FRESENIUS

Quarterly Financial Report of Fresenius Group

applying International Financial Reporting Standards (IFRS)

1st – 3rd Quarter and 3rd Quarter 2017

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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 2016, Group sales were €29.5 billion. As of September 30, 2017, more than 270,000 employees have dedicated themselves to the service of health in about 100 countries worldwide.

SALES, EARNINGS, AND CASH FLOW

€ in millions	Q3/2017	Q3/2016	Change	Q1–3/2017	Q1–3/2016	Change
Sales	**8,297**	7,433	12%	**25,191**	21,651	16%
EBIT [1]	**1,129**	1,071	5%	**3,522**	3,058	15%
Net income [1,2]	**413**	382	8%	**1,329**	1,118	19%
Adjusted net income [2,3]	**423**	382	11%	**1,339**	1,118	20%
Earnings per share in € [1,2]	**0.75**	0.69	8%	**2.40**	2.04	18%
Adjusted earnings per share in € [2,3]	**0.77**	0.69	11%	**2.42**	2.04	19%
Operating cash flow	**1,138**	940	21%	**2,821**	2,273	24%

BALANCE SHEET AND INVESTMENTS

€ in millions	Sept. 30, 2017	Dec. 31, 2016	Change
Total assets	**53,097**	46,697	14%
Non-current assets	**40,227**	34,953	15%
Equity [4]	**21,167**	20,849	2%
Net debt	**18,024**	13,201	37%
Investments [5]	**7,799**	1,651	--

RATIOS

	Q3/2017	Q3/2016	Q1–3/2017	Q1–3/2016
EBITDA margin [1]	**17.8%**	18.5%	**18.2%**	18.3%
EBIT margin [1]	**13.6%**	14.4%	**14.0%**	14.1%
Depreciation and amortization in % of sales	**4.2%**	4.1%	**4.2%**	4.2%
Operating cash flow in % of sales	**13.7%**	12.6%	**11.2%**	10.5%
Equity ratio (September 30/December 31)			**39.9%**	44.6%
Net debt/EBITDA (September 30/December 31) [6]			**2.97**	3.09 [7]

[1] Before acquisition-related expenses
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[3] Consistent with scope of original guidance: before acquisition-related expenses; before expenditures for further development of biosimilars business
[4] Equity including noncontrolling interest
[5] Investments in property, plant and equipment, and intangible assets, acquisitions (nine months)
[6] At LTM average exchange rates for both net debt and EBITDA, pro forma acquisitions, before acquisition-related expenses
[7] Pro forma Quirónsalud

INFORMATION BY BUSINESS SEGMENT

FRESENIUS MEDICAL CARE – Dialysis products, Dialysis services

€ in millions	Q3/2017	Q3/2016	Change	Q1–3/2017	Q1–3/2016	Change
Sales	**4,336**	4,211	3%	**13,355**	12,153	10%
EBIT	**608**	611	0%	**1,843**	1,679	10%
Net income [1]	**309**	304	2%	**886**	781	13%
Operating cash flow	**612**	393	56%	**1,664**	1,160	43%
Investments/Acquisitions	**308**	296	4%	**1,180**	1,115	6%
R & D expenses	**28**	40	-30%	**95**	108	-12%
Employees (September 30/December 31)				**120,987**	116,120	4%

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

€ in millions	Q3/2017	Q3/2016	Change	Q1–3/2017	Q1–3/2016	Change
Sales	**1,562**	1,511	3%	**4,764**	4,457	7%
EBIT [2]	**283**	281	1%	**905**	863	5%
Adjusted EBIT [3]	**297**	281	6%	**919**	863	6%
Net income [2, 4]	**165**	155	6%	**544**	491	11%
Adjusted net income [3, 4]	**175**	155	13%	**554**	491	13%
Operating cash flow	**245**	322	-24%	**640**	661	-3%
Investments/Acquisitions	**258**	93	177%	**410**	314	31%
R & D expenses	**104**	88	18	**280**	277	1%
Employees (September 30/December 31)				**35,699**	34,917	2%

FRESENIUS HELIOS – Hospital operations

€ in millions	Q3/2017	Q3/2016	Change	Q1–3/2017	Q1–3/2016	Change
Sales	**2,166**	1,470	47%	**6,422**	4,382	47%
EBIT	**232**	175	33%	**769**	507	52%
Net income [4]	**153**	140	9%	**526**	402	31%
Operating cash flow	**256**	207	24%	**560**	437	28%
Investments/Acquisitions	**96**	79	22%	**6,186**	212	--
Employees (September 30/December 31)				**105,717**	72,687	45%

FRESENIUS VAMED – Projects and services for hospitals and other health care facilities

€ in millions	Q3/2017	Q3/2016	Change	Q1–3/2017	Q1–3/2016	Change
Sales	**267**	268	0%	**748**	740	1%
EBIT	**15**	15	0%	**32**	31	3%
Net income [5]	**10**	10	0%	**21**	21	0%
Operating cash flow	**35**	21	67%	**7**	22	-68%
Investments/Acquisitions	**3**	2	50%	**10**	6	67%
Order intake	**285**	209	36%	**697**	674	3%
Employees (September 30/December 31)				**8,252**	8,198	1%

[1] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA
[2] Before acquisition-related expenses
[3] Consistent with scope of original guidance: before acquisition-related expenses; before expenditures for further development of biosimilars business
[4] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[5] Net income attributable to shareholders of VAMED AG

FRESENIUS SHARE

Uncertainty concerning the future development of the U.S. health policy weighed on the share performance of health care stocks during the course of the year. The Fresenius share decreased by 8%, while DAX index grew by 12% in the same period.

FIRST TO THIRD QUARTER 2017

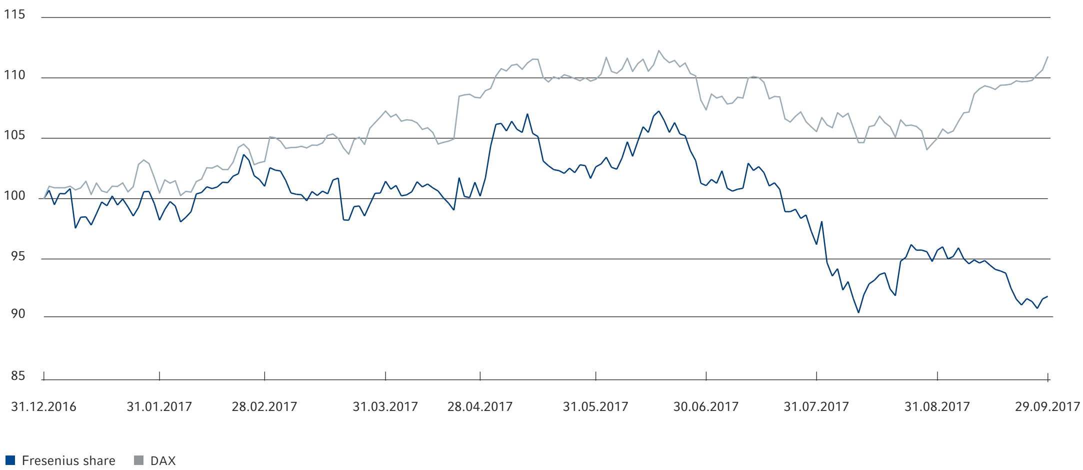
The recovery of the global economy continued in the first nine months. The economic growth is driven by domestic demand in most regions of the euro zone. The economy in the euro zone is expected to grow by 2.2% this year, according to the latest ECB forecast. The ECB left its monetary policy unchanged during its September meeting.

The Federal Reserve's latest forecast projects the U.S. economy to grow by 2.4% in 2017. As expected, the U.S. Federal Reserve, did not change the existing interest rates corridor of 1.00% and 1.25% at its September meeting.

Within this economic environment, the DAX increased by 12% in the first nine months of 2017 to 12,829 points. The Fresenius share closed at €68.25 on September 30, 2017. This represents a decline of 8% over the closing price of 2016.

RELATIVE SHARE PRICE PERFORMANCE VS. DAX

31.12.2016 = 100



KEY DATA OF THE FRESENIUS SHARE

	Q1–3/2017	2016	Change
Number of shares (September 30/December 31)	**554,536,698**	547,208,371	1%
Quarter-end quotation in €	**68.25**	74.26	-8%
High in €	**79.65**	74.26	7%
Low in €	**67.23**	53.05	27%
Ø Trading volume (number of shares per trading day)	**1,034,050**	1,176,579	-12%
Market capitalization, € in millions (September 30/December 31)	**37,847**	40,636	-7%

MANAGEMENT REPORT

We can report another very good quarter, once again boosted by strong sales and earnings growth. The prospects for our businesses remain excellent. We are therefore confirming our guidance for the remainder of the year.

FRESENIUS CONFIRMS ITS GUIDANCE AFTER A STRONG THIRD QUARTER

	Q3/2017	at actual rates	in constant currency
Sales	**€8.3 bn**	+12%	+15%
EBIT [1]	**€1,129 m**	+5%	+9%
Net income [2]	**€396 m**	+4%	+7%
Adjusted net income [2,3]	**€423 m**	+11%	+14%

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 increased by 16% (16% in constant currency) to €25,191 million (Q1-3/2016: €21,651 million). Organic sales growth was 6% [4] while acquisitions contributed 10%. In Q3/2017, Group sales increased by 12% (15% in constant currency) to €8,297 million (Q3/2016: €7,433 million). Negative currency translation effects (-3%) were mainly related to the devaluation of the US dollar. Organic sales growth was 6% while acquisitions contributed 9%.

[1] Before acquisition-related expenses
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[3] Consistent with scope of original guidance: before acquisition-related expenses; before expenditures for further development of biosimilars business
[4] Excluding effects of Fresenius Medical Care's agreement with the United States Departments of Veterans Affairs and Justice (VA agreement)

EARNINGS

€ in millions	Q3/2017	Q3/2016	Q1–3/2017	Q1–3/2016
EBIT [1]	**1,129**	1,071	**3,522**	3,058
Net income [2]	**396**	382	**1,303**	1,118
Adjusted net income [2,3]	**423**	382	**1,339**	1,118
Earnings per share [2]	**0.71**	0.69	**2.35**	2.04
Adjusted earnings per share [2,3]	**0.77**	0.69	**2.42**	2.04

EARNINGS

Group EBITDA [1] increased by 16% (16% in constant currency) to €4,579 million (Q1-3/2016: €3,959 million). Group EBIT [1] increased by 15% (15% in constant currency) to €3,522 million (Q1-3/2016: €3,058 million) with an EBIT margin [1] of 14.0% (Q1-3/2016: 14.1%). In Q3/2017, Group EBIT [1] increased by 5% (9% in constant currency) to €1,129 million (Q3/2016: €1,071 million) with an EBIT margin [1] of 13.6% (Q3/2016: 14.4%).

Group net interest reached -€484 million [1] (Q1-3/2016: -€433 million). The increase is mainly driven by the financing of the Quirónsalud acquisition.

The Group tax rate was 28.1% [1] (Q1-3/2016: 28.2%). In Q3/2017, the Group tax rate decreased to 27.4% [1] (Q3/2016: 27.9%), mainly driven by a re-evaluation of estimated future tax payments at Fresenius Medical Care.

Noncontrolling interest increased to €854 million (Q1-3/2016: €768 million), of which 95% was attributable to the noncontrolling interest in Fresenius Medical Care.

Adjusted Group net income [2,3] increased by 20% (20% in constant currency) to €1,339 million (Q1-3/2016: €1,118 million). Adjusted earnings per share [2,3] increased by 19% (19% in constant currency) to €2.42 (Q1-3/2016: €2.04). In Q3/2017, adjusted Group net income [2,3] increased by 11% (14% in constant currency) to €423 million (Q3/2016: €382 million). Adjusted earnings per share [2,3] increased by 11% (14% in constant currency) to €0.77 (Q3/2016: €0.69).

SALES BY REGION

€ in millions	Q1–3/2017	Q1–3/2016	Change at actual rates	Currency translations effects	Change at constant rates	Organic growth	Acquisitions/ divestitures	% of total sales [5]
North America	**11,394** [4]	10,398	10% [4]	1% [4]	9% [4]	7%	2% [4]	46% [4]
Europe	**10,148**	8,026	26%	-1%	27%	4%	23%	40%
Asia-Pacific	**2,306**	2,106	9%	-1%	10%	7%	3%	9%
Latin America	**1,057**	882	20%	2%	18%	10%	8%	4%
Africa	**286**	239	20%	7%	13%	13%	0%	1%
Total	**25,191**	21,651	16%	0%	16%	6%	10%	100%

SALES BY BUSINESS SEGMENT

€ in millions	Q1–3/2017	Q1–3/2016	Change at actual rates	Currency translations effects	Change at constant rates	Organic growth	Acquisitions/ divestitures	% of total sales [5]
Fresenius Medical Care	**13,355** [4]	12,153	10% [4]	0% [4]	10% [4]	7%	3% [4]	53% [4]
Fresenius Kabi	**4,764**	4,457	7%	0%	7%	7%	0%	19%
Fresenius Helios	**6,422**	4,382	47%	0%	47%	4%	43%	25%
Fresenius Vamed	**748**	740	1%	0%	1%	1%	0%	3%
Total	**25,191**	21,651	16%	0%	16%	6%	10%	100%

[1] Before acquisition-related expenses
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[3] Consistent with scope of original guidance: before acquisition-related expenses; before expenditures for further development of biosimilars business
[4] Including effects of VA agreement
[5] Calculated on the basis of contribution to consolidated sales

Group net income before acquisition-related expenses [1,2] increased by 19% (19% in constant currency) to €1,329 million (Q1-3/2016: €1,118 million). Earnings per share [1,2] increased by 18% (18% in constant currency) to €2.40 (Q1-3/2016: €2.04). In Q3/2017, Group net income [1,2] increased by 8% (11% in constant currency) to €413 million (Q3/2016: €382 million). Earnings per share [1,2] increased by 8% (11% in constant currency) to €0.75 (Q3/2016: €0.69).

Group net income [2] increased by 17% (17% in constant currency) to €1,303 million (Q1-3/2016: €1,118 million). Earnings per share [2] increased by 15% (15% in constant currency) to €2.35 (Q1-3/2016: €2.04). In Q3/2017, Group net income [2] increased by 4% (7% in constant currency) to €396 million (Q3/2016: €382 million). Earnings per share [2] increased by 3% (6% in constant currency) to €0.71 (Q3/2016: €0.69).

RECONCILIATION

	Q3/2017				
€ in millions	Before acquisition-related expenses and before expenditures for further development of biosimilars business	Expenditures for further development of biosimilars business	Before acquisition-related expenses	Acquisition-related expenses	IFRS reported
Sales	8,297		8,297	0	8,297
EBIT	1,143	-14	1,129	-15	1,114
Net interest	-158		-158	-5	-163
Net income before taxes	985	-14	971	-20	951
Income taxes	-270	4	-266	3	-263
Net income	715	-10	705	-17	688
Less noncontrolling interest	-292		-292	0	-292
Net income attributable to shareholders of Fresenius SE & Co. KGaA	423	-10	413	-17	396
Sales Fresenius Kabi	1,562		1,562		1,562
EBIT Fresenius Kabi	297	-14	283	-15	268

	Q1 – 3/2017				
€ in millions	Before acquisition-related expenses and before expenditures for further development of biosimilars business	Expenditures for further development of biosimilars business	Before acquisition-related expenses	Acquisition-related expenses	IFRS reported
Sales	25,191		25,191	0	25,191
EBIT	3,536	-14	3,522	-25	3,497
Net interest	-484		-484	-8	-492
Net income before taxes	3,052	-14	3,038	-33	3,005
Income taxes	-859	4	-855	7	-848
Net income	2,193	-10	2,183	-26	2,157
Less noncontrolling interest	-854		-854	0	-854
Net income attributable to shareholders of Fresenius SE & Co. KGaA	1,339	-10	1,329	-26	1,303
Sales Fresenius Kabi	4,764		4,764		4,764
EBIT Fresenius Kabi	919	-14	905	-25	880

The acquisition-related expenses are reported in the Group Corporate/Other segment.

[1] Before acquisition-related expenses
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA

INVESTMENTS BY BUSINESS SEGMENT

€ in millions	**Q1–3/2017**	Q1–3/2016	thereof property, plant and equipment	thereof acquisitions	Change	% of total
Fresenius Medical Care	**1,180**	1,115	632	548	6%	15%
Fresenius Kabi	**410**	314	253	157	31%	5%
Fresenius Helios	**6,186**	212	229	5,957	--	80%
Fresenius Vamed	**10**	6	10	0	67%	0%
Corporate/Other	**13**	4	13	0	--	0%
Total	**7,799**	**1,651**	1,137	6,662	--	100%

RECONCILIATION

The reconciliation tables show the adjustments and the reconciliation from net income according to guidance, i.e. before acquisition related-expenses and before expenditures for further development of biosimilars business to net income according to IFRS.

INVESTMENTS

Spending on property, plant and equipment was €1,137 million (Q1-3/2016: €1,059 million), primarily for the modernization and expansion of dialysis clinics, production facilities as well as hospitals and day clinics. Total acquisition spending of €6,662 million (Q1-3/2016: €592 million) was mainly related to the acquisitions of Quirónsalud and Merck KGaA's biosimilars business.

CASH FLOW

Operating cash flow increased by 24% to €2,821 million (Q1-3/2016: €2,273 million). The cash flow margin increased to 11.2% (Q1-3/2016: 10.5%). In Q3/2017, operating cash flow increased by 21% to €1,138 million (Q3/2016: €940 million), with a margin of 13.7% (Q3/2016: 12.6%).

Free cash flow before acquisitions and dividends increased by 41% to €1,705 million (Q1-3/2016: €1,206 million). Free cash flow after acquisitions and dividends was -€5,233 million (Q1-3/2016: €252 million).

CASH FLOW STATEMENT (SUMMARY)

€ in millions	Q1–3/2017	Q1–3/2016	Change
Net income	**2,157**	1,886	14%
Depreciation and amortization	**1,057**	901	17%
Change in accruals for pensions	**53**	-22	--
Cash flow	**3,267**	2,765	18%
Change in working capital	**-446**	-492	9%
Operating cash flow	**2,821**	2,273	24%
Property, plant and equipment, investments net	**-1,116**	-1,067	-5%
Cash flow before acquisitions and dividends	**1,705**	1,206	41%
Cash used for acquisitions, net	**-6,075**	-304	--
Dividends paid	**-863**	-650	-33%
Free cash flow paid after acquisitions and dividends	**-5,233**	252	--
Cash provided by/used for financing activities	**5,230**	-117	--
Effect of exchange rates on change in cash and cash equivalents	**-104**	6	--
Net change in cash and cash equivalents	**-107**	141	-176%

ASSET AND LIABILITY STRUCTURE

The Group's total assets increased by 14% (20% in constant currency) to €53,097 million (Dec. 31, 2016: €46,697 million), mainly due to the acquisition of Quirónsalud. Current assets grew by 10% (16% in constant currency) to €12,870 million (Dec. 31, 2016: €11,744 million). Non-current assets increased by 15% (22% in constant currency) to €40,227 million (Dec. 31, 2016: €34,953 million).

Total shareholders' equity grew by 2% (10% in constant currency) to €21,167 million (Dec. 31, 2016: €20,849 million). The equity ratio was 39.9% (Dec. 31, 2016: 44.6%).

Group debt increased by 32% (37% in constant currency) to €19,496 million (Dec. 31, 2016: €14,780 million), mainly driven by the acquisition financing of Quirónsalud. As of September 30, 2017, the net debt/EBITDA ratio was 2.97 [1,2] (Dec. 31, 2016: 2.33 [1]; pro forma Quirónsalud 3.09 [1]).

[1] Net debt and EBITDA at LTM average exchange rates
[2] Before acquisition-related expenses

BUSINESS SEGMENTS

FRESENIUS MEDICAL CARE

Fresenius Medical Care is the world's largest provider of products and services for individuals with chronic kidney failure. As of September 30, 2017, Fresenius Medical Care was treating 317,792 patients in 3,714 dialysis clinics. Along with its core business, the company seeks to expand the range of medical services in the field of care coordination.

€ in millions	Q3/2017	Q3/2016	Change	Q1–3/2017	Q1–3/2016	Change
Sales	**4,336**	4,211	3%	**13,355**	12,153	10%
EBITDA	**786**	786	0%	**2,397**	2,192	9%
EBIT	**608**	611	0%	**1,843**	1,679	10%
Net income[1]	**309**	304	2%	**886**	781	13%
Employees (Sept. 30/Dec. 31)				**120,987**	116,120	4%

- **Solid Q3 despite impact from natural disasters in North America**
- **8% sales growth in constant currency in Q3**
- **2017 outlook confirmed[2]**

Sales increased by 10% (10% in constant currency, 7% organic) to €13,355 million (Q1-3/2016: €12,153 million). Acquisitions and the agreement with the United States Departments of Veterans Affairs and Justice (VA agreement) contributed 3% in total. In Q3/2017, sales increased by 3% (8% in constant currency, 6% organic) to €4,336 million (Q3/2016: €4,211 million).

Health Care Services sales (dialysis services and care coordination) increased by 11% (10% in constant currency) to €10,950 million (Q1-3/2016: €9,910 million). Product sales increased by 7% (7% in constant currency) to €2,404 million (Q1-3/2016: €2,244 million).

In North America, sales increased by 10% (10% in constant currency) to €9,715 million (Q1-3/2016: €8,828 million). Health Care Services sales grew by 10% (10% in constant currency) to €9,086 million (Q1-3/2016: €8,224 million). Product sales increased by 4% (4% in constant currency) to €629 million (Q1-3/2016: €604 million).

Sales outside North America increased by 9% (10% in constant currency) to €3,628 million (Q1-3/2016: €3,315 million). Health Care Services sales increased by 11% (11% in constant currency) to €1,864 million (Q1-3/2016: €1,686 million). Product sales increased by 8% (8% in constant currency) to €1,764 million (Q1-3/2016: €1,630 million).

EBIT increased by 10% (10% in constant currency) to €1,843 million (Q1-3/2016: €1,679 million). The EBIT margin was 13.8% (Q1-3/2016: 13.8%). In Q3/2017, EBIT was on the prior-year level (increased by 4% in constant currency) at €608 million (Q3/2016: €611 million). Foreign currency effects, lower contributions from the vascular business, higher costs in the pharmacy services business and natural disaster costs in North America negatively impacted EBIT, while organic growth and lower research and development expenses contributed positively. The EBIT margin was 14.0% (Q3/2016: 14.5%).

[1] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA
[1] Excluding effects of VA agreement and natural disaster costs

Net income[1] increased by 13% (14% in constant currency) to €886 million (Q1-3/2016: €781 million). Consistent with the original scope of guidance, i.e. excluding the effects of the VA agreement and natural disaster costs, net income[1] increased by 8% in constant currency. In Q3/2017, net income[1] grew by 2% (6% in constant currency) to €309 million (Q3/2016: €304 million). Excluding the effects of the VA agreement and natural disaster costs, net income[1] increased by 5% (8% in constant currency).

Operating cash flow increased by 43% to €1,664 million (Q1-3/2016: €1,160 million). The cash flow margin increased to 12.5% (Q1-3/2016: 9.5%). In Q3/2017, operating cash flow increased by 56% to €612 million (Q3/2016: €393 million) with a cash flow margin of 14.1% (Q3/2016: 9.3%). The increase is primarily attributable to last year's cash contribution to a pension plan in the United States as well as other working capital items.

Fresenius Medical Care confirms its outlook for 2017. The company expects sales to grow by 8% to 10%[2] in constant currency. Net income[1,3] is expected to increase by 7% to 9% in constant currency.

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] Excluding effects of VA agreement
[3] Excluding effects of VA agreement and natural disaster costs

FRESENIUS KABI

Fresenius Kabi offers infusion therapies, intravenously administered generic drugs and clinical nutrition 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 millions	Q3/2017	Q3/2016	Change	Q1–3/2017	Q1–3/2016	Change
Sales	**1,562**	1,511	3%	**4,764**	4,457	7%
EBITDA [1]	**352**	353	0%	**1,119**	1,092	2%
Adjusted EBIT [2]	**297**	281	6%	**919**	863	6%
EBIT [1]	**283**	281	1%	**905**	863	5%
Adjusted net income [2,3]	**175**	155	13%	**554**	491	13%
Employees (Sept. 30/Dec. 31)				**35,699**	34,917	2%

- **7% organic sales growth in Q3; positive contributions from all regions**
- **11% adjusted EBIT [2] growth in constant currency in Q3**
- **2017 outlook confirmed**

Sales increased by 7% (7% in constant currency, 7% organic) to €4,764 million (Q1-3/2016: €4,457 million). Acquisitions/divestitures had no meaningful impact on sales. In Q3/2017, sales increased by 3% (7% in constant currency, 7% organic) to €1,562 million (Q3/2016: €1,511 million). Negative currency translation effects (-4%) were mainly related to the devaluation of the US dollar and the Chinese yuan against the euro.

Sales in Europe increased by 4% (5% organic) to €1,635 million (Q1-3/2016: €1,569 million). In Q3/2017, sales increased by 3% (4% organic) to €538 million (Q3/2016: €521 million).

Sales in North America increased by 7% (6% organic) to €1,736 million (Q1-3/2016: €1,628 million). In Q3/2017, sales increased by 1% (7% organic) to €549 million (Q3/2016: €542 million).

Sales in Asia-Pacific increased by 9% (11% organic) to €894 million (Q1-3/2016: €821 million). In Q3/2017, sales increased by 8% (12% organic) to €312 million (Q3/2016: €290 million).

Sales in Latin America/Africa increased by 14% (10% organic) to €499 million (Q1-3/2016: €439 million). In Q3/2017, sales increased by 3% (8% organic) to €163 million (Q3/2016: €158 million).

Adjusted EBIT [2] increased by 6% (7% in constant currency) to €919 million (Q1-3/2016: €863 million). The adjusted EBIT margin [2] was 19.3% (Q1-3/2016: 19.4%). In Q3/2017, adjusted EBIT [2] increased by 6% (11% in constant currency) to €297 million (Q3/2016: €281 million), despite expenses related to hurricane Maria on Puerto Rico. The adjusted EBIT margin [2] increased to 19.0% (Q3/2016: 18.6%).

EBIT [1] increased by 5% (6% in constant currency) to €905 million (Q1-3/2016: €863 million). The EBIT margin [1] was 19.0% (Q1-3/2016: 19.4%). In Q3/2017, EBIT [1] increased by 1% (6% in constant currency) to €283 million (Q3/2016: €281 million). Given the €14 million expenditure for the further development of the biosimilars business, the EBIT margin [1] decreased to 18.1% (Q3/2016: 18.6%).

Adjusted net income [2,3] increased by 13% (14% in constant currency) to €554 million (Q1-3/2016: €491 million). In Q3/2017, adjusted net income [2,3] increased by 13% (19% in constant currency) to €175 million (Q3/2016: €155 million).

[1] Before acquisition-related expenses
[2] Consistent with scope of original guidance: before acquisition-related expenses; before expenditures for further development of biosimilars business
[3] Net income attributable to shareholders of Fresenius SE & Co. KGaA

While operating cash flow reached a very strong €640 million, it could not match the exceptional prior-year figure (Q1-3/2016: €661 million). The same applied to the strong margin of 13.4% (Q1-3/2016: 14.8%). In Q3/2017, operating cash flow reached a healthy €245 million (Q3/2016: €322 million) despite a cash prepayment for the biosimilars business and adverse currency translation effects. The cash flow margin was 15.7% (Q3/2016: 21.3%). Excluding the prepayment, operating cash flow was €290 million with a margin of 18.6%.

Fresenius Kabi confirms its outlook for 2017 and expects 5% to 7% organic sales growth and EBIT growth in constant currency of 6% to 8% [1,2].

[1] Before acquisition-related expenses of ~€50 m
[2] Before expected expenditures for further development of biosimilars business of ~€60 m

FRESENIUS HELIOS

Fresenius Helios is Europe's leading private hospital operator. The company comprises Helios Kliniken in Germany and Quirónsalud in Spain. Helios Kliniken operates 111 hospitals, thereof 88 acute care clinics and 23 post-acute care clinics, and treats more than 5.2 million patients annually. Quirónsalud operates 44 hospitals, 44 outpatient centers and around 300 occupational risk prevention centers, and treats approximately 9.7 million patients per year.

€ in millions	**Q3/2017**	Q3/2016	Change	**Q1–3/2017**	Q1–3/2016	Change
Sales	**2,166**	1,470	47%	**6,422**	4,382	47%
EBITDA	**331**	223	48%	**1,042**	650	60%
EBIT	**232**	175	33%	**769**	507	52%
Net income [1]	**153**	140	9%	**526**	402	31%
Employees (Sept. 30/Dec. 31)				**105,717**	72,687	45%

- **47% sales growth (4% excluding Quirónsalud) in Q3**
- **33% EBIT increase (9% excluding Quirónsalud) in Q3**
- **2017 outlook confirmed**

Fresenius Helios increased sales by 47% (4% organic) to €6,422 million (Q1-3/2016: €4,382 million). Acquisitions, mainly Quirónsalud, increased sales by 43%. In Q3/2017, sales increased by 47% (4% organic) to €2,166 million (Q3/2016: €1,470 million).

Sales of Helios Kliniken[2] increased by 4% (4% organic) to €4,562 million (Q1-3/2016: €4,382 million). In Q3/2017, sales of Helios Kliniken[2] increased by 4% (4% organic) to €1,524 million (Q3/2016: €1,470 million). Quirónsalud has been consolidated since February 1, 2017 and generated sales of €1,860 million (thereof €642 million in Q3/2017).

Fresenius Helios grew EBIT by 52% to €769 million (Q1-3/2016: €507 million). The EBIT margin increased to 12.0% (Q1-3/2016: 11.6%). In Q3/2017, EBIT increased by 33% to €232 million (Q3/2016: €175 million). The EBIT margin decreased to 10.7% (Q3/2016: 11.9%) due to the anticipated lower contribution of Quirónsalud during the summer months.

EBIT of Helios Kliniken[2] increased by 8% to €549 million (Q1-3/2016: €507 million) with a margin of 12.0% (Q1-3/2016: 11.6%). In Q3/2017, EBIT of Helios Kliniken[2] increased by 9% to €190 million (Q3/2016: €175 million) with a margin of 12.5% (Q3/2016: 11.9%).

EBIT of Quirónsalud was €220 million (thereof €42 million in Q3/2017) with a margin of 11.8% (Q3/2017: 6.5%).

Fresenius Helios increased net income[1] by 31% to €526 million (Q1-3/2016: €402 million). In Q3/2017, net income[1] increased by 9% to €153 million (Q3/2016: €140 million).

Operating cash flow increased by 28% to €560 million (Q1-3/2016: €437 million) driven by the first-time consolidation of Quirónsalud. The margin was 8.7% (Q1-3/2016: 10.0%).

Fresenius Helios confirms its outlook for 2017 and projects organic sales growth[2] of 3% to 5% and sales of ~€8.6 billion (thereof Quirónsalud ~€2.5 billion[3]). EBIT is expected to increase to €1,020 to €1,070 million (thereof Quirónsalud €300 to 320 million[3]).

[1] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[2] Helios Kliniken Germany, excluding Quirónsalud
[3] Quirónsalud consolidated for 11 months

FRESENIUS VAMED

Fresenius Vamed manages projects and provides services for hospitals and other health care facilities worldwide. 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	**Q3/2017**	Q3/2016	Change	**Q1–3/2017**	Q1–3/2016	Change
Sales	**267**	268	0%	**748**	740	1%
EBITDA	**18**	18	0%	**40**	39	3%
EBIT	**15**	15	0%	**32**	31	3%
Net income [1]	**10**	10	0%	**21**	21	0%
Employees (Sept. 30/Dec. 31)				**8,252**	8,198	1%

- **9% sales growth in service business in Q3**
- **Project business with strong order intake of €285 million in Q3**
- **2017 outlook confirmed**

Sales increased by 1% (1% organic) to €748 million (Q1-3/2016: €740 million). Sales in the project business decreased by 7% to €301 million (Q1-3/2016: €325 million). Sales in the service business grew by 8% to €447 million (Q1-3/2016: €415 million). In Q3/2017, sales remained stable at €267 million (Q3/2016: €268 million).

EBIT increased by 3% to €32 million (Q1-3/2016: €31 million). The EBIT margin increased to 4.3% (Q1-3/2016: 4.2%). In Q3/2017, EBIT of €15 million (margin 5.6%) remained unchanged from previous year's quarter.

Net income [1] remained stable at €21 million (Q1-3/2016: €21 million). In Q3/2017, net income [1] remained unchanged at €10 million (Q3/2016: €10 million).

Order intake reached a strong €697 million (Q1-3/2016: €674 million). In Q3/2017 order intake increased by 36% to €285 million. As of September 30, 2017, order backlog grew to an all-time high of €2,345 million (December 31, 2016: €1,961 million).

Fresenius Vamed confirms its outlook for 2017 and expects both organic sales growth and EBIT growth in the range of 5% to 10%.

[1] Net income attributable to shareholders of Vamed AG

EMPLOYEES

As of September 30, 2017, the number of employees increased by 17% to 271,676 (Dec. 31, 2016: 232,873).

EMPLOYEES BY BUSINESS SEGMENT

Number of employees	Sept. 30, 2017	Dec. 31, 2016	Change
Fresenius Medical Care	**120,987**	116,120	4%
Fresenius Kabi	**35,699**	34,917	2%
Fresenius Helios	**105,717**	72,687	45%
Fresenius Vamed	**8,252**	8,198	1%
Corporate/Other	**1,021**	951	7%
Total	**271,676**	232,873	17%

CHANGE TO THE MANAGEMENT BOARD

On July 21, 2017, Fresenius SE & Co. KGaA announced that the Supervisory Board of Fresenius Management SE has unanimously appointed Rachel Empey (41) as Chief Financial Officer of Fresenius, as of August 1, 2017. In this position she will succeed Stephan Sturm (54), who has continued to serve as CFO since his appointment as Chief Executive Officer of Fresenius last year.

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	Q1–3/2017	Q1–3/2016	Change
Fresenius Medical Care	**95**	108	-12%
Fresenius Kabi	**280**	277	1%
Fresenius Helios	–	–	--
Fresenius Vamed	**0**	0	
Corporate/Other	**0**	0	
Total	**375**	385	-3%

DIALYSIS

The complex interactions and side effects that lead to kidney failure are better explored today than ever before. Technological advances develop in parallel with medical insights to improve the possibilities for treating patients. Our R & D activities at Fresenius Medical Care aim to translate new insights into novel or improved developments and to bring them to market as quickly as possible, and thus make an important contribution towards rendering the treatment of patients increasingly comfortable, safe, and individualized.

INFUSION THERAPIES, CLINICAL NUTRITION, GENERIC IV DRUGS, AND MEDICAL DEVICES

Fresenius Kabi's research and development activities concentrate on products for the therapy and care of critically and chronically ill patients. Our focus is on areas with high medical needs, such as in the treatment of oncology patients. Our products help to support medical advancements in acute and post-acute care and improve the patients' quality of life. We develop new products in areas such as clinical nutrition. In addition, we develop generic drug formulations ready to launch at the time of market formation as well as new formulations for non-patented drugs. Our medical devices significantly contribute to a safe and effective application of infusion solutions and clinical nutrition. In transfusion technology our R & D focus is on medical devices and disposables to support the secure, user-friendly, and efficient production of blood products.

OPPORTUNITIES AND RISK REPORT

Compared to the presentation in the consolidated financial statements and the management report as of December 31, 2016 applying Section 315a HGB (in the version in force before April 19, 2017) in accordance with IFRS, there have been no material changes in Fresenius' overall opportunities and risk situation in the first nine months of 2017.

The recent acquisition of Merck KGaA's biosimilars business as well as the planned acquisition of Akorn, Inc. offer opportunities but also increase Fresenius' risk exposure. This includes primarily the risk that the goal of commercialization of biosimilar products might not be achieved, or might take longer than planned. In the U.S., increased competition at Akorn may continue resulting in declines in both pricing and volumes.

On October 27, 2017, the Pharmacovigilance Risk Assessment Committee (PRAC) of the European Medicines Agency (EMA) opened a review procedure which is analyzing the safety of products containing hydroxyethyl-starch (HES). The procedure may result in the partial or complete suspension or revocation of the marketing authorizations in member states of the European Union and any such suspensions and revocations may result in similar measures by authorities elsewhere.

In the ordinary course of Fresenius Group's operations, the Fresenius Group is subject to litigation, arbitration and investigations relating to various aspects of its business. The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate.

In addition, we report on legal proceedings, currency and interest risks on pages 43 to 50 in the Notes of this report.

RATING

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

Following Fresenius' announcement on April 24, 2017 to acquire Akorn, Inc. and Merck KGaA's biosimilars business, the rating agencies Standard & Poor's, Moody's and Fitch confirmed the corporate credit ratings of Fresenius.

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

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

ANNOUNCED ACQUISITION OF AKORN, INC.

On April 24, 2017 Fresenius announced, that Fresenius Kabi has agreed to acquire Akorn, Inc., a U.S.-based manufacturer and marketer of prescription and over-the-counter pharmaceutical products, for approximately US$4.3 billion, or US$34 per share, plus the prevailing net debt at closing of the transaction (Akorn reported net debt of approximately US$ 0.5 billion as at September 30, 2017). Closing is targeted for 2017.

The transaction is subject to customary closing conditions, including regulatory review under the Hart-Scott-Rodino Antitrust Improvements Act in the United States. Akorn shareholders have approved the transaction at a meeting held on July 19, 2017.

The purchase price will be financed by a broad mix of euro and US dollar denominated long-term debt instruments.

Akorn has experienced lower revenue and earnings in the second and third quarter of 2017. Whilst challenging, Fresenius Kabi has not yet revised its expectations for Akorn`s 2018 fiscal year.

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 auto-immune diseases. The biosimilars business is consolidated since September 1, 2017.

ACQUISITION OF 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.

OUTLOOK 2017

FRESENIUS GROUP

Fresenius confirms its guidance for 2017. Group sales are expected to increase by 15% to 17% in constant currency. Group net income [1,2,3] is expected to grow by 19% to 21% in constant currency.

Including the acquisition of Merck KGaA's biosimilars business and pro forma the acquisition of Akorn, the net debt/EBITDA ratio [4] is expected to be approximately 3.3 at the end of 2017.

FRESENIUS MEDICAL CARE

Fresenius Medical Care confirms its outlook for 2017. The company expects sales to grow [5] by 8% to 10% in constant currency. Net income [6] is expected to increase by 7% to 9% in constant currency.

FRESENIUS KABI

Fresenius Kabi confirms its outlook for 2017 and expects EBIT growth in constant currency [2,3] of 6% to 8%. The company confirms its guidance of 5% to 7% organic sales growth.

FRESENIUS HELIOS

Fresenius Helios confirms its outlook for 2017 and projects organic sales growth of 3% to 5% [7] and sales of ~€8.6 billion (thereof Quirónsalud: ~€2.5 billion [8]). EBIT is expected to increase to €1,020 to €1,070 million (thereof Quirónsalud: €300 to 320 million [8]).

FRESENIUS VAMED

Fresenius Vamed confirms its outlook for 2017 and expects both organic sales growth and EBIT growth of 5% to 10%.

INVESTMENTS

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

EMPLOYEES

The number of employees in the Group will continue to rise in the future, as a result of the expected expansion. We anticipate that the number of employees will increase to approximately 270,000 [9] (December 31, 2016: 232,873). The number of employees is expected to increase in all business segments.

RESEARCH AND DEVELOPMENT

Our R&D activities will continue to play a key role in securing the Group's long-term growth through innovations and new therapies.

We plan to increase the Group's R&D spending in 2017. Approximately 5% of our product sales will be reinvested in research and development.

[1] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[2] Before acquisition-related expenses of ~€50 million
[3] Before expected expenditures for further development of biosimilars business of ~€60 m
[4] Calculated at expected FY average exchange rates for both net debt and EBITDA; before acquisition-related expenses of ~€50 million; excluding further potential acquisitions
[5] Excluding effects of VA-agreement
[6] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA; excluding effects of VA agreement and natural disaster costs
[7] Helios Kliniken Germany, excluding Quirónsalud
[8] Quirónsalud consolidated for 11 months
[9] This figure includes 27,600 Quirónsalud employees. It does not take into account approximately 7,400 contract employees and independent doctors.

GROUP FINANCIAL OUTLOOK 2017

	Previous guidance	New guidance
Sales, growth (in constant currency)	15% – 17%	confirmed
Net income[1], growth (in constant currency)	19% – 21%[2]	confirmed

[1] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[2] Before acquisition-related expenses of ~€50 million; before expected expenditures for further development of biosimilars business of ~€60 million

OUTLOOK 2017 BY BUSINESS SEGMENT

		Previous guidance	New guidance
Fresenius Medical Care	Sales growth[1] (in constant currency)	8% – 10%	confirmed
	Net income[2] growth (in constant currency)	7% – 9%	confirmed
Fresenius Kabi	Sales growth (organic)	5% – 7%	confirmed
	EBIT growth (in constant currency)	6% – 8%[3]	confirmed
Fresenius Helios	Sales growth (organic)	3% – 5%[4]	confirmed
	Sales	~€ 8.6 bn[5]	confirmed
	EBIT	€1,020 – 1,070 m[6]	confirmed
Fresenius Vamed	Sales growth (organic)	5% – 10%	confirmed
	EBIT, growth	5% – 10%	confirmed

[1] Excluding effects of VA agreement
[2] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA; excluding effects of VA agreement and natural disaster costs
[3] Before transaction costs of ~€50 million; before expected expenditures for further development of biosimilars business of ~€60 million
[4] Helios Kliniken Germany, excluding Quirónsalud
[5] Thereof Quirónsalud (consolidated for 11 months): ~€2.5 billion
[6] Thereof Quirónsalud (consolidated for 11 months): EBIT €300 to €320 million

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

€ in millions	Q3/2017	Q3/2016	Q1–3/2017	Q1–3/2016
Sales	8,297	7,433	25,191	21,651
Cost of sales	-5,806	-5,038	-17,366	-14,700
Gross profit	2,491	2,395	7,825	6,951
Selling, general and administrative expenses	-1,245	-1,196	-3,953	-3,508
Research and development expenses	-132	-128	-375	-385
Operating income (EBIT)	1,114	1,071	3,497	3,058
Net interest	-163	-142	-492	-433
Income before income taxes	951	929	3,005	2,625
Income taxes	-263	-259	-848	-739
Net income	688	670	2,157	1,886
Noncontrolling interest	292	288	854	768
Net income attributable to shareholders of Fresenius SE & Co. KGaA	396	382	1,303	1,118
Earnings per share in €	0.71	0.69	2.35	2.04
Fully diluted earnings per share in €	0.71	0.69	2.34	2.03

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	Q3/2017	Q3/2016	Q1–3/2017	Q1–3/2016
Net income	688	670	2,157	1,886
Other comprehensive income (loss)				
Positions which will be reclassified into net income in subsequent years				
Foreign currency translation	-518	-75	-1,704	-248
Cash flow hedges	7	12	37	19
Change of fair value of available for sale financial assets	–	–	–	–
Income taxes on positions which will be reclassified	6	-2	20	–
Positions which will not be reclassified into net income in subsequent years				
Actuarial gains/losses on defined benefit pension plans	13	-1	24	12
Income taxes on positions which will not be reclassified	–	-1	-9	-4
Other comprehensive loss, net	-492	-67	-1,632	-221
Total comprehensive income	196	603	525	1,665
Comprehensive income attributable to noncontrolling interest	56	231	114	631
Comprehensive income attributable to shareholders of Fresenius SE & Co. KGaA	131	372	411	1,034

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	September 30, 2017	December 31, 2016
Cash and cash equivalents	1,472	1,579
Trade accounts receivable, less allowance for doubtful accounts	6,090	5,052
Accounts receivable from and loans to related parties	15	13
Inventories	3,164	3,189
Other current assets	2,129	1,911
I. Total current assets	**12,870**	11,744
Property, plant and equipment	9,230	8,139
Goodwill	25,262	22,901
Other intangible assets	3,182	1,763
Other non-current assets	1,771	1,523
Deferred taxes	782	627
II. Total non-current assets	**40,227**	34,953
Total assets	**53,097**	46,697

LIABILITIES AND SHAREHOLDERS' EQUITY

€ in millions	September 30, 2017	December 31, 2016
Trade accounts payable	1,400	1,315
Short-term accounts payable to related parties	90	57
Short-term accrued expenses and other short-term liabilities	5,850	5,514
Short-term debt	1,881	847
Short-term debt from related parties	–	6
Current portion of long-term debt and capital lease obligations	387	611
Current portion of Senior Notes	735	473
Short-term accruals for income taxes	304	256
A. Total short-term liabilities	**10,647**	9,079
Long-term debt and capital lease obligations, less current portion	6,797	5,048
Senior Notes, less current portion	8,384	6,941
Convertible bonds	1,312	854
Long-term accrued expenses and other long-term liabilities	2,155	1,615
Pension liabilities	1,195	1,155
Long-term accruals for income taxes	217	221
Deferred taxes	1,223	935
B. Total long-term liabilities	**21,283**	16,769
I. Total liabilities	**31,930**	25,848
A. Noncontrolling interest	**7,946**	8,185
Subscribed capital	555	547
Capital reserve	3,834	3,379
Other reserves	9,151	8,165
Accumulated other comprehensive loss (income)	-319	573
B. Total Fresenius SE & Co. KGaA shareholders' equity	**13,221**	12,664
II. Total shareholders' equity	**21,167**	20,849
Total liabilities and shareholders' equity	**53,097**	46,697

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

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

€ in millions	Q1–3/2017	Q1–3/2016
Operating activities		
Net income	2,157	1,886
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities		
Depreciation and amortization	1,057	901
Loss/Gain on sale of investments and divestitures	4	-3
Change in deferred taxes	-48	-46
Gain on sale of fixed assets	-9	-1
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of		
Trade accounts receivable, net	-569	-350
Inventories	-129	-210
Other current and non-current assets	-122	-81
Accounts receivable from/payable to related parties	25	65
Trade accounts payable, accrued expenses and other short-term and long-term liabilities	418	69
Accruals for income taxes	37	43
Net cash provided by operating activities	2,821	2,273
Investing activities		
Purchase of property, plant and equipment	-1,148	-1,087
Proceeds from sales of property, plant and equipment	32	20
Acquisitions and investments, net of cash acquired and net purchases of intangible assets	-6,107	-478
Proceeds from sale of investments and divestitures	32	174
Net cash used in investing activities	-7,191	-1,371
Financing activities		
Proceeds from short-term debt	1,118	952
Repayments of short-term debt	-67	-197
Proceeds from long-term debt and capital lease obligations	2,688	374
Repayments of long-term debt and capital lease obligations	-1,253	-1,023
Proceeds from the issuance of Senior Notes	2,600	0
Repayments of liabilities from Senior Notes	-449	-250
Proceeds from the issuance of convertible bonds	500	0
Changes of accounts receivable securitization program	22	-46
Proceeds from the exercise of stock options	68	68
Dividends paid	-863	-650
Change in noncontrolling interest	1	–
Exchange rate effect due to corporate financing	2	5
Net cash provided by/used in financing activities	4,367	-767
Effect of exchange rate changes on cash and cash equivalents	-104	6
Net decrease/increase in cash and cash equivalents	-107	141
Cash and cash equivalents at the beginning of the reporting period	1,579	1,044
Cash and cash equivalents at the end of the reporting period	1,472	1,185

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

€ in millions	Q1–3/2017	Q1–3/2016
Received interest	42	30
Paid interest	-469	-479
Income taxes paid	-834	-683

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, 2015	545,728	545,728	546	3,309	6,964
Proceeds from the exercise of stock options	1,205	1,205	1	37	
Compensation expense related to stock options				20	
Dividends paid					-300
Purchase of noncontrolling interest					
Noncontrolling interest subject to put provisions					-50
Comprehensive income (loss)					
Net income					1,118
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)					1,118
As of September 30, 2016	546,933	546,933	547	3,366	7,732
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	1,221	1,221	2	39	
Compensation expense related to stock options				22	
Dividends paid					-343
Purchase of noncontrolling interest					
Noncontrolling interest subject to put provisions					26
Comprehensive income (loss)					
Net income					1,303
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)					1,303
As of September 30, 2017	**554,537**	**554,537**	**555**	**3,834**	**9,151**

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, 2015	334	11,153	7,300	18,453
Proceeds from the exercise of stock options		38	30	68
Compensation expense related to stock options		20	14	34
Dividends paid		-300	-350	-650
Purchase of noncontrolling interest		0	81	81
Noncontrolling interest subject to put provisions		-50	-112	-162
Comprehensive income (loss)				
Net income		1,118	768	1,886
Other comprehensive income (loss)				
Cash flow hedges	2	2	10	12
Change of fair value of available for sale financial assets	–	–	–	–
Foreign currency translation	-90	-90	-151	-241
Actuarial gains on defined benefit pension plans	4	4	4	8
Comprehensive income (loss)	-84	1,034	631	1,665
As of September 30, 2016	250	11,895	7,594	19,489
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		41	27	68
Compensation expense related to stock options		22	9	31
Dividends paid		-343	-520	-863
Purchase of noncontrolling interest		0	74	74
Noncontrolling interest subject to put provisions		26	57	83
Comprehensive income (loss)				
Net income		1,303	854	2,157
Other comprehensive income (loss)				
Cash flow hedges	15	15	12	27
Change of fair value of available for sale financial assets	–	–	–	–
Foreign currency translation	-913	-913	-761	-1,674
Actuarial gains on defined benefit pension plans	6	6	9	15
Comprehensive income (loss)	-892	411	114	525
As of September 30, 2017	**-319**	**13,221**	**7,946**	**21,167**

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

FRESENIUS SE & CO. KGAA
CONSOLIDATED SEGMENT REPORTING FIRST THREE QUARTERS (UNAUDITED)

	Fresenius Medical Care			Fresenius Kabi			Fresenius Helios			Fresenius Vamed			Corporate/Other			Fresenius Group		
by business segment, € in millions	**2017**	2016	Change	**2017[2]**	2016	Change	**2017**	2016	Change	**2017**	2016	Change	**2017[3]**	2016	Change	**2017**	2016	Change
Sales	**13,355**	12,153	10%	**4,764**	4,457	7%	**6,422**	4,382	47%	**748**	740	1%	**-98**	-81	-21%	**25,191**	21,651	16%
thereof contribution to consolidated sales	**13,332**	12,136	10%	**4,722**	4,419	7%	**6,422**	4,382	47%	**712**	711	0%	**3**	3	0%	**25,191**	21,651	16%
thereof intercompany sales	**23**	17	35%	**42**	38	11%	**0**	0		**36**	29	24%	**-101**	-84	-20%	**0**	0	
contribution to consolidated sales	**53%**	56%		**19%**	21%		**25%**	20%		**3%**	3%		**0%**	0%		**100%**	100%	
EBITDA	**2,397**	2,192	9%	**1,119**	1,092	2%	**1,042**	650	60%	**40**	39	3%	**-44**	-14	--	**4,554**	3,959	15%
Depreciation and amortization	**554**	513	8%	**214**	229	-7%	**273**	143	91%	**8**	8	0%	**8**	8	0%	**1,057**	901	17%
EBIT	**1,843**	1,679	10%	**905**	863	5%	**769**	507	52%	**32**	31	3%	**-52**	-22	-136%	**3,497**	3,058	14%
Net interest	**-274**	-276	1%	**-88**	-114	23%	**-111**	-28	--	**-1**	-1	0%	**-18**	-14	-29%	**-492**	-433	-14%
Income taxes	**-484**	-427	-13%	**-244**	-231	-6%	**-124**	-76	-63%	**-9**	-8	-13%	**13**	3	--	**-848**	-739	-15%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**886**	781	13%	**544**	491	11%	**526**	402	31%	**21**	21	0%	**-674**	-577	-17%	**1,303**	1,118	17%
Operating cash flow	**1,664**	1,160	43%	**640**	661	-3%	**560**	437	28%	**7**	22	-68%	**-50**	-7	--	**2,821**	2,273	24%
Cash flow before acquisitions and dividends	**1,050**	502	109%	**378**	438	-14%	**334**	261	28%	**5**	16	-69%	**-62**	-11	--	**1,705**	1,206	41%
Total assets[1]	**24,250**	25,504	-5%	**11,871**	11,430	4%	**16,302**	8,696	87%	**1,141**	1,108	3%	**-467**	-41	--	**53,097**	46,697	14%
Debt[1]	**7,662**	8,132	-6%	**5,149**	5,155	0%	**6,599**	1,406	--	**234**	176	33%	**-148**	-89	-66%	**19,496**	14,780	32%
Other operating liabilities[1]	**5,296**	5,658	-6%	**2,843**	2,153	32%	**2,120**	1,387	53%	**533**	574	-7%	**419**	361	16%	**11,211**	10,133	11%
Capital expenditure, gross	**632**	670	-6%	**253**	200	27%	**229**	179	28%	**10**	6	67%	**13**	4	--	**1,137**	1,059	7%
Acquisitions, gross/investments	**548**	445	23%	**157**	114	38%	**5,957**	33	--	**–**	–	--	**0**	0		**6,662**	592	--
Research and development expenses	**95**	108	-12%	**280**	277	1%	**–**	–	--	**0**	0		**0**	0		**375**	385	-3%
Employees (per capita on balance sheet date)[1]	**120,987**	116,120	4%	**35,699**	34,917	2%	**105,717**	72,687	45%	**8,252**	8,198	1%	**1,021**	951	7%	**271,676**	232,873	17%
Key figures																		
EBITDA margin	**17.9%**	18.0%		**23.5%**	24.5%		**16.2%**	14.8%		**5.3%**	5.3%					**18.2%[2]**	18.3%	
EBIT margin	**13.8%**	13.8%		**19.0%**	19.4%		**12.0%**	11.6%		**4.3%**	4.2%					**14.0%[2]**	14.1%	
Depreciation and amortization in % of sales	**4.1%**	4.2%		**4.5%**	5.1%		**4.3%**	3.3%		**1.1%**	1.1%					**4.2%**	4.2%	
Operating cash flow in % of sales	**12.5%**	9.5%		**13.4%**	14.8%		**8.7%**	10.0%		**0.9%**	3.0%					**11.2%**	10.5%	
ROOA[1]	**11.1%**	10.6%		**10.8%**	11.7%		**6.9%**	8.5%		**9.3%**	10.5%					**9.6%[4]**	10.0%	

[1] 2016: December 31
[2] Before acquisition-related expenses
[3] After acquisition-related expenses
[4] The underlying pro forma EBIT does not include acquisition-related expenses.

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 THIRD QUARTER (UNAUDITED)

	Fresenius Medical Care			Fresenius Kabi			Fresenius Helios			Fresenius Vamed			Corporate/Other			Fresenius Group		
by business segment, € in millions	**2017**	2016	Change	**2017**[1]	2016	Change	**2017**	2016	Change	**2017**	2016	Change	**2017**[2]	2016	Change	**2017**	2016	Change
Sales	**4,336**	4,211	3%	**1,562**	1,511	3%	**2,166**	1,470	47%	**267**	268	0%	**-34**	-27	-26%	**8,297**	7,433	12%
thereof contribution to consolidated sales	**4,328**	4,206	3%	**1,547**	1,498	3%	**2,166**	1,470	47%	**255**	258	-1%	**1**	1	0%	**8,297**	7,433	12%
thereof intercompany sales	**8**	5	60%	**15**	13	15%	**0**	0		**12**	10	20%	**-35**	-28	-25%	**0**	0	
contribution to consolidated sales	**52%**	57%		**19%**	20%		**26%**	20%		**3%**	3%		**0%**	0%		**100%**	100%	
EBITDA	**786**	786	0%	**352**	353	0%	**331**	223	48%	**18**	18	0%	**-21**	-7	-200%	**1,466**	1,373	7%
Depreciation and amortization	**178**	175	2%	**69**	72	-4%	**99**	48	106%	**3**	3	0%	**3**	4	-25%	**352**	302	17%
EBIT	**608**	611	0%	**283**	281	1%	**232**	175	33%	**15**	15	0%	**-24**	-11	-118%	**1,114**	1,071	4%
Net interest	**-86**	-90	4%	**-31**	-37	16%	**-40**	-8	--	**0**	-1	100%	**-6**	-6	0%	**-163**	-142	-15%
Income taxes	**-152**	-152	0%	**-75**	-79	5%	**-35**	-27	-30%	**-4**	-4	0%	**3**	3	0%	**-263**	-259	-2%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**309**	304	2%	**165**	155	6%	**153**	140	9%	**10**	10	0%	**-241**	-227	-6%	**396**	382	4%
Operating cash flow	**612**	393	56%	**245**	322	-24%	**256**	207	24%	**35**	21	67%	**-10**	-3	--	**1,138**	940	21%
Cash flow before acquisitions and dividends	**386**	181	113%	**149**	228	-35%	**154**	133	16%	**32**	19	68%	**-14**	-4	--	**707**	557	27%
Capital expenditure, gross	**228**	216	6%	**102**	90	13%	**91**	74	23%	**3**	2	50%	**4**	3	33%	**428**	385	11%
Acquisitions, gross/investments	**80**	80	0%	**156**	3	--	**5**	5	0%	**–**	0		**0**	-1	100%	**241**	87	177%
Research and development expenses	**28**	40	-30%	**104**	88	18%	**–**	–	--	**0**	0		**0**	0		**132**	128	3%
Key figures																		
EBITDA margin	**18.1%**	18.7%		**22.5%**	23.4%		**15.3%**	15.2%		**6.7%**	6.7%					**17.8%**[1]	18.5%	
EBIT margin	**14.0%**	14.5%		**18.1%**	18.6%		**10.7%**	11.9%		**5.6%**	5.6%					**13.6%**[1]	14.4%	
Depreciation and amortization in % of sales	**4.1%**	4.2%		**4.4%**	4.8%		**4.6%**	3.3%		**1.1%**	1.1%					**4.2%**	4.1%	
Operating cash flow in % of sales	**14.1%**	9.3%		**15.7%**	21.3%		**11.8%**	14.1%		**13.1%**	7.8%					**13.7%**	12.6%	

[1] Before acquisition-related expenses
[2] After acquisition-related expenses

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 September 30, 2017:

- 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). Beginning with the 2017 fiscal year, the Fresenius Group is solely managed in accordance with IFRS and does no longer voluntarily prepare and publish the consolidated financial statements in accordance with the United States Generally Accepted Accounting Principles (U.S. GAAP) which have been provided previously.

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 accounting policies underlying these interim financial statements are mainly the same as those applied in the consolidated financial statements as of December 31, 2016.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The condensed consolidated financial statements and management report for the first three quarters and the third quarter ended September 30, 2017 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, 2016 applying Section 315a HGB (in the version in force before April 19, 2017) in accordance with IFRS.

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

The consolidated financial statements for the first three quarters and the third quarter ended September 30, 2017 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 three quarters ended September 30, 2017 are not necessarily indicative of the results of operations for the fiscal year 2017.

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 September 30, 2017 in conformity with IFRS in force for the interim periods on January 1, 2017.

In the first three quarters of 2017, the Fresenius Group did not apply any new standard relevant for its business for the first time.

V. RECENT PRONOUNCEMENTS, NOT YET APPLIED

The International Accounting Standards Board (IASB) issued the following 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 improves 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 a first impact analysis as of December 31, 2015, 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 Leverage Ratio will increase by 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 first impact analysis, the Fresenius Group decided to apply the modified retrospective method. Currently, the Fresenius Group evaluates accounting policy options of IFRS 16.

In January 2016, the IASB issued **Amendments to IAS 7, Statement of Cash Flows**. The amendments are intended to improve the information related to the change in a company's debt by providing additional disclosures. The standard is effective for fiscal years beginning on or after January 1, 2017. Earlier application is permitted. The Fresenius Group will initially apply the amendments to IAS 7 in the consolidated financial statements as of December 31, 2017.

In May 2014, the 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. Earlier adoption is permitted. The Fresenius Group decided that IFRS 15 will not be adopted early and is currently evaluating the impact of IFRS 15, in conjunction with all amendments to the standard, on its consolidated financial statements. Based on findings the Fresenius Group obtained so far, it expects differences from the current accounting mainly in the calculation of the transaction price for health care services provided. IFRS 15 requires the consideration of implicit price concessions when determining the transaction price. This will lead to a corresponding decrease of revenues from health care services and thus the implicit price concessions will no longer be included in selling, general and administrative expenses as an allowance for doubtful accounts. The first analysis of this issue showed a decrease of revenue by approximately 1% to 2% without any effect on net income. A more detailed quantification of the impact of IFRS 15 is not yet possible. The Fresenius Group expects to implement IFRS 15 using the cumulative effect method and is continuing to evaluate accounting policy options. The Fresenius Group intends to apply IFRS 15 only to open contracts as of January 1, 2018.

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 two 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. 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 (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. Earlier adoption is permitted. The Fresenius Group decided that IFRS 9 will not be adopted early and is currently evaluating the impact on its consolidated financial statements. In accordance with IAS 39, the majority of the non-derivative financial assets are measured at amortized costs. The analysis on the business model and the contractual cash flow characteristics of each instrument is still ongoing. The requirements for the classification and measurement of non-derivative financial liabilities have not changed significantly. Thus, the Fresenius Group expects a limited impact on its 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 intends to implement the simplified method to determine the provisions for risks from trade accounts receivable, receivables from lease contracts and capitalized contract costs according to IFRS 15. A quantification of the impact is not yet possible.

Based on currently available information, derivative financial instruments presently designated as hedging instruments are also qualified for hedge accounting according to the requirements of IFRS 9.

The Fresenius Group also evaluates accounting policy options and transition methods of IFRS 9.

The EU Commission's endorsement of IFRS 16, IFRS 17 and of the amendments to IAS 7 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 AND INVESTMENTS

The Fresenius Group made acquisitions, investments and purchases of intangible assets of €6,662 million and €592 million in the first three quarters of 2017 and 2016, respectively. Of this amount, €6,107 million was paid in cash and €555 million was assumed obligations in the first three quarters of 2017.

FRESENIUS MEDICAL CARE

In the first three quarters of 2017, Fresenius Medical Care spent €548 million on acquisitions, mainly on the purchase of dialysis clinics and a care coordination acquisition.

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 next year.

FRESENIUS KABI

In the first three quarters of 2017, Fresenius Kabi spent €157 million on acquisitions, thereof €156 million for the acquisition of the biosimilars business of Merck KGaA.

Acquisition of Akorn, Inc.

On April 24, 2017 Fresenius announced, that Fresenius Kabi has agreed to acquire Akorn, Inc., 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 (Akorn reported net debt of approximately US$0.5 billion as at September 30, 2017).

The transaction is subject to customary closing conditions, including regulatory review under the Hart-Scott-Rodino Antitrust Improvements Act in the United States. Akorn shareholders have approved the transaction at a meeting held on July 19, 2017. Closing is targeted for 2017.

The purchase price will be financed by a broad mix of euro and U.S. dollar denominated long-term debt instruments.

Akorn has experienced lower revenue and earnings in the second and third quarter of 2017. Whilst challenging, Fresenius Kabi has not yet revised its expectations for Akorn's 2018 fiscal year.

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 is consolidated as of September 1, 2017.

The consideration transferred of €735 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 €579 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	1
Property, plant and equipment and other non-current assets	2
Intangible assets	345
Liabilities	-4
Goodwill	391
Consideration transferred	**735**

The goodwill in the amount of €391 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 three quarters of 2017, Fresenius Helios spent €5,957 million on acquisitions, mainly for the acquisition of 100% of the share capital in IDCSalud Holding S.L.U. (Quirónsalud), Spain.

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 44 hospitals, 44 outpatient centers and about 300 Occupational Risk Prevention centers located in all economically important areas 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 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	
Trade accounts receivable	812
Working capital and other assets	74
Property, plant and equipment and other non-current assets	1,759
Intangible assets	1,303
Liabilities	-1,228
Goodwill	3,232
Noncontrolling interest	-21
Consideration transferred	**5,931**

The goodwill in the amount of €3,232 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 centres 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.

From February to September 2017, the acquired hospitals and outpatient facilities have contributed €1,860 million to sales and €220 million to the operating income (EBIT) of the first three quarters of 2017 of the Fresenius Group.

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

3. SPECIAL ITEMS

Net income attributable to shareholders of Fresenius SE & Co. KGaA for the first three quarters of 2017 in the amount of €1,303 million includes special items due to the announced acquisitions of Merck KGaA's biosimilars business and shares of 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.

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

€ in millions	EBIT	Interest expenses	Net income attributable to shareholders of Fresenius SE & Co. KGaA
Earnings Q1–3/2017, adjusted	3,522	-484	1,329
Acquisition-related expenses	-25	-8	-26
Earnings Q1–3/2017 according to IFRS	**3,497**	**-492**	**1,303**

Net income attributable to shareholders of Fresenius SE & Co. KGaA for the first three quarters of 2016 did not include any special items.

4. SALES

Sales by activity were as follows:

€ in millions	Q1–3/2017	Q1–3/2016
Sales of services	**17,814**	14,706
Sales of products and related goods	**7,067**	6,613
Sales from long-term production contracts	**303**	327
Other sales	**7**	5
Sales	**25,191**	21,651

5. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses of €375 million (Q1–3/2016: €385 million) included expenditures for research and non-capitalizable development costs as well as depreciation and amortization expenses relating to capitalized development costs of €11 million (Q1–3/2016: €12 million). Furthermore, in the first three quarters of 2016, research and development expenses included impairments on capitalized development expenses of €32 million. These related to in-process R & D of product approval projects, which were acquired through the acquisition of Fresenius Kabi USA, Inc.

6. TAXES

During the first three quarters of 2017, there were no material changes relating to tax audits, accruals for income taxes as well as recognized and accrued payments for interest and penalties. Explanations regarding the tax audits and further information can be found in the consolidated financial statements as of December 31, 2016 applying Section 315a HGB (in the version in force before April 19, 2017) in accordance with IFRS.

7. EARNINGS PER SHARE

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

	Q1–3/2017	Q1–3/2016
Numerators, € in millions		
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**1,303**	1,118
less effect from dilution due to Fresenius Medical Care shares	**1**	–
Income available to all ordinary shares	**1,302**	1,118
Denominators in number of shares		
Weighted-average number of ordinary shares outstanding	**553,946,023**	546,179,291
Potentially dilutive ordinary shares	**3,555,287**	3,776,244
Weighted-average number of ordinary shares outstanding assuming dilution	**557,501,310**	549,955,535
Basic earnings per share in €	**2.35**	2.04
Fully diluted earnings per share in €	**2.34**	2.03

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

8. CASH AND CASH EQUIVALENTS

As of September 30, 2017 and December 31, 2016, cash and cash equivalents were as follows:

€ in millions	Sept. 30, 2017	Dec. 31, 2016
Cash	1,261	1,359
Time deposits and securities (with a maturity of up to 90 days)	211	220
Total cash and cash equivalents	1,472	1,579

As of September 30, 2017 and December 31, 2016, earmarked funds of €84 million and €61 million, respectively, were included in cash and cash equivalents.

9. TRADE ACCOUNTS RECEIVABLE

As of September 30, 2017 and December 31, 2016, trade accounts receivable were as follows:

€ in millions	Sept. 30, 2017	Dec. 31, 2016
Trade accounts receivable	6,901	5,752
less allowance for doubtful accounts	811	700
Trade accounts receivable, net	6,090	5,052

The increase is mainly attributable to the acquisition of Quirónsalud.

10. INVENTORIES

As of September 30, 2017 and December 31, 2016, inventories consisted of the following:

€ in millions	Sept. 30, 2017	Dec. 31, 2016
Raw materials and purchased components	653	667
Work in process	619	620
Finished goods	2,017	2,044
less reserves	125	142
Inventories, net	3,164	3,189

11. OTHER CURRENT AND NON-CURRENT ASSETS

At equity investments as of September 30, 2017 in the amount of €633 million (December 31, 2016: €598 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 three quarters of 2017, income of €51 million (Q1–3/2016: €55 million) resulting from this valuation was included in selling, general and administrative expenses in the consolidated statement of income. Securities and long-term loans included €245 million financial assets available for sale as of September 30, 2017 (December 31, 2016: €258 million) mainly relating to shares in funds.

12. GOODWILL AND OTHER INTANGIBLE ASSETS

As of September 30, 2017 and December 31, 2016, intangible assets, split into amortizable and non-amortizable intangible assets, consisted of the following:

AMORTIZABLE INTANGIBLE ASSETS

	September 30, 2017			December 31, 2016		
€ in millions	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Patents, product and distribution rights	679	382	297	748	392	356
Tradenames	704	43	661	0	0	0
Capitalized development costs	754	227	527	425	232	193
Technology	432	148	284	462	141	321
Customer relationships	846	111	735	332	98	234
Software	558	325	233	474	290	184
Non-compete agreements	315	264	51	347	278	69
Other	465	269	196	469	293	176
Total	4,753	1,769	2,984	3,257	1,724	1,533

The increase of tradenames and customer relationships mainly results from the acquisition of Quirónsalud.

The increase of capitalized development costs is mainly due to the acquisition of the biosimilars business.

Estimated regular amortization expenses of intangible assets for the next five years are shown in the following table:

€ in millions	Q4/2017	2018	2019	2020	2021	Q1–3/2022
Estimated amortization expenses	79	301	298	292	284	215

NON-AMORTIZABLE INTANGIBLE ASSETS

	September 30, 2017			December 31, 2016		
€ in millions	**Acquisition cost**	**Accumulated amortization**	**Carrying amount**	Acquisition cost	Accumulated amortization	Carrying amount
Tradenames	**195**	**0**	**195**	227	0	227
Management contracts	**3**	**0**	**3**	3	0	3
Goodwill	**25,262**	**0**	**25,262**	22,901	0	22,901
Total	**25,460**	**0**	**25,460**	23,131	0	23,131

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, 2016	**11,962**	**5,142**	**4,437**	**99**	**6**	**21,646**
Additions	586	5	101	0	–	692
Disposals	0	0	–	0	–	–
Reclassifications	3	0	0	0	0	3
Foreign currency translation	405	155	0	0	0	560
Carrying amount as of December 31, 2016	**12,956**	**5,302**	**4,538**	**99**	**6**	**22,901**
Additions	463	392	3,263	0	0	4,118
Disposals	0	-1	-1	0	0	-2
Foreign currency translation	-1,278	-477	0	0	0	-1,755
Carrying amount as of September 30, 2017	**12,141**	**5,216**	**7,800**	**99**	**6**	**25,262**

The increase of goodwill mainly results from the acquisition of Quirónsalud and the biosimilars business.

As of September 30, 2017 and December 31, 2016, the carrying amounts of the other non-amortizable intangible assets were €181 million and €202 million, respectively, for Fresenius Medical Care as well as €17 million and €28 million for Fresenius Kabi.

13. DEBT AND CAPITAL LEASE OBLIGATIONS

SHORT-TERM DEBT

As of September 30, 2017 and December 31, 2016, short-term debt consisted of the following:

	Book value	
€ in millions	**September 30, 2017**	December 31, 2016
Fresenius SE & Co. KGaA Commercial Paper Program	**830**	178
Fresenius Medical Care AG & Co. KGaA Commercial Paper Program	**853**	476
Other short-term debt	**198**	193
Short-term debt	**1,881**	847

LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

As of September 30, 2017 and December 31, 2016, long-term debt and capital lease obligations net of debt issuance costs consisted of the following:

€ in millions	Book value September 30, 2017	Book value December 31, 2016
Fresenius Medical Care 2012 Credit Agreement	**2,069**	2,244
2013 Credit Agreement	**2,283**	1,574
Schuldschein Loans	**1,878**	1,186
Accounts Receivable Facility of Fresenius Medical Care	**169**	165
Capital lease obligations	**236**	146
Other	**549**	344
Subtotal	**7,184**	5,659
less current portion	**387**	611
Long-term debt and capital lease obligations, less current portion	**6,797**	5,048

Fresenius Medical Care 2012 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 period with a large group of banks and institutional investors on October 30, 2012.

On November 26, 2014, the Fresenius Medical Care 2012 Credit Agreement was amended to increase the total credit facility to approximately US$4,400 million and extend the term for an additional two years until October 30, 2019.

On July 11, 2017, FMC-AG & Co. KGaA further amended and extended its syndicated credit agreement resulting in a total credit facility of approximately US$ 3,900 million with maturities of three and five years on an unsecured basis. The amended Fresenius Medical Care 2012 Credit Agreement now reflects a simplified, unsecured structure consistent with the investment grade rating of Fresenius Medical Care and lower tiered pricing.

The following tables show the available and outstanding amounts under the Fresenius Medical Care 2012 Credit Agreement at September 30, 2017 and at December 31, 2016:

	September 30, 2017			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facility (in US$)	US$900 million	762	**US$68 million**	**58**
Revolving Credit Facility (in €)	€600 million	600	**€0 million**	**0**
Term Loan 5 years (in US$)	US$1,500 million	1,271	**US$1,500 million**	**1,271**
Term Loan 3 years (in €)	€400 million	400	**€400 million**	**400**
Term Loan 5 years (in €)	€350 million	350	**€350 million**	**350**
Total		3,383		**2,079**
less financing cost				**10**
Total				**2,069**

	December 31, 2016			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facility (in US$)	US$1,000 million	949	**US$10 million**	**10**
Revolving Credit Facility (in €)	€400 million	400	**€0 million**	**0**
Term Loan 5 years (in US$)	US$2,100 million	1,992	**US$2,100 million**	**1,992**
Term Loan 5 years (in €)	€252 million	252	**€252 million**	**252**
Total		3,593		**2,254**
less financing cost				**10**
Total				**2,244**

At September 30, 2017 and December 31, 2016, Fresenius Medical Care had letters of credit outstanding in the amount of approximately US$2 million and US$4 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 September 30, 2017, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all covenants under the Fresenius Medical Care 2012 Credit Agreement.

2013 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 2013 Credit Agreement in June 2013, additional tranches were added. Furthermore, scheduled amortization payments as well as voluntary repayments have been made.

On October 14, 2016, the 2013 Credit Agreement has been increased by an incremental term loan of €900 million and an incremental revolving facility of € 300 million. The incremental facilities were used to fund the acquisition of IDCSalud Holding S.L.U. (Quirónsalud) by Fresenius Helios. The incremental facilities were funded on January 31, 2017.

On August 22, 2017, the 2013 Credit Agreement was refinanced. The existing senior secured facilities were replaced with unsecured facilities resulting in a total credit facility of approximately €3,800 million with maturities in 2021 and 2022. Concurrently, the guarantor structure was aligned, with Fresenius SE & Co. KGaA now being sole guarantor.

The following tables show the available and outstanding amounts under the 2013 Credit Agreement at September 30, 2017 and at December 31, 2016:

	September 30, 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	423	**US$0 million**	**0**
Term Loan 4 years (in €)	€750 million	750	**€750 million**	**750**
Term Loan 5 years (in €)	€1,000 million	1,000	**€1,000 million**	**1,000**
Term Loan 5 years (in US$)	US$650 million	551	**US$650 million**	**551**
Total		3,724		**2,301**
less financing cost				**18**
Total				**2,283**

	December 31, 2016			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facility (in €)	€900 million	900	**€0 million**	**0**
Revolving Credit Facility (in US$)	US$300 million	284	**US$0 million**	**0**
Term Loan A 5 years (in €)	€933 million	933	**€933 million**	**933**
Term Loan A 5 years (in US$)	US$689 million	654	**US$689 million**	**654**
Total		2,771		**1,587**
less financing cost				**13**
Total				**1,574**

Does not include the incremental facilities in the amount of €1.2 billion which were funded in January 2017

As of September 30, 2017, the Fresenius Group was in compliance with all covenants under the 2013 Credit Agreement.

Schuldschein Loans

As of September 30, 2017 and December 31, 2016, 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	**Sept. 30, 2017**	Dec. 31, 2016
Fresenius SE & Co. KGaA 2013/2017	€125 million	Aug. 22, 2017	2.65%/variable	**0**	125
Fresenius SE & Co. KGaA 2014/2018	€97 million	April 2, 2018	2.09%	**97**	97
Fresenius SE & Co. KGaA 2014/2018 [1]	€141 million	April 2, 2018	variable	**0**	141
Fresenius SE & Co. KGaA 2012/2018	€72 million	April 4, 2018	4.09%	**72**	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**	260
Fresenius SE & Co. KGaA 2017/2022	€372 million	Jan. 31, 2022	0.93%/variable	**371**	0
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	1.36%/variable	**420**	0
Fresenius SE & Co. KGaA 2017/2027	€207 million	Jan. 29, 2027	1.96%/variable	**206**	0
Fresenius US Finance II, Inc. 2016/2021	US$342 million	March 10, 2021	2.66%/variable	**288**	323
Fresenius US Finance II, Inc. 2016/2023	US$58 million	March 10, 2023	3.12%/variable	**50**	56
Schuldschein Loans				**1,878**	1,186

[1] terminated tranches repaid on April 3, 2017

On December 19, 2016, Fresenius SE & Co. KGaA issued €1,000 million of Schuldschein Loans in tranches of 5, 7 and 10 years with fixed and variable interest rates. The transaction was closed on January 31, 2017. Proceeds were used for general corporate purposes and to finance the acquisition of IDCSalud Holding S.L.U. (Quirónsalud) by Fresenius Helios.

In order to optimize the capital structure and to further reduce financing costs, two existing floating rate tranches of Schuldschein Loans due originally on April 2, 2018 in the amount of €76 million and €65 million have been terminated and prepaid as per April 3, 2017.

The Schuldschein Loans issued by Fresenius SE & Co. KGaA in the total amount of €125 million which were due on August 22, 2017 were repaid as scheduled. The Schuldschein Loans issued by Fresenius SE & Co. KGaA in the amount of €97 million and €72 million which are due on April 2, 2018 and April 4, 2018 are shown as current portion of long-term debt and capital lease obligations in the consolidated statement of financial position.

As of September 30, 2017, 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 September 30, 2017, the additional financial cushion resulting from unutilized credit facilities was approximately €3.6 billion. Thereof approximately €2.7 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. It is planned to replace or refinance the facility with a broad mix of euro and U.S. dollar denominated long-term debt instruments.

The Bridge Financing Facility in the original amount of €3,750 million, which Fresenius SE & Co. KGaA entered into in September 2016 for the purpose of the acquisition of IDCSalud Holding S.L.U. (Quirónsalud), was cancelled prematurely in January 2017 without having been utilized.

14. SENIOR NOTES

As of September 30, 2017 and December 31, 2016, Senior Notes of the Fresenius Group net of debt issuance costs consisted of the following:

				Book value € in millions	
	Notional amount	Maturity	Interest rate	**Sept. 30, 2017**	Dec. 31, 2016
Fresenius Finance Ireland PLC 2017/2022	€700 million	Jan. 31, 2022	0.875%	**695**	0
Fresenius Finance Ireland PLC 2017/2024	€700 million	Jan. 30, 2024	1.50%	**695**	0
Fresenius Finance Ireland PLC 2017/2027	€700 million	Feb. 1, 2027	2.125%	**692**	0
Fresenius Finance Ireland PLC 2017/2032	€500 million	Jan. 30, 2032	3.00%	**494**	0
Fresenius SE & Co. KGaA 2014/2019	€300 million	Feb. 1, 2019	2.375%	**299**	299
Fresenius SE & Co. KGaA 2012/2019	€500 million	Apr. 15, 2019	4.25%	**498**	498
Fresenius SE & Co. KGaA 2013/2020	€500 million	July 15, 2020	2.875%	**498**	497
Fresenius SE & Co. KGaA 2014/2021	€450 million	Feb. 1, 2021	3.00%	**445**	445
Fresenius SE & Co. KGaA 2014/2024	€450 million	Feb. 1, 2024	4.00%	**450**	449
Fresenius US Finance II, Inc. 2014/2021	US$300 million	Feb. 1, 2021	4.25%	**253**	283
Fresenius US Finance II, Inc. 2015/2023	US$300 million	Jan. 15, 2023	4.50%	**252**	281
FMC Finance VII S.A. 2011/2021	€300 million	Feb. 15, 2021	5.25%	**297**	295
FMC Finance VIII S.A. 2011/2018	€400 million	Sept. 15, 2018	6.50%	**398**	397
FMC Finance VIII S.A. 2012/2019	€250 million	July 31, 2019	5.25%	**245**	244
Fresenius Medical Care US Finance, Inc. 2007/2017	US$500 million	July 15, 2017	6.875%	**0**	473
Fresenius Medical Care US Finance, Inc. 2011/2021	US$650 million	Feb. 15, 2021	5.75%	**546**	611
Fresenius Medical Care US Finance II, Inc. 2011/2018	US$400 million	Sept. 15, 2018	6.50%	**337**	377
Fresenius Medical Care US Finance II, Inc. 2012/2019	US$800 million	July 31, 2019	5.625%	**676**	757
Fresenius Medical Care US Finance II, Inc. 2014/2020	US$500 million	Oct. 15, 2020	4.125%	**422**	471
Fresenius Medical Care US Finance II, Inc. 2012/2022	US$700 million	Jan. 31, 2022	5.875%	**590**	661
Fresenius Medical Care US Finance II, Inc. 2014/2024	US$400 million	Oct. 15, 2024	4.75%	**337**	376
Senior Notes				**9,119**	7,414

On January 30, 2017, Fresenius Finance Ireland PLC, a wholly owned subsidiary of Fresenius SE & Co. KGaA, issued Senior Notes with an aggregate volume of €2.6 billion. The Senior Notes consist of four tranches with maturities of five, seven, ten and fifteen years. The proceeds were used to fund the acquisition of IDCSalud Holding S.L.U. (Quirónsalud) and for general corporate purposes.

The Senior Notes issued by Fresenius Medical Care US Finance, Inc. were redeemed at maturity on July 17, 2017.

As of September 30, 2017, the Senior Notes 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 are shown as current portion of Senior Notes in the consolidated statement of financial position.

As of September 30, 2017, the Fresenius Group was in compliance with all of its covenants under the Senior Notes.

15. CONVERTIBLE BONDS

As of September 30, 2017 and December 31, 2016, 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	**Sept. 30, 2017**	Dec. 31, 2016
Fresenius SE & Co. KGaA 2014/2019	€500 million	Sept. 24, 2019	0.000%	€49.3599	**481**	474
Fresenius SE & Co. KGaA 2017/2024	€500 million	Jan. 31, 2024	0.000%	€107.0979	**446**	0
Fresenius Medical Care AG & Co. KGaA 2014/2020	€400 million	Jan. 31, 2020	1.125%	€73.4408	**385**	380
Convertible bonds					**1,312**	854

The fair value of the derivatives embedded in the convertible bonds of Fresenius SE & Co. KGaA was €238 million at September 30, 2017. 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 €87 million at September 30, 2017. 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 September 30, 2017, the call options had a corresponding aggregate fair value of €238 million and €87 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.

On January 31, 2017, Fresenius SE & Co. KGaA issued €500 million of equity-neutral convertible bonds due 2024. The convertible bonds will not bear any interest. The issue price was fixed at 101% of the nominal value, corresponding to an annual yield to maturity of -0.142%. The initial conversion price is €107.0979. This represents a 45% premium over the reference share price of the Fresenius share of €73.8606. The proceeds were used to fund the acquisition of IDCSalud Holding S.L.U. (Quirónsalud) and for general corporate purposes.

16. PENSIONS AND SIMILAR OBLIGATIONS

DEFINED BENEFIT PENSION PLANS

At September 30, 2017, the pension liability of the Fresenius Group was €1,216 million. The current portion of the pension liability of €21 million is recognized in the consolidated statement of financial position within short-term accrued expenses and other short-term liabilities. The non-current portion of €1,195 million is recorded as pension liability.

Contributions to Fresenius Group's pension fund were €8 million in the first three quarters of 2017. The Fresenius Group expects approximately €11 million contributions to the pension fund during 2017.

Defined benefit pension plans' net periodic benefit costs of €63 million (Q1–3/2016: €66 million) were comprised of the following components:

€ in millions	Q1–3/2017	Q1–3/2016
Service cost	45	43
Net interest cost	18	23
Net periodic benefit cost	**63**	66

17. NONCONTROLLING INTEREST

As of September 30, 2017 and December 31, 2016, noncontrolling interest in the Fresenius Group was as follows:

€ in millions	Sept. 30, 2017	Dec. 31, 2016
Noncontrolling interest in Fresenius Medical Care AG & Co. KGaA	6,697	6,903
Noncontrolling interest in VAMED AG	59	55
Noncontrolling interest in the business segments		
Fresenius Medical Care	1,003	1,073
Fresenius Kabi	85	90
Fresenius Helios	94	57
Fresenius Vamed	8	7
Total noncontrolling interest	**7,946**	8,185

Noncontrolling interest changed as follows:

€ in millions	Q1–3/2017
Noncontrolling interest as of January 1, 2017	**8,185**
Noncontrolling interest in profit	854
Purchase of noncontrolling interest	74
Stock options	36
Dividend payments	-520
Currency effects and other changes	-683
Noncontrolling interest as of September 30, 2017	**7,946**

18. FRESENIUS SE & CO. KGAA SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

As of January 1, 2017, the subscribed capital of Fresenius SE & Co. KGaA consisted of 547,208,371 bearer ordinary shares.

In the course of the acquisition of Quirónsalud, on January 31, 2017, 6,108,176 new shares of Fresenius SE & Co. KGaA were issued from Authorized Capital excluding subscription rights. These new shares had full dividend entitlement for the fiscal year 2016.

During the first three quarters of 2017, 1,220,151 stock options were exercised. Consequently, as of September 30, 2017, the subscribed capital of Fresenius SE & Co. KGaA consisted of 554,536,698 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

As of December 31, 2016, the general partner, Fresenius Management SE, was authorized, with the approval of the Supervisory Board, until May 15, 2019, to increase Fresenius SE & Co. KGaA's subscribed capital by a total amount of up to €120,960,000 through a single or multiple issues of new bearer ordinary shares against cash contributions and/or contributions in kind (Authorized Capital I). Thereof, on January 31, 2017, €6,108,176 was utilized through the issuance of 6,108,176 shares, thereby reducing the Authorized Capital I to €114,851,824.

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 I (Stock Option Plan 2003), Conditional Capital II (Stock Option Plan 2008) and Conditional Capital IV (Stock Option Plan 2013) (see note 24, Share-based compensation plans). Another Conditional Capital III exists for the authorization to issue option bearer bonds and/or convertible bonds.

The following table shows the development of the Conditional Capital:

in €	Ordinary shares
Conditional Capital I Fresenius AG Stock Option Plan 2003	5,017,585
Conditional Capital II Fresenius SE Stock Option Plan 2008	5,980,888
Conditional Capital III option bearer bonds and/or convertible bonds	48,971,202
Conditional Capital IV Fresenius SE & Co. KGaA Stock Option Plan 2013	25,200,000
Total Conditional Capital as of January 1, 2017	**85,169,675**
Fresenius AG Stock Option Plan 2003 – options exercised	-282,502
Fresenius SE Stock Option Plan 2008 – options exercised	-752,124
Fresenius SE & Co. KGaA Stock Option Plan 2013 – options exercised	-185,525
Total Conditional Capital as of September 30, 2017	**83,949,524**

As of September 30, 2017, 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	5,228,764
Conditional Capital III option bearer bonds and/or convertible bonds	48,971,202
Conditional Capital IV Fresenius SE & Co. KGaA Stock Option Plan 2013	25,014,475
Total Conditional Capital as of September 30, 2017	**83,949,524**

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 2017, a dividend of €0.62 per bearer ordinary share was approved by Fresenius SE & Co. KGaA's shareholders at the Annual General Meeting and paid. The total dividend payment was €343 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, 2016 applying Section 315a HGB (in the version in force before April 19, 2017) in accordance with IFRS. In the following, only the changes during the first three quarters ended September 30, 2017 compared to the information provided in the consolidated financial statements are described (except for the description headed "Subpoena "American Kidney Fund"/ CMS Litigation" which has been revised and contains information already described in the consolidated financial statements). These changes should be read in conjunction with the overall information in the consolidated financial statements as of December 31, 2016 applying Section 315a HGB (in the version in force before April 19, 2017) in accordance with IFRS; defined terms or abbreviations having the same meaning as in the consolidated financial statements as of December 31, 2016 applying Section 315a HGB (in the version in force before April 19, 2017) in accordance with IFRS.

PRODUCT LIABILITY LITIGATION

On October 12, 2017, the plaintiff committee and Fresenius Medical Care Holdings, Inc. (FMCH) determined that the condition of settlement related to minimum participation has been satisfied and are moving forward with implementation of the settlement. Funding of the settlement by FMCH and its insurers is to be made on November 28, 2017. FMCH believes that less than one percent (1%) of cases involved in the litigation will require any further substantive litigation activity for final resolution and that all such cases are pending in the U.S. District Court for Massachusetts (Boston); Los Angeles, California county court; or Birmingham, Alabama county court.

FMCH's affected insurers have agreed to fund US$220 million of the settlement fund, with a reservation of rights regarding certain coverage issues between and among FMCH and its insurers. FMCH has accrued a net expense of US$60 million for consummation of the settlement, including legal fees and other anticipated costs.

Following entry of the agreement in principle, FMCH's insurers in the AIG group and FMCH each initiated litigation against the other, in New York and Massachusetts state courts respectively, relating to the AIG group's coverage obligations under applicable policies. The affected carriers have confirmed that the coverage litigation does not impact their commitment to fund US$220 million of the settlement with plaintiffs. In the coverage litigation, the AIG group seeks to reduce its obligation to less than US$220 million and to be indemnified by FMCH for a portion of its US$220 million outlay; FMCH seeks to confirm the AIG group's US$220 million funding obligation, to recover defense costs already incurred by FMCH, and to compel the AIG group to honor defense and indemnification obligations, if any, required for resolution of cases not participating in the settlement.

FRESENIUS MEDICAL CARE HOLDINGS – QUI TAM COMPLAINT (MASSACHUSETTS)

Although the United States initially declined to intervene in the case, the government subsequently changed position. On April 3, 2017, the court allowed the government to intervene with respect only to certain hepatitis B surface antigen tests performed prior to 2011, when Medicare reimbursement rules for such tests changed. The court rejected the government's request to conduct new discovery, but is allowing Fresenius Medical Care Holdings, Inc. to take discovery against the government as if the government had intervened at the outset.

INTERNAL REVIEW

Fresenius Medical Care has identified and reported to the government, and has taken remedial actions including employee disciplinary actions with respect to, conduct that may result in monetary penalties or other sanctions under the U.S. Foreign Corrupt Practices Act (FCPA) or other anti-bribery laws. In addition, Fresenius Medical Care's ability to conduct business in certain jurisdictions could be negatively impacted. Fresenius Medical Care has recorded in prior periods a non-material accrual for an identified matter. Fresenius Medical Care has substantially concluded its investigations and has entered into discussions toward a possible resolution with the government agencies. There is no timetable for a possible resolution. Given the current status of the resolution discussions and remediation activities, Fresenius Medical Care cannot reasonably estimate the range of possible loss that may result from identified matters or from the resolution or remediation activities.

Fresenius Medical Care continues to implement enhancements to its anti-corruption compliance program, including internal controls related to compliance with international anti-bribery laws. Fresenius Medical Care continues to be fully committed to FCPA and other anti-bribery law compliance.

SUBPOENAS "COLORADO, NEW YORK AND TENNESSEE"

On August 31 and November 25, 2015, respectively, Fresenius Medical Care Holdings, Inc. (FMCH) received subpoenas under the False Claims Act from the United States Attorneys for the District of Colorado and the Eastern District of New York inquiring into FMCH's participation in and management of dialysis facility joint ventures in which physicians are partners. On March 20, 2017, FMCH received a subpoena in the Western District of Tennessee inquiring into certain of the operations of dialysis facility joint ventures with the University of Tennessee Medical Group, including joint ventures in which FMCH's interests were divested to Satellite Dialysis in connection with FMCH's acquisition of Liberty Dialysis in 2012. FMCH is cooperating in these investigations.

SUBPOENA "FRESENIUS VASCULAR CARE"

On August 24, 2017, an additional and more detailed subpoena on the same topics was issued by the United States Attorney for the Eastern District of New York (Brooklyn), which has managed this investigation from its outset. Fresenius Medical Care is cooperating in the government's inquiry.

SUBPOENA "NEW YORK"

The terminated employee's conduct may subject Fresenius Medical Care Holdings, Inc. (FMCH) to liability for overpayments and penalties under applicable laws. On September 28, 2017, FMCH announced its agreement to sell to Quest Diagnostics certain Shiel operations that are the subject of this Brooklyn subpoena, including the misconduct reported to the United States Attorney. Under the sale agreement, FMCH retains responsibility for the Brooklyn investigation and its outcome. FMCH continues to cooperate in the ongoing investigation.

SUBPOENA "AMERICAN KIDNEY FUND" / CMS LITIGATION

On December 14, 2016, the Centers for Medicare & Medicaid Services (CMS), which administer the federal Medicare program, published an Interim Final Rule (IFR) titled "Medicare Program; Conditions for Coverage for End-Stage Renal Disease Facilities-Third Party Payment." The IFR would have amended the Conditions for Coverage for dialysis providers, like Fresenius Medical Care Holdings, Inc. (FMCH) and would have effectively enabled insurers to reject premium payments made by or on behalf of patients who received grants for individual market coverage from the American Kidney Fund (AKF or the Fund). The IFR could thus have resulted in those patients losing individual insurance market coverage. The loss of coverage for these patients would have had a material and adverse impact on the operating results of FMCH.

On January 25, 2017, a federal district court in Texas responsible for litigation initiated by a patient advocacy group and dialysis providers including FMCH preliminarily enjoined CMS from implementing the IFR. Dialysis Patient Citizens v. Burwell, 2017 Civ. 0016 (E.D. Texas, Sherman Div.). The preliminary injunction was based on CMS' failure to follow appropriate notice-and-comment procedures in adopting the IFR. The injunction remains in place and the court retains jurisdiction over the dispute.

On June 22, 2017, CMS requested a stay of proceedings in the litigation pending further rulemaking concerning the IFR. CMS stated, in support of their request, that they expect to publish a Notice of Proposed Rulemaking in the Federal Register and otherwise pursue a notice-and-comment process. Plaintiffs in the litigation, including FMCH, consented to the stay, which was granted by the court on June 27, 2017.

The operation of charitable assistance programs like that of the AKF is also receiving increased attention by state insurance regulators. The result may be a regulatory framework that differs from state to state. Even in the absence of the IFR or similar administrative actions, insurers are likely to continue efforts to thwart charitable premium assistance to the patients of FMCH for individual market plans and other insurance coverages. If successful, these efforts would have a material adverse impact on FMCH's operating results.

On January 3, 2017, FMCH received a subpoena from the United States Attorney for the District of Massachusetts under the False Claims Act inquiring into FMCH's interactions and relationships with the AKF, including FMCH's charitable contributions to the Fund and the Fund's financial assistance to patients for insurance premiums. FMCH is cooperating in the investigation, which FMCH understands to be part of a broader investigation into charitable contributions in the medical industry.

In early May 2017, the United States Attorney for the Middle District of Tennessee (Nashville) issued identical subpoenas to FMCH and two subsidiaries under the False Claims Act concerning FMCH's retail pharmaceutical business. The investigation is exploring allegations of improper inducements to dialysis patients to fill oral prescriptions through FMCH's pharmacy service and of improper billing for returned pharmacy products. FMCH is cooperating in the investigation.

SUBPOENA "NEW YORK (BROOKLYN)"

In 2011, Fresenius Medical Care Holdings, Inc. (FMCH) received a subpoena from the United States Attorney for the Eastern District of New York (Brooklyn) requesting information under the False Claims Act concerning an assay manufactured by Bayer Diagnostics. Bayer Diagnostics was later acquired by Siemens. The assay is used to test for the serum content of parathyroid hormone (PTH). The assay has been widely used by FMCH and others in the dialysis industry for assessment of bone mineral metabolism disorder, a common consequence of kidney failure. FMCH responded fully and cooperatively to the subpoena, but concluded that it was not the focus or target of the US Attorney's investigation. On March 16, 2017, the US Attorney elected not to intervene on a sealed relator (whistleblower) complaint first filed in January 2011 that underlay the investigation. After the US Attorney declined intervention, the United States District Court for the Eastern District unsealed the complaint and ordered the relator to serve and otherwise proceed on his own. On August 14, 2017, FMCH was dismissed with prejudice from the litigation on relator's motion. The litigation continued against other defendants. Patriarca v. Bayer Diagnostics n/k/a Siemens et alia, 2011 Civ. 00181 (E.D.N.Y.).

SUBPOENA "NEVADA"

Fresenius Kabi has entered into a Tolling Agreement with the DOJ, thereby waiving its statute of limitation defense until July 2018.

Management regularly analyzes current information including, as applicable, the Fresenius Group's defenses and insurance coverage and, as necessary, provides accruals for probable liabilities for the eventual disposition of these matters.

The Fresenius Group, like other health care providers, insurance plans and suppliers, conducts its operations under intense government regulation and scrutiny. It must comply with regulations which relate to or govern the safety and efficacy of medical products and supplies, the marketing and distribution of such products, the operation of manufacturing facilities, laboratories, clinics and other health care facilities, and environmental and occupational health and safety. With respect to its development, manufacture, marketing and distribution of medical products, if such compliance is not maintained, the Fresenius Group could be subject to significant adverse regulatory actions by the U.S. Food and Drug Administration (FDA) and comparable regulatory authorities outside the United States. These regulatory actions could include warning letters or other enforcement notices from the FDA, and/or comparable foreign regulatory authority, which may require the Fresenius Group to expend significant time and resources in order to implement appropriate corrective actions. If the Fresenius Group does not address matters raised in warning letters or other enforcement notices to the satisfaction of the FDA and/or comparable regulatory authorities outside the United States, these regulatory authorities could take additional actions, including product recalls, injunctions against the distribution of products or operation of manufacturing plants, civil penalties, seizures of Fresenius Group's products and/or criminal prosecution. Fresenius Medical Care Holdings, Inc. and Fresenius Kabi are currently engaged in remediation efforts with respect to one pending FDA warning letter, respectively. The Fresenius Group must also comply with the laws of the United States, including the federal Anti-Kickback Statute, the federal False Claims Act, the federal Stark Law, the federal Civil Monetary Penalties Law and the federal Foreign Corrupt Practices Act as well as other federal and state fraud and abuse laws. Applicable laws or regulations may be amended, or enforcement agencies or courts may make interpretations that differ from Fresenius Group's interpretations or the manner in which it conducts its business. Enforcement has become a high priority for the federal government and some states. In addition, the provisions of the False Claims Act authorizing payment of a portion of any recovery to the party bringing the suit encourage private plaintiffs to commence whistleblower actions. By virtue of this regulatory environment, Fresenius Group's business activities and practices are subject to extensive review by regulatory authorities and private parties, and continuing audits, subpoenas, other inquiries, claims and litigation relating to Fresenius Group's compliance with applicable laws and regulations. The Fresenius Group may not always be aware that an inquiry or action has begun, particularly in the case of whistleblower actions, which are initially filed under court seal.

The Fresenius Group operates many facilities and handles protected health information (PHI) of its patients and beneficiaries throughout the United States and other parts of the world, and engages with other business associates to help it carry out its health care activities. In such a decentralized system, it is often difficult to maintain the desired level of oversight and control over the thousands of individuals employed by many affiliated companies and its business associates. On occasion, the Fresenius Group or its business associates may experience a breach under the Health Insurance Portability and Accountability Act (HIPAA) Privacy Rule when there has been impermissible use, access, or disclosure of unsecured PHI, a breach under the HIPAA Security Rule when the Fresenius Group or its business associates neglect to implement the required administrative, technical and physical safeguards of its electronic systems and devices, or a data breach that results in impermissible use, access or disclosure of personal identifying information of its employees, patients and beneficiaries. On those occasions, the Fresenius Group must comply with state and federal breach notification requirements. The Fresenius Group relies upon its management structure, regulatory and legal resources, and the effective operation of its compliance program to direct, manage and monitor the activities of its employees. On occasion, the Fresenius Group may identify instances where employees or other agents deliberately, recklessly or inadvertently contravene the Fresenius Group's policies or violate applicable law. The actions of such persons may subject the Fresenius Group and its subsidiaries to liability under the Anti-Kickback Statute, the Stark Law, the False Claims Act, HIPAA, the Health Information Technology for Economic and Clinical Health Act and the Foreign Corrupt Practices Act, among other laws and comparable state laws or laws of other countries.

OTHER CONTINGENT LIABILITIES

As of September 30, 2017, contingent liabilities from future operating leases and rental payments increased by approximately €0.5 billion due to the acquisition of Quirónsalud. In addition to that and other than those individual contingent liabilities mentioned in the consolidated financial statements as of December 31, 2016 applying Section 315a HGB (in the version in force before April 19, 2017) in accordance with IFRS, the current estimated amount of Fresenius Group's other known individual contingent liabilities is immaterial.

For information regarding the acquisition of Akorn, Inc. announced on April 24, 2017, see note 2, Acquisitions and investments.

20. FINANCIAL INSTRUMENTS

VALUATION OF FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and fair values as well as the fair value hierarchy levels of Fresenius Group's financial instruments as of September 30, 2017 and December 31, 2016, classified into classes:

		September 30, 2017		December 31, 2016	
€ in millions	Fair value hierarchy level	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Cash and cash equivalents	1	**1,472**	**1,472**	1,579	1,579
Assets recognized at carrying amount	2	**7,202**	**7,202**	5,926	5,926
Assets recognized at fair value	1	**245**	**245**	258	258
Liabilities recognized at carrying amount	2	**23,457**	**24,775**	18,369	19,349
Liabilities recognized at fair value	3	**1,118**	**1,118**	586	586
Noncontrolling interest subject to put provisions recognized at fair value	3	**849**	**849**	1,029	1,029
Derivatives for hedging purposes	2	**331**	**331**	359	359

Explanations regarding the significant methods and assumptions used to estimate the fair values of financial instruments and classification of fair value measurements according to the three-tier fair value hierarchy as well as explanations with regard to existing and expected risks from financial instruments and hedging can be found in the consolidated financial statements as of December 31, 2016 applying Section 315a HGB (in the version in force before April 19, 2017) in accordance with IFRS.

Following is a roll forward of noncontrolling interest subject to put provisions:

€ in millions	Q1–3/2017
Noncontrolling interest subject to put provisions as of January 1, 2017	**1,029**
Noncontrolling interest subject to put provisions in profit	115
Sale of noncontrolling interest subject to put provisions	-37
Dividend payments	-123
Currency effects and other changes	-135
Noncontrolling interest subject to put provisions as of September 30, 2017	**849**

As of September 30, 2017, there was no indication for further possible significant risks from financial instruments or that a decrease in the value of Fresenius Group's financing receivables (other current and non-current assets) was probable and the allowances on credit losses of financing receivables are immaterial.

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	September 30, 2017		December 31, 2016	
€ in millions	**Assets**	**Liabilities**	Assets	Liabilities
Interest rate contracts (non-current)	**3**	**1**	5	1
Foreign exchange contracts (current)	**16**	**5**	14	24
Foreign exchange contracts (non-current)	**–**	**–**	–	1
Derivatives designated as hedging instruments [1]	**19**	**6**	19	26
Interest rate contracts (current)	**0**	**–**	0	–
Interest rate contracts (non-current)	**0**	**–**	–	1
Foreign exchange contracts (current) [1]	**19**	**26**	27	23
Foreign exchange contracts (non-current) [1]	**0**	**0**	–	–
Derivatives embedded in the convertible bonds	**0**	**325**	0	362
Call options to secure the convertible bonds [1]	**325**	**0**	362	0
Derivatives not designated as hedging instruments	**344**	**351**	389	386

[1] Derivatives designated as hedging instruments, foreign exchange contracts and call options to secure the convertible bonds not designated as hedging instruments are classified as derivatives for hedging purposes.

Derivative financial instruments are marked to market each reporting period, resulting in carrying amounts equal to fair values at the reporting date.

Derivatives not designated as hedging instruments, which are derivatives that do not qualify for hedge accounting, are also solely entered into to hedge economic business transactions and not for speculative purposes.

Derivatives for hedging purposes as well as the derivatives embedded in the convertible bonds were recognized at gross value within other assets in an amount of €363 million and other liabilities in an amount of €357 million.

The current portion of derivatives indicated as assets in the preceding table is recognized within other current assets in the consolidated statement of financial position, while the current portion of those indicated as liabilities is included in short-term accrued expenses and other short-term liabilities. The non-current portions indicated as assets or liabilities are recognized in other non-current assets or in long-term accrued expenses and other long-term liabilities, respectively. The derivatives embedded in the convertible bonds and the call options to secure the convertible bonds are recognized in other long-term liabilities/non-current assets in the consolidated statement of financial position.

EFFECT OF DERIVATIVES DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q1–3/2017		
€ in millions	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	-1	27	0
Foreign exchange contracts	9	2	0
Derivatives in cash flow hedging relationships[1]	**8**	**29**	**0**

	Q1–3/2016		
€ in millions	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	2	23	0
Foreign exchange contracts	-7	1	0
Derivatives in cash flow hedging relationships[1]	**-5**	**24**	**0**

[1] The amount of gain or loss recognized in the consolidated statement of income solely relates to the ineffective portion.

EFFECT OF DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Gain or loss recognized in the consolidated statement of income	
€ in millions	**Q1–3/2017**	Q1–3/2016
Interest rate contracts	**–**	–
Foreign exchange contracts	**-38**	-26
Derivatives embedded in the convertible bonds	**99**	1
Call options to secure the convertible bonds	**-99**	-1
Derivatives not designated as hedging instruments	**-38**	-26

Losses from foreign exchange contracts not designated as hedging instruments recognized in the consolidated statement of income are faced by gains from the underlying transactions in the corresponding amount.

Gains and losses from foreign exchange contracts and the corresponding underlying transactions are accounted for as cost of sales, selling, general and administrative expenses and net interest. Gains and losses resulting from interest rate contracts are recognized as net interest in the consolidated statement of income.

In the first three quarters of 2017 and 2016, losses in an immaterial amount for available for sale financial assets were recognized in other comprehensive income (loss).

MARKET RISK

Derivative financial instruments

Classification

The existing master netting agreements do not provide a basis for offsetting the fair values of derivative financial instruments in the consolidated statement of financial position as the offsetting criteria under International Financial Reporting Standards are not satisfied.

At September 30, 2017 and December 31, 2016, the Fresenius Group had €36 million and €45 million of derivative financial assets subject to netting arrangements and €32 million and €46 million of derivative financial liabilities subject to netting arrangements. Offsetting these derivative financial instruments would have resulted in net assets of €27 million and €28 million as well as net liabilities of €23 million and €29 million at September 30, 2017 and December 31, 2016, respectively.

Foreign exchange risk management
As of September 30, 2017, the notional amounts of foreign exchange contracts totaled €1,857 million. These foreign exchange contracts have been entered into to hedge risks from operational business and in connection with loans in foreign currency. The fair value of the foreign exchange contracts designated as cash flow hedges was €11 million.

As of September 30, 2017, the Fresenius Group was party to foreign exchange contracts with a maximum maturity of 17 months.

Interest rate risk management
As of September 30, 2017, euro denominated interest rate swaps had a notional volume of €238 million and a fair value of -€2 million. These euro interest rate swaps expire in the years 2017 to 2022. Furthermore, the Fresenius Group had U.S. dollar denominated interest rate swaps in the amount of US$200 million (€169 million) with a fair value of US$4 million (€4 million). They expire in 2021. The interest rate options outstanding as of September 30, 2017 with a notional amount of €200 million and a fair value of €0 expire in 2018.

At September 30, 2017 and December 31, 2016, the Fresenius Group had losses of €26 million and €45 million, respectively, related to settlements of pre-hedges deferred in accumulated other comprehensive income (loss), net of tax.

21. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. As of September 30, 2017, the equity ratio was 39.9% and the debt ratio (debt/total assets) was 36.7%. As of September 30, 2017, the leverage ratio (before special items) on the basis of net debt/EBITDA was 2.9.

The aims of the capital management and further information can be found in the consolidated financial statements as of December 31, 2016 applying Section 315a HGB (in the version in force before April 19, 2017) 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:

	Sept. 30, 2017	Dec. 31, 2016
Standard & Poor's		
Corporate Credit Rating	**BBB-**	BBB-
Outlook	**stable**	stable
Moody's		
Corporate Credit Rating	**Baa3**	Baa3
Outlook	**stable**	stable
Fitch		
Corporate Credit Rating	**BBB-**	BBB-
Outlook	**stable**	stable

Following Fresenius' announcement on April 24, 2017 to acquire Akorn, Inc. and Merck KGaA's biosimilars business, the rating agencies Standard & Poor's, Moody's and Fitch confirmed the corporate credit ratings of Fresenius.

22. SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

€ in millions	Q1–3/2017	Q1–3/2016
Assets acquired	**7,610**	583
Liabilities assumed	**-1,271**	-42
Noncontrolling interest	**-94**	-53
Notes assumed in connection with acquisitions	**-162**	-115
Cash paid	**6,083**	373
Cash acquired	**-9**	-23
Cash paid for acquisitions, net	**6,074**	350
Cash paid for investments, net of cash acquired	**17**	120
Cash paid for intangible assets, net	**16**	8
Total cash paid for acquisitions and investments, net of cash acquired, and net purchases of intangible assets	**6,107**	478

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 September 30, 2017.

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, 2016 applying Section 315a HGB (in the version in force before April 19, 2017) 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, 2016 applying Section 315a HGB (in the version in force before April 19, 2017) in accordance with IFRS.

RECONCILIATION OF KEY FIGURES TO CONSOLIDATED EARNINGS

€ in millions	Q1–3/2017	Q1–3/2016
Total EBIT of reporting segments	3,549	3,080
Special items	-25	0
General corporate expenses Corporate/Other (EBIT)	-27	-22
Group EBIT	**3,497**	3,058
Net interest	-492	-433
Income before income taxes	**3,005**	2,625

RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in millions	Sept. 30, 2017	Dec. 31, 2016
Short-term debt	1,881	847
Short-term debt from related parties	–	6
Current portion of long-term debt and capital lease obligations	387	611
Current portion of Senior Notes	735	473
Long-term debt and capital lease obligations, less current portion	6,797	5,048
Senior Notes, less current portion	8,384	6,941
Convertible bonds	1,312	854
Debt	**19,496**	14,780
less cash and cash equivalents	1,472	1,579
Net debt	**18,024**	13,201

24. SHARE-BASED COMPENSATION PLANS

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

As of September 30, 2017, 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. The 2013 LTIP is the only program under which stock options and phantom stocks can be granted.

Transactions during the first three quarters of 2017

On July 31, 2017, Fresenius SE & Co. KGaA awarded 2,370,859 stock options under the 2013 LTIP, including 405,000 options to members of the Management Board of Fresenius Management SE, at an exercise price of €74.77, a fair value of €12.59 each and a total fair value of €30 million, which will be amortized over the four-year vesting period. Fresenius SE & Co. KGaA also awarded 196,712 phantom stocks, including 27,606 phantom stocks granted to members of the Management Board of Fresenius Management SE, at a measurement date (September 30, 2017) fair value of €65.10 each and a total fair value of €13 million, which will be revalued if the fair value changes, and amortized over the four-year vesting period.

During the first three quarters of 2017, Fresenius SE & Co. KGaA received cash of €28 million from the exercise of 1,220,151 stock options.

At September 30, 2017, out of 1,784,827 outstanding and exercisable stock options issued under the 2008 Plan, 133,140 were held by the members of the Fresenius Management SE Management Board. Out of 10,206,722 stock options outstanding issued under the 2013 LTIP 1,350,187 were exercisable at September 30, 2017. The members of the Fresenius Management SE Management Board held 1,451,250 stock options. 1,246,815 phantom stocks issued under the 2013 LTIP were outstanding at September 30, 2017. The members of the Fresenius Management SE Management Board held 229,661 phantom stocks. As of September 30, 2017, 3,135,014 options for ordinary shares were outstanding and exercisable.

On September 30, 2017, total unrecognized compensation cost related to non-vested options granted under the 2013 LTIP was €65 million. This cost is expected to be recognized over a weighted-average period of 2.9 years.

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

On July 31, 2017, FMC-AG & Co. KGaA awarded 604,484 performance shares under the LTIP 2016, the equivalent in euros at the grant date being €45 million, including 73,746 performance shares or €6 million awarded to the members of the Management Board of FMC Management AG. The fair value per performance share at the grant date was €75.12.

During the first three quarters of 2017, 739,692 stock options were exercised. Fresenius Medical Care AG & Co. KGaA received cash of €34.5 million upon exercise of these stock options and €6.7 million from a related tax benefit.

25. SUBSEQUENT EVENTS

There have been no significant changes in the Fresenius Group's operating environment following the end of the first three quarters of 2017. No other events of material importance on the assets and liabilities, financial position, and results of operations of the Group have occurred following the end of the first three quarters of 2017.

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).

FINANCIAL CALENDAR

Report on Fiscal Year 2017	February 27, 2018
Report on 1st quarter 2018 Conference call, Live webcast	May 3, 2018
Annual General Meeting, Frankfurt am Main Live webcast of the speech of the Chairman of the Management Board	May 18, 2018
Report on 1st half 2018 Conference call, Live webcast	July 31, 2018
Report on 1st – 3rd quarter 2018 Conference call, Live webcast	October 30, 2018

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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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.