FRESENIUS

Quarterly Financial Report of Fresenius Group

applying International Financial Reporting Standards (IFRS)

1st Half and 2nd Quarter 2018

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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 2017, Group sales were €33.9 billion. As of June 30, 2018, more than 273,000 employees have dedicated themselves to the service of health in about 100 countries worldwide.

SALES, EARNINGS, AND CASH FLOW

€ in millions	Q2/2018	Q2/2017	Change	Change in constant currency	H1/2018	H1/2017	Change	Change in constant currency
Sales	**8,382**	8,532	0% [7]	5% [7]	**16,503**	16,894	-1% [7]	6% [7]
EBIT [1]	**1,145**	1,177	-3%	2%	**2,199**	2,393	-8%	-2%
Net income [1,2]	**472**	459	3%	7%	**922**	916	1%	7%
Net income [1,2,3] excluding biosimilars	**499**	459	9%	12%	**975**	916	6%	12%
Earnings per share in € [1,2]	**0.85**	0.82	3%	7%	**1.66**	1.65	1%	7%
Earnings per share in € [1,2,3] excluding biosimilars	**0.90**	0.82	9%	12%	**1.76**	1.65	6%	12%
Operating cash flow	**1,020**	1,207	-15%		**1,256**	1,683	-25%	

BALANCE SHEET AND INVESTMENTS

€ in millions	June 30, 2018	Dec. 31, 2017	Change
Total assets	**54,982**	53,133	3%
Non-current assets	**40,695**	40,529	0%
Equity [4]	**23,269**	21,720	7%
Net debt	**16,722**	17,406	-4%
Investments [5]	**1,217**	7,130	-83%

RATIOS

	Q2/2018	Q2/2017	H1/2018	H1/2017
EBITDA margin [1]	**18.0%**	18.0%	**17.6%**	18.3%
EBIT margin [1]	**13.7%**	13.8%	**13.3%**	14.2%
Depreciation and amortization in % of sales	**4.3%**	4.2%	**4.3%**	4.2%
Operating cash flow in % of sales	**12.2%**	14.1%	**7.6%**	10.0%
Equity ratio (June 30/December 31)			**42.3%**	40.9%
Net debt/EBITDA (June 30/December 31) [1,6]			**2.80**	2.84

[1] Before special items
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[3] Before expenditures for further development of biosimilars business
[4] Equity including noncontrolling interest
[5] Investments in property, plant and equipment, and intangible assets, acquisitions (six months)
[6] Calculated at expected annual average exchange rates for both net debt and EBITDA; excluding effects of the Akorn and NxStage transactions and proceeds from divestitures of Care Coordination activities; excluding further potential acquisitions; at current IFRS rules
[7] Growth rates adjusted for IFRS 15 adoption (H1/17 base: €16,624 million; Q2/17 base: €8,401)

INFORMATION BY BUSINESS SEGMENT

FRESENIUS MEDICAL CARE – Dialysis products, Dialysis services

€ in millions	**Q2/2018**	Q2/2017	Change	Change in constant currency	**H1/2018**	H1/2017	Change	Change in constant currency
Sales	**4,214**	4,471	-6%	5% [1,2]	**8,189**	9,019	-9%	3% [1,2]
EBIT	**1,401**	583	140%	162% [3]	**1,898**	1,235	54%	68% [3]
Net income [4]	**994**	269	270%	303% [5]	**1,273**	577	121%	141% [5]
Operating cash flow	**656**	882	-26%		**611**	1,052	-42%	
Investments/Acquisitions	**413**	524	-21%		**818**	872	-6%	
R & D expenses	**38**	35	7%		**70**	67	3%	
Employees (June 30/Dec. 31)					**118,633**	121,245	-2%	

FRESENIUS KABI – IV drugs, Biosimilars, Clinical nutrition, Infusion therapy, Medical devices/Transfusion technology

€ in millions	**Q2/2018**	Q2/2017	Change	Change in constant currency	**H1/2018**	H1/2017	Change	Change in constant currency
Sales	**1,604**	1,598	0%	6%	**3,207**	3,202	0%	7%
EBIT [6]	**289**	309	-6%	-1% [7]	**557**	622	-10%	-1% [7]
Net income [6, 8]	**185**	188	-2%	5% [9]	**355**	379	-6%	4% [9]
Operating cash flow	**228**	203	12%		**454**	395	15%	
Investments/Acquisitions	**96**	85	13%		**174**	152	14%	
R & D expenses	**129**	87	48%		**256**	176	45%	
Employees (June 30/Dec. 31)					**37,273**	36,380	2%	

FRESENIUS HELIOS – Hospital operations

€ in millions	**Q2/2018**	Q2/2017	Change	**H1/2018**	H1/2017	Change
Sales	**2,343**	2,238	5%	**4,674**	4,256	10%
EBIT	**293**	282	4%	**571**	537	6%
Net income [8]	**197**	192	3%	**388**	373	4%
Operating cash flow	**162**	120	35%	**259**	304	-15%
Investments/Acquisitions	**108**	101	7%	**181**	6,090	-97%
Employees (June 30/Dec. 31)				**107,760**	105,927	2%

FRESENIUS VAMED – Projects and services for hospitals and other health care facilities, post-acute care provider

€ in millions	**Q2/2018**	Q2/2017	Change	**H1/2018**	H1/2017	Change
Sales	**266**	258	3%	**515**	481	7%
EBIT	**12**	11	9%	**18**	17	6%
Net income [10]	**7**	7	0%	**11**	11	0%
Operating cash flow	**-14**	16	-188%	**-56**	-28	-100%
Investments/Acquisitions	**29**	4	--	**37**	7	--
Order intake	**195**	192	2%	**455**	412	10%
Employees (June 30/Dec. 31)				**8,938**	8,667	3%

[1] Growth rate adjusted for IFRS 15 implementation (Q2/17 base: €4,340 million; H1/17 base: €8,749 million)
[2] Excluding VA agreement: Q2/2018: 5%; H1/2018: 4%
[3] Adjusted for gains from divestitures of Care Coordination activities: Q2/2018: 4%; H1/2018: -5%
[4] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA
[5] Adjusted for gains from divestitures of Care Coordination activities and the effect of the U.S. Tax Reform: Q2/2018: 8%; H1/2018: -3%
[6] Before special items
[7] Before expenditures for further development of biosimilars business: Q2/2018: 11%; H1/2018: 10%
[8] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[9] Before expenditures for further development of biosimilars business: Q2/2018: 19%; H1/2018: 17%
[10] Net income attributable to shareholders of VAMED AG

FRESENIUS SHARE

The DAX index declined by 5% in the first half 2018, while the Fresenius share increased by 6% over the same period.

FIRST HALF 2018

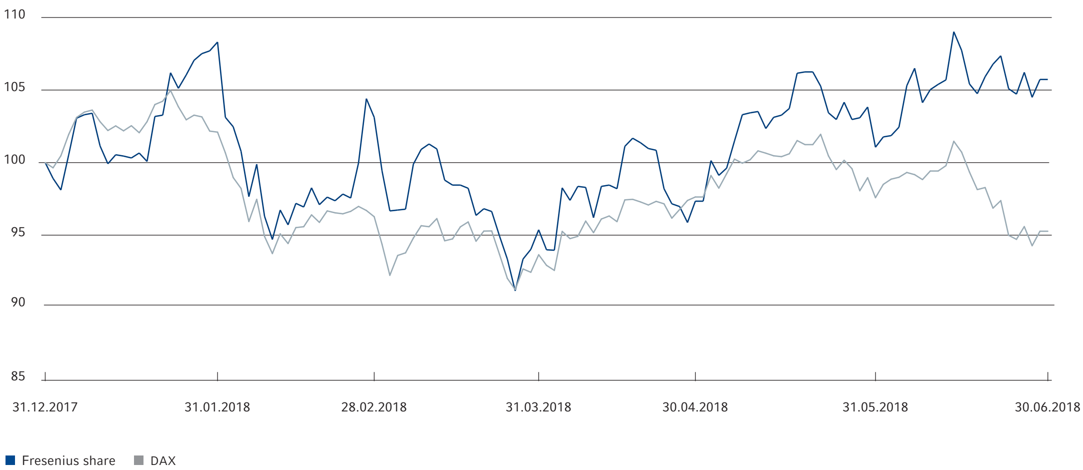
The global economy continued to show robust growth in the first six months of 2018. The economic growth is driven by domestic demand in most regions of the euro zone. The economy in the euro zone is expected to grow by 2.1% this year, according to the latest ECB forecast. The ECB left its monetary policy unchanged during its June meeting.

The Federal Reserve's latest forecast projects the U.S. economy to grow by 2.8% in 2018. As expected, the U.S. Federal Reserve, raised the existing interest rates corridor by 25bps to 1.75% to 2.00% at its June meeting.

Within this economic environment, the DAX decreased by 5% in the first half of 2018 to 12,306 points. The Fresenius share closed at €68.80 on June 30, 2018. This represents an increase of 6% over the closing price of 2017.

RELATIVE SHARE PRICE PERFORMANCE VS. DAX

31.12.2017 = 100



KEY DATA OF THE FRESENIUS SHARE

	H1/2018	2017	Change
Number of shares (June 30/December 31)	**555,616,093**	554,710,473	0%
Quarter-end quotation in €	**68.80**	65.07	6%
High in €	**70.94**	79.65	-11%
Low in €	**59.32**	60.58	-2%
Ø Trading volume (number of shares per trading day)	**1,462,829**	1,164,824	26%
Market capitalization, € in millions (June 30/December 31)	**38,226**	36,095	6%

MANAGEMENT REPORT

After our successful start to the year, we have delivered a strong second quarter with continued healthy growth in sales and earnings. All four business segments contributed to this, and all four business segments display outstanding prospects for the future. We are therefore confirming our guidance for the remainder of the year.

FRESENIUS POSTS STRONG SECOND QUARTER AND CONFIRMS GROUP GUIDANCE – CONTINUED NET INCOME GROWTH – EBIT OUTLOOK RAISED FOR FRESENIUS KABI

	H1/2018	at actual rates	in constant currency
Sales	€16.5 bn	-2%	6% [1]
EBIT [2]	€2,199 m	-8%	-2%
Net income [2,3]	€922 m	1%	7%
Net income [2,3] (excluding Biosimilars)	€975 m	6%	12%

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.

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. 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 decreased by 1% [1] (increased by 6% [1] in constant currency) to €16,503 million (H1/2017: €16,894 million). Organic sales growth was 4%. Acquisitions/divestitures contributed net 2% to growth. Negative currency translation effects (7%) were mainly driven by the devaluation of the U.S. dollar and the Chinese yuan against the euro. In Q2/2018, Group sales were nearly unchanged [1] (increased 5% [1] in constant currency) at €8,382 million (Q2/2017: €8,532 million). Organic sales growth was 4%. Acquisitions/divestitures contributed net 1% to growth.

[1] Growth rates adjusted for IFRS 15 adoption (H1/17 base: €16,624 million; Q2/17 base: €8,401 million)
[2] Before special items (i.e., expenses related to the Akorn transaction, gains related to divestitures of Care Coordination activities
[3] Net income attributable to shareholders of Fresenius SE & Co. KGaA

EARNINGS

€ in millions	Q2/2018	Q2/2017	H1/2018	H1/2017
EBIT [1]	**1,145**	1,177	**2,199**	2,393
Net income [2]	**652**	450	**1,092**	907
Net income (before special items) [2]	**472**	459	**922**	916
Earnings per share [2]	**1.18**	0.81	**1.97**	1.64
Earnings per share (before special items) [2]	**0.85**	0.82	**1.66**	1.65

EARNINGS

Group EBITDA [1] decreased by 6% (0% in constant currency) to €2,912 million (H1/2017: €3,098 million). Group EBIT [1] decreased by 8% (-2% in constant currency) to €2,199 million (H1/2017: €2,393 million). The prior-year period saw the compensation for treatments of U.S. war veterans ("VA agreement") contributing €91 million as a one-time effect. Excluding the VA agreement, EBIT [1] increased by 2% in constant currency in H1/2018. The EBIT margin [1] was 13.3% (13.1% before IFRS 15; H1/17: 14.2%). Group EBIT [1] before expenses for the further development of the biosimilars business decreased by 5% (increased 1% in constant currency) to €2,271 million. Group EBIT [1] excluding the VA agreement and expenses for the biosimilars business increased by 5% in constant currency.

In Q2/2018, Group EBIT [1] decreased by 3% (increased 2% in constant currency) to €1,145 million (Q2/2017: €1,177 million), with an EBIT margin [1] of 13.7% (13.4% before IFRS 15; Q2/2017: 13.8%). Group EBIT [1] excluding expenses for the biosimilars business increased by 5% in constant currency.

Group net interest [1] was -€297 million (H1/2017: -€326 million). The decrease is mainly driven by currency effects and reduced interest following refinancing activities.

The decrease of the Group tax rate before special items to 22.3% (H1/2017: 28.5%) was mainly due to the U.S. tax reform. In Q2/2018, the Group tax rate [1] was 23.4% (Q2/2017: 27.9%).

SALES BY REGION

€ in millions	H1/2018	H1/2017	Change at actual rates	Currency translations effects	Change at constant rates	Organic growth	Acquisitions/ divestitures	% of total sales
North America	**6,850**	7,480 [3]	-8%	-10%	2%	2%	0%	42%
Europe	**7,212**	6,741	7%	-1%	8%	3%	5%	44%
Asia-Pacific	**1,548**	1,516	2%	-7%	9%	7%	2%	9%
Latin America	**667**	701	-5%	-19%	14%	12%	2%	4%
Africa	**226**	186	22%	-2%	24%	24%	0%	1%
Total	**16,503**	16,624 [3]	-1%	-7%	6%	4%	2%	100%

SALES BY BUSINESS SEGMENT

€ in millions	H1/2018	H1/2017	Change at actual rates	Currency translations effects	Change at constant rates	Organic growth	Acquisitions/ divestitures	% of total sales
Fresenius Medical Care	**8,189**	8,749 [3]	-6%	-9%	3%	3%	0%	50%
Fresenius Kabi	**3,207**	3,202	0%	-7%	7%	7%	0%	19%
Fresenius Helios	**4,674**	4,256	10%	0%	10%	4%	6%	28%
Fresenius Vamed	**515**	481	7%	-1%	8%	5%	3%	3%
Total	**16,503**	16,624 [3]	-1%	-7%	6%	4%	2%	100%

[1] Before special items
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[3] 2017 base adjusted for IFRS 15 adoption (deduction of €270 million at Fresenius Medical Care)

Noncontrolling interest[1] was €556 million (H1/2017: €562 million), of which 95% was attributable to the noncontrolling interest in Fresenius Medical Care.

Group net income[1,2] increased by 1% (7% in constant currency) to €922 million (H1/2017: €916 million). Earnings per share[1,2] increased by 1% (7% in constant currency) to €1.66 (H1/2017: €1.65). In Q2/2018, Group net income[1,2] increased by 3% (7% in constant currency) to €472 million (Q2/2017: €459 million). Earnings per share[1,2] increased by 3% (7% in constant currency) to €0.85 (Q2/2017: €0.82).

Group net income[1,2] before expenses for the further development of the biosimilars business increased by 6% (12% in constant currency) to €975 million (H1/2017: €916 million). Earnings per share[1,2] before expenses for the further development of the biosimilars business increased by 6% (12% in constant currency) to €1.76 (H1/2017: €1.65). In Q2/2018, Group net income[1,2] before expenses for the further development of the biosimilars business increased by 9% (12% in constant currency) to €499 million (Q2/2017: €459 million). Earnings per share[1,2] before expenses for the further development of the biosimilars business increased by 9% (12% in constant currency) to €0.90 (Q2/2017: €0.82).

Group net income[2] after special items increased by 20% (29% in constant currency) to €1,092 million (H1/2017: €907 million), mainly due to a gains related to divestitures in Care Cordination activities at Fresenius Medical Care. Earnings per share[2] after special items increased by 20% (29% in constant currency) to €1.97 (H1/2017: €1.64). In

RECONCILIATION

	Q2/2018					
€ in millions	**Before special items and before expenditures for further development of biosimilars business**	Expenditures for further development of biosimilars business	**Before special items**	Transaction-related effects (Akorn)	Gains related to divestitures of Care Coordination activities	**According to IFRS**
Sales	**8,382**		**8,382**			**8,382**
EBIT	**1,182**	**-37**	**1,145**	**-35**	**833**	**1,943**
Net interest	-149	-2	-151	-4	0	-155
Net income before taxes	**1,033**	**-39**	**994**	**-39**	**833**	**1,788**
Income taxes	-245	12	-233	8	-147	-372
Net income	**788**	**-27**	**761**	**-31**	**686**	**1,416**
Less noncontrolling interest	-289		-289		-475	-764
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**499**	**-27**	**472**	**-31**	**211**	**652**

	H1/2018					
€ in millions	**Before special items and before expenditures for further development of biosimilars business**	Expenditures for further development of biosimilars business	**Before special items**	Transaction-related effects (Akorn)	Gains related to divestitures of Care Coordination activities	**According to IFRS**
Sales	**16,503**		**16,503**			**16,503**
EBIT	**2,271**	**-72**	**2,199**	**-40**	**820**	**2,979**
Net interest	-293	-4	-297	-7	0	-304
Net income before taxes	**1,978**	**-76**	**1,902**	**-47**	**820**	**2,675**
Income taxes	-447	23	-424	10	-147	-561
Net income	**1,531**	**-53**	**1,478**	**-37**	**673**	**2,114**
Less noncontrolling interest	-556		-556		-466	-1,022
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**975**	**-53**	**922**	**-37**	**207**	**1,092**

Special items are reported in the Group Corporate/Other segment.

[1] Before special items
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA

INVESTMENTS BY BUSINESS SEGMENT

€ in millions	H1/2018	H1/2017	thereof property, plant and equipment	thereof acquisitions	Change	% of total
Fresenius Medical Care	**818**	872	466	352	-6%	67%
Fresenius Kabi	**174**	152	173	1	14%	14%
Fresenius Helios	**181**	6,090	170	11	-97%	15%
Fresenius Vamed	**37**	7	15	22	--	3%
Corporate/Other	**7**	9	7	0	-22%	1%
Total	**1,217**	7,130	831	386	-83%	100%

Q2/2018, Group net income[1] after special items increased by 45% (54% in constant currency) to €652 million (Q2/2017: €450 million). Earnings per share[1] after special items increased by 45% (54% in constant currency) to €1.18 (Q2/2017: €0.81).

RECONCILIATION

Consolidated results for Q2/H1 include special items related to the Akorn transaction. These are mainly transaction costs in the form of legal and consulting fees as well as costs of the financing commitment for the Akorn transaction. Moreover special items arose from gains/losses of divestitures in Care Coordination at Fresenius Medical Care. The tables on page 8 show the corresponding reconciliation to the IFRS values.

INVESTMENTS

Spending on property, plant and equipment was €831 million (H1/2017: €709 million), primarily for the modernization and expansion of dialysis clinics, production facilities as well as hospitals and day clinics. This corresponds to 5.0% of sales. Total acquisition spending was €386 million (H1/2017: €6,421 million). The prior-year period included the acquisition of Quirónsalud.

CASH FLOW

Operating cash flow decreased by 25% to €1,256 million (H1/2017: €1,683 million) with a margin of 7.6% (H1/2017: 10.0%). The decrease is mainly due to two effects at Fresenius Medical Care in North America: Receipt of a ~€200 million payment under the VA agreement in the prior-year period as well as increased accounts receivable related to the addition of calcimimetics into the Medicare ESRD payment bundle. Moreover negative currency translation effects weighed on the cash flow development in H1/2018. Operating cash flow in Q2/2018 decreased by 15% to €1,020 million (Q2/2017: €1,207 million), with a margin of 12.2% (Q2/2017: 14.1%). Negative currency translation effects weighed on the cash flow development in Q2/2018.

CASH FLOW STATEMENT (SUMMARY)

€ in millions	H1/2018	H1/2017	Change
Net income	**2,114**	1,469	44%
Depreciation and amortization	**713**	705	1%
Change Working Capital	**-1,571**	-491	--
Operating cash flow	**1,256**	1,683	-25%
Property, plant and equipment, investments net	**-831**	-685	-21%
Cash flow before acquisitions and dividends	**425**	998	-57%
Cash used for acquisitions, net	**1,290**	-5,848	122%
Dividends paid	**-773**	-795	3%
Free cash flow after acquisitions and dividends	**942**	-5,645	117%
Cash provided by/used for financing activities	**-358**	5,524	-106%
Effect of exchange rates on change in cash and cash equivalents	**47**	-87	153%
Net change in cash and cash equivalents	**631**	-208	--
Cash flow (bankers' cashflow)	**2,862**	2,208	30%

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

Given the effects described above and growing investments, free cash flow before acquisitions and dividends decreased to €425 million (H1/2017: €998 million). Free cash flow after acquisitions and dividends was €942 million (H1/2017: -€5,645 million).

ASSET AND LIABILITY STRUCTURE

The Group's total assets increased by 3% (3% in constant currency) to €54,982 million (Dec. 31, 2017: €53,133 million). Current assets grew by 13% (13% in constant currency) to €14,287 million (Dec. 31, 2017: €12,604 million). Non-current assets were nearly unchanged (decreased by 1% in constant currency) at €40,695 million (Dec. 31, 2017: €40,529 million).

Total shareholders' equity increased by 7% (6% in constant currency) to €23,269 million (Dec. 31, 2017: €21,720 million). The equity ratio increased to 42.3% (Dec. 31, 2017: 40.9%).

Group debt was nearly unchanged (decreased by 1% in constant currency) at €18,989 million (Dec. 31, 2017: €19,042 million). Group net debt decreased by 4% (-5% in constant currency) to €16,722 million (Dec. 31, 2017: €17,406 million) mainly due to the proceeds from divestitures of Care Coordination activities.

As of June 30, 2018, the net debt/EBITDA ratio was 2.80[1,2] (December 31, 2017: 2.84[1,2]). Excluding the proceeds from divestitures of Care Coordination activities the net debt/EBITDA ratio was 3.02[1,2].

ANNUAL GENERAL MEETING 2018

At the Annual General Meeting 2018, the shareholders of Fresenius SE & Co. KGaA approved all agenda items with a large majority. Fresenius SE & Co. KGaA shareholders approved the 25nd consecutive dividend increase proposed by the general partner and the Supervisory Board (agenda item 2). Shareholders received €0.75 per common share (prior year: €0.62).

The voting results for all agenda items are listed in the table on page 11.

[1] At LTM average exchange rates for both net debt and EBITDA; pro forma closed acquisitions/divestitures, excluding Akorn and NxStage transactions
[2] Before special items

				Yes votes		No votes	
		Number of shares for which valid votes were cast	in % of the capital stock	Number	in % of the valid votes cast	Number	in % of the valid votes cast
Item no. 1	Resolution on the Approval of the Annual Financial Statements of Fresenius SE & Co. KGaA for the Fiscal Year 2017	400,866,147	72.24%	400,826,670	99.99%	39.477	0.01%
Item no. 2	Resolution on the Allocation of the Distributable Profit	403,603,252	72.73%	360,015,558	89.20%	43,587,694	10.80%
Item no. 3	Resolution on the Approval of the Actions of the General Partner for the Fiscal Year 2017	256,155,426	46.16%	249,758,804	97.50%	6,396,622	2.50%
Item no. 4	Resolution on the Approval of the Actions of the Supervisory Board for the Fiscal Year 2017	228,946,910	41.26%	203,741,765	88.99%	25,205,145	11.01%
Item no. 5	Election of the Auditor and Group Auditor for the Fiscal Year 2017 and of the Auditor for the potential Review of the Half-Yearly Financial Report for the first Half-Year of the Fiscal Year 2017 and other Financial Information	258,414,560	46.57%	223,381,511	86.44%	35,033,049	13.56%
Item no. 6	Resolution on the Approval of the Revised Compensation System for the Members of the Management Board of the General Partner	398,698,386	71.85%	251,154,488	62.99%	147,543,898	37.01%
Item no. 7	Resolution on the Cancellation of the Existing Authorized Capital I and on the Creation of a New Authorized Capital I with Corresponding Amendment to the Articles of Association	404,720,266	72.93%	381,702,293	94.31%	23,017,973	5.69%
Item no. 8	Resolution on the Cancellation of the Existing Authorization to issue Option Bonds and/or Convertible Bonds dated May 16, 2014 and the Associated Conditional Capital III, and on the Creation of a New Authorization to issue Option Bonds and/or Convertible Bonds, on the Exclusion of Subscription Rights and on the Creation of Conditional Capital and corresponding Amendments to the Articles of Association	404,717,138	72.93%	386,854,978	95.59%	17,862,160	4.41%
Item no. 9	Resolution on the Cancellation of the Authorization to Purchase and Use Own Shares pursuant to sec. 71 para. 1 no. 8 of the German Stock Corporation Act granted by Resolution of the Annual General Meeting of May 16, 2014, and an Authorization to Purchase and Use Own Shares pursuant to sec. 71 para. 1 no. 8 of the German Stock Corporation Act and on the Exclusion of Subscription Rights	404,470,613	72.89%	377,034,171	93.22%	27,436,442	6.78%
Item no. 10	Resolution on the Re-Authorization to utilize Equity Derivatives to purchase Own Shares subject to Exclusion of any Tender Right	404,487,482	72.89%	354,749,060	87.70%	49,738,422	12.30%

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 June 30, 2018, Fresenius Medical Care was treating 325,188 patients in 3,815 dialysis clinics. Along with its core business, the company provides related medical services in the field of Care Coordination.

€ in millions	Q2/2018	Q2/2017	Change	Change in constant currency	H1/2018	H1/2017	Change	Change in constant currency
Sales	**4,214**	4,471	-6%	5%[1,2]	**8,189**	9,019	-9%	3%[1,2]
EBIT	**1,401**	583	140%	162%[3]	**1,898**	1,235	54%	68%[3]
Net income[4]	**994**	269	270%	303%[5]	**1,273**	577	121%	141%[5]
Net income adjusted[4,6]	**273**	274	0%	6%	**517**	523	-1%	7%
Net income adjusted[4,7]	**308**	269	15%	22%	**599**	577	4%	13%
Employees (June 30/Dec. 31)					**118,633**	121,245	-2%	

- **Q2/2018 reported results significantly positively influenced by divestitures of Care Coordination activities**
- **5% adjusted[1,2] sales growth in constant currency in Q2**
- **6% adjusted[4,6] net income growth in constant currency in Q2**
- **22% net income growth in constant currency on a comparable basis[4,7] in Q2**

Reported sales were strongly impacted by headwinds from foreign exchange rates and by the already anticipated decline in Fresenius Medical Care North America's pharmacy business. Sales decreased by 9% (increased by 3%[1] in constant currency) to €8,189 million (H1/2017: €9,019 million). Organic sales growth was 3%. Currency translation effects reduced sales by 9%. Adoption of IFRS 15 reduced sales by 3%. Excluding the VA agreement in the prior-year quarter, sales growth[1] was 4% in constant currency.

In Q2/2018, sales decreased by 6% (increased 5%[1] in constant currency) to €4,214 million (Q2/2017: €4,471 million). Organic sales growth was 4%. Currency translation effects reduced sales by 8%. Adoption of IFRS 15 reduced sales by 3%.

Health Care services sales (dialysis services and care coordination) decreased by 8%[8] (increased by 3%[8] in constant currency) to €6,594 million (H1/2017: €7,418 million). With €1,595 million (H1/2017: €1,601 million), Health Care product sales were on prior-year's level (increased by 6% in constant currency).

In North America, sales decreased by 9%[8] (increased by 1%[8] in constant currency) to €5,746 million (H1/2017: €6,600 million). Health Care services sales decreased by 9%[8] (increased by 1%[8] in constant currency) to €5,351 million (H1/2017: €6,182 million). Excluding the 2017 effect from the VA Agreement (€98 million), Health Care services sales increased by 3%[8] in constant currency. Health Care product sales decreased by 5% (increased by 6% in constant currency) to €395 million (H1/2017: €418 million).

Sales outside North America increased by 1% (8% in constant currency) to €2,436 million (H1/2017: €2,410 million). Health Care services sales increased by 1% (10% in constant currency) to €1,243 million (H1/2017: €1,236 million). Health Care product sales increased by 2% (7% in constant currency) to €1,193 million (H1/2017: €1,174 million).

[1] Growth rate adjusted for IFRS 15 implementation (Q2/17 base: €4,340 million; H1/17 base: €8,749 million)
[2] Excluding VA agreement: : Q2/2018: 5%; H1/2018: 4%
[3] Adjusted for gains from divestitures of Care Coordination activities: Q2/2018: 4%; H1/2018: -5%
[4] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA
[5] Adjusted for gains from divestitures of Care Coordination activities and the effect of the U.S. Tax Reform: Q2/2018: 8%; H1/2018: -3%
[6] Consistent with guidance, i.e. excluding gains from divestitures of Care Coordination activities, excluding the effect of the U.S. Tax Reform and excluding VA agreement
[7] Consistent with guidance, i.e. excluding gains from divestitures of Care Coordination activities, including the effect of the U.S. Tax Reform and including VA agreement
[8] Growth rate adjusted for IFRS 15 implementation (Q2/17: -€131 million; H1/17: -€270 million)

Fresenius Medical Care's EBIT increased by 54% (68% in constant currency) to €1,898 million (H1/2017: €1,235 million), driven by the divestitures of Care Coordination activities in Q2/18. The EBIT margin increased to 23.2% (H1/2017: 13.7%). Adjusted for the implementation of IFRS 15 and excluding the gains from divestitures of Care Coordination activities and the VA agreement in the prior-year period, EBIT increased by 3% in constant currency and EBIT margin was 13.2% (H1/2017: 13.2%). In Q2/2018, EBIT increased by 140% (increased by 162% in constant currency) to €1,401 million (Q2/2017: €583 million). The EBIT margin increased to 33.3% (Q2/2017: 13.0%). Adjusted for the adoption of IFRS 15 and excluding the gains from divestitures of Care Coordination activities, EBIT increased by 4% in constant currency and EBIT margin increased to 13.5%.

Net income [1] increased by 121% (141% in constant currency) to €1,273 million (H1/2017: €577 million). Consistent with full-year guidance, i.e. excluding the gains from divestitures of Care Coordination activities, the effect of the U.S. Tax Reform and the VA agreement in the prior-year period, net income growth [1] was 7% in constant currency. Net income [1] growth on a comparable basis, i.e. excluding the gains from divestitures of Care Coordination activities, but including the effect of the U.S. Tax Reform and the VA agreement in the prior-year period, was 13% in constant currency.

In Q2/2018, net income [1] grew by 270% (303% in constant currency) to €994 million (Q2/2017: €269 million). Consistent with full-year guidance, i.e. excluding the gains from divestitures of Care Coordination activities, the effect of the U.S. Tax Reform and the VA agreement in the prior-year period, net income growth [1] was 6% in constant currency. Net income [1] growth on comparable basis, i.e. excluding the gains from divestitures of Care Coordination activities, but including the effect of the U.S. Tax Reform and the VA agreement in the prior-year period was 22% in constant currency.

Operating cash flow was €611 million (H1/2017: €1,052 million). The cash flow margin was 7.5% (H1/2017: 11.7%). The decrease is mainly due to two effects in North America: Receipt of a ~€200 million payment under the VA agreement in the prior-year period as well as increased accounts receivable related to the addition of calcimimetics into the Medicare ESRD payment bundle. In Q2/2018, operating cash flow was €656 million (Q2/2017: €882 million) with a cash flow margin of 15.6% (Q2/2017: 19.7%).

Fresenius Medical Care confirms its outlook for 2018 and expects sales growth of 5 to 7% [2] in constant currency and net income [1] comparable growth of 13% to 15% [3] in constant currency (7% to 9% [4] adjusted net income growth).

The 2018 growth targets are based on 2017 figures and exclude effects from the planned acquisition of NxStage Medical and gains from divestitures of Care Coordination activities.

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

[1] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA
[2] 2017 base: €16,739 million (adjusted for IFRS 15 adoption (-€486 million) and excluding Sound´s revenue for H2/2017 (-€558 million))
[3] 2017 base: € 1,242 million, excluding Sound´s H2/17 net income (-€38 million); 2018 including recurring benefits from U.S. tax reform but excluding gains from divestitures of Care Coordination activities
[4] Excluding gains from divestitures of Care Coordination activities, excluding the effect of the U.S. Tax Reform natural disaster costs, FCPA related charge and excluding VA agreement

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, we are developing products with a focus on oncology and autoimmune diseases.

€ in millions	Q2/2018	Q2/2017	Change	Change in constant currency	H1/2018	H1/2017	Change	Change in constant currency
Sales	**1,604**	1,598	0%	6%	**3,207**	3,202	0%	7%
EBITDA [1]	**361**	385	-6%	-1%	**699**	767	-9%	0%
EBIT [1]	**289**	309	-6%	-1% [2]	**557**	622	-10%	-1% [2]
Net income [1,3]	**185**	188	-2%	5% [4]	**355**	379	-6%	4% [4]
Employees (June 30/Dec. 31)					**37,273**	36,380	2%	

- **6% organic sales growth and 11% EBIT [1] growth in constant currency (excluding biosimilars business) in Q2**
- **European Commission confirms marketing authorizations of HES subject to the implementation of risk minimization measures**
- **Sales outlook confirmed: 4% to 7% organic sales growth expected**
- **EBIT outlook raised: -2% to +1% [5] EBIT growth in constant currency expected (~6% to 9% [6] excl. biosimilars expenses)**

Sales of €3,207 million (H1/2017: €3,202 million) were on prior-year level (increased by 7% in constant currency). Organic sales growth was 7%. Strong negative currency translation effects (-7%) were mainly related to the devaluation of the U.S. dollar, the Brazilian real and the Chinese yuan against the euro. In Q2/2018, sales of €1,604 million were nearly unchanged (increased by 6% in constant currency) from the prior-year level (Q2/2017: €1,598 million). Organic sales growth was 6%.

Sales in Europe grew by 2% (organic growth: 3%) to €1,120 million (H1/2017: €1,097 million). In Q2/2018, sales increased by 2% (organic growth: 3%) to €563 million (Q2/2017: €553 million).

Sales in North America decreased by 4% (organic growth: 7%) to €1,140 million (H1/2017: €1,187 million). In Q2/2018, sales decreased by 3% (organic growth: 4%) to €549 million (Q2/2017: €568 million).

Sales in Asia-Pacific increased by 8% (organic growth: 13%) to €627 million (H1/2017: €582 million). In Q2/2018, sales increased by 8% (organic growth: 11%) to €326 million (Q2/2017: €302 million). Sales in Latin America/Africa decreased by 5% (organic growth: 10%) to €320 million (H1/2017: €336 million). In Q2/2018, sales decreased by 5% (organic growth: 10%) to €166 million (Q2/2017: €175 million).

EBIT [1] decreased by 10% (-1% in constant currency) to €557 million (H1/2017: €622 million) with an EBIT margin [1] of 17.4% (H1/2017: 19.4%). In Q2/2018, EBIT [1] decreased by 6% (-1% in constant currency) to €289 million (Q2/2017: €309 million) with an EBIT margin [1] of 18.0% (Q2/2017: 19.3%).

[1] Before special items
[2] Before expenses for the further development of the biosimilars business: Q2/2018: 11%; H1/2018: 10%
[3] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[4] Before expenses for the further development of the biosimilars business: Q2/2018: 19%; H1/2018: 17%
[5] 2017 base: €1,177 million; 2017 & 2018 before special items, including expenditures for the further development of the biosimilars business (€60 million in FY/17, and expected expenditures of ~€160 million in FY/18)
[6] 2017 base: €1,237 million; 2017 & 2018 before special items

EBIT[1] before expenses for the further development of the biosimilars business increased by 1% (10% in constant currency) to €629 million (H1/2017: €622 million) with an EBIT margin[1] of 19.6% (H1/2017: 19.4%). In Q2/2018, EBIT[1] before expenses for the further development of the biosimilars business increased by 6% (11% in constant currency) to €326 million (Q2/2017: €309 million) with an EBIT margin[1] of 20.3% (Q2/2017: 19.3%).

Net income[1,2] decreased by 6% (increased by 4% in constant currency) to €355 million (H1/2017: €379 million). In Q2/2018, net income[1,2] decreased by 2% (increased by 5% in constant currency) to €185 million (Q2/2017: €188 million).

Operating cash flow increased by 15% to €454 million (H1/2017: €395 million). The cash flow margin grew to 14.2% (H1/2017: 12.3%). In Q2/2018, operating cash flow increased by 12% to €228 million (Q2/2017: €203 million) with a cash flow margin of 14.2% (Q2/2017: 12.7%).

Based on the strong development of Fresenius Kabi in H1/2018 and the reversal of some HES[3] associated risk adjustments, Fresenius Kabi raises its EBIT outlook for 2018 by 4%-points and now expects EBIT growth in constant currency of -2% to +1%[4] (previously: -6% to -3%[4] in constant currency). Excluding expenditures for the further development of the biosimilars business, EBIT is now expected to grow by ~6% to 9%[5] in constant currency (previously: ~2% to 5%[5] in constant currency). Fresenius Kabi confirms its sales guidance of 4% to 7% organic growth.

[1] Before special items
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[3] Hydroxyethyl starch (HES)
[4] 2017 base: €1,177 million; 2017 & 2018 before special items, including expenditures for the further development of the biosimilars business (€60 million in FY/17, and expected expenditures of ~€160 million in FY/18)
[5] 2017 base: €1,237 million; 2017 & 2018 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 87 acute care hospitals, 89 outpatient centers and treats approximately 5.2 million patients annually. Quirónsalud operates 45 hospitals, 56 outpatient centers and around 300 occupational risk prevention centers, and treats approximately 11.6 million patients per year.

€ in millions	Q2/2018	Q2/2017	Change	H1/2018	H1/2017	Change
Sales	**2,343**	2,238	5%	**4,674**	4,256	10%
EBITDA	**400**	377	6%	**776**	711	9%
EBIT	**293**	282	4%	**571**	537	6%
Net income [1]	**197**	192	3%	**388**	373	4%
Employees (June 30/Dec. 31)				**107,760**	105,927	2%

- **4% organic sales growth in Q2**
- **DRG catalogue effects and preparatory structural activities for anticipated regulatory measures weigh on financial performance of Helios Germany**
- **Helios Spain with accelerated growth: 8% organic sales growth and 19% EBIT growth in Q2**
- **2018 outlook confirmed**

Fresenius Helios increased sales by 10% to €4,674 million (H1/2017: €4,256 million). Organic sales growth was 4%. In Q2/2018, sales increased by 5% (organic growth: 4%) to €2,343 million (Q2/2017: €2,238 million).

Sales of Helios Germany increased by 3% (organic growth: 3%) to €3,121 million (H1/2017: €3,038 million). In Q2/2018, sales increased by 2% (organic growth: 3%) to €1,547 million (Q2/2017: €1,510 million). Helios Spain increased sales by 28% (organic growth: 5%) to €1,553 million (H1/2017: €1,218 million), mainly due to the additional month of consolidation compared to the prior-year period (Quirónsalud is consolidated since February 1, 2017). In Q2/2018 Helios Spain increased sales by 9% (organic growth: 8%) to €796 million (Q2/2017: €728 million).

Fresenius Helios grew EBIT by 6% to €571 million (H1/2017: €537 million) with a margin of 12.2% (H1/2017: 12.6%). In Q2/2018, EBIT increased by 4% to €293 million (Q2/2017: €282 million) with a margin of 12.5% (Q2/2017: 12.6%).

EBIT of Helios Germany decreased by 4% to €345 million (H1/2017: €359 million) with a margin of 11.1% (H1/2017: 11.8%). The decline is mainly due to additional catalogue effects, preparatory structural activities for anticipated regulatory requirements (i.e. clustering) as well as a lack of privatization opportunities in the German market. In Q2/2018, EBIT decreased by 6% to €168 million (Q2/2017: €178 million) with a margin of 10.9% (Q2/2017: 11.8%).

EBIT of Helios Spain increased by 28% to €227 million (H1/2017: €178 million), mainly due to the additional month of consolidation compared to the prior-year period, with a margin of 14.6% (H1/2017: 14.6%). In Q2/2018, EBIT increased by 19% to €124 million (Q2/2017: €104 million) with a margin of 15.6% (Q2/2017: 14.3%).

Net income [1] of Fresenius Helios increased by 4% to €388 million (H1/2017: €373 million). In Q2/2018, net income [1] increased by 3% to €197 million (Q2/2017: €192 million).

Operating cash flow was €259 million (H1/2017: €304 million) with a margin of 5.5% (H1/2017: 7.1%).

The already announced transfer of the in-patient post-acute care business from Fresenius Helios to Fresenius Vamed has become effective as of July 1, 2018. As a consequence, Fresenius Helios' EBIT growth outlook for 2018 was adjusted to 5% to 8% (previously: 7% to 10%).

Fresenius Helios confirms its outlook for 2018 and expects organic sales growth of 3% to 6% and EBIT growth of 5% to 8%.

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

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	**Q2/2018**	Q2/2017	Change	**H1/2018**	H1/2017	Change
Sales	**266**	258	3%	**515**	481	7%
EBITDA	**15**	14	7%	**24**	22	9%
EBIT	**12**	11	9%	**18**	17	6%
Net income [1]	**7**	7	0%	**11**	11	0%
Employees (June 30/Dec. 31)				**8,938**	8,667	3%

- **Service business with continued good momentum: 11% sales growth in Q2**
- **Project business with good order intake of €195 million in Q2**
- **Transfer of in-patient post-acute care business from Helios Germany to Vamed as of July 1, 2018**
- **2018 outlook confirmed**

Sales increased by 7% (7% in constant currency) to €515 million (H1/2017: €481 million). Organic sales growth was 5%. Sales in the project business increased by 4% to €191 million (H1/2017: €184 million). Sales in the service business grew by 9% to €324 million (H1/2017: €297 million). In Q2/2018, sales increased by 3% (organic growth: 1%) to €266 million (Q2/2017: €258 million).

EBIT increased by 6% to €18 million (H1/2017: €17 million) with a margin of 3.5% (H1/2017: 3.5%). In Q2/2018, EBIT increased by 9% to €12 million (Q2/2017: €11 million) with a margin of 4.5% (Q2/2017: 4.3%).

Net income [1] of €11 million was unchanged from prior-year's level. In Q2/2018, net income [1] was also unchanged at €7 million.

Order intake increased by 10% to €455 million (H1/2017: €412 million). As of June 30, 2018, order backlog was €2,372 million (December 31, 2017: €2,147 million).

The already announced transfer of the in-patient post-acute care business from Fresenius Helios to Fresenius Vamed has become effective as of July 1, 2018. As a consequence, Fresenius Vamed's EBIT growth outlook for 2018 was adjusted to 32% to 37% (previously: 5% to 10%).

Fresenius Vamed confirms its outlook for 2018 and expects organic sales growth in the range of 5% to 10% and EBIT growth of 32% to 37%.

[1] Net income attributable to shareholders of VAMED AG

EMPLOYEES

As of June 30, 2018, the number of employees was 273,632 (Dec. 31, 2017: 273,249).

EMPLOYEES BY BUSINESS SEGMENT

Number of employees	June 30, 2018	Dec. 31, 2017	Change
Fresenius Medical Care	**118,633**	121,245	-2%
Fresenius Kabi	**37,273**	36,380	2%
Fresenius Helios	**107,760**	105,927	2%
Fresenius Vamed	**8,938**	8,667	3%
Corporate/Other	**1,028**	1,030	0%
Total	**273,632**	273,249	0%

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
- Infusion and nutrition therapies
- Medical devices

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

Since September 1, 2017 research and development activities include the biosimilars business of Fresenius Kabi.

RESEARCH AND DEVELOPMENT EXPENSES BY BUSINESS SEGMENT

€ in millions	H1/2018	H1/2017	Change
Fresenius Medical Care	**70**	67	3%
Fresenius Kabi	**256**	176	45%
Fresenius Helios	–	–	--
Fresenius Vamed	**0**	0	
Corporate/Other	**-1**	0	
Total	**325**	243	34%

OPPORTUNITIES AND RISK REPORT

Compared to the presentation in the consolidated financial statements and the management report as of December 31, 2017 applying Section 315e HGB in accordance with IFRS, there have been the following important developments in Fresenius' overall opportunities and risk situation until July 31, 2018.

On April 24, 2017, Fresenius announced that Fresenius Kabi has agreed to acquire Akorn, Inc. (Akorn), a U.S.-based manufacturer and marketer of prescription and over-the-counter pharmaceutical products for approximately US$4.3 billion, or US$34 per share, plus the prevailing net debt at closing of the transaction.

Fresenius has been conducting an independent investigation, using external experts, into alleged breaches of FDA data integrity requirements relating to product development at Akorn.

Fresenius has decided on April 22, 2018 to terminate the company's merger agreement with Akorn, due to Akorn's failure to fulfill several closing conditions.

Fresenius' decision is based on, among other factors, material breaches of FDA data integrity requirements relating to Akorn's operations found during Fresenius' independent investigation. Fresenius offered to delay its decision in order to allow Akorn additional opportunity to complete its own investigation and present any information it wished Fresenius to consider, but Akorn has declined that offer.

Akorn disagreed with Fresenius's position and filed a lawsuit on April 23, 2018 purporting to enforce the merger agreement.

Fresenius filed a counterclaim on April 30, 2018. The trial of the law suit took place in the Delaware Court of Chancery from July 9 to 13, 2018.

The exchange of post-trial briefs is expected to take place until August 20, with the closing arguments on August 23, 2018. Judgment is expected up to 90 days thereafter.

Against such judgment the losing party may appeal to the Delaware Supreme Court, the highest court in Delaware.

If Akorn were able to prevail in court, Fresenius could be forced to purchase Akorn at the original price. This could result in significant reputational and financial costs.

In April 2018 the Standing Committee of the European Commission did not decide according to the European Medicines Agency's (EMA) proposal to suspend the marketing authorizations (MAs) for products containing hydroxyethyl starch (HES) and referred the matter back to the Pharmacovigilance Risk Assessment Advisory Committee (PRAC) at the EMA.

The PRAC upheld its recommendation to suspend the MAs. Subsequently in July 2018 EMA's Coordination Group for Mutual and Decentralized Procedures – Human (CMDh) took the position to maintain the MAs, subject to the implementation of risk minimization measures. These include controlled access, trainings and direct communication to healthcare practitioners as well as warnings on the packages.

In July, 2018 the European Commission adopted this decision.

In addition, we report on legal proceedings, currency and interest risks on pages 46 to 52 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	positive	stable	stable

OUTLOOK[1] 2018

FRESENIUS GROUP

Fresenius confirms its guidance for 2018. Group sales are expected to increase by 5% to 8%[2] in constant currency. Net income[3,4] is expected to grow by 6% to 9% in constant currency. Excluding expenditures for the further development of the biosimilars business, net income[3,5] is expected to grow by ~10% to 13% in constant currency.

Fresenius expects to further reduce its net debt/EBITDA[6] ratio by year-end 2018.

FRESENIUS MEDICAL CARE

Fresenius Medical Care confirms its outlook for 2018 and expects sales to grow by 5% to 7%[7] in constant currency and net income[8] comparable growth of 13% to 15%[9] in constant currency (7% to 9%[10] adjusted net income growth).

The 2018 growth targets are based on 2017 figures and exclude effects from the planned acquisition of NxStage Medical and gains from divestitures of Care Coordination activities.

FRESENIUS KABI

Based on the strong development of Fresenius Kabi in H1/2018 and the reversal of some HES[11] associated risk adjustments, Fresenius Kabi raises its EBIT outlook for 2018 by 4%-points and now expects EBIT growth in constant currency of -2% to +1%[12] (previously: -6% to -3%[12] in constant currency). Excluding expenditures for the further development of the biosimilars business, EBIT is now expected to grow by ~6% to 9%[13] in constant currency (previously: ~2% to 5%[13] in constant currency). Fresenius Kabi confirms its sales guidance of 4% to 7% organic growth.

[1] Excluding expenses related to the Akorn and NxStage transactions and gains from divestitures of Care Coordination activities
[2] 2017 base adjusted for IFRS 15 adoption (deduction of €486 million at Fresenius Medical Care) and divestitures of Care Coordination activities (deduction of €558 million at Fresenius Medical Care))
[3] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[4] 2017 base: €1,804 million; 2018 before special items; including expenditures for further development of biosimilars business (€ 43 million after tax in FY/17 and ~€120 million after tax in FY/18)
[5] 2017 base: €1,847 million; 2018 before special items
[6] Calculated at expected annual average exchange rates for both net debt and EBITDA; excluding effects of the Akorn and NxStage transactions and gains from divestitures of Care Coordination activities; excluding further potential acquisitions; at current IFRS rules
[7] 2017 base: €16,739 million (adjusted for IFRS 15 adoption (-€486 million) and excluding Sound´s revenue for H2/2017 (-€558 million))
[8] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA
[9] 2017 base: €1,242 million, excluding Sound´s H2/17 net income (-€38 million); 2018 including benefits from U.S. tax reform but excluding gains from divestitures of Care Coordination activities
[10] Excluding gains from divestitures of Care Coordination activities, excluding the effect of the U.S. Tax Reform, natural disaster costs, FCPA related charge and excluding VA agreement
[11] Hydroxyethyl starch (HES)
[12] 2017 base: €1,177 million; 2017 and 2018 before special items, including expenditures for the further development of the biosimilars business (€60 million in FY/17 and expected expenditures of ~€160 million in FY/18)
[13] 2017 base: €1,237 million; 2017 and 2018 before special items, excluding expenditures for the further development of the biosimilars business (€60 million in FY/17 and expected expenditures of ~€160 million in FY/18)

GROUP FINANCIAL OUTLOOK 2018

	Targets 2018[1]	Fiscal year 2017	New guidance
Sales, growth (in constant currency)	5% – 8%	€32,842 m[2]	confirmed
Net income[3], growth (in constant currency)	6% – 9%[4]	€1,804 m[5]	confirmed
Net income[3], growth (in constant currency) excluding Biosimilars	~10% – 13%[6]	€1,847 m[7]	confirmed

[1] Excluding expenses related to the Akorn and NxStage transactions and gains from divestitures of Care Coordination activities
[2] 2017 base adjusted for IFRS 15 adoption (deduction of €486 million at Fresenius Medical Care) and divestitures of Care Coordination activities (deduction of €558 million at Fresenius Medical Care)
[3] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[4] Before special items (i.e. expenses related to the Akorn and NxStage transactions and gains from divestitures of Care Coordination activities; including expenditures for further development of biosimilars business (€43 m after tax in FY/17 and expected expenditures of ~€120 m after tax in FY/18)
[5] Before special items, (i.e. expenses related to the Akorn and NxStage transactions, gains from divestitures of Care Coordination activities (deduction of €12 million at Fresenius Medical Care), book gain from the U.S. tax reform and FCPA provision
[6] Before special items (i.e. expenses related to the Akorn and NxStage transactions and gains from divestitures of Care Coordination activities; excluding expenditures for further development of biosimilars business (€43 m after tax in FY/17 and expected expenditures of ~€120 m after tax in FY/18)
[7] Adjusted net income: Before special items (i.e. expenses related to the Akorn and NxStage transactions and gains from divestiture of Care Coordination activities (deduction of €12 million at Fresenius Medical Care), book gain from the U.S. tax reform and FCPA provision), before expenditures for further development of biosimilars business

OUTLOOK 2018 BY BUSINESS SEGMENT

	Targets 2018[1]	Fiscal year 2017	New guidance
Fresenius Medical Care			
Sales growth (in constant currency)	5% – 7%[2]	€16,739 m[2]	confirmed
Net income on comparable basis[3] growth (in constant currency)	13% – 15%[4]	€1,242 m[4]	confirmed
Net income on adjusted[3] growth (in constant currency)	7% – 9%[11]	€1,162 m[11]	confirmed
Fresenius Kabi			
Sales growth (organic)	4% – 7%	€6,358 m	confirmed
EBIT growth (in constant currency)[5]	-6% – -3%	€1,177 m	-2% – 1%
EBIT growth (in constant currency)[6] excluding Biosimilars	~2% – 5%	€1,237 m	~6% – 9%
Fresenius Helios			
Sales growth (organic)	3% – 6%[7]	€8,668 m[9]	confirmed
EBIT, growth	5% – 8%[8]	€1,052 m[9]	confirmed
Fresenius Vamed			
Sales growth (organic)	5% – 10%	€1,228 m	confirmed
EBIT, growth	32% – 37%[10]	€76 m	confirmed

[1] Excluding expenses related to the Akorn and NxStage transactions and gains from divestitures of Care Coordination activities
[2] 2017 base adjusted for IFRS 15 adoption (deduction of €486 million at Fresenius Medical Care) and excluding Sound´s revenue for H2/17 (-€558 million)
[3] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA
[4] 2017 base: €1,242 million, excluding Sound´s H2/17 net income (-€38 million); 2018 including benefits from U.S. tax reform but excluding gains from divestitures of Care Coordination activities
[5] Before special items, including expenditures for the further development of the biosimilars business (€60 million in FY/17 and expected expenditures of ~€160 million in FY/18)
[6] Before special items, before expenditures for the further development of the biosimilars business (€60 million in FY/17 and expected expenditures of ~€160 million in FY/18)
[7] Organic growth reflects 11 months contribution of Helios Spain in 2018
[8] Before transfer of the German inpatient post-acute care business from Helios to Vamed: 7% - 10%
[9] Helios Spain consolidated for 11 months
[10] Before transfer of the German inpatient post-acute care business from Helios to Vamed: 5% - 10%
[11] Excluding gains from divestitures of Care Coordination activities, excluding effects of the U.S. tax reform, natural disaster costs, FCPA-related charge and excluding VA agreement

FRESENIUS HELIOS

Fresenius Helios confirms its outlook for 2018 and expects organic sales growth of 3% to 6% and EBIT growth of 5% to 8%.

FRESENIUS VAMED

Fresenius Vamed confirms its outlook for 2018 and expects organic sales growth in the range of 5% to 10% and EBIT growth of 32% to 37%.

INVESTMENTS

The Group plans to invest around 6% of sales in property, plant and equipment.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

€ in millions	Q2/2018	Q2/2017	H1/2018	H1/2017
Sales	**8,382**	8,532	**16,503**	16,894
Cost of sales	**-5,900**	-5,891	**-11,683**	-11,560
Gross profit	**2,482**	2,641	**4,820**	5,334
Selling, general and administrative expenses	**-1,206**	-1,357	**-2,336**	-2,713
Gain related to divestitures of care coordination activities	**833**	5	**820**	5
Research and development expenses	**-166**	-122	**-325**	-243
Operating income (EBIT)	**1,943**	1,167	**2,979**	2,383
Net interest	**-155**	-172	**-304**	-329
Income before income taxes	**1,788**	995	**2,675**	2,054
Income taxes	**-372**	-277	**-561**	-585
Net income	**1,416**	718	**2,114**	1,469
Noncontrolling interest	**764**	268	**1,022**	562
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**652**	450	**1,092**	907
Earnings per share in €	**1.18**	0.81	**1.97**	1.64
Fully diluted earnings per share in €	**1.17**	0.81	**1.96**	1.63

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	Q2/2018	Q2/2017	H1/2018	H1/2017
Net income	**1,416**	718	**2,114**	1,469
Other comprehensive income (loss)				
Positions which will be reclassified into net income in subsequent years				
Foreign currency translation	**511**	-1,119	**84**	-1,186
Cash flow hedges	**2**	19	**10**	30
Change of fair value of available for sale financial assets	**–**	–	**0**	–
Income taxes on positions which will be reclassified	**-14**	13	**-10**	14
Positions which will not be reclassified into net income in subsequent years				
Actuarial gains on defined benefit pension plans	**0**	9	**1**	11
Income taxes on positions which will not be reclassified	**–**	1	**–**	–
Other comprehensive income (loss), net	**499**	-1,077	**85**	-1,131
Total comprehensive income (loss)	**1,915**	-359	**2,199**	338
Comprehensive income (loss) attributable to noncontrolling interest	**1,029**	-185	**1,098**	58
Comprehensive income (loss) attributable to shareholders of Fresenius SE & Co. KGaA	**886**	-174	**1,101**	280

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	June 30, 2018	December 31, 2017
Cash and cash equivalents	**2,267**	1,636
Trade accounts and other receivables, less allowance for doubtful accounts	**6,735**	6,260
Accounts receivable from and loans to related parties	**21**	17
Inventories	**3,076**	3,252
Other current assets	**2,188**	1,439
I. Total current assets	**14,287**	12,604
Property. plant and equipment	**9,714**	9,555
Goodwill	**25,143**	25,285
Other intangible assets	**3,124**	3,172
Other non-current assets	**1,907**	1,773
Deferred taxes	**807**	744
II. Total non-current assets	**40,695**	40,529
Total assets	**54,982**	53,133

LIABILITIES AND SHAREHOLDERS' EQUITY

€ in millions	June 30, 2018	December 31, 2017
Trade accounts payable	**1,527**	1,688
Short-term accounts payable to related parties	**62**	42
Short-term provisions and other short-term liabilities	**6,210**	5,854
Short-term debt	**2,000**	1,550
Short-term debt from related parties	**–**	–
Current portion of long-term debt and capital lease obligations	**451**	618
Current portion of bonds	**1,542**	731
Short-term accruals for income taxes	**331**	182
A. Total short-term liabilities	**12,123**	10,665
Long-term debt and capital lease obligations, less current portion	**6,034**	6,487
Bonds, less current portion	**7,632**	8,338
Convertible bonds	**1,330**	1,318
Long-term provisions and other long-term liabilities	**1,947**	2,094
Pension liabilities	**1,197**	1,163
Long-term accruals for income taxes	**240**	238
Deferred taxes	**1,210**	1,110
B. Total long-term liabilities	**19,590**	20,748
I. Total liabilities	**31,713**	31,413
A. Noncontrolling interest	**8,888**	8,059
Subscribed capital	**556**	555
Capital reserve	**3,887**	3,848
Other reserves	**10,327**	9,656
Accumulated other comprehensive loss	**-389**	-398
B. Total Fresenius SE & Co. KGaA shareholders' equity	**14,381**	13,661
II. Total shareholders' equity	**23,269**	21,720
Total liabilities and shareholders' equity	**54,982**	53,133

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	H1/2018	H1/2017
Operating activities		
Net income	2,114	1,469
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities		
Depreciation and amortization	713	705
Gain on sale of investments and divestitures	-822	-1
Change in deferred taxes	-6	-3
Gain on sale of fixed assets	–	-7
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of		
Trade accounts and other receivables, net	-745	-383
Inventories	-137	-103
Other current and non-current assets	-183	-188
Accounts receivable from/payable to related parties	17	-6
Trade accounts payable, provisions and other short-term and long-term liabilities	165	219
Accruals for income taxes	140	-19
Net cash provided by operating activities	1,256	1,683
Investing activities		
Purchase of property, plant and equipment	-861	-724
Proceeds from sales of property, plant and equipment	30	39
Acquisitions and investments, net of cash acquired and net purchases of intangible assets	-372	-5,863
Proceeds from sale of investments and divestitures	1,662	15
Net cash provided by/used in investing activities	459	-6,533
Financing activities		
Proceeds from short-term debt	656	667
Repayments of short-term debt	-256	-22
Proceeds from long-term debt and capital lease obligations	116	2,207
Repayments of long-term debt and capital lease obligations	-579	-368
Proceeds from the issuance of bonds	0	2,600
Proceeds from the issuance of convertible bonds	0	500
Payments for the share buy-back program of Fresenius Medical Care	-37	0
Payments of the accounts receivable securitization program	-292	-115
Proceeds from the exercise of stock options	30	55
Dividends paid	-773	-795
Change in noncontrolling interest	5	–
Exchange rate effect due to corporate financing	-1	–
Net cash used in/provided by financing activities	-1,131	4,729
Effect of exchange rate changes on cash and cash equivalents	47	-87
Net increase/decrease in cash and cash equivalents	631	-208
Cash and cash equivalents at the beginning of the reporting period	1,636	1,579
Cash and cash equivalents at the end of the reporting period	2,267	1,371

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

€ in millions	H1/2018	H1/2017
Received interest	29	32
Paid interest	-252	-292
Income taxes paid	-523	-585

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, 2016	547,208	547,208	547	3,379	8,165
Issuance of bearer ordinary shares	6,108	6,108	6	394	
Proceeds from the exercise of stock options	980	980	1	31	
Compensation expense related to stock options				15	
Dividends paid					-343
Purchase of noncontrolling interest					
Noncontrolling interest subject to put provisions					28
Comprehensive income (loss)					
Net income					907
Other comprehensive income (loss)					
Cash flow hedges					
Change of fair value of available for sale financial assets					
Foreign currency translation					
Actuarial gains on defined benefit pension plans					
Comprehensive income (loss)					907
As of June 30, 2017	554,296	554,296	554	3,819	8,757
As of December 31, 2017	554,710	554,710	555	3,848	9,656
Adjustment due to the initial application of IFRS 9 and IFRS 15	0	0	0	0	-26
As of January 1, 2018, adjusted	554,710	554,710	555	3,848	9,630
Proceeds from the exercise of stock options	906	906	1	25	
Compensation expense related to stock options				14	
Dividends paid					-416
Purchase of noncontrolling interest					
Noncontrolling interest subject to put provisions					21
Comprehensive income (loss)					
Net income					1,092
Other comprehensive income (loss)					
Cash flow hedges					
Foreign currency translation					
Actuarial gains on defined benefit pension plans					
Comprehensive income					1,092
As of June 30, 2018	**555,616**	**555,616**	**556**	**3,887**	**10,327**

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Accumulated other comprehensive income (loss) € in millions	Total Fresenius SE & Co. KGaA shareholders' equity € in millions	Noncontrolling interest € in millions	Total shareholders' equity € in millions
As of December 31, 2016	573	12,664	8,185	20,849
Issuance of bearer ordinary shares		400	0	400
Proceeds from the exercise of stock options		32	23	55
Compensation expense related to stock options		15	8	23
Dividends paid		-343	-452	-795
Purchase of noncontrolling interest		0	59	59
Noncontrolling interest subject to put provisions		28	63	91
Comprehensive income (loss)				
Net income		907	562	1,469
Other comprehensive income (loss)				
Cash flow hedges	14	14	8	22
Change of fair value of available for sale financial assets	–	–	–	–
Foreign currency translation	-645	-645	-519	-1,164
Actuarial gains on defined benefit pension plans	4	4	7	11
Comprehensive income (loss)	-627	280	58	338
As of June 30, 2017	-54	13,076	7,944	21,020
As of December 31, 2017	-398	13,661	8,059	21,720
Adjustment due to the initial application of IFRS 9 and IFRS 15		-26	-1	-27
As of January 1, 2018, adjusted	-398	13,635	8,058	21,693
Proceeds from the exercise of stock options		26	4	30
Compensation expense related to stock options		14	3	17
Dividends paid		-416	-357	-773
Purchase of noncontrolling interest		0	36	36
Noncontrolling interest subject to put provisions		21	46	67
Comprehensive income (loss)				
Net income		1,092	1,022	2,114
Other comprehensive income (loss)				
Cash flow hedges	–	–	7	7
Foreign currency translation	8	8	69	77
Actuarial gains on defined benefit pension plans	1	1	0	1
Comprehensive income	9	1,101	1,098	2,199
As of June 30, 2018	**-389**	**14,381**	**8,888**	**23,269**

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

FRESENIUS SE & CO. KGAA

CONSOLIDATED SEGMENT REPORTING FIRST HALF (UNAUDITED)

	Fresenius Medical Care			Fresenius Kabi			Fresenius Helios			Fresenius Vamed			Corporate/Other			Fresenius Group		
by business segment, € in millions	2018[2]	2017	Change	2018[2]	2017[2]	Change	2018	2017	Change	2018	2017	Change	2018[3]	2017[3]	Change	2018	2017	Change
Sales	**8,189**	9,019	-9 %	**3,207**	3,202	0 %	**4,674**	4,256	10 %	**515**	481	7 %	**-82**	-64	-28 %	**16,503**	16,894	-2 %
thereof contribution to consolidated sales	**8,173**	9,004	-9 %	**3,179**	3,175	0 %	**4,667**	4,256	10 %	**484**	457	6 %	**0**	2	-100 %	**16,503**	16,894	-2 %
thereof intercompany sales	**16**	15	7 %	**28**	27	4 %	**7**	0		**31**	24	29 %	**-82**	-66	-24 %	**0**	0	
contribution to consolidated sales	**50 %**	53 %		**19 %**	19 %		**28 %**	25 %		**3 %**	3 %		**0 %**	0 %		**100 %**	100 %	
EBITDA	**1,433**	1,611	-11 %	**699**	767	-9 %	**776**	711	9 %	**24**	22	9 %	**760**	-23	--	**3,692**	3,088	20 %
Depreciation and amortization	**355**	376	-6 %	**142**	145	-2 %	**205**	174	18 %	**6**	5	20 %	**5**	5	0 %	**713**	705	1 %
EBIT	**1,078**	1,235	-13 %	**557**	622	-10 %	**571**	537	6 %	**18**	17	6 %	**755**	-28	--	**2,979**	2,383	25 %
Net interest	**-164**	-188	13 %	**-60**	-57	-5 %	**-80**	-71	-13 %	**-1**	-1	0 %	**1**	-12	108 %	**-304**	-329	8 %
Income taxes	**-203**	-332	39 %	**-124**	-169	27 %	**-97**	-89	-9 %	**-5**	-5	0 %	**-132**	10	--	**-561**	-585	4 %
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**599**	577	4 %	**355**	379	-6 %	**388**	373	4 %	**11**	11	0 %	**-261**	-433	40 %	**1,092**	907	20 %
Operating cash flow	**611**	1,052	-42 %	**454**	395	15 %	**259**	304	-15 %	**-56**	-28	-100 %	**-12**	-40	70 %	**1,256**	1,683	-25 %
Cash flow before acquisitions and dividends	**165**	664	-75 %	**254**	229	11 %	**95**	180	-47 %	**-61**	-27	-126 %	**-28**	-48	42 %	**425**	998	-57 %
Total assets[1]	**25,045**	24,025	4 %	**12,130**	11,792	3 %	**16,923**	16,583	2 %	**1,347**	1,282	5 %	**-463**	-549	16 %	**54,982**	53,133	3 %
Debt[1]	**7,264**	7,448	-2 %	**4,958**	4,806	3 %	**6,770**	6,665	2 %	**332**	245	36 %	**-335**	-122	-175 %	**18,989**	19,042	0 %
Other operating liabilities[1]	**5,284**	5,282	0 %	**3,027**	2,879	5 %	**2,228**	2,027	10 %	**576**	621	-7 %	**399**	452	-12 %	**11,514**	11,261	2 %
Capital expenditure, gross	**466**	404	15 %	**173**	151	15 %	**170**	138	23 %	**15**	7	114 %	**7**	9	-22 %	**831**	709	17 %
Acquisitions, gross/investments	**352**	468	-25 %	**1**	1	0 %	**11**	5,952	-100 %	**22**	–	--	**0**	0		**386**	6,421	-94 %
Research and development expenses	**70**	67	3 %	**256**	176	45 %	**–**	–	--	**0**	0		**-1**	0		**325**	243	34 %
Employees (per capita on balance sheet date)[1]	**118,633**	121,245	-2 %	**37,273**	36,380	2 %	**107,760**	105,927	2 %	**8,938**	8,667	3 %	**1,028**	1,030	0 %	**273,632**	273,249	0 %
Key figures																		
EBITDA margin	**17.5 %**	17.9 %		**21.8 %**	24.0 %		**16.6 %**	16.7 %		**4.7 %**	4.6 %					**17.6 %[2]**	18.3 %[2]	
EBIT margin	**13.2 %**	13.7 %		**17.4 %**	19.4 %		**12.2 %**	12.6 %		**3.5 %**	3.5 %					**13.3 %[2]**	14.2 %[2]	
Depreciation and amortization in % of sales	**4.3 %**	4.2 %		**4.4 %**	4.5 %		**4.4 %**	4.1 %		**1.2 %**	1.0 %					**4.3%**	4.2 %	
Operating cash flow in % of sales	**7.5 %**	11.7 %		**14.2 %**	12.3 %		**5.5 %**	7.1 %		**-10.9 %**	-5.8 %					**7.6 %**	10.0 %	
ROOA[1]	**10.1 %**	10.9 %		**10.7 %**	10.8 %		**7.0 %**	6.9 %		**8.8 %**	9.8 %					**9.0 %[5]**	9.4 %[4]	

[1] 2017: December 31
[2] Before transaction-related effects
[3] After transaction-related effects
[4] The underlying pro forma EBIT does not include transaction-related effects and FCPA provision.
[5] The underlying pro forma EBIT does not include transaction-related effects.

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.

FRESENIUS SE & CO. KGAA

CONSOLIDATED SEGMENT REPORTING SECOND QUARTER (UNAUDITED)

by business segment, € in millions	Fresenius Medical Care 2018[1]	2017	Change	Fresenius Kabi 2018[1]	2017[1]	Change	Fresenius Helios 2018	2017	Change
Sales	**4,213**	4,471	-6%	**1,604**	1,598	0%	**2,343**	2,238	5%
thereof contribution to consolidated sales	**4,205**	4,463	-6%	**1,590**	1,584	0%	**2,336**	2,238	4%
thereof intercompany sales	**8**	8	0%	**14**	14	0%	**7**	0	
contribution to consolidated sales	**50%**	52%		**19%**	19%		**28%**	26%	
EBITDA	**748**	770	-3%	**361**	385	-6%	**400**	377	6%
Depreciation and amortization	**180**	186	-3%	**72**	76	-5%	**107**	95	13%
EBIT	**568**	584	-3%	**289**	309	-6%	**293**	282	4%
Net interest	**-84**	-96	13%	**-31**	-29	-7%	**-40**	-42	5%
Income taxes	**-116**	-150	23%	**-64**	-84	24%	**-52**	-47	-11%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**307**	269	14%	**185**	188	-2%	**197**	192	3%
Operating cash flow	**656**	882	-26%	**228**	203	12%	**162**	120	35%
Cash flow before acquisitions and dividends	**428**	689	-38%	**124**	121	2%	**63**	41	54%
Capital expenditure, gross	**245**	206	18%	**95**	85	12%	**100**	81	23%
Acquisitions, gross/investments	**168**	318	-47%	**1**	0		**8**	20	-60%
Research and development expenses	**38**	35	7%	**129**	87	48%	**–**	–	--
Key figures									
EBITDA margin	**17.8%**	17.2%		**22.5%**	24.1%		**17.1%**	16.8%	
EBIT margin	**13.5%**	13.0%		**18.0%**	19.3%		**12.5%**	12.6%	
Depreciation and amortization in % of sales	**4.3%**	4.2%		**4.5%**	4.8%		**4.6%**	4.2%	
Operating cash flow in % of sales	**15.6%**	19.7%		**14.2%**	12.7%		**6.9%**	5.4%	

by business segment, € in millions	Fresenius Vamed 2018	2017	Change	Corporate/Other 2018[2]	2017[2]	Change	Fresenius Group 2018	2017	Change
Sales	**266**	258	3%	**-44**	-33	-33%	**8,382**	8,532	-2%
thereof contribution to consolidated sales	**251**	245	2%	**0**	2	-100%	**8,382**	8,532	-2%
thereof intercompany sales	**15**	13	15%	**-44**	-35	-26%	**0**	0	
contribution to consolidated sales	**3%**	3%		**0%**	0%		**100%**	100%	
EBITDA	**15**	14	7%	**783**	-18	--	**2,307**	1,528	51%
Depreciation and amortization	**3**	3	0%	**2**	1	100%	**364**	361	1%
EBIT	**12**	11	9%	**781**	-19	--	**1,943**	1,167	66%
Net interest	**-1**	-1	0%	**1**	-4	125%	**-155**	-172	10%
Income taxes	**-3**	-3	0%	**-137**	7	--	**-372**	-277	-34%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**7**	7	0%	**-44**	-206	79%	**652**	450	45%
Operating cash flow	**-14**	16	-188%	**-12**	-14	14%	**1,020**	1,207	-15%
Cash flow before acquisitions and dividends	**-17**	18	-194%	**-18**	-19	5%	**580**	850	-32%
Capital expenditure, gross	**12**	4	200%	**-1**	5	-120%	**451**	381	18%
Acquisitions, gross/investments	**17**	–	--	**0**	0		**194**	338	-43%
Research and development expenses	**0**	0		**-1**	0		**166**	122	36%
Key figures									
EBITDA margin	**5.6%**	5.4%					**18.0%[1]**	18.0%[1]	
EBIT margin	**4.5%**	4.3%					**13.7%[1]**	13.8%[1]	
Depreciation and amortization in % of sales	**1.1%**	1.2%					**4.3%**	4.2%	
Operating cash flow in % of sales	**-5.3%**	6.2%					**12.2%**	14.1%	

[1] Before transaction-related effects
[2] After transaction-related effects

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.

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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 June 30, 2018:

- 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 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 Fresenius Group has applied IFRS 15, Revenue from Contracts with Customers, and IFRS 9, Financial Instruments, since January 1, 2018. As a result of the implementation, the Fresenius Group has updated its accounting policies accordingly. Changes in the accounting policies due to the implementation of IFRS 15 and IFRS 9 are described in note 1.IV, Recent pronouncements, applied. For all other issues, the accounting policies applied in the accompanying consolidated financial statements are the same as those applied in the consolidated financial statements as of December 31, 2017.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The condensed consolidated financial statements and management report for the first half and the second quarter ended June 30, 2018 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, 2017 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 half and the second quarter ended June 30, 2018 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 half ended June 30, 2018 are not necessarily indicative of the results of operations for the fiscal year 2018.

Classifications

In the prior year's comparative consolidated financial statements, finance lease receivables in the amount of €58 million have been reclassified from other currents assets to trade accounts and other receivables to conform to 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 June 30, 2018 in conformity with IFRS in force for the interim periods on January 1, 2018.

In the first half of 2018, the Fresenius Group applied the following new standards relevant for its business for the first time:

IFRS 15

In May 2014, the International Accounting Standards Board (IASB) issued **IFRS 15, Revenue from Contracts with Customers**. This new standard specifies how and when companies reporting under IFRS will recognize revenue as well as providing users of financial statements with more informative and relevant disclosures. IFRS 15 supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. This standard applies to nearly all contracts with customers, the main exceptions are leases, financial instruments and insurance contracts. In September 2015, the IASB issued the amendment **Effective Date of IFRS 15**, which defers the effective date of IFRS 15 by one year to fiscal years beginning on or after January 1, 2018. The Fresenius Group adopted this standard as of January 1, 2018. In accordance with the transition provisions in IFRS 15, the new rules have been adopted only to those contracts that were not completed contracts as of January 1, 2018 following the cumulative effect method with no restatement of the comparative periods presented.

IFRS 15 requires the consideration of implicit price concessions when determining the transaction price which, upon adoption, resulted in the implicit price concessions in the business segment Fresenius Medical Care directly reducing revenue in the amount of €305 million for the first half of 2018. Prior to the adoption of IFRS 15, these price concessions were included in the general and administrative expenses as an allowance for doubtful accounts in the amount of €270 million for the first half of 2017. Consequently, there is no effect on net income as the implicit price concessions are merely presented in different lines within the consolidated statement of income.

In the business segment Fresenius Vamed, sales from long-term production contracts are no longer recognized using the percentage of completion method (PoC method) but according to the IFRS 15 guidance for performance obligations satisfied over time, which did not result in any changes to the consolidated statement of income. In the consolidated statement of financial position the amounts that were included in inventory under the PoC method will generally be recognized as contract assets according to IFRS 15. Contract assets are included in other current and other non-current assets in the consolidated statement of financial position. At the end of the reporting period, €288 million were included in other current assets that would have been included in inventories according to the former rule.

Other contract assets relate to medical treatments that have been started but not completed at the respective reporting date. They were previously recognized as trade accounts receivable.

The Fresenius Group applies the following policies for recognizing revenue:

Revenues from services and products are billed according to the usual contract arrangements with customers, patients and related third parties. For services performed for patients, the transaction price is estimated based on either Fresenius Group's standard rates, rates determined under reimbursement arrangements or by government regulations. These arrangements are generally with third party payors, such as U.S. Medicare, U.S. Medicaid, German health insurance funds or commercial insurers. Deductions from rebates and discounts that are contractually agreed are taken into account to determine the expected recoverable amount which is calculated on the basis of historical data.

If the collection of the billed amount or a portion of the billed amount for services performed for patients is considered to be uncertain at the time services are performed, the Fresenius Group concludes that the consideration is variable (implicit price concession) and records the difference between the billed amount and the amount estimated to be collectible as a reduction to health care services revenue. Prior to the adoption of IFRS 15, it was recorded as an allowance for accounts receivable. Implicit price concessions include such items as amounts due from patients without adequate insurance coverage and patient co-payment and deductible amounts due from patients with health care coverage. The Fresenius Group determines implicit price concessions primarily upon past collection history.

Revenue from services is generally recognized on the date the service is performed. At this point of time the payor is obliged to pay for the performed services.

Revenue from product sales is recognized when the customer obtains control of the product, either after possession is transferred or upon installation and provision of the necessary technical instructions or at another point in time that better defines transfer of control.

A portion of revenues is generated from contracts which on the one hand give the customer the right to use dialysis machines and on the other hand provide the customer with disposables and services. In this case, the transaction price is allocated in accordance with IFRS 15, and revenue is recognized separately for the lease and the non-lease components of the contract in accordance with IAS 17 and IFRS 15, respectively.

Fresenius Vamed has performance obligations from long-term production contracts that are satisfied over time. Revenue is recognized according to progress towards completion. This progress towards completion of the performance obligation is measured based on the costs incurred in relation to expected total costs of fulfilling the contract, contractually defined milestones or performance completed to date whichever better reflects the progress towards completion of the performance obligation.

IFRS 15 does not apply to lease and insurance contracts. Revenue from leasing components and insurance contracts is determined according to IAS 17 and IFRS 4, respectively.

IFRS 9

In July 2014, the IASB issued a new version of **IFRS 9, Financial Instruments**. This IFRS 9 version is considered the final and complete version, thus, mainly replacing IAS 39 as soon as IFRS 9 is applied. It includes all prior guidance on the classification and measurement of financial assets and financial liabilities as well as hedge accounting and introduces requirements for impairment of financial instruments as well as modified requirements for the measurement categories of financial assets. The impairment provisions reflect a model that relies on expected losses (expected loss model). This model comprises a three stage approach: Upon recognition, an entity shall recognize losses that are expected within the next 12 months. If credit risk deteriorates significantly, from that point in time impairment losses shall amount to lifetime expected losses. In case of objective evidence of impairment, there is an assignment to stage 3. The provisions for classification and measurement are amended by introducing an additional third measurement category for certain debt instruments. Such instruments shall be measured at fair value with changes recognized in other comprehensive income (loss) (fair value through other comprehensive income). The standard is accompanied by additional disclosure requirements and is effective for fiscal years beginning on or after January 1, 2018.

In accordance with IAS 39 and IFRS 9, the majority of the non-derivative financial assets are measured at amortized costs. The impact on the measurement of non-derivative financial assets under IFRS 9 has not been significant. For individual equity instruments, the Fresenius Group has opted to present changes in fair value in other comprehensive income (loss). The requirements for the classification and measurement of non-derivative financial liabilities have not changed significantly. Thus, IFRS 9 has a limited impact on the consolidated financial statements. Derivatives not designated as hedging instruments will continue to be classified and measured at fair value through profit and loss.

The Fresenius Group follows the modified retrospective method without restatement of previous periods for adopting IFRS 9.

Differences in the carrying amounts of financial assets and financial liabilities as of December 31, 2017, according to IAS 39 and as of January 1, 2018, according to IFRS 9 are recognized in other reserves in the amount of -€17 million.

IFRS 9 has an impact on the accounting policies for classifying financial instruments, on the methodology to assess the impairment of financial instruments and on the hedge accounting requirements. The Fresenius Group applies the following policies after implementing IFRS 9:

Classification of financial instruments

Financial instruments are allocated to categories following the analysis of the business model and cash flow characteristics as required by IFRS 9. The following categories are relevant for the Fresenius Group: financial assets and liabilities measured at amortized cost, financial assets and liabilities measured at fair value through profit and loss and financial assets measured at fair value through other comprehensive income. In the first half of 2018, no reclassifications between categories were necessary.

Impairment of financial assets

According to IFRS 9, impairments are recognized on the basis of expected credit losses (expected credit loss model).

The Fresenius Group recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost, contract assets and lease receivables as well as in investments in debt instruments measured at fair value through other comprehensive income. The financial assets mainly comprise trade accounts receivable and cash and cash equivalents. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective instrument.

For trade accounts receivable, the Fresenius Group uses the simplified method which requires recognizing lifetime expected credit losses.

Expected credit losses on cash and cash equivalents are measured according to the general method which is based on 12-month expected credit losses. Due to the short maturity term of the financial instruments, this corresponds with the lifetime expected loss. A significant increase in credit risk is calculated on the basis of available quantitative and qualitative information. Based on external credit ratings of the counterparties, the Fresenius Group considers that its cash and cash equivalents have a low credit risk.

The allowances are estimates comprised of customer and financial asset specific evaluations regarding payment history, current financial stability, and applicable future economic conditions.

Financial assets whose expected credit loss is not assessed individually are allocated to geographical regions. The impairment is generally assessed on the basis of macroeconomic indicators such as credit default swaps or scoring models.

In case of objective evidence of a detrimental impact on the estimated future cash flows of a financial asset, the asset is considered to be credit impaired.

When a counterpart defaults, all financial assets against this counterpart are considered impaired. The definition of default is mainly based on payment practices specific to individual regions and businesses.

Hedge accounting

The Fresenius Group applies the new IFRS 9 hedge accounting requirements. Therefore, the Fresenius Group makes sure that hedge accounting relationships are aligned with its risk management objectives and strategy and that a qualitative and forward-looking approach is used for assessing hedge effectiveness.

The Fresenius Group uses foreign exchange forward contracts to hedge the variability in cash flows arising from changes in foreign exchange rates relating to foreign currency sales, purchases, projects and services as well as inventory purchases and borrowings in foreign currency. The Fresenius Group solely designates the spot element of the foreign exchange forward contract as hedging instrument in cash flow hedges. The effective portion of changes in fair value of the spot element of the hedging instruments is accumulated in a cash flow hedge reserve as a separate component within other comprehensive income (loss). The forward element of the foreign exchange forward contract is separately accounted for as cost of hedging reserve within other comprehensive income (loss).

For all cash flow hedges, except for foreign currency risk associated with forecast purchases of non-financial assets, the amounts accumulated in the cash flow hedge reserve are reclassified to profit or loss as a reclassification adjustment in the same period as the hedged forecasted cash flows affect profit or loss. For cash flow hedges of foreign currency risk associated with forecast purchases of non-financial assets, the amounts accumulated in the cash flow hedge reserve are instead included directly in the initial cost of the asset when it is recognized. The same approach applies to the amounts accumulated in the costs of hedging reserve.

V. RECENT PRONOUNCEMENTS, NOT YET APPLIED

The International Accounting Standards Board (IASB) issued the following for the Fresenius Group relevant new standards:

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. IFRS 17 is effective for fiscal years beginning on or after January 1, 2021. 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.

In January 2016, the IASB issued **IFRS 16, Leases**, which supersedes the current standard on lease accounting, IAS 17, as well as the interpretations IFRIC 4, SIC-15 and SIC-27. IFRS 16 significantly changes lessee accounting. For all leases, a lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Depreciation of the right-of-use asset and interest on the lease liability must be recognized in the income statement for every lease contract. Therefore, straight-line rental expenses will no longer be shown. The lessor accounting requirements in IAS 17 are substantially carried forward. The standard is effective for fiscal years beginning on or after January 1, 2019. Earlier application is permitted for entities that have also adopted IFRS 15, Revenue from Contracts with Customers. The Fresenius Group decided that IFRS 16 will not be adopted early. The Fresenius Group expects a balance sheet extension due to the on balance sheet recognition of right-of-use assets and liabilities for agreed lease payment obligations, currently classified as operating leases, resulting in particular from leased clinics and buildings. Based on an impact analysis, using certain assumptions and simplifications, the Fresenius Group expects a financial debt increase of approximately €5 billion. Referring to the consolidated statement of income, the Fresenius Group expects an EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) as well as an operating income improvement due to the split of rent expenses in depreciation and interest expenses, by having unchanged cash outflows. The Fresenius Group also expects that its Leverage Ratio will increase by about 0.3 to 0.4. The impact on the Fresenius Group will depend on the contract portfolio at the effective date as well as on the transition method. Based on a previous impact analysis, the Fresenius Group will apply the modified retrospective method. Except for the transition method, the Fresenius Group is currently evaluating the accounting policy options of IFRS 16.

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 €386 million and €6,421 million in the first half of 2018 and 2017, respectively. Of this amount, €372 million was paid in cash and €14 million was assumed obligations in the first half of 2018.

FRESENIUS MEDICAL CARE

In the first half of 2018, Fresenius Medical Care spent €352 million on acquisitions, mainly on investments in financial assets, the purchase of dialysis clinics as well as an equity investment in Humacyte, Inc., a medical research, discovery and development company, to gain a 19% ownership stake as well as a related exclusive global distribution right to Humacyte's bioengineered human acellular vessels.

Divestment of Sound Inpatient Physicians Holdings, LLC, USA

On June 28, 2018, Fresenius Medical Care completed the divestment of its controlling interest in Sound Inpatient Physicians Holdings, LLC to an investment consortium led by Summit Partners, L.P. The total transaction proceeds were US$1,925 million (€1,662 million). The pre-tax gain related to divestitures for care coordination activities was €820 million, which primarily related to this divestiture, the effect of the six month impact from the increase in valuation of Sound's share based payment program, incentive compensation expense and other costs caused by the divestment of Sound.

Acquisition of NxStage Medical, Inc.

On August 7, 2017, Fresenius Medical Care announced the acquisition of NxStage Medical, Inc. (NxStage), a U.S.-based medical technology and services company, for a total transaction value of approximately US$2.0 billion (€1.7 billion). On October 27, 2017, the shareholders of NxStage approved the acquisition. The transaction remains subject to regulatory approvals and other customary closing conditions. Fresenius Medical Care expects the closing of the transaction to occur in 2018.

FRESENIUS KABI

Termination of the merger agreement with Akorn, Inc.

On April 24, 2017, Fresenius announced that Fresenius Kabi has agreed to acquire Akorn, Inc. (Akorn), a U.S.-based manufacturer and marketer of prescription and over-the-counter pharmaceutical products, for approximately US$4.3 billion, or US$34 per share, plus the prevailing net debt at closing of the transaction.

Fresenius has been conducting an independent investigation, using external experts, into alleged breaches of FDA data integrity requirements relating to product development at Akorn.

Fresenius decided on April 22, 2018 to terminate the merger agreement with Akorn, due to Akorn's failure to fulfill several closing conditions.

Fresenius' decision is based on, among other factors, material breaches of FDA data integrity requirements relating to Akorn's operations found during Fresenius' independent investigation. Fresenius offered to delay its decision in order to allow Akorn additional opportunity to complete its own investigation and present any information it wished Fresenius to consider, but Akorn declined that offer.

Akorn disagreed with Fresenius' position and filed a lawsuit on April 23, 2018 purporting to enforce the merger agreement. Fresenius filed a counterclaim on April 30, 2018.

The trial of the lawsuit took place in the Delaware Court of Chancery from July 9 to 13, 2018.

The exchange of post-trial briefs is expected to take place until August 20, with the closing arguments on August 23, 2018. Judgment is expected up to 90 days thereafter.

Against such judgment, the losing party may appeal to the Delaware Supreme Court, the highest court in Delaware.

Acquisition of the biosimilars business of Merck KGaA

On August 31, 2017, Fresenius Kabi has successfully closed the acquisition of Merck KGaA's biosimilars business. The transaction comprises a development pipeline and about 70 employees located in Aubonne and Vevey, Switzerland. The product pipeline has a focus on oncology and autoimmune diseases. The biosimilars business has been consolidated as of September 1, 2017.

The consideration transferred of €748 million is composed of €156 million, which were paid in cash upon closing, and risk-adjusted discounted success-related payments expected for the coming years with a current fair value of €592 million, which are strictly tied to achievements of agreed development and sales targets.

The transaction was accounted for as a business combination. The following table summarizes the current estimated fair values of assets acquired and liabilities assumed at the date of the acquisition. This allocation of the purchase price is based upon the best information available to management at present. Due to the relatively short interval between the closing date of the acquisition and the date of the statement of financial position, this information may be incomplete. Any adjustments to acquisition accounting, net of related income tax effects, will be recorded with a corresponding adjustment to goodwill.

€ in millions	
Working capital and other assets	2
Property, plant and equipment and other non-current assets	2
Intangible assets	352
Liabilities	-7
Goodwill	399
Consideration transferred	**748**

The goodwill in the amount of €399 million that was acquired as part of the acquisition will be deductible for tax purposes.

Goodwill mainly represents the value of future opportunities due to the acquisition of biosimilars products and their platform. The platform with highly qualified biosimilars experts will enable Fresenius to develop further products in this market segment and bring them on the market in the future. Furthermore, Fresenius acquired the opportunity to sell biosimilars products in other markets.

FRESENIUS HELIOS

In the first half of 2018, Fresenius Helios spent €11 million on acquisitions, mainly for the purchase of outpatient clinics in Germany.

On July 1, 2018, Fresenius Helios has transferred 38 health care facilities and 13 service companies in Germany specializing in inpatient post-acute and nursing care to Fresenius Vamed.

Acquisition of IDCSalud Holding S.L.U. (Quirónsalud)

On January 31, 2017, Fresenius Helios closed the acquisition of 100% of the share capital in IDCSalud Holding S.L.U. (Quirónsalud), Spain's largest private hospital operator. Quirónsalud has been consolidated as of February 1, 2017.

Quirónsalud's network is comprised of 45 hospitals, 56 outpatient centers and about 300 Occupational Risk Prevention centers located in every metropolitan region of Spain. The company offers the full spectrum of inpatient and outpatient care. With the acquisition, Fresenius Helios strengthens its position as Europe's largest private hospital operator.

€5.36 billion of the total purchase price in the amount of €5.76 billion had already been financed by means of different debt instruments and paid in cash on January 31, 2017. The balance of €400 million was paid in the form of 6,108,176 new shares of Fresenius SE & Co. KGaA issued on January 31, 2017 from Authorized Capital excluding subscription rights. In April 2017, a compensation payment in the amount of €174 million was made for working capital taken over.

The transaction was accounted for as a business combination. The following table comprises the final fair values of assets acquired and liabilities assumed at the date of the acquisition. Any adjustments to acquisition accounting until finalization on January 31, 2018 was recorded with a corresponding adjustment to goodwill, net of related income tax effects.

€ in millions	
Trade accounts receivable	776
Working capital and other assets	74
Property, plant and equipment and other non-current assets	1,775
Intangible assets	1,306
Liabilities	-1,315
Goodwill	3,336
Noncontrolling interest	-21
Consideration transferred	**5,931**

The goodwill in the amount of €3,336 million that was acquired as part of the acquisition is not deductible for tax purposes.

Goodwill mainly represents the market position of the acquired hospitals, health centers and health care facilities, the economies of scale of the significantly grown largest private European hospital operator and the know-how of the employees.

The noncontrolling interests acquired as part of the acquisition are stated at fair value.

FRESENIUS VAMED

In the first half of 2018, Fresenius Vamed spent €22 million on acquisitions, mainly for an investment in an acute and post-acute care clinic in China.

On July 1, 2018, Fresenius Helios has transferred 38 health care facilities and 13 service companies in Germany specializing in inpatient post-acute and nursing care to Fresenius Vamed. The transaction has a total volume of €485 million, including assumed net debt of €15 million. It is financed within the Group.

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

3. SPECIAL ITEMS

Net income attributable to shareholders of Fresenius SE & Co. KGaA for the first half of 2018 in the amount of €1,092 million includes special items relating to the terminated merger agreement with Akorn, Inc. These mainly comprise transaction costs in the form of legal and consulting expenses as well as financing commitment expenses for the Akorn transaction. Furthermore, a gain related to divestitures of care coordination activities (mainly Sound Inpatient Physicians) is included.

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 H1/2018, adjusted	2,199	-297	922
Transaction-related effects of Akorn	-40	-7	-37
Gain related to divestitures of care coordination activities	820	0	207
Earnings H1/2018 according to IFRS	**2,979**	**-304**	**1,092**

4. SALES

In the first half of 2018, sales by activity according due to the IFRS 15 categorization were as follows:

€ in millions	H1/2018
Sales from contracts with customers	**16,352**
thereof sales of services	**11,471**
thereof sales of products and related services	**4,687**
thereof sales from long-term production contracts	**191**
thereof further sales from contracts with customers	**3**
Other sales	**151**
Sales	**16,503**

Other sales include sales from insurance and lease contracts.

In the first half of 2017, sales by activity according due to the categorization used until year end 2017 were as follows:

€ in millions	H1/2017
Sales of services	11,966
Sales of products and related goods	4,739
Sales from long-term production contracts	185
Other sales	4
Sales	16,894

The changes in activity classification are due to the first time use of the new IFRS 15 classification in the first quarter of 2018.

5. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses of €325 million (H1/2017: €243 million) included expenditures for research and non-capitalizable development costs as well as regular depreciation and amortization expenses relating to capitalized development costs of €8 million (H1/2017: €8 million).

6. TAXES

During the first half of 2018, 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, 2017 applying Section 315e HGB in accordance with IFRS.

The decrease of the group tax rate before special items to 22.3% (H1/2017: 28.5%) was mainly due to the U.S. tax reform.

7. EARNINGS PER SHARE

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

	H1/2018	H1/2017
Numerators, € in millions		
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**1,092**	907
less effect from dilution due to Fresenius Medical Care shares	**1**	–
Income available to all ordinary shares	**1,091**	907
Denominators in number of shares		
Weighted-average number of ordinary shares outstanding	**555,010,427**	553,705,886
Potentially dilutive ordinary shares	**2,221,223**	3,916,335
Weighted-average number of ordinary shares outstanding assuming dilution	**557,231,650**	557,622,221
Basic earnings per share in €	**1.97**	1.64
Fully diluted earnings per share in €	**1.96**	1.63

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

8. CASH AND CASH EQUIVALENTS

As of June 30, 2018 and December 31, 2017, cash and cash equivalents were as follows:

€ in millions	June 30, 2018	Dec. 31, 2017
Cash	**1,078**	1,139
Time deposits and securities (with a maturity of up to 90 days)	**1,189**	497
Total cash and cash equivalents	**2,267**	1,636

The increase of time deposits relates to short-term investments of proceeds from the divestment of the controlling interest in Sound Inpatient Physicians Holdings, LLC.

As of June 30, 2018 and December 31, 2017, earmarked funds of €113 million and €183 million, respectively, were included in cash and cash equivalents.

9. TRADE ACCOUNTS AND OTHER RECEIVABLES

As of June 30, 2018, January 1, 2018 and December 31, 2017, trade accounts and other receivables were as follows:

	June 30, 2018		January 1, 2018			Dec. 31, 2017
€ in millions		thereof credit impaired	Book value according to IFRS 9 and IFRS 15	Adjustment on initial application of IFRS 9	Adjustment on initial application of IFRS 15	
Trade accounts and other receivables	7,047	718	6,547	-7	-447	7,001
less allowance for doubtful accounts	312	238	312	35	-464	741
Trade accounts and other receivables, net	**6,735**	**480**	**6,235**	**-42**	**17**	**6,260**

Within trade accounts and other receivables, net, as of June 30, 2018, €6,658 million relate to revenue from contracts with customers as defined by IFRS 15. This amount includes €309 million of allowance for doubtful accounts. Further trade accounts and other receivables, net relate to lease contracts.

10. INVENTORIES

As of June 30, 2018 and December 31, 2017, inventories consisted of the following:

€ in millions	June 30, 2018	Dec. 31, 2017
Raw materials and purchased components	**724**	653
Work in process	**377**	715
Finished goods	**2,080**	2,024
less reserves	**105**	140
Inventories, net	**3,076**	3,252

Upon implementation of IFRS 15, €311 million relating to long-term production contracts from Fresenius Vamed have been reclassified from work in process within inventory to contract assets within other current and non-current assets.

11. OTHER CURRENT AND NON-CURRENT ASSETS

At equity investments as of June 30, 2018 in the amount of €614 million (December 31, 2017: €647 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 half of 2018, income of €34 million (H1/2017: €38 million) resulting from this valuation was included in selling, general and administrative expenses in the consolidated statement of income.

CONTRACT ASSETS

Since the implementation of IFRS 15 on January 1, 2018, other current and non-current assets include contract assets within non-financial assets. As of June 30, 2018, they amount to €402 million. Thereof, €311 million relating to long-term production contracts from Fresenius Vamed have been reclassified from inventory (work in process) upon the initial application of IFRS 15.

Contract assets mainly relate to long-term production contracts for which revenue is recognized over time.

As of June 30, 2018, contract assets from revenue from contracts with customers as defined by IFRS 15 include €1 million of allowance for doubtful accounts.

12. GOODWILL AND OTHER INTANGIBLE ASSETS

As of June 30, 2018 and December 31, 2017, intangible assets, split into amortizable and non-amortizable intangible assets, consisted of the following:

AMORTIZABLE INTANGIBLE ASSETS

	June 30, 2018			December 31, 2017		
€ in millions	**Acquisition cost**	**Accumulated amortization**	**Carrying amount**	Acquisition cost	Accumulated amortization	Carrying amount
Tradenames	**699**	**67**	**632**	699	48	651
Customer relationships	**719**	**100**	**619**	840	123	717
Capitalized development costs	**743**	**170**	**573**	828	229	599
Patents, product and distribution rights	**723**	**412**	**311**	674	386	288
Software	**692**	**384**	**308**	599	337	262
Technology	**422**	**171**	**251**	415	154	261
Non-compete agreements	**321**	**274**	**47**	314	262	52
Other	**534**	**350**	**184**	418	271	147
Total	**4,853**	**1,928**	**2,925**	4,787	1,810	2,977

NON-AMORTIZABLE INTANGIBLE ASSETS

	June 30, 2018			December 31, 2017		
€ in millions	**Acquisition cost**	**Accumulated amortization**	**Carrying amount**	Acquisition cost	Accumulated amortization	Carrying amount
Goodwill	**25,143**	**0**	**25,143**	25,285	0	25,285
Tradenames	**196**	**0**	**196**	192	0	192
Management contracts	**3**	**0**	**3**	3	0	3
Total	**25,342**	**0**	**25,342**	25,480	0	25,480

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, 2017	**12,956**	**5,302**	**4,538**	**99**	**6**	**22,901**
Additions	596	394	3,365	19	0	4,374
Disposals	0	-1	-1	0	0	-2
Foreign currency translation	-1,448	-540	0	0	0	-1,988
Carrying amount as of December 31, 2017	**12,104**	**5,155**	**7,902**	**118**	**6**	**25,285**
Additions	83	12	55	10	0	160
Disposals	-626	0	0	0	0	-626
Reclassifications	0	-7	0	0	0	-7
Foreign currency translation	246	85	0	0	0	331
Carrying amount as of June 30, 2018	**11,807**	**5,245**	**7,957**	**128**	**6**	**25,143**

As of June 30, 2018 and December 31, 2017, the carrying amounts of the other non-amortizable intangible assets were €183 million and €178 million, for Fresenius Medical Care as well as €16 million and €17 million for Fresenius Kabi.

13. DEBT AND CAPITAL LEASE OBLIGATIONS

SHORT-TERM DEBT

As of June 30, 2018 and December 31, 2017, short-term debt consisted of the following:

	Book value	
€ in millions	June 30, 2018	December 31, 2017
Fresenius SE & Co. KGaA Commercial Paper	825	715
Fresenius Medical Care AG & Co. KGaA Commercial Paper	805	680
Other short-term debt	370	155
Short-term debt	**2,000**	**1,550**

LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

As of June 30, 2018 and December 31, 2017, long-term debt and capital lease obligations net of debt issuance costs consisted of the following:

	Book value	
€ in millions	June 30, 2018	December 31, 2017
Fresenius Medical Care Credit Agreement	1,930	2,018
Fresenius Credit Agreement	2,180	2,238
Schuldschein Loans	1,714	1,873
Accounts Receivable Facility of Fresenius Medical Care	0	294
Capital lease obligations	226	234
Other	435	448
Subtotal	6,485	7,105
less current portion	451	618
Long-term debt and capital lease obligations, less current portion	**6,034**	**6,487**

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 June 30, 2018 and at December 31, 2017:

	June 30, 2018			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facility (in US$)	US$900 million	772	**US$0 million**	**0**
Revolving Credit Facility (in €)	€600 million	600	**€0 million**	**0**
Term Loan 5 years (in US$)	US$1,410 million	1,209	**US$1,410 million**	**1,209**
Term Loan 3 years (in €)	€400 million	400	**€400 million**	**400**
Term Loan 5 years (in €)	€329 million	329	**€329 million**	**329**
Total		3,310		**1,938**
less financing cost				**8**
Total				**1,930**

	December 31, 2017			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facility (in US$)	US$900 million	750	**US$70 million**	**58**
Revolving Credit Facility (in €)	€600 million	600	**€0 million**	**0**
Term Loan 5 years (in US$)	US$1,470 million	1,226	**US$1,470 million**	**1,226**
Term Loan 3 years (in €)	€400 million	400	**€400 million**	**400**
Term Loan 5 years (in €)	€343 million	343	**€343 million**	**343**
Total		3,319		**2,027**
less financing cost				**9**
Total				**2,018**

In addition, at June 30, 2018 and December 31, 2017, Fresenius Medical Care had letters of credit outstanding in the amount of approximately US$2 million (€1 million), respectively, under the U.S. dollar revolving credit facility. The letters of credit were not included in the above mentioned outstanding balances at those dates but reduce available borrowings under the applicable revolving credit facility.

As of June 30, 2018, 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 June 30, 2018 and at December 31, 2017:

	June 30, 2018			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facility (in €)	€1,000 million	1,000	**€0 million**	**0**
Revolving Credit Facility (in US$)	US$500 million	429	**US$0 million**	**0**
Term Loan 4 years (in €)	€750 million	750	**€750 million**	**750**
Term Loan 5 years (in €)	€925 million	925	**€925 million**	**925**
Term Loan 5 years (in US$)	US$605 million	519	**US$605 million**	**519**
Total		3,623		**2,194**
less financing cost				**14**
Total				**2,180**

	December 31, 2017			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facility (in €)	€1,000 million	1,000	**€0 million**	**0**
Revolving Credit Facility (in US$)	US$500 million	417	**US$0 million**	**0**
Term Loan 4 years (in €)	€750 million	750	**€750 million**	**750**
Term Loan 5 years (in €)	€975 million	975	**€975 million**	**975**
Term Loan 5 years (in US$)	US$635 million	529	**US$635 million**	**529**
Total		3,671		**2,254**
less financing cost				**16**
Total				**2,238**

As of June 30, 2018, the Fresenius Group was in compliance with all covenants under the Fresenius Credit Agreement.

Schuldschein Loans

As of June 30, 2018 and December 31, 2017, Schuldschein Loans of the Fresenius Group net of debt issuance costs consisted of the following:

				Book value € in millions	
	Notional amount	Maturity	Interest rate fixed/variable	**June 30, 2018**	Dec 31, 2017
Fresenius SE & Co. KGaA 2014/2018	€97 million	April 2, 2018	2.09%	**0**	97
Fresenius SE & Co. KGaA 2012/2018	€72 million	April 4, 2018	4.09%	**0**	72
Fresenius SE & Co. KGaA 2015/2018	€91 million	October 8, 2018	1.07%/variable	**91**	91
Fresenius SE & Co. KGaA 2014/2020	€262 million	April 2, 2020	2.67%/variable	**262**	262
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 2017/2024	€421 million	Jan. 31, 2024	1.40%/variable	**420**	420
Fresenius SE & Co. KGaA 2017/2027	€207 million	Jan. 29, 2027	1.96%/variable	**207**	206
Fresenius US Finance II, Inc. 2016/2021	US$342 million	March 10, 2021	2.66%/variable	**292**	284
Fresenius US Finance II, Inc. 2016/2023	US$58 million	March 10, 2023	3.12%/variable	**50**	49
Schuldschein Loans				**1,714**	1,873

The Schuldschein Loans issued by Fresenius SE & Co. KGaA in the amount of €97 million and €72 million which were due on April 2, 2018 and April 4, 2018 were redeemed at maturity. The Schuldschein Loans issued by Fresenius SE & Co. KGaA in the amount of €91 million which are due on October 8, 2018 are shown as current portion of long-term debt and capital lease obligations in the consolidated statement of financial position.

As of June 30, 2018, 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 June 30, 2018, the additional financial cushion resulting from unutilized credit facilities was approximately €3.7 billion. Thereof approximately €2.8 billion accounted for syndicated credit facilities.

Bridge Financing Facility

On April 25, 2017, Fresenius SE & Co. KGaA entered into a Bridge Financing Facility in the amount of US$4,200 million with a tenor of 18 months for the purpose of the acquisition of Akorn, Inc. which has not been utilized at June 30, 2018.

14. BONDS

As of June 30, 2018 and December 31, 2017, bonds of the Fresenius Group net of debt issuance costs consisted of the following:

				Book value € in millions	
	Notional amount	Maturity	Interest rate	June 30, 2018	Dec. 31, 2017
Fresenius Finance Ireland PLC 2017/2022	€700 million	Jan. 31, 2022	0.875%	**696**	695
Fresenius Finance Ireland PLC 2017/2024	€700 million	Jan. 30, 2024	1.50%	**696**	696
Fresenius Finance Ireland PLC 2017/2027	€700 million	Feb. 1, 2027	2.125%	**693**	692
Fresenius Finance Ireland PLC 2017/2032	€500 million	Jan. 30, 2032	3.00%	**494**	494
Fresenius SE & Co. KGaA 2014/2019	€300 million	Feb. 1, 2019	2.375%	**300**	299
Fresenius SE & Co. KGaA 2012/2019	€500 million	Apr. 15, 2019	4.25%	**499**	499
Fresenius SE & Co. KGaA 2013/2020	€500 million	July 15, 2020	2.875%	**498**	498
Fresenius SE & Co. KGaA 2014/2021	€450 million	Feb. 1, 2021	3.00%	**446**	446
Fresenius SE & Co. KGaA 2014/2024	€450 million	Feb. 1, 2024	4.00%	**449**	449
Fresenius US Finance II, Inc. 2014/2021	US$300 million	Feb. 1, 2021	4.25%	**256**	249
Fresenius US Finance II, Inc. 2015/2023	US$300 million	Jan. 15, 2023	4.50%	**256**	248
FMC Finance VII S.A. 2011/2021	€300 million	Feb. 15, 2021	5.25%	**297**	297
FMC Finance VIII S.A. 2011/2018	€400 million	Sept. 15, 2018	6.50%	**400**	399
FMC Finance VIII S.A. 2012/2019	€250 million	July 31, 2019	5.25%	**246**	245
Fresenius Medical Care US Finance, Inc. 2011/2021	US$650 million	Feb. 15, 2021	5.75%	**554**	538
Fresenius Medical Care US Finance II, Inc. 2011/2018	US$400 million	Sept. 15, 2018	6.50%	**343**	332
Fresenius Medical Care US Finance II, Inc. 2012/2019	US$800 million	July 31, 2019	5.625%	**685**	666
Fresenius Medical Care US Finance II, Inc. 2014/2020	US$500 million	Oct. 15, 2020	4.125%	**427**	415
Fresenius Medical Care US Finance II, Inc. 2012/2022	US$700 million	Jan. 31, 2022	5.875%	**598**	581
Fresenius Medical Care US Finance II, Inc. 2014/2024	US$400 million	Oct. 15, 2024	4.75%	**341**	331
Bonds				**9,174**	9,069

On July 4, 2018, Fresenius Medical Care AG & Co. KGaA placed unsecured bonds with an aggregate principal amount of €500 million. The bonds have a maturity of seven years and an annual coupon of 1.5%. The issue price is 99.704%. The proceeds will be used for general corporate purposes, including the refinancing of upcoming maturities.

As of June 30, 2018, the bonds issued by FMC Finance VIII S.A. in the amount of € 400 million and by Fresenius Medical Care US Finance II, Inc. in the amount of US$ 400 million due on September 15, 2018 as well as the bonds issued by Fresenius SE & Co. KGaA in the amount of € 300 million due on February 1, 2019 and € 500 million due on April 15, 2019 are shown as current portion of bonds in the consolidated statement of financial position.

As of June 30, 2018, the Fresenius Group was in compliance with all of its covenants under the bonds.

15. CONVERTIBLE BONDS

As of June 30, 2018 and December 31, 2017, the convertible bonds of the Fresenius Group net of debt issuance costs consisted of the following:

					Book value € in millions	
	Notional amount	Maturity	Coupon	Current conversion price	June 30, 2018	Dec. 31, 2017
Fresenius SE & Co. KGaA 2014/2019	€500 million	Sept. 24, 2019	0.000%	€49.0848	**488**	483
Fresenius SE & Co. KGaA 2017/2024	€500 million	Jan. 31, 2024	0.000%	€106.8947	**452**	448
Fresenius Medical Care AG & Co. KGaA 2014/2020	€400 million	Jan. 31, 2020	1.125%	€73.1980	**390**	387
Convertible bonds					**1,330**	1,318

The fair value of the derivatives embedded in the convertible bonds of Fresenius SE & Co. KGaA was €250 million at June 30, 2018. The derivative embedded in the convertible bonds of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) was recognized with a fair value of €99 million at June 30, 2018. Fresenius SE & Co. KGaA and FMC-AG & Co. KGaA have purchased stock options (call options) to hedge future fair value fluctuations of these derivatives. As of June 30, 2018, the call options had a corresponding aggregate fair value of €250 million and €99 million, respectively.

The conversions will be cash-settled. Any increase of Fresenius' share price and of Fresenius Medical Care's share price above the conversion price would be offset by a corresponding value increase of the call options.

The derivatives embedded in the convertible bonds and the call options are recognized in other non-current liabilities/assets in the consolidated statement of financial position.

16. PENSIONS AND SIMILAR OBLIGATIONS

DEFINED BENEFIT PENSION PLANS

At June 30, 2018, the pension liability of the Fresenius Group was €1,219 million. The current portion of the pension liability of €22 million is recognized in the consolidated statement of financial position within short-term provisions and other short-term liabilities. The non-current portion of €1,197 million is recorded as pension liability.

Contributions to Fresenius Group's pension fund were €6 million in the first half of 2018. The Fresenius Group expects approximately €13 million contributions to the pension fund during 2018.

Defined benefit pension plans' net periodic benefit costs of €42 million (H1/2017: €42 million) were comprised of the following components:

€ in millions	H1/2018	H1/2017
Service cost	**29**	30
Net interest cost	**13**	12
Net periodic benefit cost	**42**	42

17. NONCONTROLLING INTEREST

As of June 30, 2018 and December 31, 2017, noncontrolling interest in the Fresenius Group was as follows:

€ in millions	June 30, 2018	Dec. 31, 2017
Noncontrolling interest in Fresenius Medical Care AG & Co. KGaA	**7,536**	6,796
Noncontrolling interest in VAMED AG	**70**	66
Noncontrolling interest in the business segments		
Fresenius Medical Care	**1,083**	1,008
Fresenius Kabi	**83**	89
Fresenius Helios	**109**	92
Fresenius Vamed	**7**	8
Total noncontrolling interest	**8,888**	8,059

Noncontrolling interest changed as follows:

€ in millions	H1/2018
Noncontrolling interest as of January 1, 2018	**8,059**
Noncontrolling interest in profit	1,022
Purchase of noncontrolling interest	36
Stock options	7
Dividend payments	-357
Currency effects and other changes	121
Noncontrolling interest as of June 30, 2018	**8,888**

18. FRESENIUS SE & CO. KGAA SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

As of January 1, 2018, the subscribed capital of Fresenius SE & Co. KGaA consisted of 554,710,473 bearer ordinary shares.

During the first half of 2018, 905,620 stock options were exercised. Consequently, as of June 30, 2018, the subscribed capital of Fresenius SE & Co. KGaA consisted of 555,616,093 bearer ordinary shares. The shares are issued as non-par value shares. The proportionate amount of the subscribed capital is €1.00 per share.

AUTHORIZED CAPITAL

By resolution of the Annual General Meeting on May 18, 2018, the previous Authorized Capital I was revoked and a new Authorized Capital I was created.

Accordingly, the general partner, Fresenius Management SE, is authorized, with the approval of the Supervisory Board, until May 17, 2023, to increase Fresenius SE & Co. KGaA's share capital (subscribed capital) by a total amount of up to €125,000,000 through a single or multiple issues of new bearer ordinary shares against cash contributions and / or contributions in kind (Authorized Capital I).

The number of shares must increase in the same proportion as the subscribed capital. A subscription right must be granted to the shareholders in principle. In defined cases, the general partner is authorized, with the consent of the Supervisory Board, to decide on the exclusion of the shareholders' subscription right (e. g. to eliminate fractional amounts). For cash contributions, the authorization can only be exercised if the issue price is not significantly below the stock exchange price of the already listed shares at the time the issue price is fixed with final effect by the general partner. Furthermore, in case of a capital increase against cash contributions, the proportionate amount of the shares issued with exclusion of subscription rights may not exceed 10% of the subscribed capital. An exclusion of subscription rights in the context of the use of other authorizations concerning the issuance or the sale of the shares of Fresenius SE & Co. KGaA or the issuance of rights which authorize or bind to the subscription of shares of Fresenius SE & Co. KGaA has to be taken into consideration during the duration of the Authorized Capital until its utilization. In the case of a subscription in kind, the subscription right can be excluded only in order to acquire a company, parts of a company or a participation in a company.

The authorizations granted concerning the exclusion of subscription rights can be used by Fresenius Management SE only to such extent that the proportional amount of the total number of shares issued with exclusion of the subscription rights does not exceed 10% of the subscribed capital. An exclusion of subscription rights in the context of the use of other authorizations concerning the issuance or the sale of the shares of Fresenius SE & Co. KGaA or the issuance of rights which authorize or bind to the subscription of shares of Fresenius SE & Co. KGaA has to be taken into consideration during the duration of the Authorized Capital until its utilization.

The changes to the Authorized Capital I became effective upon registration with the commercial register on June 18, 2018.

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 24, Share-based compensation plans).

The previous authorization to issue option bearer bonds and / or convertible bonds (Conditional Capital III) dated May 16, 2014 was revoked by resolution of the Annual General Meeting of Fresenius SE & Co. KGaA on May 18, 2018. Simultaneously, a new Conditional Capital III with a five-year term was approved.

Accordingly, the general partner is authorized, with the approval of the Supervisory Board, until May 17, 2023, to issue option bearer bonds and / or convertible bearer bonds, once or several times, for a total nominal amount of up to €2.5 billion. To fulfill the granted subscription rights, the subscribed capital of Fresenius SE & Co. KGaA is increased conditionally by up to €48,971,202 through issuing of up to

48,971,202 new bearer ordinary shares. The conditional capital increase shall only be implemented to the extent that the holders of cash issued convertible bonds or of cash issued warrants from option bonds exercise their conversion or option rights and as long as no other forms of settlement are used. The new bearer ordinary shares shall participate in the profits from the start of the fiscal year in which they are issued.

The new Conditional Capital III became effective upon registration with the commercial register on June 18, 2018.

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	5,141,264
Conditional Capital III option bearer bonds and/or convertible bonds	48,971,202
Conditional Capital IV Fresenius SE & Co. KGaA Stock Option Plan 2013	24,928,200
Total Conditional Capital as of January 1, 2018	**83,775,749**
Fresenius SE Stock Option Plan 2008 – options exercised	-708,750
Fresenius SE & Co. KGaA Stock Option Plan 2013 – options exercised	-196,870
Total Conditional Capital as of June 30, 2018	**82,870,129**

As of June 30, 2018, 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	4,432,514
Conditional Capital III option bearer bonds and/or convertible bonds	48,971,202
Conditional Capital IV Fresenius SE & Co. KGaA Stock Option Plan 2013	24,731,330
Total Conditional Capital as of June 30, 2018	**82,870,129**

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).

In May 2018, a dividend of €0.75 per bearer ordinary share was approved by Fresenius SE & Co. KGaA's shareholders at the Annual General Meeting and paid afterwards. The total dividend payment was €416 million.

TREASURY STOCK OF FRESENIUS MEDICAL CARE

In May and June 2018, Fresenius Medical Care repurchased 431,000 ordinary shares for an amount of €37 million.

OTHER NOTES

19. 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. For the matters described below in which the Fresenius Group believes a loss is both reasonably possible and estimable, an estimate of the loss or range of loss exposure is provided. 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, 2017 applying Section 315e HGB in accordance with IFRS. In the following, only changes as far as content or wording are concerned during the first half ended June 30, 2018 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, 2017 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, 2017 applying Section 315e HGB in accordance with IFRS.

TERMINATION OF THE MERGER AGREEMENT WITH AKORN, INC.

On April 24, 2017, Fresenius announced that Fresenius Kabi has agreed to acquire Akorn, Inc. (Akorn), a U.S.-based manufacturer and marketer of prescription and over-the-counter pharmaceutical products, for approximately US$4.3 billion, or US$34 per share, plus the prevailing net debt at closing of the transaction.

Fresenius has been conducting an independent investigation, using external experts, into alleged breaches of FDA data integrity requirements relating to product development at Akorn.

Fresenius decided on April 22, 2018 to terminate the merger agreement with Akorn, due to Akorn's failure to fulfill several closing conditions.

Fresenius' decision is based on, among other factors, material breaches of FDA data integrity requirements relating to Akorn's operations found during Fresenius' independent investigation. Fresenius offered to delay its decision in order to allow Akorn additional opportunity to complete its own investigation and present any information it wished Fresenius to consider, but Akorn declined that offer.

Akorn disagreed with Fresenius' position and filed a lawsuit on April 23, 2018 purporting to enforce the merger agreement. Fresenius filed a counterclaim on April 30, 2018.

The trial of the lawsuit took place in the Delaware Court of Chancery from July 9 to 13, 2018.

The exchange of post-trial briefs is expected to take place until August 20, with the closing arguments on August 23, 2018. Judgment is expected up to 90 days thereafter.

Against such judgment, the losing party may appeal to the Delaware Supreme Court, the highest court in Delaware.

FRESENIUS MEDICAL CARE HOLDINGS – QUI TAM COMPLAINT (MASSACHUSETTS)

The court has subsequently rejected government requests to conduct new discovery and to add counts to its complaint-in-intervention that would expand upon the relator's complaint, but has allowed Fresenius Medical Care Holdings, Inc. (FMCH) to take discovery against the government as if the government had intervened at the outset.

PRODUCT LIABILITY LITIGATION

Personal injury litigation involving the FMC-AG & Co. KGaA's acid concentrate product, labeled as GranuFlo®/NaturaLyte®, first arose in 2012 and was substantially resolved by settlement agreed in principle in February 2016 and consummated in November 2017, as previously disclosed. Remaining individual personal injury cases do not present material risk and discussion of them is therefore discontinued.

FMC-AG & Co. KGaA's affected insurers agreed to the settlement of the acid concentrate personal injury litigation and funded US$220 million of the settlement fund under a reciprocal reservation of rights encompassing certain coverage issues raised by insurers and FMC-AG & Co. KGaA's claims for indemnification of defense costs. FMC-AG & Co. KGaA accrued a net expense of US$60 million in connection with the settlement, including legal fees and other anticipated costs.

Following entry into the settlement, FMC-AG & Co. KGaA's insurers in the AIG group and FMC-AG & Co. KGaA each initiated litigation against the other relating to the AIG group's coverage obligations under applicable policies. In the coverage litigation, the AIG group seeks to be indemnified by FMC-AG & Co. KGaA for a portion of its US$220 million outlay; FMC-AG & Co. KGaA seeks to confirm the AIG group's US$220 million funding obligation, to recover defense costs already incurred by FMC-AG & Co. KGaA, and to compel the AIG group to honor defense and indemnification obligations, if any, required for resolution of cases not participating in the settlement. As a result of decisions on issues of venue, the coverage litigation is proceeding in the New York state trial court for Manhattan. (National Union Fire Insurance v. Fresenius Medical Care, 2016 Index No. 653108 (Supreme Court of New York for New York County)).

Four institutional plaintiffs filed complaints against FMCH or its affiliates under state deceptive practices statutes resting on certain background allegations common to the GranuFlo®/NaturaLyte® personal injury litigation, but seeking as remedy the repayment of sums paid to FMCH attributable to the GranuFlo®/NaturaLyte® products. These cases implicate different legal standards, theories of liability and forms of potential recovery from those in the personal injury litigation and their claims were not extinguished by the personal injury litigation settlement described above. The four plaintiffs are the Attorneys General for the States of Kentucky, Louisiana and Mississippi and the commercial insurance company Blue Cross Blue Shield of Louisiana in its private capacity. State of Mississippi ex rel. Hood, v. Fresenius Medical Care Holdings, Inc., No. 14-cv-152 (Chancery Court, DeSoto County); State of Louisiana ex re. Caldwell and Louisiana Health Service & Indemnity Company v. Fresenius Medical Care Airline, 2016 Civ. 11035 (U.S.D.C. D. Mass.); Commonwealth of Kentucky ex rel. Beshear v. Fresenius Medical Care Holdings, Inc. et al., No. 16-CI-00946 (Circuit Court, Franklin County).

FMC-AG & Co. KGaA is not a party to a substantial adverse jury verdict and punitive damage award entered in Denver on June 27, 2018 against DaVita, involving DaVita's own clinical management of FMC-AG & Co. KGaA's acid concentrate product. See, White v. DaVita Healthcare Partners, Inc., 2015 Civ. 02106 (U.S.D.C. Colorado).

CIVIL COMPLAINT "HAWAII"

The amount of the overpayment claimed by the State is approximately US$8 million, but the State seeks civil remedies, interest, fines, and penalties against Liberty and FMCH under the Hawaii False Claims Act substantially in excess of the overpayment. After prevailing on motions by Xerox to preclude it from doing so, FMCH is pursuing third-party claims for contribution and indemnification against Xerox.

SUBPOENA "FRESENIUS VASCULAR CARE"

Beginning October 6, 2015, the United States Attorney for the Eastern District of New York and the Office of Inspector General of the United States Department of Health and Human Services have investigated, through subpoenas issued under the False Claims Act, utilization and invoicing by FMC-AG & Co. KGaA's subsidiary Azura Vascular Care, for a period beginning after FMC-AG & Co. KGaA's acquisition of American Access Care, LLC in October 2011.

SUBPOENA "NEW YORK"

On February 21, 2017, FMCH terminated the employee and notified the United States Attorney of the termination and its circumstances. The terminated employee's conduct is expected to result in demands for FMC-AG & Co. KGaA to refund overpayments and to pay related penalties under applicable laws, but the monetary value of such payment demands cannot yet be reasonably estimated.

SUBPOENA "AMERICAN KIDNEY FUND" / CMS LITIGATION

On January 3, 2017, FMC-AG & Co. KGaA received a subpoena from the United States Attorney for the District of Massachusetts under the False Claims Act inquiring into FMC-AG & Co. KGaA's interactions and relationships with the AKF, including FMC-AG & Co. KGaA's charitable contributions to the Fund and the Fund's financial assistance to patients for insurance premiums. FMCH is cooperating in the investigation, which is part of a broader investigation into charitable contributions in the medical industry. FMC-AG & Co. KGaA believes that the investigation revolves around conduct alleged to be unlawful in United Healthcare v. American Renal Associates, 2018 Civ. 10622 (D. Mass.), but believes that such unlawful conduct was not undertaken by FMCH. On July 2, 2018, American Renal Associates announced that it had reached a settlement in principle of the United Healthcare litigation. FMC-AG & Co. KGaA lacks information necessary to assess how the American Renal Associates settlement may impact the United States Attorney's investigation.

SUBPOENA "NEW YORK (BROOKLYN)"

The matter is no longer relevant.

20. FINANCIAL INSTRUMENTS

The impact on the measurement categories and the measurement of financial assets and liabilities according to IFRS 9 has not been significant. The original measurement categories under IAS 39 as of December 31, 2017 and the new measurement categories according to IFRS 9 upon implementation on January 1, 2018 as well as their respective carrying amounts were as follows:

€ in millions	Category according to IAS 39	Category according to IFRS 9	Dec. 31, 2017 Carrying amount according to IAS 39	Jan. 1, 2018 Carrying amount according to IFRS 9
Financial assets				
Cash and cash equivalents	Relating to no category	Amortized cost	1,152	1,152
	Relating to no category	Fair value through profit and loss	484	484 [3]
Trade accounts and other receivables, less allowance for doubtful accounts	Loans and receivables	Amortized cost	6,157	6,115 [1]
	Loans and receivables	Fair value through other comprehensive income	45	45 [2]
	Relating to no category	Relating to no category	58	58
Receivables from and loans to related parties	Loans and receivables	Amortized cost	17	17
Other financial assets				
Securities	Available for sale financial assets	Fair value through other comprehensive income	19	19 [4]
Derivatives designated as cash flow hedging instruments	Relating to no category	Relating to no category	14	14
Derivatives not designated as hedging instruments	Financial assets measured at fair value though profit and loss	Fair value through profit and loss	321	321
Leasing receivables	Relating to no category	Relating to no category	79	79
Other investments	Loans and receivables	Fair value through other comprehensive income	54	89 [1,2,4]
	Loans and receivables	Fair value through profit and loss	18	18 [2]
All other financial assets	Loans and receivables	Amortized cost	622	620 [1]
Financial assets			**9,040**	**9,031**

[1] Changes in the carrying amounts from remeasurements of -€9 million are included in the items of the consolidated statement of financial position as follows: -€42 million trade accounts and other receivables, €35 million other investments, -€2 million all other financial assets.
[2] Reclassification
[3] The option to measure debt instruments at fair value through profit and loss was not used.
[4] 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 €16 million securities and €89 million other investments (included in other financial assets).

€ in millions	Category according to IAS 39	Category according to IFRS 9	Dec. 31, 2017 Carrying amount according to IAS 39	Jan. 1, 2018 Carrying amount according to IFRS 9
Financial liabilities				
Trade accounts payable	Financial liabilities measured at amortized cost	Amortized cost	1,688	1,688
Short-term accounts payable to related parties	Financial liabilities measured at amortized cost	Amortized cost	42	42
Short-term debt	Financial liabilities measured at amortized cost	Amortized cost	1,550	1,550
Short-term debt from related parties	Financial liabilities measured at amortized cost	Amortized cost	–	–
Long-term debt and capital lease obligations	Financial liabilities measured at amortized cost	Amortized cost	6,871	6,871
	Relating to no category	Relating to no category	234	234
Bonds	Financial liabilities measured at amortized cost	Amortized cost	9,069	9,069
Convertible bonds	Financial liabilities measured at amortized cost	Amortized cost	1,318	1,318
Other financial liabilities				
Noncontrolling interest subject to put provisions	Relating to no category	Relating to no category	854	854
Derivatives in cash flow hedging relationships	Relating to no category	Relating to no category	9	9
Derivatives not designated as hedging instruments	Liabilities measured at fair value through profit and loss	Fair value through profit and loss	325	325
Accrued contingent payments outstanding for acquisitions	Liabilities measured at fair value through profit and loss	Fair value through profit and loss	793	793
All other financial liabilities	Financial liabilities measured at amortized cost	Amortized cost	2,965	2,965
Financial liabilities			**25,718**	**25,718**

As of January 1, 2018, the adjustments due to the initial application of IFRS 9 on the components of shareholders' equity were as follows:

€ in millions	Other reserves	Noncontrolling interest	Total
Remeasurement of other investments due to reclassification	27	8	35
Remeasurement of the allowance for bad debt for trade accounts and other receivables and other financial assets	-39	-5	-44
Deferred tax on adjustments	-5	-2	-7
Total	**-17**	**1**	**-16**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS OF JUNE 30, 2018

Carrying amounts of financial instruments

As of June 30, 2018, the carrying amounts of financial instruments by item of the statement of financial position and structured according to IFRS 9 categories were as follows:

					Relating to no category		
€ in millions	Carrying amount	Amortized cost	Fair value through profit and loss [1]	Fair value through other comprehensive income [2]	Derivatives designated as cash flow hedging instruments at fair value	Noncontrolling interest subject to put provisions measured at fair value	Valuation according to IAS 17 for leasing receivables and liabilities
Financial assets							
Cash and cash equivalents	2,267	1,092	1,175				
Trade accounts and other receivables, less allowance for doubtful accounts	6,735	6,609	3	46			77
Accounts receivable from and loans to related parties	21	21					
Other financial assets [3]	1,487	630	635	122	22		78
Financial assets	**10,510**	**8,352**	**1,813**	**168**	**22**	**0**	**155**
Financial liabilities							
Trade accounts payable	1,527	1,527					
Short-term accounts payable to related parties	62	62					
Short-term debt	2,000	2,000					
Short-term debt from related parties	–	–					
Long-term debt and capital lease obligations	6,485	6,259					226
Bonds	9,174	9,174					
Convertible bonds	1,330	1,330					
Other financial liabilities [4]	4,955	2,991	1,148		13	803	
Financial liabilities	**25,533**	**23,343**	**1,148**	**0**	**13**	**803**	**226**

[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 €119 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.

Fair value of financial instruments

The following table shows the carrying amounts and the fair value hierarchy levels according to IFRS 13 as of June 30, 2018 and as of January 1, 2018:

€ in millions	June 30, 2018				January 1, 2018			
		Fair value				Fair value		
	Carrying amount	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3
Financial assets								
Cash and cash equivalents measured at fair value	1,175	1,175			484	484		
Trade accounts and other receivables, less allowance for doubtful accounts measured at fair value	49		49		45		45	
Other financial assets measured at fair value								
Securities	155	155			19	19		
Derivatives designated as cash flow hedging instruments	22		22		14		14	
Derivatives not designated as hedging instruments	368		368		321		321	
Other investments	234		234		107		107	
Financial liabilities								
Long-term debt and capital lease obligations	6,485		6,519		7,105		7,154	
Bonds	9,174		9,587		9,069		9,707	
Convertible bonds	1,330		1,756		1,318		1,716	
Other financial liabilities measured at fair value								
Noncontrolling interest subject to put provisions	803			803	854			854
Derivatives designated as cash flow hedging instruments	13		13		9		9	
Derivatives not designated as hedging instruments	363		363		325		325	
Accrued contingent payments outstanding for acquisitions	785			785	793			793

The following table shows the changes of the fair values of financial instruments classified as level 3 in the first half of 2018:

€ in millions	Accrued contingent payments outstanding for acquisitions	Noncontrolling interest subject to put provisions
As of January 1, 2018	**793**	**854**
Additions	–	9
Disposals	-23	-24
Gain/loss recognized in profit or loss	4	66
Gain/loss recognized in equity	12	-69
Dividend payments	0	-51
Currency effects and other changes	-1	18
As of June 30, 2018	**785**	**803**

21. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. As of June 30, 2018, the equity ratio was 42.3% and the debt ratio (debt/total assets) was 34.5%. As of June 30, 2018, the leverage ratio (before special items) on the basis of net debt/EBITDA was 2.8.

The aims of the capital management and further information can be found in the consolidated financial statements as of December 31, 2017 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:

	June 30, 2018	Dec. 31, 2017
Standard & Poor's		
Corporate Credit Rating	**BBB-**	BBB-
Outlook	**positive**	positive
Moody's		
Corporate Credit Rating	**Baa3**	Baa3
Outlook	**stable**	stable
Fitch		
Corporate Credit Rating	**BBB-**	BBB-
Outlook	**stable**	stable

22. SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash paid for acquisitions (without investments in licenses) consisted of the following:

€ in millions	H1/2018	H1/2017
Assets acquired	**153**	7,345
Liabilities assumed	**-7**	-1,255
Noncontrolling interest	**-44**	-84
Notes assumed in connection with acquisitions	**-13**	-158
Cash paid	**89**	5,848
Cash acquired	**-3**	-7
Cash paid for acquisitions, net	**86**	5,841
Cash paid for investments, net of cash acquired	**245**	15
Cash paid for intangible assets, net	**41**	7
Total cash paid for acquisitions and investments, net of cash acquired, and net purchases of intangible assets	**372**	5,863

23. NOTES ON THE CONSOLIDATED SEGMENT REPORTING

GENERAL

The consolidated segment reporting shown on pages 26 and 27 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 June 30, 2018.

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, 2017 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, 2017 applying Section 315e HGB in accordance with IFRS.

RECONCILIATION OF KEY FIGURES TO CONSOLIDATED EARNINGS

€ in millions	H1/2018	H1/2017
Total EBIT of reporting segments	**2,224**	2,411
Special items	**780**	-10
General corporate expenses Corporate/Other (EBIT)	**-25**	-18
Group EBIT	**2,979**	2,383
Net interest	**-304**	-329
Income before income taxes	**2,675**	2,054

RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in millions	June 30, 2018	Dec. 31, 2017
Short-term debt	**2,000**	1,550
Short-term debt from related parties	**–**	–
Current portion of long-term debt and capital lease obligations	**451**	618
Current portion of Bonds	**1,542**	731
Long-term debt and capital lease obligations, less current portion	**6,034**	6,487
Bonds, less current portion	**7,632**	8,338
Convertible bonds	**1,330**	1,318
Debt	**18,989**	19,042
less cash and cash equivalents	**2,267**	1,636
Net debt	**16,722**	17,406

24. SHARE-BASED COMPENSATION PLANS

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

As of June 30, 2018, Fresenius SE & Co. KGaA had two share-based compensation plans in place: the stock option based Fresenius SE Stock Option Plan 2008 (2008 Plan) and the Fresenius SE & Co. KGaA Long Term Incentive Program 2013 (2013 LTIP) which is based on stock options and phantom stocks. On June 30, 2017, the term of the options granted under the Fresenius AG Stock Option Plan 2003 expired. On April 12, 2018 and March 15, 2018, respectively, the Management Board and Supervisory Board of the general partner, Fresenius Management SE, resolved the Long Term Incentive Plan 2018 (LTIP 2018) which is solely based on performance shares.

LTIP 2018

The LTIP 2018 is based solely on virtual stocks (performance shares). The performance shares issued through the plan are non-equity-backed, virtual compensation instruments. When performance targets are reached and other prerequisites are met, they guarantee the entitlement to a cash payment by Fresenius SE & Co. KGaA or one of its affiliated companies.

The new plan is available both for members of the Management Board (with the exception of Mr. Rice Powell, who receives his compensation from Fresenius Medical Care Management AG) and other executives. Performance shares may be granted once annually over a period of five years. The grant to the members of the Management Board is made by the Supervisory Board of the general partner, Fresenius Management SE, the grant to the other executives is made by the Management Board of Fresenius Management SE, in each case on the basis of a grant value determined at its reasonable discretion. The grant value is determined in consideration of the personal performance and the responsibilities of the concerned plan participant. The number of performance shares granted is calculated through applying the grant value and the average stock market price of the Fresenius share over the period of 60 stock exchange trading days prior to the grant date.

The number of performance shares may change over a period of four years, depending on the level of achievement of the performance targets described in more detail below. This could entail the entire loss of all performance shares or also – at maximum – the doubling of their number. The resulting number of performance shares, which is determined after a performance period of four years and based on the respective level of target achievement, is deemed finally earned four years after the date of the respective grant. The number of vested performance shares is then multiplied by the average stock exchange price of Fresenius SE & Co. KGaA's share over a period of 60 stock exchange trading days prior to the lapse of this vesting period plus the total of the dividends per share of Fresenius SE & Co. KGaA paid by Fresenius SE & Co. KGaA between the grant date and the vesting date. The resulting amount will be paid to the respective plan participant in cash. The potential disbursement entitlement of each member of the Management Board is limited to a maximum value of 250% of the grant value, the entitlement of all other plan participants is limited to a maximum value of 400%.

The LTIP 2018 has two equally weighted performance targets: firstly, the growth rate of the adjusted net income (adjusted for currency effects) and, secondly, the relative Total Shareholder Return based on the STOXX Europe 600 Health Care index. Disbursement entitlement requires that at least one of the two performance targets must be reached or surpassed over the four-year performance period.

For the performance target "Net Income Growth Rate" a level of target achievement of 100% is reached when the same is at least 8% over the four-year performance period. If the growth rate falls below or corresponds to only 5%, the level of target achievement is 0%. If the growth rate is between 5% and 8%, the level of target achievement is between 0% and 100%, while, where the growth rate is between 8% and 20%, the level of target achievement will be between 100% and 200%. Intermediate values are calculated through linear interpolation. The net income is the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA reported in the consolidated financial statements of Fresenius SE & Co. KGaA prepared in accordance with IFRS, adjusted for extraordinary effects.

The determination of the adjusted net income (adjusted for currency effects) and the change in comparison with the adjusted net income (not adjusted for currency effects) of the previous Fresenius Group fiscal year will be verified in a binding manner by the auditors of Fresenius SE & Co. KGaA on the basis of the audited consolidated financial statements. For the ascertainment of the currency translation effects, all line items of the income statements of the companies that are included in the consolidated financial statements and which have a functional currency other than the reporting currency (Euro) of the Fresenius Group are translated with the average exchange rates of the Fresenius Group fiscal year of the consolidated financial statements that are the basis for the comparison.

For the "Total Shareholder Return" performance target, a target achievement of 100% is met when the Total Shareholder Return of Fresenius SE & Co. KGaA in comparison with the Total Shareholder Return of the other companies of the STOXX Europe 600 Health Care index achieves an average ranking within the benchmark companies, i.e. exactly in the middle (50th percentile), over the four-year performance period. If the ranking corresponds to the 25th percentile or less, the level of target achievement is 0%. Where the ranking is between the 25th percentile and the 50th percentile, the level of target achievement is between 0% and 100%; and, for a ranking between the 50th percentile and the 75th percentile, between 100% and 200%. Intermediate values will also be calculated through linear interpolation. Total Shareholder Return denotes the percentage change in the stock market price within the performance period including re-invested dividends and all capital measures, whereby capital measures are to be calculated through rounding down to the fourth decimal place.

The ranking values are determined using the composition of STOXX Europe 600 Health Care on the grant date. For equalization purposes, the relevant market price is the average market price in the period of 60 stock exchange trading days prior to the beginning and end of a performance period; the relevant currency is that of the main stock exchange of a company, which was listed in STOXX Europe 600 Health Care on the grant date.

A level of target achievement in excess of 200% is not possible for both performance targets.

To calculate the level of overall target achievement, the level of target achievement of the two performance targets are given equal weighting. The total number of performance shares vested on each plan participant is calculated through multiplying the number of performance shares granted by the overall target achievement.

In the event of violation of compliance rules, the Supervisory Board of Fresenius Management SE, in due exercise of its discretion, is entitled to reduce the number of performance shares vested on a member of the Management Board to zero. Regarding all other plan participants, such decision is made by the Management Board of Fresenius Management SE. Furthermore, Fresenius SE & Co. KGaA is entitled to a complete or partial reimbursement in the event of violation of compliance rules in the period of three years following disbursement.

Transactions during the first half of 2018

During the first half of 2018, Fresenius SE & Co. KGaA received cash of €24 million from the exercise of 905,620 stock options.

At June 30, 2018, out of 988,577 outstanding and exercisable stock options issued under the 2008 Plan, 85,140 were held by the members of the Fresenius Management SE Management Board. Out of 9,751,577 outstanding stock options issued under the 2013 LTIP 1,280,042 were exercisable at

June 30, 2018. The members of the Fresenius Management SE Management Board held 1,479,375 stock options. 952,787 phantom stocks issued under the 2013 LTIP were outstanding at June 30, 2018. The members of the Fresenius Management SE Management Board held 173,052 phantom stocks. As of June 30, 2018, 2,268,619 options for ordinary shares were outstanding and exercisable.

On June 30, 2018, total unrecognized compensation cost related to non-vested options granted under the 2013 LTIP was €46 million. This cost is expected to be recognized over a weighted-average period of 2.3 years.

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

During the first half of 2018, 104,905 stock options were exercised. Fresenius Medical Care AG & Co. KGaA received cash of €5.5 million upon exercise of these stock options.

25. SUBSEQUENT EVENTS

On July 1, 2018, Fresenius Helios has transferred 38 health care facilities and 13 service companies in Germany specializing in inpatient post-acute and nursing care to Fresenius Vamed. The transaction has a total volume of €485 million, including assumed net debt of €15 million. It is financed within the Group.

In July 2018, the European Commission agreed to maintain the marketing authorizations for products containing hydroxyethyl starch (HES) subject to implementation of risk minimization measures (see also: Opportunities and Risk Report of this Quarterly Financial Report).

There have been no significant changes in the Fresenius Group's operating environment following the end of the first half of 2018. Other events of material importance on the assets and liabilities, financial position, and results of operations of the Group following the end of the first half of 2018 are described in note 2, Acquisitions, divestitures and investments (termination of the merger agreement with Akorn, Inc.). Further events of material importance on the assets and liabilities, financial position, and results of operations of the Group have not occurred.

26. 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).

27. RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year."

Bad Homburg v. d. H., August 1, 2018

Fresenius SE Co. KGaA,
represented by:
Fresenius Management SE, its General Partner

The Management Board

S. Sturm | Dr. F. De Meo | R. Empey | Dr. J. Götz

M. Henriksson | R. Powell | Dr. E. Wastler

FINANCIAL CALENDAR

Report on 1st–3rd quarter 2018 Conference call, Live webcas	Ocotber 30, 2018
Annual General Meeting, Frankfurt am Main Live webcast of the speech of the Chairman of the Management Board	May 17, 2019

Subject to change

FRESENIUS SHARE / ADR

	Ordinary share
Securities identification no.	578 560
Ticker symbol	FRE
ISIN	DE0005785604
Bloomberg symbol	FRE GR
Reuters symbol	FREG.de
Main trading location	Frankfurt / Xetra

	ADR
CUSIP	35804M105
Ticker symbol	FSNUY
ISIN	US35804M1053
Structure	Sponsored Level 1 ADR
Ratio	4 ADR = 1 Share
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.