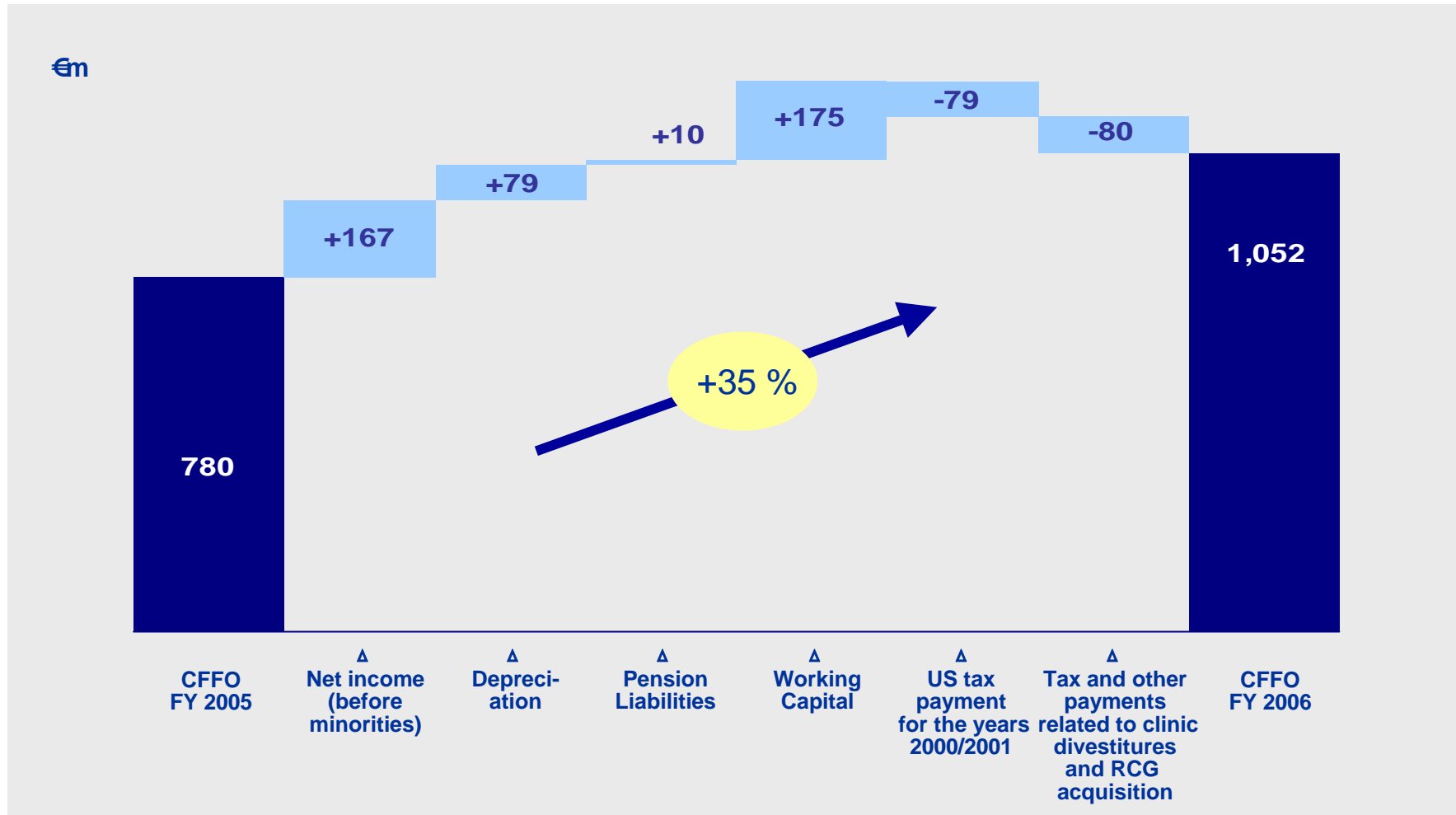
# Fresenius Group: Strong Net Income Development



# Fresenius Group: Cash Flow

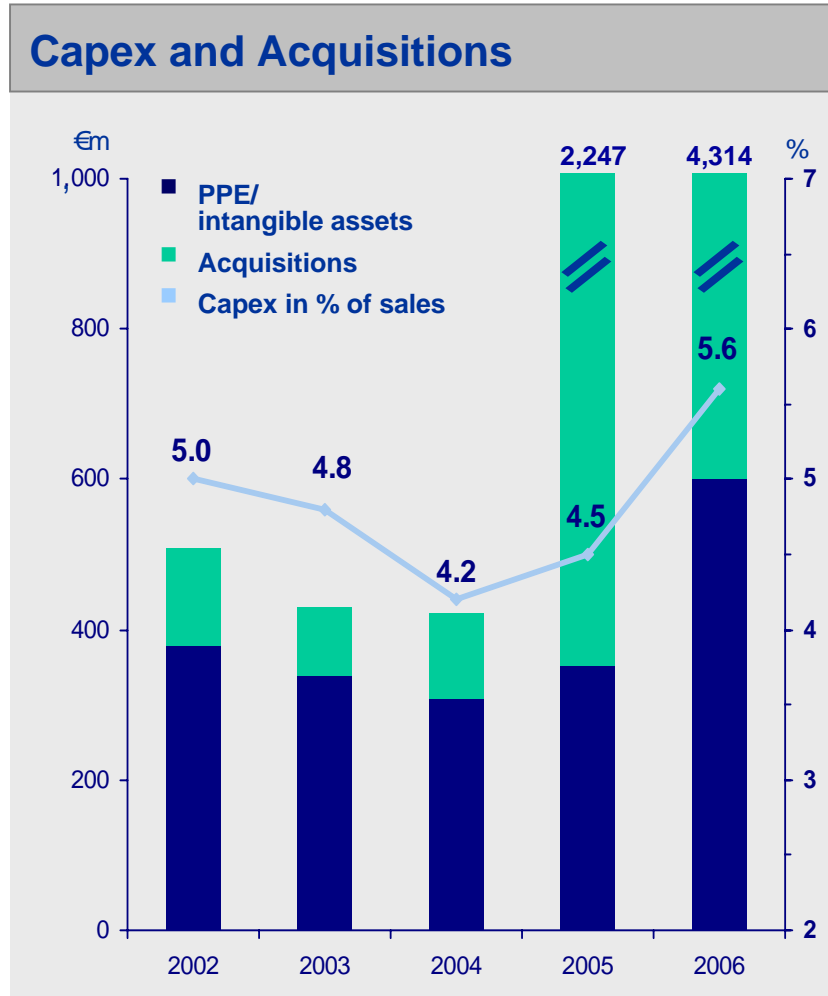
€m	Q4 2006	FY 2006	FY 2006 YoY	Remarks on FY
Cash flow	295	1,045	+32 %	strong earnings growth
Change in Working capital	+169	+7	--	improved W/C efficiency largely offset by aperiodic and one-time tax payments
Operating Cash flow	464	1,052	35 %	
Capex (net)	-211	-571	73 %	reflects broadened asset base post acquisitions
Cash flow (before acquisitions and dividends)	253	481	7 %	
Acquisitions (net)	-116	3,219	--	
Dividends	-12	-171	-30 %	
Free Cash flow (after acquisitions and dividends)	125	-2,909	--	

# Fresenius Group: Operating Cash Flow Development





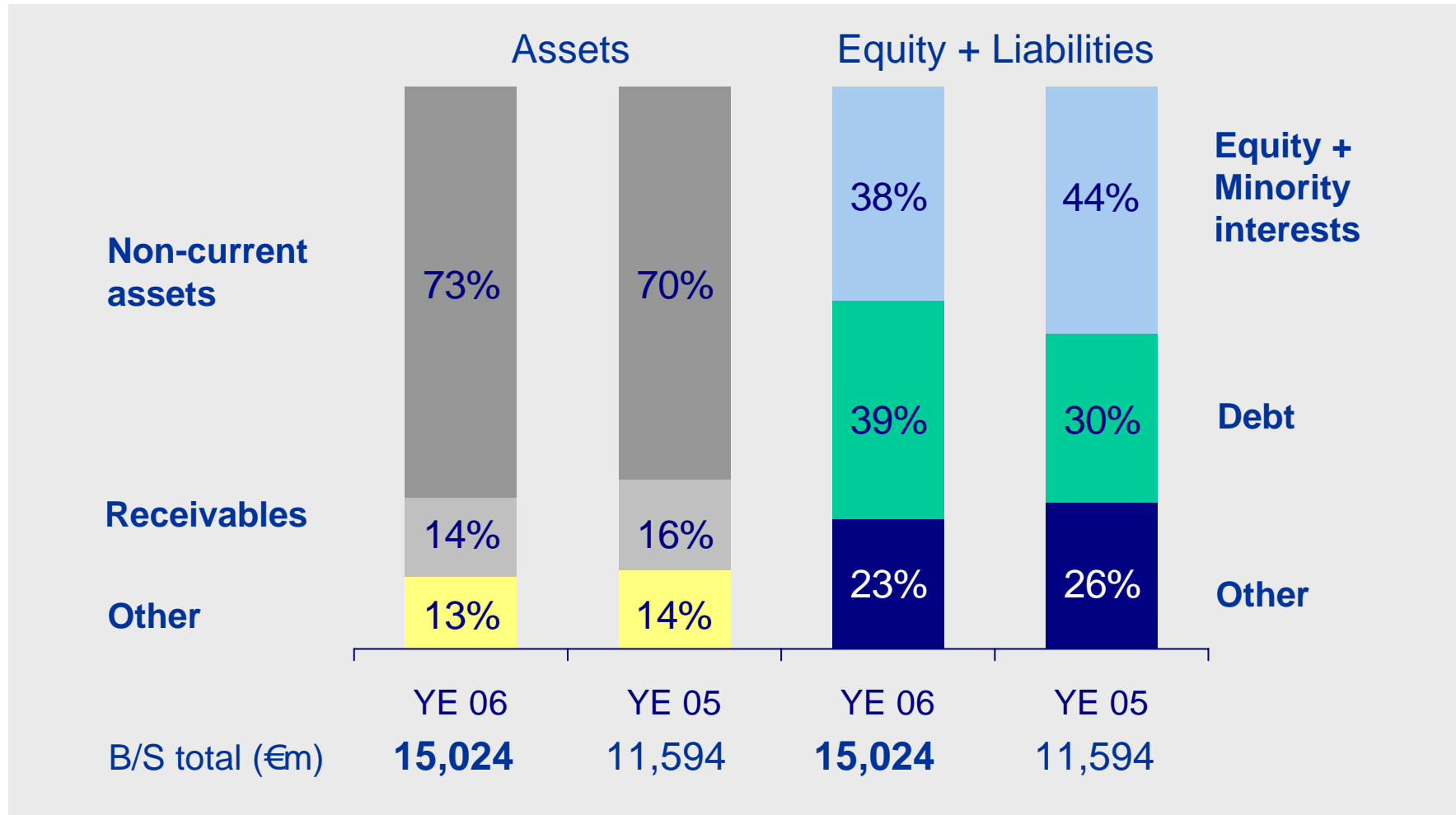
# Fresenius Group: Capex and Acquisitions – Investing into Growth



### Capex by Business Segment

	2006 €m	2005 €m	Change %
Fresenius Medical Care	372	253	47
Fresenius Kabi	113	77	47
Fresenius ProServe	106	12	--
Corporate	9	11	-18
<b>Group</b>	<b>600</b>	<b>353</b>	<b>70</b>

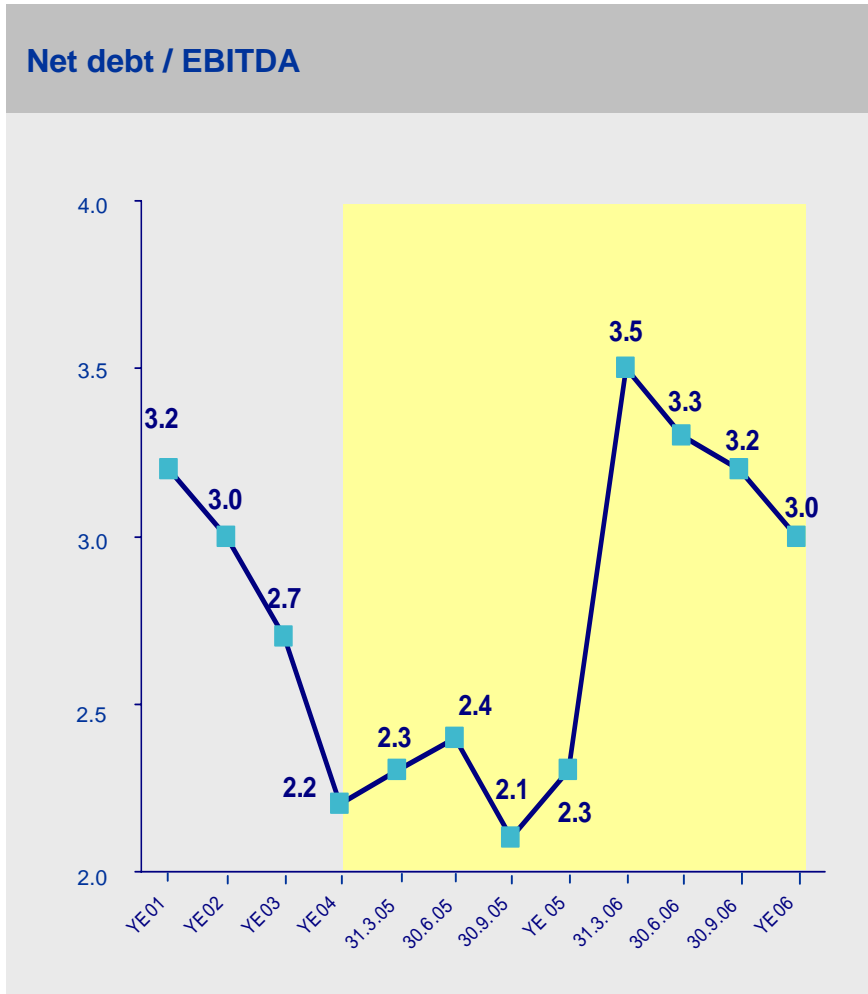
# Fresenius Group: Solid Balance Sheet Structure



# Fresenius Group: Debt and Interest Ratios

	Dec 31, 2006	March 31, 2006
Debt (€m)	<b>5,872</b>	6,657
Net debt (€m)	<b>5,611</b>	6,209
Net debt/EBITDA*	<b>3.0</b>	3.5
EBITDA/Interest*	<b>4.6</b>	6.4

\* excl. gain and EBITDA from divested dialysis clinics and one-time expenses for refinancing, incl. RCG in Q1



# Fresenius Group: Positive Outlook 2007

## Guidance

Revenue growth at constant currency	8 – 10 %
Net income growth at constant currency	20 – 25 %
Capex	600 – 700 €m
Net Debt / EBITDA	2.8 – 3.0



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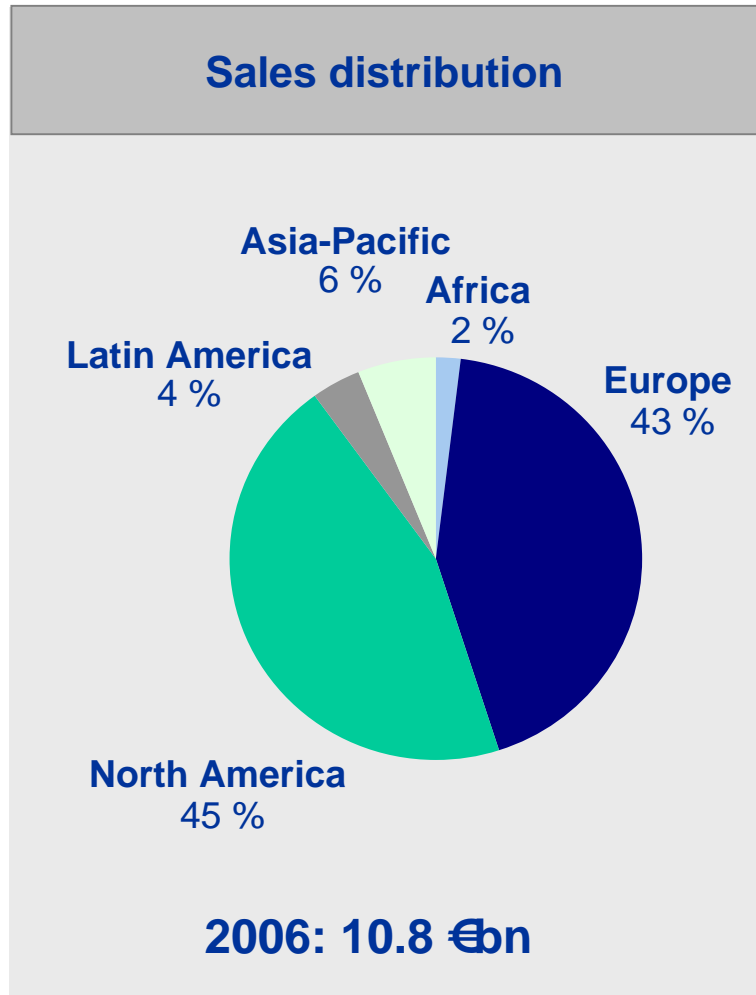


# Attachments

# Fresenius Group: Key Figures According to IFRS

in €m	FY 2006 US GAAP	FY 2006 IFRS
Sales	10,777	<b>10,776</b>
EBIT	1,444	<b>1,443</b>
Interest result	-395	<b>-395</b>
Net income	330	<b>330</b>
Operating Cash flow	1,052	<b>1,058</b>
Balance sheet total	15,024	<b>15,024</b>

# Fresenius Group: Sales Growth By Region



	2006 €m	2005 €m	Growth	Organic Growth
Europe	4,536	3,032	50 %	5 %
North America	4,862	3,746	30 %	9 %
Asia-Pacific	696	557	25 %	19 %
Latin America	452	354	28 %	22 %
Africa	231	200	16 %	18 %
<b>TOTAL</b>	<b>10,777</b>	<b>7,889</b>	<b>37 %</b>	<b>9 %</b>



# Fresenius Group: Impact of Acquisition / Financing Related One-time Expenses and Accounting Change

€m	FY 2006 Guidance			FY 2006			Status
	EBIT	Interest	Net income	EBIT	Interest	Net income	
FMC – transformation, restructuring costs and in-process R&D	-26		-6	-28		-7	✓
Accounting change – stock options	-16		-7	-16		-7	✓
FMC – FTC-related clinic divestitures	32		-1	32		-1	✓
Early redemption Fresenius 2003 Bond		-18	-11		-18	-11	✓
FMC – write-off prepaid financing fees		-12	-3		-12	-3	✓
<b>Total</b>	<b>-10</b>	<b>-30</b>	<b>-28</b>	<b>-12</b>	<b>-30</b>	<b>-29</b>	<b>✓</b>

# Fresenius Kabi: Profit and Loss Statement

€m	2006	2005	
Sales	<b>1,893</b>	1,681	▪ 8 % organic growth
Cost of goods sold	<b>-1,069</b>	-968	
Gross profit	<b>824</b>	713	▪ Production improvements
%	<b>43.5</b>	42.4	▪ Product mix
			▪ Economies of scale
SG&A	<b>-456</b>	-415	▪ Cost discipline
%	<b>24.1</b>	24.7	▪ Leverage on existing structure
R&D expenses	<b>-77</b>	-64	▪ Increasing R&D initiatives
%	<b>4.1</b>	3.8	
EBITDA	<b>370</b>	318	
EBITDA margin %	<b>19.5</b>	18.9	

## Fresenius Kabi: Profit and Loss Statement (cont'd)

€m	2006	2005	
EBIT	<b>291</b>	234	
EBIT margin %	<b>15.4</b>	13.9	
Net interest	<b>-70</b>	-51	▪ 18 €m related to 2003 Bond refinancing
Earnings before taxes and minority interests	<b>221</b>	183	
Income taxes	<b>-72</b>	-65	
Tax rate %	<b>33</b>	36	
Minority interests	<b>-6</b>	-7	
Net income	<b>143</b>	111	▪ 29% growth

# Fresenius Kabi: Cash Flow Statement

€m	2006	2005	
Net income (incl. minority interests)	<b>149</b>	118	
Depreciation / amortization	<b>79</b>	84	▪ 2005 one-time items due to production optimization program
Change in working capital	<b>-26</b>	+35	▪ Positive 2005 receivables settlements with governments
Cash flow from operations	<b>202</b>	237	▪ Strong cash generation, margin in target range of $\geq 10\%$
Margin %	<b>10.7</b>	14.0	
CAPEX, net	<b>-101</b>	-70	▪ 68 % growth, 32 % maintenance
Cash flow before acquisitions and dividends	<b>101</b>	167	
Acquisitions, net	<b>-20</b>	-223	
Free cash flow	<b>81</b>	-56	

## Fresenius Kabi: Balance Sheet

€m	YE 2006	YE 2005	
Accounts receivable	<b>440</b>	392	▪ DSO (Dec 31, 2006): 86
Inventories	<b>307</b>	278	▪ SOI (Dec 31, 2006): 118
Fixed assets	<b>974</b>	935	▪ Goodwill (Dec 31, 2006): 437 €m
Other assets	<b>244</b>	262	
<b>Total assets</b>	<b>1,965</b>	1,867	▪ +5 %; thereof 1 % due to acquisitions
Debt	<b>880</b>	903	
Other liabilities	<b>635</b>	582	
Equity (incl. minority interests)	<b>450</b>	382	
<b>Total liabilities and shareholders' equity</b>	<b>1,965</b>	1,867	

# Fresenius Biotech: Project Portfolio

Project	Phase of development					
	R & D	Pre-Clinical	Phase I	Phase II	Phase III	Commercialization & Phase IV
ATG	[Progress bar spanning R & D, Pre-Clinical, Phase I, Phase II, and Phase III]					
ATG SCT Study	[Progress bar spanning R & D, Pre-Clinical, Phase I, and Phase II]					
ATG USA	[Progress bar spanning R & D, Pre-Clinical, Phase I, and Phase II]					
Malignant Ascites (removab®)	[Progress bar spanning R & D, Pre-Clinical, Phase I, Phase II, and Phase III]					
Ovarian Cancer (removab®)	[Progress bar spanning R & D, Pre-Clinical, Phase I, and Phase II (labeled IIa)]					
Peritoneal Carcinoma/ Gastric Cancer (removab®)	[Progress bar spanning R & D, Pre-Clinical, Phase I, and Phase II]					
Breast Cancer (rexomun™)	[Progress bar spanning R & D, Pre-Clinical, Phase I, and Phase II]					
NSCLC (removab®)	[Progress bar spanning R & D, Pre-Clinical, Phase I, and Phase II]					
Pleural Effusion (removab®)	[Progress bar spanning R & D, Pre-Clinical, Phase I, and Phase II]					
Tolerance induction (TAIC)	[Progress bar spanning R & D, Pre-Clinical, and Phase I]					