

Q1 2020

QUARTERLY FINANCIAL REPORT

TABLE OF CONTENTS

3 Fresenius Group figures at a glance	6 Management Report	19 Consolidated financial statements
	6 Health care industry	19 Consolidated statement of income
5 Fresenius share	7 Results of operations, financial position, assets and liabilities	20 Consolidated statement of comprehensive income
	7 Sales	21 Consolidated statement of financial position
	7 Earnings	22 Consolidated statement of cash flows
	8 Reconciliation	24 Consolidated statement of changes in equity
	8 Investments	26 Consolidated segment reporting first quarter of 2020
	8 Cash flow	
	9 Asset and liability structure	27 Notes
	10 Business segments	
	10 Fresenius Medical Care	46 Financial Calendar
	11 Fresenius Kabi	
	12 Fresenius Helios	
	13 Fresenius Vamed	
	14 Employees	
	14 Research and development	
	14 Opportunities and risk report	
	14 Rating	
	15 Outlook 2020	
	17 Reconciliation tables	

FRESENIUS GROUP FIGURES AT A GLANCE

Fresenius is a global health care group providing products and services for dialysis, hospitals, and outpatient medical care. In addition, Fresenius focuses on hospital operations. We also manage projects and provide services for hospitals and other health care facilities. In 2019, Group sales were €35.4 billion. As of March 31, 2020, more than 299,000 employees have dedicated themselves to the service of health in about 100 countries worldwide.

SALES, EARNINGS, AND CASH FLOW

€ in millions	Q1/2020 ¹	Q1/2019	Growth	Growth in constant currency
Sales	9,135	8,495	8%	7%
EBIT before special items	1,125	1,130	0%	-2%
Net income reported ²	459	453	1%	0%
Net income before special items ²	465	457	2%	1%
Earnings per share in € reported ²	0.82	0.81	1%	0%
Earnings per share in € before special items ²	0.83	0.82	1%	1%
Operating cash flow	878	289	--	--

¹ Figures are not comparable to guidance as FY/20 guidance does not include any effects from Covid 19 pandemic

² Net income attributable to shareholders of Fresenius SE & Co. KGaA

BALANCE SHEET AND INVESTMENTS

€ in millions	March 31, 2020	December 31, 2019	Change
Total assets	68,972	67,006	3%
Non-current assets	52,631	51,742	2%
Equity	26,956	26,580	1%
Net debt	26,529	25,604	4%
Investments and acquisitions (Q1 2020/Q1 2019)	959	2,364	-59%

RATIOS

	Q1/2020	Q1/2019
EBITDA margin ¹	19.2%	20.0%
EBIT margin ¹	12.3%	13.3%
Depreciation and amortization in % of sales ¹	6.9%	6.7%
Operating cash flow in % of sales	9.6%	3.4%
Equity ratio ⁵ (March 31/December 31)	39.1%	39.7%
Net debt/EBITDA ^{1,2} (March 31/December 31)	3.68	3.61

¹ Before special items

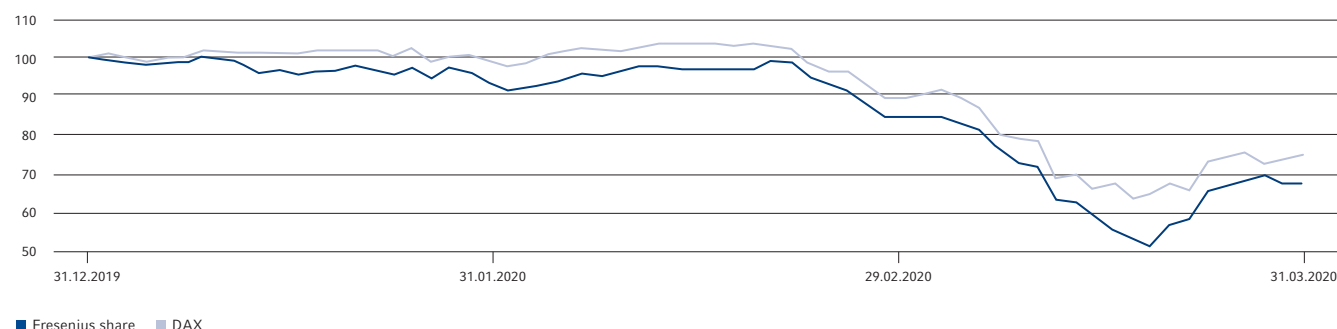
² At LTM average exchange rates for both net debt and EBITDA; pro forma closed acquisitions/divestitures

FRESENIUS SHARE

Affected by the overall negative development of stock markets, the Fresenius share closed the first quarter of 2020 at a price of €33.93.

RELATIVE SHARE PRICE PERFORMANCE VS. DAX

31.12.2019 = 100



KEY DATA OF THE FRESENIUS SHARE

	Q1/2020	2019	Growth
Number of shares (March 31/December 31)	557,409,904	557,379,979	0%
Stock exchange quotation ¹ in €			
High	50.32	52.42	-4%
Low	25.66	40.74	-37%
Period-end quotation Closing price	33.93	50.18	-32%
Ø Trading volume (number of shares per trading day)	2,580,655	1,693,849	52%
Market capitalization ² in million €	18,913	27,969	-32%
Earnings per share in € ⁴	0.83	3.37	--

¹ Xetra closing price on the Frankfurt Stock Exchange

² Total number of ordinary shares multiplied by the respective Xetra year-end quotation on the Frankfurt Stock Exchange

³ Proposal

⁴ Net income attributable to shareholders of Fresenius SE & Co. KGaA; before special items

FIRST QUARTER 2020

The Covid-19 pandemic led to a rapid weakening of the global economy in the first quarter. Uncertainty about the further development of the Covid-19 pandemic put additional pressure on the capital markets.

The ECB left its key interest rate unchanged at 0.00% during its March meeting.

The U.S. Federal Reserve did not change the existing interest rates corridor of 0% to 0.25% at its March meeting.

Within this economic environment, the DAX decreased by 25% in the first quarter of 2020 to 9,936 points. The Fresenius share closed at €33.93 on March 31, 2020. This represents a decline of 32% over the same period.

MANAGEMENT REPORT

Solid start to 2020 – Fresenius proves its resilience in light of significant COVID-19 effects

- ▶ Fresenius Medical Care with strong sales growth in Q1
- ▶ Fresenius Kabi with expected dip in China partially offset by spike in demand for drugs and devices for COVID-19 patients in Europe and the US
- ▶ Helios Germany supported by law to ease financial burden on hospitals
- ▶ Helios Spain's significant contribution to combat COVID-19 faces reimbursement uncertainties
- ▶ Fresenius Vamed with solid Q1, however already marked by COVID-19 related post-acute patient losses and project delays
- ▶ Original guidance for 2020 excluding any effects of the COVID-19 pandemic maintained; Guidance update to include COVID-19 effects expected with Q2/20 financial results
- ▶ Group financial position remains strong

HEALTH CARE INDUSTRY

The health care sector is one of the world's largest industries. It is relatively insensitive to economic fluctuations compared to other sectors and has posted above-average growth over the past years.

The main growth factors are rising medical needs deriving from aging populations, the growing number of chronically ill and multimorbid patients, stronger demand for innovative products and therapies, advances in medical technology and the growing health consciousness, which increases the demand for health care services and facilities.

	Q1/2020 ¹	Growth	Growth in constant currency
Sales	€9.1 bn	8%	7%
EBIT ²	€1,125 m	0%	-2%
Net income ^{2,3}	€465 m	2%	1%

In the emerging countries, drivers are the expanding availability and correspondingly greater demand for basic health care and increasing national incomes and hence higher spending on health care.

Health care structures are being reviewed and cost-cutting potential identified in order to contain the steadily rising health care expenditures. However, such measures cannot compensate for the cost pressure. Market-based elements are increasingly being introduced into the health care system to create incentives for cost- and quality-conscious behavior.

¹ Not comparable to FY/20 guidance as inclusive of COVID-19 effects

² Before special items

³ Net income attributable to shareholders of Fresenius SE & Co. KGaA

Overall treatment costs shall be reduced through improved quality standards. In addition, ever-greater importance is being placed on disease prevention and innovative reimbursement models linked to treatment quality standards.

RESULTS OF OPERATIONS, FINANCIAL POSITION, ASSETS AND LIABILITIES

SALES

Group sales increased by 8% (7% in constant currency) to €9,135 million in Q1/20 (Q1/19: €8,495 million) driven by all business segments. COVID-19 had only a slight negative effect on sales growth. Organic sales growth was 5%. Acquisitions/divestitures contributed net 2% to growth. Positive currency translation effects of 1% were mainly driven by the U.S. dollar strengthening against the euro.

EARNINGS

Group EBITDA increased by 3% (2% in constant currency) to €1,755 million (Q1/19¹: €1,701 million).

Group EBIT remained on prior year's level (-2% in constant currency) at €1,125 million (Q1/19¹: €1,130 million), impacted by negative COVID-19 effects. At Fresenius Kabi additional demand for drugs and devices to treat COVID-19 patients late in the quarter only partially offset the anticipated headwinds in China during most of the quarter. Helios Spain also faced very significant negative COVID-19 effects in March, mainly at its private hospital and ORP businesses. The EBIT margin was 12.3% (Q1/19¹: 13.3%).

SALES BY REGION

€ in millions	Q1/2020	Q1/2019	Change	Organic sales growth	Currency translation effects	Acquisitions/divestitures	% of total sales
North America	3,842	3,492	10%	4%	3%	3%	42%
Europe	3,990	3,741	7%	6%	0%	1%	44%
Asia-Pacific	816	825	-1%	-2%	1%	0%	9%
Latin America	384	337	14%	17%	-17%	14%	4%
Africa	103	100	3%	5%	-2%	0%	1%
Total	9,135	8,495	8%	5%	1%	2%	100%

SALES BY BUSINESS SEGMENT

€ in millions	Q1/2020	Q1/2019	Change	Organic sales growth	Currency translation effects	Acquisitions/Divestitures	% of total sales
Fresenius Medical Care	4,488	4,133	9%	4%	2%	3%	49%
Fresenius Kabi	1,789	1,701	5%	6%	-1%	0%	19%
Fresenius Helios	2,466	2,311	7%	5%	0%	2%	27%
Fresenius Vamed	499	440	13%	10%	0%	3%	5%
Total	9,135	8,495	8%	5%	1%	2%	100%

EARNINGS

€ in millions	Q1/2020	Q1/2019
EBIT ¹	1,125	1,130
Net income ²	459	453
Net income (before special items) ²	465	457
Earnings per share ²	0.82	0.81
Earnings per share (before special items) ²	0.83	0.82

Group net interest before special items improved to -€174 million in Q1/20 (Q1/19: -€181 million) mainly due to successful refinancing activities. Reported Group net interest improved to -€182 million (Q1/19: -€184 million).

The Group tax rate before special items was 22.6% (Q1/19: 23.3%). The reported Group tax rate was 22.6% (Q1/19: 23.3%).

¹ Before special items

² Net income attributable to shareholders of Fresenius SE & Co. KGaA

Noncontrolling interest before special items was -€271 million (Q1/19: -€271 million), of which 96% was attributable to the noncontrolling interest in Fresenius Medical Care. Reported Group noncontrolling interest was -€271 million (Q1/19: -€261 million).

Group net income¹ before special items increased by 2% (1% in constant currency) to €465 million (Q1/19: €457 million). Reported Group net income¹ was €459 million (Q1/19: €453 million). COVID-19 had a significant negative effect on net income growth.

Earnings per share¹ before special items increased by 1% (1% in constant currency) to €0.83 (Q1/19: €0.82). Reported earnings per share¹ were €0.82 (Q1/19: €0.81).

RECONCILIATION

Consolidated results for Q1/20 include special items. The special items shown in the reconciliations are shown in the Corporate/Other segment. For a detailed overview of special items and adjustments please see the reconciliation tables on pages 17 to 18.

INVESTMENTS

Spending on property, plant and equipment was €547 million corresponding to 6% of sales (Q1/19: €441 million; 5% of sales). The investments in Q1/20 served primarily for the modernization and expansion of dialysis clinics, production facilities as well as hospitals, and day clinics. Subject to duration and magnitude of the COVID-19 pandemic, Fresenius may face delays of investment projects planned for 2020.

INVESTMENTS / ACQUISITIONS BY BUSINESS SEGMENT

€ in millions	Q1/2020	Q1/2019	Thereof property, plant and equipment	Thereof acquisitions	Change	% of total
Fresenius Medical Care	348	2,036	282	66	-83%	36%
Fresenius Kabi	162	180	150	12	-10%	17%
Fresenius Helios	419	118	90	329	--	44%
Fresenius Vamed	26	6	22	4	--	3%
Corporate/Other	4	24	3	1	-83%	0%
Total	959	2,364	547	412	-59%	100%

CASH FLOW STATEMENT (Summary)

€ in millions	Q1/2020	Q1/2019	Growth
Net income	730	714	2%
Depreciation and amortization	630	571	10%
Change working capital	-482	-996	52%
Operating Cash flow	878	289	--
Capital expenditure, net	-573	-457	-25%
Cash flow before acquisitions and dividends	305	-168	--
Cash used for acquisitions, net	-287	-1,900	85%
Dividends paid	-58	-43	-35%
Free cash flow after acquisitions and dividends	-40	-2,111	98%
Cash provided by/used for financing activities	425	912	-53%
Effect of exchange rates on change in cash and cash equivalents	-11	33	-133%
Net change in cash and cash equivalents	374	-1,166	132%

Total acquisition spending was €412 million (Q1/19: €1,923 million), mainly for the acquisition of two hospitals in Colombia by Fresenius Helios.

CASH FLOW

Group operating cash flow increased to €878 million (Q1/19: €289 million) with a margin of 9.6% (Q1/19: 3.4%). Growth was driven by a favorable working capital development at

¹ Net income attributable to shareholders of Fresenius SE & Co. KGaA

both Fresenius Medical Care and Fresenius Kabi. Free cash flow before acquisitions and dividends was €305 million (Q1/19: -€168 million). Free cash flow after acquisitions and dividends was -€40 million (Q1/19: -€2,111 million, driven by the acquisition of NxStage by Fresenius Medical Care).

ASSET AND LIABILITY STRUCTURE

Group total assets increased by 3% (3% in constant currency) to €68,972 million (Dec. 31, 2019: €67,006 million). Current assets increased by 7% (8% in constant currency) to €16,341 million (Dec. 31, 2019: €15,264 million). Non-current assets increased by 2% (1% in constant currency) to €52,631 million (Dec. 31, 2019: €51,742 million).

Total shareholders' equity increased by 1% (1% in constant currency) to €26,956 million (Dec. 31, 2019: €26,580 million). The equity ratio was 39.1%.

Group debt increased by 5% (4% in constant currency) to €28,557 million (Dec. 31, 2019: €27,258 million). Group net debt increased by 4% (3% in constant currency) to €26,529 million (Dec. 31, 2019: €25,604 million), driven by the closing of two hospital acquisitions in Colombia by Fresenius Helios and execution of the share buy-back program at Fresenius Medical Care as well as currency translation effects.

As of March 31, 2020, the net debt/EBITDA ratio increased to 3.68x^{1,2} (Dec. 31, 2019: 3.61x^{1,2}) mainly due to the acquisitions made by Fresenius Helios, the share-buy back program at Fresenius Medical Care and negative COVID-19 effects on EBITDA.

¹ At LTM average exchange rates for both net debt and EBITDA; pro forma closed acquisitions/divestitures

² Before special items

BUSINESS SEGMENTS

FRESENIUS MEDICAL CARE

Fresenius Medical Care is the world's largest provider of products and services for individuals with renal diseases. As of March 31, 2020, Fresenius Medical Care was treating 348,703 patients in 4,002 dialysis clinics. Along with its core business, the company provides related medical services in the field of Care Coordination.

€ in millions	Q1/2020	Q1/2019 ¹	Growth	Growth in constant currency
Sales	4,488	4,133	9%	7%
EBITDA	956	919	4%	2%
EBIT	555	557	0%	-3%
Net income ²	283	286	-1%	-3%
Employees (March 31/ Dec. 31)	129,168	128,300	1%	

- 9% revenue increase supported by growth in all regions
- Solid cash-flow development
- Financial targets confirmed

Fresenius Medical Care increased sales by 9% (7% in constant currency) to €4,488 million (Q1/19: €4,133 million). Organic sales growth was 4%. Positive currency translation effects of 2% were mainly related to the U.S. dollar strengthening against the euro.

Reported EBIT increased by 3% (1% in constant currency) to €555 million (Q1/19: €537 million) mainly driven by a favorable impact from higher treatment volume and lower costs

for pharmaceuticals. The reported EBIT margin was 12.4% (Q1/19: 13.0%). The decrease in margin was largely due to the unfavorable COVID-19 pandemic effect and the prior year reduction of a contingent consideration liability related to Xenios. EBIT on an adjusted basis was flat (decreased by 3% in constant currency) at €555 million (Q1/19: €557 million). The EBIT margin on an adjusted basis was 12.4% (Q1/19: 13.5%).

Reported net income² grew by 4% (2% in constant currency) to €283 million (Q1/19: 271 million) and decreased on an adjusted basis by 1% (-3% in constant currency) to €283 million (Q1/19: €286 million).

Operating cash flow was €584 million (Q1/19: €76 million) with a margin of 13.0% (Q1/19: 1.8%). The increase was largely driven by working capital improvement, including a positive effect from cash collections, timing of payments and change in year over year inventory levels.

Fresenius Medical Care's FY guidance published on February 20, 2020 did not take into account COVID-19 effects. Since it is too early to reliably assess and quantify the positive and negative effects of the COVID-19 pandemic, the Company confirms its 2020 outlook of expected sales³ and net income^{2,4} growth both within a mid to high single digit percentage range in constant currency. These targets are based on the adjusted results 2019 including the effects of the operations of the NxStage acquisition and the IFRS 16 implementation.

For further information, please see Fresenius Medical Care's press release at www.freseniusmedicalcare.com.

¹ Q1/19 before special items

² Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA

³ FY/19 base: €17,477 million

⁴ FY/19 base: €1,236 million (FY/20: before special items)

FRESENIUS KABI

Fresenius Kabi offers intravenously administered generic drugs, clinical nutrition and infusion therapies for seriously and chronically ill patients in the hospital and outpatient environments. The company is also a leading supplier of medical devices and transfusion technology products. In the biosimilars business, Fresenius Kabi is developing products with a focus on oncology and autoimmune diseases.

€ in millions	Q1/2020	Q1/2019	Growth	Growth in constant currency
Sales	1,789	1,701	5%	6%
EBITDA ¹	388	394	-2%	-2%
EBIT ¹	289	304	-5%	-5%
Net income ^{1,2}	197	202	-2%	-3%
Employees (March 31/ December 31)	40,078	39,627	1%	

- **Insignificant COVID-19 effect on sales growth, moderate negative effect on EBIT growth**
- **Anticipated softer demand in China during most of Q1/20 due to fewer elective surgeries followed by gradual resumption towards normal operations late in the quarter**
- **Increased demand for essential drugs and devices for the treatment of COVID-19 patients in North America and Europe late in Q1/20**
- **No major interruption at any production site**

Fresenius Kabi increased sales by 5% (6% in constant currency) to €1,789 million (Q1/19: €1,701 million). Organic sales growth was 6%. Negative currency translation effects of 1% were mainly related to weakness of the Argentinian peso and the Brazilian real.

Sales in North America increased by 7% (organic growth: 5%) to €669 million (Q1/19: €623 million). Sales in Europe grew by 10% (organic growth: 10%) to €631 million (Q1/19: €573 million). In both regions, sales were driven by a spike of demand for sedation drugs, pain killers and infusion pumps starting late in Q1/20.

Sales in Asia-Pacific decreased by 6% (organic growth: -6%) to €319 million (Q1/19: €341 million). As anticipated, softer demand for clinical nutrition products and IV drugs in China was driven by the COVID-19 related postponement of elective treatments.

Sales in Latin America/Africa increased by 4% (organic growth: 16%) to €170 million (Q1/19: €164 million).

EBIT before special items decreased by 5% (-5% in constant currency) to €289 million (Q1/19¹: €304 million) with an EBIT margin of 16.2% (Q1/19¹: 17.9%). The COVID-19 pandemic had a moderate net negative effect on EBIT.

Net income^{1,2} decreased by 2% (-3% in constant currency) to €197 million (Q1/19: €202 million).

Operating cash flow was €174 million (Q1/19: €145 million) with a margin of 9.7% (Q1/19: 8.5%), driven by an improved working capital position.

Since it is too early to reliably assess and quantify the positive and negative effects of the COVID-19 pandemic, Fresenius Kabi maintains its 2020 outlook of expected organic sales³ growth of 3% to 6% and an EBIT⁴ development of -4% to 0% in constant currency, excluding any effects from COVID-19.

¹ Before special items

² Net income attributable to shareholders of Fresenius SE & Co. KGaA

³ FY/19 base: €6,919 million

⁴ FY/19 base: €1,205 million, before special items, FY/20: before special items

FRESENIUS HELIOS

Fresenius Helios is Europe's leading private hospital operator. The company comprises Helios Germany and Helios Spain (Quirónsalud). Helios Germany operates 86 hospitals, ~125 outpatient centers and 7 prevention centers. Quirónsalud operates 46 hospitals, 72 outpatient centers and around 300 occupational risk prevention centers. In addition, the company is active in Latin America with 6 hospitals and as a provider of medical diagnostics.

€ in millions	Q1/2020	Q1/2019	Growth	Growth in constant currency
Sales	2,466	2,311	7%	7%
EBITDA	382	370	3%	3%
EBIT	274	268	2%	2%
Net income ¹	176	174	1%	0%
Employees (March 31/ December 31)	110,092	106,377	3%	

- **Strong business development in January and February; from March, postponement and cancellation of elective treatments**
- **Excluding slight negative COVID-19 effect, Q1/20 sales growth moderately above outlook range; significant negative COVID-19 effect on EBIT**
- **Law to ease financial burden on hospitals to offset large part of COVID-19 related sales losses and cost increases in Germany**
- **Some remaining uncertainties regarding the compensation of Spanish hospitals for their efforts to combat the COVID-19 pandemic**

Fresenius Helios increased sales by 7% (organic growth: 5%) to €2,466 million (Q1/19: €2,311 million).

Sales of Helios Germany increased by 8% (organic growth: 8%) to €1,603 million (Q1/19: €1,485 million). Organic sales growth was positively influenced by pricing effects and admissions growth in January and February. From March,

COVID-19 had an insignificant net effect as foregone sales from elective admissions were largely offset by the law to ease the financial burden on hospitals.

Sales of Helios Spain increased by 4% (organic growth: 1%) to €863 million (Q1/19: €826 million) driven by the recent hospital acquisitions in Colombia. COVID-19 related

foregone elective surgeries significantly weighed on organic sales growth from March.

EBIT of Fresenius Helios increased by 2% to €274 million (Q1/19: €268 million) with an EBIT margin of 11.1% (Q1/19: 11.6%).

EBIT of Helios Germany increased by 11% to €165 million (Q1/19: €149 million) with an EBIT margin of 10.3% (Q1/19: 10.0%). EBIT was positively influenced by pricing effects and admissions growth in January and February. From March, COVID-19 had an insignificant net effect as foregone EBIT from elective admissions was largely offset by the law to ease the financial burden on hospitals.

EBIT of Helios Spain decreased by 7% to €112 million (Q1/19: €121 million) with an EBIT margin of 13.0% (Q1/19: 14.6%). January and February showed positive admission growth. From March, COVID-19 had a very significant negative effect on EBIT as foregone elective treatments met higher costs amidst the comprehensive efforts to combat the pandemic.

Net income¹ increased by 1% to €176 million (Q1/19: €174 million).

Operating cash flow increased to €145 million (Q1/19: €103 million) with a margin of 5.9% (Q1/19: 4.5%), driven by a good operating performance in both regions.

Since it is too early to reliably assess and quantify the positive and negative effects of the COVID-19 pandemic, Fresenius Helios maintains its 2020 outlook of expected organic sales² growth of 3% to 6% and EBIT³ growth of 3% to 7% in constant currency, excluding any effects from COVID-19.

¹ Net income attributable to shareholders of Fresenius SE & Co. KGaA

² FY/19 base: €9,234 million

³ FY/19 base: €1,025 million

FRESENIUS VAMED

Fresenius Vamed manages projects and provides services for hospitals and other health care facilities worldwide and is a post-acute care provider in Central Europe. The portfolio ranges along the entire value chain: from project development, planning, and turnkey construction, via maintenance and technical management, to total operational management.

€ in millions	Q1/2020	Q1/2019	Growth	Growth in constant currency
Sales	499	440	13%	13%
EBITDA	34	29	17%	14%
EBIT	14	12	17%	17%
Net income ¹	7	6	17%	0%
Employees (March 31/ December 31)	19,045	18,592	2%	

- **Both project and service business contributing to organic sales growth of 10%**
- **Slight negative COVID-19 effect on sales, very significant negative effect on EBIT growth**
- **Post-acute care services impacted by COVID-19 related postponements of elective surgeries and health authority enforced closures of rehabilitation clinics; technical services insignificantly impacted by COVID-19**
- **Further COVID-19 related delays of project business orders and execution expected throughout 2020**

Fresenius Vamed increased sales by 13% to €499 million (Q1/19: €440 million). Organic sales growth was 10%. Acquisitions contributed 3% to growth. Both service and project business showed strong growth momentum. COVID-19 had only a slight negative effect on sales.

Sales in the service business grew by 8% to €357 million (Q1/19: €332 million). Sales of the project business increased by 31% to €142 million (Q1/19: €108 million).

EBIT increased by 17% to €14 million (Q1/19: €12 million) with an EBIT margin of 2.8% (Q1/19: 2.7%). COVID-19 had a very significant negative effect on EBIT growth.

Capacities in the post-acute care clinics were left idle given a generally lower intake of elective surgery patients from acute-care hospitals as well as authority-instigated restrictions or even closures of individual facilities.

Net income¹ increased by 17% to €7 million (Q1/19: €6 million).

Order intake was €124 million (Q1/19: €383 million). Order intake in the prior year was exceptionally strong. As of March 31, 2020, order backlog was at €2,846 million (December 31, 2019: €2,865 million) and already marked by COVID-19 related project delays.

Operating cash flow decreased to -€20 million (Q1/19: -€15 million) with a margin of

-4.0% (Q1/19: -3.4%), given continuing phasing effects, some delays in the international project business as well as working capital build-ups.

Since it is too early to reliably assess and quantify the positive and negative effects of the COVID-19 pandemic, Fresenius Vamed maintains its 2020 outlook of expected organic sales² growth of 4% to 7% and EBIT³ growth of 5% to 9% in constant currency, excluding any effects from COVID-19.

¹ Net income attributable to shareholders of VAMED AG

² FY/19 base: €2,206 million

³ FY/19 base: €134 million

EMPLOYEES

As of March 31, 2020, the number of employees was 299,594 (Dec. 31, 2019: 294,134).

NUMBER OF EMPLOYEES

Number of employees	March 31, 2020	December 31, 2019	Growth
Fresenius Medical Care	129,168	128,300	1%
Fresenius Kabi	40,078	39,627	1%
Fresenius Helios	110,092	106,377	3%
Fresenius Vamed	19,045	18,592	2%
Corporate/Other	1,211	1,238	-2%
Total	299,594	294,134	2%

RESEARCH AND DEVELOPMENT

Product and process development as well as the improvement of therapies are at the core of our growth strategy. Fresenius focuses its R & D efforts on its core competencies in the following areas:

- ▶ Dialysis
- ▶ Generic IV drugs
- ▶ Biosimilars
- ▶ Infusion and nutrition therapies
- ▶ Medical devices

Apart from new products, we are concentrating on developing optimized or completely new therapies, treatment methods, and services.

RESEARCH AND DEVELOPMENT EXPENSES BY BUSINESS SEGMENT

€ in millions	Q1/2020	Q1/2019	Growth
Fresenius Medical Care	46	29	59%
Fresenius Kabi ¹	140	121	16%
Fresenius Helios	–	–	--
Fresenius Vamed	0	0	
Corporate/Other	–	0	
Total¹	186	150	24%

¹ Before revaluations of biosimilars contingent purchase price liabilities

OPPORTUNITIES AND RISK REPORT

Compared to the presentation in the consolidated financial statements and the management report as of December 31, 2019 applying Section 315e HGB in accordance with IFRS, there has been the following important development in Fresenius' overall opportunities and risk situation until April 30, 2020.

The rapid global spread of the SARS-CoV-2 pandemic has resulted in a material deterioration of the conditions for the global economy and financial markets have been materially affected. This development also adversely affects our business and result of operation and may have adverse effects on our financial condition, liquidity and valuation of assets including Goodwill. While it is currently impossible to estimate and quantify the extent of its negative effects on our business, results of operations and financial condition, the SARS-CoV-2 pandemic poses material risks to our supply chains, our production, the sales of our products and the delivery of our services. These effects could for example be caused by restrictions on business activities of our suppliers, customers and

ourselves, including our personnel, imposed by public authorities on a regional, national or international level, by unavailability of critical workforce, increased costs and by a material redirection of public health funds from our products and services to address the SARS-CoV-2 pandemic. These effects will be exacerbated the longer the SARS-CoV-2 pandemic lasts.

In the ordinary course of Fresenius Group's operations, the Fresenius Group is subject to litigation, arbitration as well as external and internal investigations relating to various aspects of its business.

The Fresenius Group regularly analyzes current information about such matters for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate.

We report on legal proceedings, currency and interest risks on pages 40 to 44 in the Notes of this report.

RATING

Fresenius is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

	Standard & Poor's	Moody's	Fitch ¹
Company rating	BBB	Baa3	BBB -
Outlook	stable	stable	stable

OUTLOOK 2020

FRESENIUS GROUP

Fresenius' FY guidance published on February 20, 2020 did not take into account effects of the COVID-19 pandemic. It projected sales growth¹ of 4% to 7% in constant currency and net income growth^{1,2,3} of 1% to 5% in constant currency. Fresenius anticipates that, following the solid start to the year, COVID-19 will continue to impact its business; at this time, however, a reliable assessment and quantification of the positive and negative effects is not possible. The Group hence maintains its original guidance, excluding any COVID-19 effects. Fresenius will revisit this guidance when communicating its Q2/20 results with the aim to incorporate a reliable assessment of COVID-19 effects.

This approach also applies for the Group's net debt/EBITDA target. The original guidance, excluding effects of the COVID-19 pandemic, projects net debt/EBITDA⁴ to be towards the top-end of the self-imposed target corridor of 3.0x to 3.5x at the end of 2020.

Fresenius expects to see a more pronounced negative COVID-19 effect on its financial results in the second quarter than in the first quarter of 2020.

FRESENIUS MEDICAL CARE

Fresenius Medical Care's FY guidance published on February 20, 2020 did not take into account COVID-19 effects. Since it is too early to reliably assess and quantify the positive and negative effects of the COVID-19 pandemic, the Company confirms its 2020 outlook of expected sales¹ and net income^{1,5,6} growth both within a mid to high single digit percentage range in constant currency. These targets are based on the adjusted results 2019 including the effects of the operations of the NxStage acquisition and the IFRS 16 implementation.

FRESENIUS KABI

Since it is too early to reliably assess and quantify the positive and negative effects of the COVID-19 pandemic, Fresenius Kabi maintains its 2020 outlook of expected organic sales¹ growth of 3% to 6% and an EBIT^{1,6} development of -4% to 0% in constant currency, excluding any effects from COVID-19.

FRESENIUS HELIOS

Since it is too early to reliably assess and quantify the positive and negative effects of the COVID-19 pandemic, Fresenius Helios maintains its 2020 outlook of expected organic sales¹ growth of 3% to 6% and EBIT¹ growth of 3% to 7% in constant currency, excluding any effects from COVID-19.

FRESENIUS VAMED

Since it is too early to reliably assess and quantify the positive and negative effects of the COVID-19 pandemic, Fresenius Vamed maintains its 2020 outlook of expected organic sales¹ growth of 4% to 7% and EBIT¹ growth of 5% to 9% in constant currency, excluding any effects from COVID-19.

INVESTMENTS

In 2020, we expect to invest about 6% to 7% of sales in property, plant and equipment. Subject to duration and magnitude of the COVID-19 pandemic, Fresenius may face delays of investment projects planned for 2020.

¹ FY/19 base: see table on page 16

² Net income attributable to shareholders of Fresenius SE & Co. KGaA

³ FY/19 before special items (transaction-related expenses, revaluations of biosimilars contingent purchase price liabilities, gain related to divestitures of Care Coordination activities at FMC, expenses associated with the cost optimization program at FMC); FY/20: before special items

⁴ Both net debt and EBITDA calculated at expected annual average exchange rates; excluding further potential acquisitions

⁵ Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA

⁶ FY/20: before special items

GROUP FINANCIAL OUTLOOK 2020 (EXCLUDING COVID-19 EFFECTS)

	Targets 2020 ¹	Fiscal year 2019 ²	New guidance
Sales growth (in constant currency)	4% – 7%	€35,409 m ¹	maintained
Net income ³ growth (in constant currency)	1% – 5%	€1,879 m ²	maintained

¹ Before special items

² Before special items, including IFRS 16 effect, including operating results of NxStage

³ Net income attributable to shareholders of Fresenius SE & Co. KGaA

OUTLOOK 2020 BY BUSINESS SEGMENT (EXCLUDING COVID-19 EFFECTS)

	Targets 2020 ¹	Fiscal year 2019 ²	New guidance
Fresenius Medical Care			
Sales growth (in constant currency)	mid to high single digit % - range	€17,477 m	confirmed
Net income ³ growth (in constant currency)	mid to high single digit % - range	€1,236 m	confirmed
Fresenius Kabi			
Sales growth (organic)	3% – 6%	€6,919 m	maintained
EBIT growth (in constant currency)	-4% – 0%	€1,205 m	maintained
Fresenius Helios			
Sales growth (organic)	3% – 6%	€9,234 m	maintained
EBIT growth (in constant currency)	3% – 7%	€1,025 m	maintained
Fresenius Vamed			
Sales growth (organic)	4% – 7%	€2,206 m	maintained
EBIT growth (in constant currency)	5% – 9%	€134 m	maintained

¹ Before special items

² Before special items, including IFRS 16 effect, including operating results of NxStage

³ Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA

RECONCILIATION FRESENIUS GROUP Q1

€ in millions	Q1/2020	Q1/2019	Growth rate	Growth rate in constant currency
Sales reported	9,135	8,495	8%	7%
EBIT reported (after special items)	1,125	1,115	1%	0%
Transaction costs Akorn	-	2		
Revaluations of biosimilars contingent purchase price liabilities	-	-7		
Transaction costs NxStage	-	16		
Expenses associated with the cost optimization program at FMC	-	4		
EBIT (before special items)	1,125	1,130	0%	-2%
Net interest reported (after special items)	-182	-184	1%	1%
Revaluations of biosimilars contingent purchase price liabilities	8	3		
Net interest (before special items)	-174	-181	4%	4%
Income taxes reported (after special items)	-213	-217	2%	3%
Transaction costs Akorn	-	-		
Revaluations of biosimilars contingent purchase price liabilities	-2	1		
Transaction costs NxStage	-	-4		
Expenses associated with the cost optimization program at FMC	-	-1		
Income taxes (before special items)	-215	-221	3%	4%
Noncontrolling interest reported (after special items)	-271	-261	-4%	-1%
Transaction costs NxStage	-	-8		
Expenses associated with the cost optimization program at FMC	-	-2		
Noncontrolling interest (before special items)	-271	-271	0%	3%
Net income reported (after special items)¹	459	453	1%	0%
Transaction costs Akorn	-	2		
Revaluations of biosimilars contingent purchase price liabilities	6	-3		
Transaction costs NxStage	-	4		
Expenses associated with the cost optimization program at FMC	-	1		
Net income (before special items)¹	465	457	2%	1%

The special items shown within the reconciliation tables are reported in the Group Corporate/Other segment.

¹ Net income attributable to shareholders of Fresenius SE & Co. KGaA

RECONCILIATION BUSINESS SEGMENTS Q1

FRESENIUS MEDICAL CARE

€ in millions	Q1/2020	Q1/2019	Growth rate	Growth rate in constant currency
Sales reported	4,488	4,133	9%	7%
EBIT reported (after special items)	555	537	3%	1%
Transaction costs NxStage	-	16		
Expenses associated with the cost optimization program	-	4		
EBIT (before special items)	555	557	0%	-3%
Net income reported (after special items)¹	283	271	4%	2%
Transaction costs NxStage	-	12		
Expenses associated with the cost optimization program	-	3		
Net income (before special items)¹	283	286	-1%	-3%

FRESENIUS KABI

€ in millions	Q1/2020	Q1/2019	Growth rate	Growth rate in constant currency
Sales reported	1,789	1,701	5%	6%
Transaction costs Akorn	-	2		
Revaluations of biosimilars contingent purchase price liabilities	-	-7		
EBIT (before special items)	289	304	-5%	-5%

¹ Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

€ in millions	Q1/2020	Q1/2019
Sales	9,135	8,495
Cost of sales	-6,452	-5,991
Gross profit	2,683	2,504
Selling, general and administrative expenses	-1,396	-1,241
Gain related to divestitures of Care Coordination activities	24	0
Research and development expenses	-186	-148
Operating income (EBIT)	1,125	1,115
Net interest	-182	-184
Income before income taxes	943	931
Income taxes	-213	-217
Net income	730	714
Noncontrolling interest	271	261
Net income attributable to shareholders of Fresenius SE & Co. KGaA	459	453
Earnings per share in €	0.82	0.81
Fully diluted earnings per share in €	0.82	0.81

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

€ in millions	Q1/2020	Q1/2019
Net income	730	714
Other comprehensive income (loss)		
Positions which will be reclassified into net income in subsequent years		
Foreign currency translation	50	288
Cash flow hedges	10	-13
Income taxes on positions which will be reclassified	-2	3
Positions which will not be reclassified into net income in subsequent years		
Actuarial gains on defined benefit pension plans	0	0
Income taxes on positions which will not be reclassified	0	0
Other comprehensive income, net	58	278
Total comprehensive income	788	992
Comprehensive income attributable to noncontrolling interest	287	365
Comprehensive income attributable to shareholders of Fresenius SE & Co. KGaA	501	627

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

ASSETS

€ in millions	March 31, 2020	December 31, 2019
Cash and cash equivalents	2,028	1,654
Trade accounts and other receivables, less allowance for doubtful accounts	7,703	7,176
Accounts receivable from and loans to related parties	99	100
Inventories	3,739	3,633
Other current assets	2,772	2,701
I. Total current assets	16,341	15,264
Property, plant and equipment	11,550	11,307
Right-of-use assets	6,087	5,959
Goodwill	28,236	27,737
Other intangible assets	3,891	3,869
Other non-current assets	2,006	2,031
Deferred taxes	861	839
II. Total non-current assets	52,631	51,742
Total assets	68,972	67,006

LIABILITIES AND SHAREHOLDERS' EQUITY

€ in millions	March 31, 2020	December 31, 2019
Trade accounts payable	1,819	1,905
Short-term accounts payable to related parties	93	46
Short-term provisions and other short-term liabilities	6,389	6,193
Short-term debt	2,979	2,475
Short-term debt from related parties	9	3
Current portion of long-term debt	1,032	892
Current portion of long-term lease liabilities	808	793
Current portion of bonds	2,569	945
Current portion of convertible bonds	0	400
Short-term accruals for income taxes	292	232
A. Total short-term liabilities	15,990	13,884
Long-term debt, less current portion	6,242	6,117
Long-term lease liabilities, less current portion	5,731	5,646
Bonds, less current portion	8,720	9,522
Convertible bonds, less current portion	467	465
Long-term provisions and other long-term liabilities	1,586	1,612
Pension liabilities	1,544	1,520
Long-term accruals for income taxes	248	242
Deferred taxes	1,488	1,418
B. Total long-term liabilities	26,026	26,542
I. Total liabilities	42,016	40,426
A. Noncontrolling interest	9,777	9,802
Subscribed capital	557	557
Capital reserve	3,994	3,989
Other reserves	12,776	12,422
Accumulated other comprehensive loss	-148	-190
B. Total Fresenius SE & Co. KGaA shareholders' equity	17,179	16,778
II. Total shareholders' equity	26,956	26,580
Total liabilities and shareholders' equity	68,972	67,006

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

€ in millions	Q1/2020	Q1/2019
Operating activities		
Net income	730	714
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities		
Depreciation and amortization	630	571
Loss/Gain on sale of investments and divestitures	18	-9
Change in deferred taxes	-44	45
Gain on sale of fixed assets	-	-1
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of		
Trade accounts and other receivables, net	-507	-757
Inventories	-145	-173
Other current and non-current assets	-17	-111
Accounts receivable from/payable to related parties	53	44
Trade accounts payable, provisions and other short-term and long-term liabilities	83	-69
Accruals for income taxes	77	35
Net cash provided by operating activities	878	289
Investing activities		
Purchase of property, plant and equipment	-576	-464
Proceeds from sales of property, plant and equipment	3	7
Acquisitions and investments, net of cash acquired and net purchases of intangible assets	-293	-1,911
Proceeds from sale of investments and divestitures	6	11
Net cash used in investing activities	-860	-2,357

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

€ in millions	Q1/2020	Q1/2019
Financing activities		
Proceeds from short-term debt	906	400
Repayments of short-term debt	-387	-803
Proceeds from long-term debt	20	419
Repayments of long-term debt	-302	-105
Repayments of lease liabilities	-218	-195
Proceeds from the issuance of bonds	750	1,000
Repayments of liabilities from bonds	0	-300
Repayments of convertible bonds	-400	0
Payments for the share buy-back program of Fresenius Medical Care	-216	-89
Proceeds from the accounts receivable securitization program	271	584
Proceeds from the exercise of stock options	1	3
Dividends paid	-58	-43
Change in noncontrolling interest	-	-2
Net cash provided by financing activities	367	869
Effect of exchange rate changes on cash and cash equivalents	-11	33
Net increase/decrease in cash and cash equivalents	374	-1,166
Cash and cash equivalents at the beginning of the reporting period	1,654	2,709
Cash and cash equivalents at the end of the reporting period	2,028	1,543

ADDITIONAL INFORMATION ON PAYMENTS THAT ARE INCLUDED IN NET CASH PROVIDED BY OPERATING ACTIVITIES

€ in millions	Q1/2020	Q1/2019
Received interest	15	18
Paid interest	-175	-199
Income taxes paid	-93	-121

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Subscribed Capital			Reserves	
	Number of ordinary shares in thousand	Amount € in thousands	Amount € in millions	Capital reserve € in millions	Other reserves € in millions
As of December 31, 2018	556,225	556,225	556	3,933	11,252
Adjustment due to the initial application of IFRS 16	0	0	0	0	-46
As of January 1, 2019, adjusted	556,225	556,225	556	3,933	11,206
Proceeds from the exercise of stock options	98	98	–	3	
Compensation expense related to stock options				6	
Dividends paid					
Purchase of noncontrolling interest					
Noncontrolling interest subject to put provisions					1
Comprehensive income (loss)					
Net income					453
Other comprehensive income (loss)					
Cash flow hedges					
Foreign currency translation					
Comprehensive income (loss)					453
As of March 31, 2019	556,323	556,323	556	3,942	11,660
As of December 31, 2019	557,380	557,380	557	3,989	12,422
Proceeds from the exercise of stock options	30	30	–	1	
Compensation expense related to stock options				4	
Dividends paid					
Sale of noncontrolling interest					
Share buy-back program of Fresenius Medical Care AG & Co. KGaA					-103
Noncontrolling interest subject to put provisions					-2
Comprehensive income (loss)					
Net income					459
Other comprehensive income (loss)					
Cash flow hedges					
Foreign currency translation					
Comprehensive income (loss)					459
As of March 31, 2020	557,410	557,410	557	3,994	12,776

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Accumulated other comprehensive income (loss) € in millions						
	Foreign currency translation € in millions	Cash flow hedges € in millions	Pensions € in millions	Equity investments	Total Fresenius SE & Co. KGaA shareholders' equity € in millions	Non-controlling interest € in millions	Total shareholders' equity € in millions
As of December 31, 2018	38	-61	-311	4	15,411	9,597	25,008
Adjustment due to the initial application of IFRS 16	0	0	0	0	-46	-98	-144
As of January 1, 2019, adjusted	38	-61	-311	4	15,365	9,499	24,864
Proceeds from the exercise of stock options					3	–	3
Compensation expense related to stock options					6	1	7
Dividends paid					0	-43	-43
Purchase of noncontrolling interest					0	3	3
Noncontrolling interest subject to put provisions					1	3	4
Comprehensive income (loss)							
Net income					453	261	714
Other comprehensive income (loss)							
Cash flow hedges		-9			-9	-1	-10
Foreign currency translation	183				183	105	288
Comprehensive income (loss)	183	-9			627	365	992
As of March 31, 2019	221	-70	-311	4	16,002	9,828	25,830
As of December 31, 2019	294	-65	-429	10	16,778	9,802	26,580
Proceeds from the exercise of stock options					1	–	1
Compensation expense related to stock options					4	–	4
Dividends paid					0	-58	-58
Sale of noncontrolling interest					0	-32	-32
Share buy-back program of Fresenius Medical Care AG & Co. KGaA					-103	-219	-322
Noncontrolling interest subject to put provisions					-2	-3	-5
Comprehensive income (loss)							
Net income					459	271	730
Other comprehensive income (loss)							
Cash flow hedges		5			5	3	8
Foreign currency translation	38	-1	-1	1	37	13	50
Comprehensive income (loss)	38	4	-1	1	501	287	788
As of March 31, 2020	332	-61	-430	11	17,179	9,777	26,956

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED SEGMENT REPORTING FIRST QUARTER (UNAUDITED)

by business segment, € in millions	Fresenius Medical Care			Fresenius Kabi			Fresenius Helios			Fresenius Vamed			Corporate/Other			Fresenius Group		
	2020	2019 ²	Growth.	2020 ³	2019 ⁴	Growth.	2020	2019	Growth.	2020	2019	Growth.	2020 ⁵	2019 ⁶	Growth.	2020	2019	Growth.
Sales	4,488	4,133	9%	1,789	1,701	5%	2,466	2,311	7%	499	440	13%	-107	-90	-19%	9,135	8,495	8%
thereof contribution to consolidated sales	4,477	4,123	9%	1,775	1,688	5%	2,461	2,309	7%	421	375	12%	1	0		9,135	8,495	8%
thereof intercompany sales	11	10	10%	14	13	8%	5	2	150%	78	65	20%	-108	-90	-20%	0	0	
contribution to consolidated sales	49%	49%		19%	20%		27%	27%		5%	4%		0%	0%		100%	100%	
EBITDA	956	919	4%	388	394	-2%	382	370	3%	34	29	17%	-5	-26	81%	1,755	1,686	4%
Depreciation and amortization	401	362	11%	99	90	10%	108	102	6%	20	17	18%	2	0		630	571	10%
EBIT	555	557	0%	289	304	-5%	274	268	2%	14	12	17%	-7	-26	73%	1,125	1,115	1%
Net interest	-104	-108	3%	-23	-24	4%	-45	-43	-5%	-5	-4	-25%	-5	-5	0%	-182	-184	1%
Income taxes	-100	-106	5%	-63	-67	6%	-51	-47	-9%	-2	-2	0%	3	5	-40%	-213	-217	2%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	283	286	-1%	197	202	-2%	176	174	1%	7	6	17%	-204	-215	5%	459	453	1%
Operating cash flow	584	76	--	174	145	20%	145	103	41%	-20	-15	-33%	-5	-20	75%	878	289	--
Cash flow before acquisitions and dividends	304	-123	--	-4	5	-180%	56	15	--	-42	-21	-100%	-9	-44	80%	305	-168	--
Total assets ¹	34,072	32,935	3%	14,108	13,797	2%	18,774	18,164	3%	2,707	2,721	-1%	-689	-611	-13%	68,972	67,006	3%
Debt ¹	14,577	13,782	6%	4,475	4,375	2%	7,500	7,457	1%	946	908	4%	1,059	736	44%	28,557	27,258	5%
Other operating liabilities ¹	5,426	5,185	5%	3,191	3,207	0%	2,192	2,084	5%	980	1,034	-5%	182	240	-24%	11,971	11,750	2%
Capital expenditure, gross	282	201	40%	150	121	24%	90	89	1%	22	6	--	3	24	-88%	547	441	24%
Acquisitions, gross/investments	66	1,835	-96%	12	59	-80%	329	29	--	4	0		1	0		412	1,923	-79%
Research and development expenses	46	29	61%	140	121	16%	--	--	--	0	0		--	-2	100%	186	148	26%
Employees (per capita on balance sheet date) ¹	129,168	128,300	1%	40,078	39,627	1%	110,092	106,377	3%	19,045	18,592	2%	1,211	1,238	-2%	299,594	294,134	2%
Key figures																		
EBITDA margin	21.3%	22.2%		21.7%	23.2%		15.5%	16.0%		6.8%	6.6%					19.2%	20.0% ⁷	
EBIT margin	12.4%	13.5%		16.2%	17.9%		11.1%	11.6%		2.8%	2.7%					12.3%	13.3% ⁷	
Depreciation and amortization in % of sales	8.9%	8.8%		5.5%	5.3%		4.4%	4.4%		4.0%	3.9%					6.9%	6.7%	
Operating cash flow in % of sales	13.0%	1.8%		9.7%	8.5%		5.9%	4.5%		-4.0%	-3.4%					9.6%	3.4%	
ROOA ¹	7.2%	7.6%		10.0%	10.5%		6.0%	6.1%		6.8%	7.0%					7.4%	7.6% ⁸	

¹ 2019: December 31² Before transaction-related expenses and expenses associated with the cost optimization program³ Before revaluations of biosimilars contingent purchase price liabilities⁴ Before transaction-related expenses and revaluations of biosimilars contingent purchase price liabilities⁵ After revaluations of biosimilars contingent purchase price liabilities⁶ After transaction-related expenses, revaluations of biosimilars contingent purchase price liabilities and expenses associated with the cost optimization program at FMC⁷ Before transaction-related expenses, revaluations of biosimilars contingent purchase price liabilities and expenses associated with the cost optimization program at FMC⁸ The underlying pro forma EBIT does not include transaction-related expenses, revaluations of biosimilars contingent purchase price liabilities, gain related to divestitures of Care Coordination activities and expenses associated with the cost optimization program at FMC.

The consolidated segment reporting is an integral part of the notes.

The following notes are an integral part of the unaudited condensed interim financial statements.

TABLE OF CONTENTS NOTES

28 General notes	31 Notes on the consolidated statement of financial position	40 Other notes
28 1. Principles	31 8. Trade accounts and other receivables	40 17. Legal and regulatory matters
28 I. Group structure	31 9. Inventories	41 18. Financial instruments
28 II. Basis of presentation	31 10. Other current and non-current assets	44 19. Supplementary information on capital management
28 III. Summary of significant accounting policies	32 11. Goodwill	44 20. Notes on the consolidated segment reporting
28 IV. Recent pronouncements, applied	32 12. Debt	45 21. Share-based compensation plans
29 V. Recent pronouncements, not yet applied	37 13. Bonds	45 22. Subsequent events
29 2. Acquisitions, divestitures and investments	38 14. Convertible bonds	45 23. Corporate Governance
	38 15. Noncontrolling interest	
	39 16. Fresenius SE & Co. KGaA shareholders' equity	
30 Notes on the consolidated statement of income		
30 3. Special items		
30 4. Sales		
30 5. Research and development expenses		
30 6. Taxes		
30 7. Earnings per share		

GENERAL NOTES

1. PRINCIPLES

I. GROUP STRUCTURE

Fresenius is a global health care group with products and services for dialysis, hospitals and outpatient medical care. In addition, the Fresenius Group focuses on hospital operations and also manages projects and provides services for hospitals and other health care facilities worldwide. Besides the activities of the parent company Fresenius SE & Co. KGaA, Bad Homburg v. d. H., the operating activities were split into the following legally independent business segments as of March 31, 2020:

- ▶ Fresenius Medical Care
- ▶ Fresenius Kabi
- ▶ Fresenius Helios
- ▶ Fresenius Vamed

The reporting currency in the Fresenius Group is the euro. In order to make the presentation clearer, amounts are mostly shown in million euros. Amounts under €1 million after rounding are marked with “–”.

II. BASIS OF PRESENTATION

Fresenius SE & Co. KGaA, as a stock exchange listed company with a domicile in a member state of the European Union, fulfills its obligation to prepare and publish the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applying Section 315e of the German Commercial Code (HGB).

The accompanying and regarding the notes condensed interim financial statements comply with the International Accounting Standard (IAS) 34. They have been prepared in accordance with the IFRS in force on the reporting date and adopted by the European Union.

The accounting policies underlying these interim financial statements are mainly the same as those applied in the consolidated financial statements as of December 31, 2019.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The condensed consolidated financial statements and management report for the first quarter ended March 31, 2020 have not been audited nor reviewed and should be read in conjunction with the notes included and published in the consolidated financial statements as of December 31, 2019 applying Section 315e HGB in accordance with IFRS.

Except for the reported acquisitions (see note 2, Acquisitions, divestitures and investments), there have been no other major changes in the entities consolidated.

The consolidated financial statements for the first quarter ended March 31, 2020 include all adjustments that, in the opinion of the Management Board, are of a normal and recurring nature and are necessary to provide an appropriate view of the assets and liabilities, financial position and results of operations of the Fresenius Group.

The results of operations for the first quarter ended March 31, 2020 are not necessarily indicative of the results of operations for the fiscal year 2020.

Classifications

Certain items in the consolidated financial statements for the first quarter of 2019 and for the year 2019 have been reclassified to conform with the current year's presentation.

Use of estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

IV. RECENT PRONOUNCEMENTS, APPLIED

The Fresenius Group has prepared its consolidated financial statements at March 31, 2020 in conformity with IFRS in force for the interim periods on January 1, 2020.

In the first quarter of 2020, the Fresenius Group did not apply any new standard relevant for its business for the first time.

V. RECENT PRONOUNCEMENTS, NOT YET APPLIED

The International Accounting Standards Board (IASB) issued the following new standard relevant for the Fresenius Group's business:

In May 2017, the IASB issued **IFRS 17, Insurance Contracts**. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure related to the issuance of insurance contracts. IFRS 17 replaces IFRS 4, Insurance Contracts, which was brought in as an interim standard in 2004. IFRS 4 permitted the use of national accounting standards for the accounting of insurance contracts under IFRS. As a result of the varied application for insurance contracts, there was a lack of comparability among peer groups. IFRS 17 eliminates this diversity in practice by requiring all insurance contracts to be accounted for using current values. The frequent updates to the insurance values are expected to provide more useful information to users of financial statements. On March 17, 2020, the IASB decided to defer the

effective date of IFRS 17 to fiscal years beginning on or after January 1, 2023. Earlier adoption is permitted for entities that have also adopted IFRS 9, Financial Instruments, and IFRS 15, Revenue from Contracts with Customers. The Fresenius Group is currently evaluating the impact of IFRS 17 on the consolidated financial statements.

The EU Commission's endorsement of IFRS 17 is still outstanding.

In the Fresenius Group's view, all other pronouncements issued by the IASB do not have a material impact on the consolidated financial statements, as expected.

2. ACQUISITIONS, DIVESTITURES AND INVESTMENTS

The Fresenius Group made acquisitions, investments and purchases of intangible assets of €412 million and €1,923 million in the first quarter of 2020 and 2019, respectively. Of this amount, €293 million was paid in cash and €119 million was assumed obligations in the first quarter of 2020.

FRESENIUS MEDICAL CARE

In the first quarter of 2020, Fresenius Medical Care spent €66 million on acquisitions, mainly on the purchase of dialysis clinics.

FRESENIUS KABI

In the first quarter of 2020, Fresenius Kabi spent €12 million on acquisitions, mainly for already planned acquisition related milestone payments relating to the acquisition of the biosimilars business.

FRESENIUS HELIOS

In the first quarter of 2020, Fresenius Helios spent €329 million on acquisitions, mainly for the purchase of Centro Médico Imbanaco S.A. in Colombia. Furthermore, Clínica del Prado S.A., Colombia, and Digitale Gesundheits Gruppe GmbH, Germany, were acquired.

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

3. SPECIAL ITEMS

Net income attributable to shareholders of Fresenius SE & Co. KGaA for the first quarter of 2020 in the amount of €459 million includes special items relating to the revaluation of biosimilars contingent purchase price liabilities.

The special items had the following impact on the consolidated statement of income:

€ in millions	EBIT	Interest expenses	Net income attributable to shareholders of Fresenius SE & Co. KGaA
Earnings Q1/2020, before special items	1,125	-174	465
Revaluations of biosimilars contingent purchase price liabilities	0	-8	-6
Earnings Q1/2020 according to IFRS	1,125	-182	459

4. SALES

Sales by activity were as follows:

€ in millions	Q1/2020	Q1/2019
Sales from contracts with customers	9,029	8,398
thereof sales of services	6,289	5,847
thereof sales of products and related services	2,603	2,442
thereof sales from long-term production contracts	130	107
thereof further sales from contracts with customers	7	2
Other sales	106	97
Sales	9,135	8,495

Other sales include sales from insurance and lease contracts.

5. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses of €186 million (Q1/2019: €148 million) included expenditures for research and non-capitalizable development costs as well as regular depreciation and amortization expenses relating to capitalized development costs of €5 million (Q1/2019: €4 million). The expenses for the further development of the biosimilars business included in the research and development expenses amounted to €43 million in the first quarter of 2020 (Q1/2019: €27 million).

6. TAXES

During the first quarter of 2020, there were no material changes relating to accruals for income taxes as well as recognized and accrued payments for interest and penalties. Further information can be found in the consolidated financial statements as of December 31, 2019 applying Section 315e HGB in accordance with IFRS.

7. EARNINGS PER SHARE

The following table shows the earnings per share including and excluding the dilutive effect from stock options issued:

	Q1/2020	Q1/2019
Numerators, € in millions		
Net income attributable to shareholders of Fresenius SE & Co. KGaA	459	453
less effect from dilution due to Fresenius Medical Care shares	–	–
Income available to all ordinary shares	459	453
Denominators in number of shares		
Weighted-average number of ordinary shares outstanding	557,396,954	556,260,733
Potentially dilutive ordinary shares	450,299	993,367
Weighted-average number of ordinary shares outstanding assuming dilution	557,847,253	557,254,100
Basic earnings per share in €	0.82	0.81
Fully diluted earnings per share in €	0.82	0.81

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

8. TRADE ACCOUNTS AND OTHER RECEIVABLES

As of March 31, 2020 and December 31, 2019, trade accounts and other receivables were as follows:

€ in millions	March 31, 2020		Dec. 31, 2019	
		thereof credit impaired		thereof credit impaired
Trade accounts and other receivables	8,075	750	7,527	710
less allowance for doubtful accounts	372	283	351	274
Trade accounts and other receivables, net	7,703	467	7,176	436

Within trade accounts and other receivables, net, as of March 31, 2020, €7,954 million relate to revenue from contracts with customers as defined by IFRS 15. This amount includes €369 million of allowance for doubtful accounts. Further trade accounts and other receivables, net, relate to other sales.

9. INVENTORIES

As of March 31, 2020 and December 31, 2019, inventories consisted of the following:

€ in millions	March 31, 2020	Dec. 31, 2019
Raw materials and purchased components	862	835
Work in process	468	370
Finished goods	2,550	2,559
less reserves	141	131
Inventories, net	3,739	3,633

10. OTHER CURRENT AND NON-CURRENT ASSETS

At equity investments as of March 31, 2020 in the amount of €717 million (December 31, 2019: €697 million) mainly related to the joint venture named Vifor Fresenius Medical Care Renal Pharma Ltd. between Fresenius Medical Care and Galenica Ltd. In the first quarter of 2020, income of €20 million (Q1/2019: €20 million) resulting from this valuation was included in selling, general and administrative expenses in the consolidated statement of income.

11. GOODWILL

The carrying amount of goodwill has developed as follows:

€ in millions	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate/ Other	Fresenius Group
Carrying amount as of January 1, 2019	12,210	5,355	7,857	285	6	25,713
Additions	1,589	0	134	9	0	1,732
Disposals	0	0	-3	0	0	-3
Foreign currency translation	218	76	0	1	0	295
Carrying amount as of December 31, 2019	14,017	5,431	7,988	295	6	27,737
Additions	38	0	188	2	0	228
Disposals	0	0	0	-	0	-
Foreign currency translation	203	69	0	-1	0	271
Carrying amount as of March 31, 2020	14,258	5,500	8,176	296	6	28,236

12. DEBT

SHORT-TERM DEBT

As of March 31, 2020 and December 31, 2019, short-term debt consisted of the following:

€ in millions	Book value	
	March 31, 2020	December 31, 2019
Fresenius SE & Co. KGaA Commercial Paper	990	953
Fresenius Medical Care AG & Co. KGaA Commercial Paper	930	1,000
Other short-term debt	1,059	522
Short-term debt	2,979	2,475

LONG-TERM DEBT

As of March 31, 2020 and December 31, 2019, long-term debt net of debt issuance costs consisted of the following:

€ in millions	Book value	
	March 31, 2020	December 31, 2019
Fresenius Medical Care Credit Agreement	1,793	1,901
Fresenius Credit Agreement	1,950	1,976
Schuldschein Loans	2,189	2,180
Accounts Receivable Facility of Fresenius Medical Care	662	380
Other	680	572
Subtotal	7,274	7,009
less current portion	1,032	892
Long-term debt, less current portion	6,242	6,117

Fresenius Medical Care Credit Agreement

Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) originally entered into a syndicated credit facility (Fresenius Medical Care 2012 Credit Agreement) of US\$3,850 million and a 5-year tenor on October 30, 2012.

In the years 2014 and 2017, various amendments of the Fresenius Medical Care Credit Agreement were made. These related to the amount and structure of the available tranches, among other items. In addition, the terms have been extended.

The following tables show the available and outstanding amounts under the Fresenius Medical Care Credit Agreement at March 31, 2020 and at December 31, 2019:

March 31, 2020				
	Maximum amount available		Balance outstanding	
	€ in millions		€ in millions	
Revolving Credit Facility (in US\$) 2017/2022	US\$900million	822	US\$23 million	21
Revolving Credit Facility (in €) 2017/2022	€600 million	600	€0 million	0
Term Loan (in US\$) 2017/2022	US\$1,200million	1,095	US\$1,200 million	1,095
Term Loan (in €) 2017/2020	€400 million	400	€400 million	400
Term Loan (in €) 2017/2022	€280 million	280	€280 million	280
Total		3,197		1,796
less financing cost				3
Total				1,793

December 31, 2019				
	Maximum amount available		Balance outstanding	
	€ in millions		€ in millions	
Revolving Credit Facility (in US\$) 2017/2022	US\$900 million	801	US\$139 million	123
Revolving Credit Facility (in €) 2017/2022	€600 million	600	€0 million	0
Term Loan (in US\$) 2017/2022	US\$1,230 million	1,095	US\$1,230 million	1,095
Term Loan (in €) 2017/2020	€400 million	400	€400 million	400
Term Loan (in €) 2017/2022	€287 million	287	€287 million	287
Total		3,183		1,905
less financing cost				4
Total				1,901

The Term Loan of FMC-AG & Co. KGaA in the amount of €400 million due on July 30, 2020, is shown as current portion of long-term debt in the consolidated statement of financial position at March 31, 2020.

As of March 31, 2020, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all covenants under the Fresenius Medical Care Credit Agreement.

Fresenius Credit Agreement

On December 20, 2012, Fresenius SE & Co. KGaA and various subsidiaries entered into a delayed draw syndicated credit agreement (2013 Credit Agreement) in the original amount of US\$1,300 million and €1,250 million. Since the initial funding of the Credit Agreement in June 2013, additional tranches were added. Furthermore, scheduled amortization payments as well as voluntary repayments have been made. In August 2017, the Credit Agreement was refinanced and replaced by new tranches with a total amount of approximately €3,800 million.

The following tables show the available and outstanding amounts under the Fresenius Credit Agreement at March 31, 2020 and at December 31, 2019:

As of March 31, 2020, the Fresenius Group was in compliance with all covenants under the Fresenius Credit Agreement.

March 31, 2020

	Maximum amount available		Balance outstanding	
		€ in millions		€ in millions
Revolving Credit Facility (in €) 2017/2022	€1,100 million	1,100	€0 million	0
Revolving Credit Facility (in US\$) 2017/2022	US\$500 million	457	US\$0 million	0
Term Loan (in €) 2017/2021	€750 million	750	€750 million	750
Term Loan (in €) 2017/2022	€750 million	750	€750 million	750
Term Loan (in US\$) 2017/2022	US\$500 million	456	US\$500 million	456
Total		3,513		1,956
less financing cost				6
Total				1,950

December 31, 2019

	Maximum amount available		Balance outstanding	
		€ in millions		€ in millions
Revolving Credit Facility (in €) 2017/2022	€1,100 million	1,100	€0 million	0
Revolving Credit Facility (in US\$) 2017/2022	US\$500 million	446	US\$0 million	0
Term Loan (in €) 2017/2021	€750 million	750	€750 million	750
Term Loan (in €) 2017/2022	€775 million	775	€775 million	775
Term Loan (in US\$) 2017/2022	US\$515 million	458	US\$515 million	458
Total		3,529		1,983
less financing cost				7
Total				1,976

Schuldschein Loans

As of March 31, 2020 and December 31, 2019, Schuldschein Loans of the Fresenius Group net of debt issuance costs consisted of the following:

	Notional amount	Maturity	Interest rate fixed/variable	Book value € in millions	
				March 31, 2020	Dec 31, 2019
Fresenius SE & Co. KGaA 2014/2020	€106 million	April 2, 2020	2.67%	106	106
Fresenius SE & Co. KGaA 2017/2022	€372 million	Jan. 31, 2022	0.93%/variable	371	371
Fresenius SE & Co. KGaA 2015/2022	€21 million	April 7, 2022	1.61%	21	21
Fresenius SE & Co. KGaA 2019/2023	€378 million	Sept. 25, 2023	0.55%/variable	377	377
Fresenius SE & Co. KGaA 2017/2024	€421 million	Jan. 31, 2024	1.40%/variable	420	420
Fresenius SE & Co. KGaA 2019/2026	€238 million	Sept. 23, 2026	0.85%/variable	238	238
Fresenius SE & Co. KGaA 2017/2027	€207 million	Jan. 29, 2027	1.96%/variable	207	207
Fresenius SE & Co. KGaA 2019/2029	€84 million	Sept. 24, 2029	1.10%	84	84
Fresenius US Finance II, Inc. 2016/2021	US\$342 million	March 10, 2021	2.66%/variable	312	304
Fresenius US Finance II, Inc. 2016/2023	US\$58 million	March 10, 2023	3.12%/variable	53	52
Schuldschein Loans				2,189	2,180

As of March 31, 2020, the Schuldschein Loans of Fresenius SE & Co. KGaA with fixed interest rates in the amount of €106 million which were due on April 2, 2020, as well as the Schuldschein Loans of Fresenius US Finance II, Inc. in the amount of €342 million due on March 10, 2021, are shown as current portion of long-term debt in the consolidated statement of financial position. The Schuldschein

Loans of Fresenius SE & Co. KGaA with fixed interest rates in the amount of €106 million which were due on April 2, 2020, were redeemed at maturity.

As of March 31, 2020, the Fresenius Group was in compliance with all of its covenants under the Schuldschein Loans.

CREDIT LINES

In addition to the financial liabilities described before, the Fresenius Group maintains additional credit facilities which have not been utilized, or have only been utilized in part, as of the reporting date. At March 31, 2020, the additional financial cushion resulting from unutilized credit facilities was approximately €4.0 billion. Thereof approximately €3.0 billion accounted for syndicated credit facilities.

Considering the €750 million bond offering in April 2020 and the conclusion of new as well as the amendment of existing bilateral credit lines in April and May 2020, the additional financial cushion resulting from unutilized credit lines was in excess of €5.5 billion.

13. BONDS

As of March 31, 2020 and December 31, 2019, bonds of the Fresenius Group net of debt issuance costs consisted of the following:

	Notional amount	Maturity	Interest rate	Book value € in millions	
				March 31, 2020	Dec. 31, 2019
Fresenius Finance Ireland PLC 2017/2022	€700 million	Jan. 31, 2022	0.875%	698	698
Fresenius Finance Ireland PLC 2017/2024	€700 million	Jan. 30, 2024	1.50%	697	697
Fresenius Finance Ireland PLC 2017/2027	€700 million	Feb. 1, 2027	2.125%	693	693
Fresenius Finance Ireland PLC 2017/2032	€500 million	Jan. 30, 2032	3.00%	495	495
Fresenius SE & Co. KGaA 2013/2020	€500 million	July 15, 2020	2.875%	500	500
Fresenius SE & Co. KGaA 2014/2021	€450 million	Feb. 1, 2021	3.00%	449	448
Fresenius SE & Co. KGaA 2014/2024	€450 million	Feb. 1, 2024	4.00%	449	449
Fresenius SE & Co. KGaA 2019/2025	€500 million	Feb. 15, 2025	1.875%	495	495
Fresenius SE & Co. KGaA 2020/2028	€750 million	Jan. 15, 2028	0.750%	744	0
Fresenius SE & Co. KGaA 2019/2029	€500 million	Feb. 15, 2029	2.875%	494	494
Fresenius US Finance II, Inc. 2014/2021	US\$300 million	Feb. 1, 2021	4.25%	273	266
Fresenius US Finance II, Inc. 2015/2023	US\$300 million	Jan. 15, 2023	4.50%	273	266
FMC Finance VII S.A. 2011/2021	€300 million	Feb. 15, 2021	5.25%	299	298
Fresenius Medical Care AG & Co. KGaA 2019/2023	€650 million	Nov. 29, 2023	0.25%	647	647
Fresenius Medical Care AG & Co. KGaA 2018/2025	€500 million	July 11, 2025	1.50%	496	496
Fresenius Medical Care AG & Co. KGaA 2019/2026	€600 million	Nov. 30, 2026	0.625%	594	594
Fresenius Medical Care AG & Co. KGaA 2019/2029	€500 million	Nov. 29, 2029	1.25%	497	497
Fresenius Medical Care US Finance, Inc. 2011/2021	US\$650 million	Feb. 15, 2021	5.75%	592	577
Fresenius Medical Care US Finance II, Inc. 2014/2020	US\$500 million	Oct. 15, 2020	4.125%	456	445
Fresenius Medical Care US Finance II, Inc. 2012/2022	US\$700 million	Jan. 31, 2022	5.875%	638	622
Fresenius Medical Care US Finance II, Inc. 2014/2024	US\$400 million	Oct. 15, 2024	4.75%	363	354
Fresenius Medical Care US Finance III, Inc. 2019/2029	US\$500 million	June 15, 2029	3.75%	447	436
Bonds				11,289	10,467

On April 8, 2020, Fresenius SE & Co. KGaA issued bonds with a volume of €750 million. The bonds have a maturity of seven and a half years and a coupon of 1.625%. The bonds were issued at a price of 99.021%. The proceeds are used for general corporate purposes, including refinancing of existing financial liabilities.

On January 15, 2020, Fresenius SE & Co. KGaA issued bonds in the amount of €750 million. The bonds have a maturity of eight years and a coupon of 0.750%. The bonds were issued at a price of 99.514%. The proceeds were used for general corporate purposes, including refinancing of existing financial liabilities.

As of March 31, 2020, the bonds issued by Fresenius SE & Co. KGaA in the amount of €500 million due on July 15, 2020 as well as the bonds issued by Fresenius Medical Care US Finance II, Inc. in the amount of US\$500 million due on October 15, 2020 are shown as current portion of bonds in the consolidated statement of financial position. Furthermore, the bonds issued by Fresenius SE & Co. KGaA in the amount of €450 million and the bonds issued by Fresenius US Finance II, Inc. in the amount of US\$300 million, due on February 1, 2021, as well as the bonds issued by FMC Finance VII S.A. in the amount of €300 million and the bonds issued by Fresenius Medical Care US Finance, Inc. in the amount of US\$650 million, due on February 15, 2021, are shown as current portion of bonds in the consolidated statement of financial position.

As of March 31, 2020, the Fresenius Group was in compliance with all of its covenants under the bonds.

14. CONVERTIBLE BONDS

As of March 31, 2020 and December 31, 2019, the convertible bonds of the Fresenius Group net of debt issuance costs consisted of the following:

	Notional amount	Maturity	Coupon	Current conversion price	Book value € in millions	
					March 31, 2020	Dec. 31, 2019
Fresenius SE & Co. KGaA 2017/2024	€500 million	Jan. 31, 2024	0.000%	€106.4928	467	465
Fresenius Medical Care AG & Co. KGaA 2014/2020	€400 million	Jan. 31, 2020	0.000%		0	400
Convertible bonds					467	865

The fair value of the derivative embedded in the convertible bonds of Fresenius SE & Co. KGaA was €0 million at March 31, 2020. Fresenius SE & Co. KGaA purchased stock options (call options) with a corresponding fair value to hedge future fair value fluctuations of this derivative.

Potential conversions would be cash-settled. Any increase of Fresenius' share price above the conversion price would be offset by a corresponding value increase of the call options.

The convertible bonds issued by Fresenius Medical Care AG & Co. KGaA in the amount of €400 million which were due on January 31, 2020, were redeemed at maturity. There were no conversions.

15. NONCONTROLLING INTEREST

As of March 31, 2020 and December 31, 2019, noncontrolling interest in the Fresenius Group was as follows:

€ in millions	March 31, 2020	Dec. 31, 2019
Noncontrolling interest in Fresenius Medical Care AG & Co. KGaA	8,137	8,174
Noncontrolling interest in VAMED AG	98	97
Noncontrolling interest in the business segments		
Fresenius Medical Care	1,274	1,269
Fresenius Kabi	127	121
Fresenius Helios	128	127
Fresenius Vamed	13	14
Total noncontrolling interest	9,777	9,802

Noncontrolling interest changed as follows:

€ in millions	Q1/2020
Noncontrolling interest as of December 31, 2019	9,802
Noncontrolling interest in profit	271
Sale of noncontrolling interest	-32
Stock options	-
Dividend payments	-58
Share buy-back program of Fresenius Medical Care AG & Co. KGaA	-219
Currency effects and other changes	13
Noncontrolling interest as of March 31, 2020	9,777

16. FRESENIUS SE & CO. KGAA SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

As of January 1, 2020, the subscribed capital of Fresenius SE & Co. KGaA consisted of 557,379,979 bearer ordinary shares.

During the first quarter of 2020, 29,925 stock options were exercised. Consequently, as of March 31, 2020, the subscribed capital of Fresenius SE & Co. KGaA consisted of 557,409,904 bearer ordinary shares. The shares are issued as non-par value shares. The proportionate amount of the subscribed capital is €1.00 per share.

CONDITIONAL CAPITAL

The following Conditional Capitals exist in order to fulfill the subscription rights under the stock option plans of Fresenius SE & Co. KGaA: Conditional Capital II (Stock Option Plan 2008) and Conditional Capital IV (Stock Option Plan 2013) (see note 21, Share-based compensation plans). Another Conditional Capital III exists for the authorization to issue option bearer bonds and/or convertible bonds.

The following table shows the development of the Conditional Capital:

in €	Ordinary shares
Conditional Capital I Fresenius AG Stock Option Plan 2003	4,735,083
Conditional Capital II Fresenius SE Stock Option Plan 2008	3,452,937
Conditional Capital III option bearer bonds and/or convertible bonds	48,971,202
Conditional Capital IV Fresenius SE & Co. KGaA Stock Option Plan 2013	23,947,021
Total Conditional Capital as of January 1, 2020	81,106,243
Fresenius SE & Co. KGaA Stock Option Plan 2013 – options exercised	-29,925
Total Conditional Capital as of March 31, 2020	81,076,318

As of March 31, 2020, the Conditional Capital was composed as follows:

in €	Ordinary shares
Conditional Capital I Fresenius AG Stock Option Plan 2003	4,735,083
Conditional Capital II Fresenius SE Stock Option Plan 2008	3,452,937
Conditional Capital III option bearer bonds and/or convertible bonds	48,971,202
Conditional Capital IV Fresenius SE & Co. KGaA Stock Option Plan 2013	23,917,096
Total Conditional Capital as of March 31, 2020	81,076,318

DIVIDENDS

Under the German Stock Corporation Act (AktG), the amount of dividends available for distribution to shareholders is based upon the unconsolidated retained earnings of Fresenius SE & Co. KGaA as reported in its statement of financial position determined in accordance with the German Commercial Code (HGB).

The general partner and the Supervisory Board of Fresenius SE & Co. KGaA will propose a dividend of €0.84 per bearer ordinary share to the Annual General Meeting, i.e. a total dividend payment of €468 million. The Annual General Meeting will take place later during the fiscal year 2020 on a date to be determined.

TREASURY STOCK OF FRESENIUS MEDICAL CARE

In March 2020, Fresenius Medical Care repurchased 4,992,660 ordinary shares for an amount of €322 million.

On April 1, 2020, Fresenius Medical Care concluded the current share buy-back program.

OTHER NOTES

17. LEGAL AND REGULATORY MATTERS

The Fresenius Group is routinely involved in claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing health care services and products. Legal matters that the Fresenius Group currently deems to be material or noteworthy are described below. The Fresenius Group records its litigation reserves for certain legal proceedings and regulatory matters to the extent that the Fresenius Group determines an unfavorable outcome is probable and the amount of loss can be reasonably estimated. For the other matters described below, the Fresenius Group believes that the loss probability is remote and/or the loss or range of possible losses cannot be reasonably estimated at this time. The outcome of litigation and other legal matters is always difficult to predict accurately and outcomes that are not consistent with Fresenius Group's view of the merits can occur. The Fresenius Group believes that it has valid defenses to

the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

Further information regarding legal disputes, court proceedings and investigations can be found in detail in the consolidated financial statements as of December 31, 2019 applying Section 315e HGB in accordance with IFRS. In the following, only changes as far as content or wording are concerned during the first quarter ended March 31, 2020 compared to the information provided in the consolidated financial statements are described. These changes should be read in conjunction with the overall information in the consolidated financial statements as of December 31, 2019 applying Section 315e HGB in accordance with IFRS; defined terms or abbreviations having the same meaning as in the consolidated financial statements as of December 31, 2019 applying Section 315e HGB in accordance with IFRS.

DAMAGES LITIGATION AKORN, INC.

The lawsuit is pending before the Delaware Court of Chancery in the United States and is currently being heard. Akorn has announced its intention to file for bankruptcy. This would result in an automatic stay of the proceedings, at least temporarily, and might negatively affect Fresenius Kabi's ability to obtain or enforce a court decision.

CIVIL COMPLAINT "HAWAII "

Trial in the civil litigation is scheduled for March 8, 2021.

LITIGATION TRICARE PROGRAM

FMCH opposed the motion to dismiss. The court on April 16, 2020 denied the government's motion to dismiss in substantial part and accordingly required the government to answer FMCH's complaint and discovery to proceed. FMCH has imposed a constraint on revenue otherwise recognized from the Tricare program that it believes, in consideration of facts currently known, sufficient to account for the risk of this litigation.

SUBPOENA "NEVADA"

Fresenius Kabi has entered into a Tolling Agreement with the DOJ, thereby waiving its statute of limitation defense until July 2018. The Tolling Agreement was again extended by mutual agreement until June 2020.

18. FINANCIAL INSTRUMENTS

MEASUREMENT OF FINANCIAL INSTRUMENTS

Carrying amounts of financial instruments

As of March 31, 2020 and December 31, 2019, the carrying amounts of financial instruments by item of the statement of financial position and structured according to categories were as follows:

€ in millions	March 31, 2020						
	Carrying amount	Amortized cost	Fair value through profit and loss ¹	Fair value through other comprehensive income ²	Relating to no category		
					Derivatives designated as cash flow hedging instruments at fair value	Noncontrolling interest subject to put provisions measured at fair value	Valuation according to IFRS 16 for leasing receivables and liabilities
Financial assets							
Cash and cash equivalents	2,028	1,660	368				
Trade accounts and other receivables, less allowance for doubtful accounts	7,703	7,601	2	11			89
Accounts receivable from and loans to related parties	99	99					
Other financial assets ³	1,756	875	320	424	33		104
Financial assets	11,586	10,235	690	435	33	0	193
Financial liabilities							
Trade accounts payable	1,819	1,819					
Short-term accounts payable to related parties	93	93					
Short-term debt	2,979	2,979					
Short-term debt from related parties	9	9					
Long-term debt	7,274	7,274					
Long-term lease liabilities	6,539						6,539
Bonds	11,289	11,289					
Convertible bonds	467	467					
Other financial liabilities ⁴	4,780	3,209	593		6	972	
Financial liabilities	35,249	27,139	593	0	6	972	6,539

¹ All included financial assets and liabilities are mandatorily measured at fair value through profit and loss according to IFRS 9.

² The option to measure equity instruments at fair value through other comprehensive income upon implementation of IFRS 9 has been exercised. The option has been used for €153 million other investments (included in other financial assets).

³ Other financial assets are included in the item other current and non-current assets in the consolidated statement of financial position.

⁴ Other financial liabilities are included in the items short-term provisions and other short-term liabilities and long-term provisions and other long-term liabilities in the consolidated statement of financial position.

December 31, 2019

€ in millions	Carrying amount	Amortized cost	Fair value through profit and loss ¹	Fair value through other comprehensive income ²	Relating to no category		
					Derivatives designated as cash flow hedging instruments at fair value	Noncontrolling interest subject to put provisions measured at fair value	Valuation according to IFRS 16 for leasing receivables and liabilities
Financial assets							
Cash and cash equivalents	1,654	1,280	374				
Trade accounts and other receivables, less allowance for doubtful accounts	7,176	7,037	28	33			78
Accounts receivable from and loans to related parties	100	100					
Other financial assets ³	1,690	825	333	416	4		112
Financial assets	10,620	9,242	735	449	4	0	190
Financial liabilities							
Trade accounts payable	1,905	1,905					
Short-term accounts payable to related parties	46	46					
Short-term debt	2,475	2,475					
Short-term debt from related parties	3	3					
Long-term debt	7,009	7,009					
Long-term lease liabilities	6,439						6,439
Bonds	10,467	10,467					
Convertible bonds	865	865					
Other financial liabilities ⁴	4,717	3,145	611		9	952	
Financial liabilities	33,926	25,915	611	0	9	952	6,439

¹ All included financial assets and liabilities are mandatorily measured at fair value through profit and loss according to IFRS 9.

² The option to measure equity instruments at fair value through other comprehensive income upon implementation of IFRS 9 has been exercised.

The option has been used for €154 million (included in other financial assets).

³ Other financial assets are included in the item other current and non-current assets in the consolidated statement of financial position.

⁴ Other financial liabilities are included in the items short-term provisions and other short-term liabilities and long-term provisions and other long-term liabilities in the consolidated statement of financial position.

Fair value of financial instruments

The following table shows the carrying amounts and the fair value hierarchy levels as of March 31, 2020 and December 31, 2019:

€ in millions	March 31, 2020				December 31, 2019			
	Carrying amount	Fair value			Carrying amount	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets								
Cash and cash equivalents ¹	368	368			374	374		
Trade accounts and other receivables, less allowance for doubtful accounts ¹	13		13		61		61	
Other financial assets ¹								
Debt instruments	355	350	5		370	365	5	
Equity investments	345	9	169	167	369	13	173	183
Derivatives designated as cash flow hedging instruments	33		33		4		4	
Derivatives not designated as hedging instruments	44		44		10		10	
Financial liabilities								
Long-term debt	7,274		7,270		7,009		7,063	
Bonds	11,289	11,520			10,467	11,102		
Convertible bonds	467	463			865	896		
Other financial liabilities ¹								
Noncontrolling interest subject to put provisions	972			972	952			952
Accrued contingent payments outstanding for acquisitions	577			577	595			595
Derivatives designated as cash flow hedging instruments	6		6		9		9	
Derivatives not designated as hedging instruments	16		16		16		16	

¹ Fair value information is not provided for financial instruments, if the carrying amount is a reasonable estimate of the fair value due to the relatively short period of maturity of these instruments.

Explanations regarding the significant methods and assumptions used to estimate the fair values of financial instruments and classification of fair value measurements according to the three-tier fair value hierarchy as well as explanations with regard to existing and expected risks from financial instruments and hedging can be found in the consolidated financial statements as of December 31, 2019 applying Section 315e HGB in accordance with IFRS.

The following table shows the changes of the fair values of financial instruments classified as level 3 in the first quarter of 2020:

€ in millions	Equity investments	Accrued contingent payments outstanding for acquisitions	Noncontrolling interest subject to put provisions
As of January 1, 2020	183	595	952
Additions	0	12	5
Disposals	0	-39	-9
Gain/loss recognized in profit or loss	-21	9	0
Gain/loss recognized in equity	0	0	13
Currency effects and other changes	5	0	11
As of March 31, 2020	167	577	972

19. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. As of March 31, 2020, the equity ratio was 39.1% and the debt ratio (debt/total assets) was 41.4%. As of March 31, 2020, the leverage ratio (before special items) on the basis of net debt/EBITDA was 3.7.

The aims of the capital management and further information can be found in the consolidated financial statements as of December 31, 2019 applying Section 315e HGB in accordance with IFRS.

The Fresenius Group is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

	March 31, 2020	Dec. 31, 2019
Standard & Poor's		
Corporate Credit Rating	BBB	BBB
Outlook	stable	stable
Moody's		
Corporate Credit Rating	Baa3	Baa3
Outlook	stable	stable
Fitch		
Corporate Credit Rating	BBB-	BBB-
Outlook	stable	stable

20. NOTES ON THE CONSOLIDATED SEGMENT REPORTING

GENERAL

The consolidated segment reporting shown on page 26 of this interim report is an integral part of the notes.

The Fresenius Group has identified the business segments Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed, which corresponds to the internal organizational and reporting structures (Management Approach) at March 31, 2020.

The business segments were identified in accordance with IFRS 8, Operating Segments, which defines the segment reporting requirements in the annual financial statements and interim reports with regard to the operating business, product and service businesses and regions. Further explanations with regard to the business segments can be found in the consolidated financial statements as of December 31, 2019 applying Section 315e HGB in accordance with IFRS.

NOTES ON THE BUSINESS SEGMENTS

Explanations regarding the notes on the business segments can be found in the consolidated financial statements as of December 31, 2019 applying Section 315e HGB in accordance with IFRS.

RECONCILIATION OF KEY FIGURES TO
CONSOLIDATED EARNINGS

€ in millions	Q1/2020	Q1/2019
Total EBIT of reporting segments	1,132	1,141
Special items	0	-15
General corporate expenses Corporate/Other (EBIT)	-7	-11
Group EBIT	1,125	1,115
Net interest	-182	-184
Income before income taxes	943	931

RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED
STATEMENT OF FINANCIAL POSITION

€ in millions	March 31, 2020	Dec. 31, 2019
Short-term debt	2,979	2,475
Short-term debt from related parties	9	3
Current portion of long-term debt	1,032	892
Current portion of long-term lease liabilities	808	793
Current portion of Bonds	2,569	945
Current portion of convertible bonds	0	400
Long-term debt, less current portion	6,242	6,117
Long-term lease liabilities, less current portion	5,731	5,646
Bonds, less current portion	8,720	9,522
Convertible bonds, less current portion	467	465
Debt	28,557	27,258
less cash and cash equivalents	2,028	1,654
Net debt	26,529	25,604

21. SHARE-BASED COMPENSATION PLANS

SHARE-BASED COMPENSATION PLANS OF
FRESENIUS SE & CO. KGAA

As of March 31, 2020, Fresenius SE & Co. KGaA had two share-based compensation plans in place: the Fresenius SE & Co. KGaA Long Term Incentive Program 2013 (2013 LTIP) which is based on stock options and phantom stocks and the Long Term Incentive Plan 2018 (LTIP 2018) which is solely based on performance shares. Currently, solely LTIP 2018 can be used to grant performance shares.

Transactions during the first quarter of 2020

During the first quarter of 2020, Fresenius SE & Co. KGaA received cash of €1 million from the exercise of 29,925 stock options.

Out of 8,122,730 outstanding stock options issued under the 2013 LTIP 4,106,921 were exercisable at March 31, 2020. The members of the Fresenius Management SE Management Board held 1,434,375 stock options. 375,072 phantom stocks issued under the 2013 LTIP were outstanding at March 31, 2020. The members of the Fresenius Management SE Management Board held 64,011 phantom stocks. At March 31, 2020, the Management Board members of Fresenius Management SE held 331,849 performance shares and employees of Fresenius SE & Co. KGaA held 974,165 performance shares under the LTIP 2018.

On March 31, 2020, total unrecognized compensation cost related to non-vested options granted under the 2013 LTIP was €12 million. This cost is expected to be recognized over a weighted-average period of 1.1 years.

SHARE-BASED COMPENSATION PLANS OF
FRESENIUS MEDICAL CARE AG & CO. KGAA

During the first quarter of 2020, 7,565 stock options were exercised. Fresenius Medical Care AG & Co. KGaA received cash of €0.4 million upon exercise of these stock options.

22. SUBSEQUENT EVENTS

In April, a further spread of the COVID-19 pandemic was observed, thus resulting in respective restrictions in most countries. The overall development of the global situation remains uncertain. Therefore, Fresenius expects to see a more pronounced negative COVID-19 effect on its financial results in the second quarter than in the first quarter of 2020.

Furthermore, there have been no other significant changes in the Fresenius Group's operating environment following the end of the first quarter of 2020. With the exception of the issuance of bonds as described in note 13, Bonds, no other events of material importance on the assets and liabilities, financial position, and results of operations of the Group have occurred following the end of the first quarter of 2020.

23. CORPORATE GOVERNANCE

For each consolidated stock exchange listed entity, the declaration pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz) has been issued and made available to shareholders on the website of Fresenius SE & Co. KGaA (www.fresenius.com/corporate-governance), and of Fresenius Medical Care AG & Co. KGaA (www.freseniusmedicalcare.com).

FINANCIAL CALENDAR

Report on 1 st half 2020 Conference call, Live webcast	July 30, 2020
Report on 1 st –3 rd quarter 2020 Conference call, Live webcast	October 29, 2020

Subject to change

Due to the coronavirus pandemic, Fresenius SE & Co. KGaA postpones its Annual General Meeting scheduled for 20 May 2020 to a later date within the current financial year. The Company will set and communicate a new date as soon as the conditions for reliable planning and safe execution of the Annual General Meeting are once again in place.

FRESENIUS SHARE / ADR

	Ordinary share		ADR
Securities identification no.	578 560	CUSIP	35804M105
Ticker symbol	FRE	Ticker symbol	FSNUY
ISIN	DE0005785604	ISIN	US35804M1053
Bloomberg symbol	FRE GR	Structure	Sponsored Level 1 ADR
Reuters symbol	FREG.de	Ratio	4 ADR = 1 share
Main trading location	Frankfurt/Xetra	Trading platform	OTCQX

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Commercial Register: Bad Homburg v. d. H.; HRB 11852
Chairman of the Supervisory Board: Dr. Gerd Krick

General Partner: Fresenius Management SE
Registered Office and Commercial Register: Bad Homburg v. d. H.; HRB 11673
Management Board: Stephan Sturm (President and CEO), Dr. Francesco De Meo, Rachel Empey, Dr. Jürgen Götz, Mats Henriksson, Rice Powell, Dr. Ernst Wastler
Chairman of the Supervisory Board: Dr. Gerd Krick

For additional information on the performance indicators used please refer to our website <https://www.fresenius.com/alternative-performance-measures>.

Forward-looking statements:

This Quarterly Financial Report contains forward-looking statements. These statements represent assessments which we have made on the basis of the information available to us at the time. Should the assumptions on which the statements are based on not occur, or if risks should arise – as mentioned in the consolidated financial statements and the management report as of December 31, 2019 applying Section 315e HGB in accordance with IFRS and the SEC filings of Fresenius Medical Care AG & Co. KGaA – the actual results could differ materially from the results currently expected.

