

OPERATIONS

Third Quarter 2003:

Fresenius Medical Care AG reports a 25% increase in **net income** to \$ 87 million for the third quarter 2003.

Total revenue for the third quarter 2003 increased 10% (+7% at constant currency) to \$ 1,409 million. Dialysis Care revenue grew by 8% to \$ 1,018 million (+7% at constant currency) in the third quarter of 2003.

Dialysis Product revenues (including internal sales) increased by 14% to \$ 510 million (+8% at constant currency) in the same period. The internal sales increased to \$ 119 million after \$ 103 million in the third quarter of 2002.

North America:

Revenue rose 3% to \$ 978 million, compared to \$ 947 million in the same period last year. Dialysis Care revenue in the US increased by 5% to \$ 873 million. The average revenue per treatment was at \$ 279 in the third quarter of 2003 (Q2 2003: \$ 275). North American Dialysis Product revenue, including sales to company-owned clinics, increased 1% to \$ 194 million. Product sales to the net available external market grew by 4%.

International:

Revenue was \$ 432 million, up 28% (+16% adjusted for currency). Dialysis Care revenue reached \$ 146 million in the third quarter 2003, up 35% (+22% currency adjusted). Dialysis Products revenue, including sales to company-owned dialysis clinics, increased 24% to \$ 317 million (13% currency adjusted).

Operating Income (EBIT) increased 18% to \$ 197 million resulting in an operating margin of 14.0% (Q3 2002: 13.0%). The increase of 100 basis points was mainly due to increased treatments and efficiency improvements in North America but partially offset by pricing pressure in Central Europe. In the second quarter of 2003, the Company achieved an operating margin of 13.5%. The margin in North America and in International increased by 50 basis points compared to the prior quarter.

Earnings per share (EPS) in the third quarter 2003 rose 25% to \$ 0.90 per ordinary share (\$ 0.30 per ADS), compared to \$ 0.72 (\$ 0.24 per ADS) in the third quarter of 2002. The weighted average number of shares outstanding during both the third quarter of 2003 and the third quarter of 2002 was approximately 96.2 million.

In the third quarter of 2003, the Company generated \$ 203 million in **cash from operations** (14% of net revenues). A total of \$ 51 million (net of disposals) was spent for **capital expenditures**, resulting in **Free Cash Flow** before acquisitions for the third quarter 2003 of \$ 152 million (11% of net revenues), a solid 81% growth compared with third quarter of 2002 with \$ 84 million. A total of \$ 22 million in cash was spent for **acquisitions**. **Free Cash Flow after acquisitions** was \$ 130 million. In the third quarter of 2002, Free Cash Flow after acquisitions was \$ 51 million.

First Nine Months 2003:

For a complete overview of the first nine months 2003 please refer to the appendix.

In the first nine months of 2003, **net income** was \$ 237 million, up 14% from the same period in 2002.

In accordance with the new US-GAAP Accounting Standard SFAS 145, the loss from the early redemption of the Trust Preferred Securities in the first quarter of 2002 of \$ 12 million after taxes (\$ 20 million before taxes) had to be reclassified from extraordinary loss to interest expense and income tax expense. Excluding the redemption loss, net income for the first nine months of 2002 would have been \$ 219 million. **Net revenue** was \$ 4,075 million, up 9% from the nine months of 2002. Currency adjusted, net revenue rose 6% from January to September of 2003 compared to 2002. **Operating Income (EBIT)** increased 8% to \$ 550 million resulting in an operating margin of 13.5%. In the nine months of 2003, **earnings per ordinary share** rose 14% to \$ 2.44. Earnings per ordinary ADS for the first nine months of 2003 were \$ 0.81.

Cash from operations during the first nine months of 2003 was up 27% or \$ 503 million compared to \$ 395 million in the first nine months of 2002. A total of \$ 129 million was spent for **capital expenditures** (net of disposals) resulting in a **Free**

Cash Flow before acquisitions for the first nine months of 2003 of \$ 374 million compared to \$ 238 million in the first nine months of 2002. Free Cash Flow for the first nine months already exceeded the \$ 349 million Free Cash Flow generated in the full year 2002. This exceptional performance is primarily driven by strong improvements in working capital management. Net cash used for acquisitions was \$ 79 million. **Free Cash Flow after acquisitions** increased therefore 78% to \$ 295 million.

As of September 30, 2003, the Company operated a total of 1,540 **clinics** worldwide (1,100 clinics/+3% in North America and 440 clinics/+16% International). Fresenius Medical Care AG performed approximately 13.2 million **treatments**, which represents an increase of 9% year over year. North America accounted for 9.2 million treatments (+7%) and the International segment for 4.0 million (+16%). At the end of the third quarter 2003, Fresenius Medical Care served about 117,600 **patients** worldwide which represents an increase of 7%. North America accounted for ~81,700 patients (+4%) and the International segment for ~35,900 patients (+14%).

OUTLOOK 2003

For the year 2003, the Company reconfirms its outlook and expects mid single digit revenue growth (in constant currency) and net income growth in the high single digit to low double digit range. As mentioned in the first quarter of 2003, the Company expects to achieve net income growth for the full year 2003 near the lower end within the predicted range.

Ben Lipps, Chief Executive Officer of Fresenius Medical Care, commented: "Our results for the third quarter of 2003 improved in all key financial metrics and showed a strong performance of our underlying operations. We achieved another record operating and free cash flow for the third quarter 2003 and we are confident that our global strategy is on the right track. We are well positioned to achieve our full year targets and we can look favourably to the future."

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Fresenius Medical Care AG is the world's largest, integrated provider of products and services for individuals undergoing dialysis because of chronic kidney failure, a condition that affects more than 1,200,000 individuals worldwide. Through its network of approximately 1,540 dialysis clinics in

North America, Europe, Latin America and Asia-Pacific, Fresenius Medical Care provides Dialysis Treatment to approximately 117,600 patients around the globe. Fresenius Medical Care is also the world's leading provider of Dialysis Products such as hemodialysis machines, dialyzers and related disposable products. For more information about Fresenius Medical Care, visit the Company's website at <http://www.fmc-ag.com>.

This release contains forward-looking statements that are subject to various risks and uncertainties. Actual results could differ materially from those described in these forward-looking statements due to certain factors, including changes in business, economic and competitive conditions, regulatory reforms, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings, and the availability of financing. These and other risks and uncertainties are detailed in Fresenius Medical Care AG's reports filed with the U.S. Securities and Exchange Commission. Fresenius Medical Care AG does not undertake any responsibility to update the forward-looking statements in this release.

Fresenius Medical Care AG Statements of Earnings

(in US-\$ thousands, except share and per share data) (unaudited)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2003	2002	% Change	2003	2002 ¹⁾	% Change
	Net revenue					
Dialysis Care	1,018,092	941,866	8.1%	2,940,711	2,734,807	7.5%
Dialysis Products	391,349	343,550	13.9%	1,134,364	991,393	14.4%
Total net revenue	1,409,441	1,285,416	9.6%	4,075,075	3,726,200	9.4%
Cost of revenue	946,005	865,855	9.3%	2,751,937	2,521,881	9.1%
Gross profit	463,436	419,561	10.5%	1,323,138	1,204,319	9.9%
Selling, general and administrative	253,593	240,987	5.2%	736,133	661,537	11.3%
Research and development	12,780	12,019	6.3%	37,258	31,912	16.8%
Operating income (EBIT)	197,063	166,555	18.3%	549,747	510,870	7.6%
Interest income	(2,657)	(3,488)	-23.8%	(9,254)	(9,438)	-1.9%
Interest expense	55,344	55,768	-0.8%	168,668	185,787	-9.2%
Interest expense, net	52,687	52,280	0.8%	159,414	176,349	-9.6%
Earnings before income taxes and minority interest	144,376	114,275	26.3%	390,333	334,521	16.7%
Income tax expense	56,493	43,473	29.9%	152,059	124,414	22.2%
Minority interest	563	1,078	-47.8%	1,593	2,699	-41.0%
Net income	87,320	69,724	25.2%	236,681	207,408	14.1%
Operating income (EBIT)	197,063	166,555	18.3%	549,747	510,870	7.6%
Depreciation and amortization	53,996	54,698	-1.3%	158,983	159,680	-0.4%
EBITDA	251,059	221,253	13.5%	708,730	670,550	5.7%
Earnings per ordinary share	\$0.90	\$0.72	25.3%	\$2.44	\$2.15	14.0%
Earnings per ordinary ADS	\$0.30	\$0.24	25.3%	\$0.81	\$0.72	14.0%
Earnings per preference share	\$0.92	\$0.73	26.1%	\$2.50	\$2.19	14.2%
Earnings per preference ADS	\$0.31	\$0.24	26.1%	\$0.83	\$0.73	14.2%
Average weighted number of shares						
Ordinary shares	70,000,000	70,000,000		70,000,000	70,000,000	
Preference shares	26,188,575	26,188,575		26,188,575	26,184,034	
Percentages of revenue						
Cost of revenue	67.1%	67.4%		67.5%	67.7%	
Gross profit	32.9%	32.6%		32.5%	32.3%	
Selling, general and administrative	18.0%	18.7%		18.1%	17.8%	
Research and development	0.9%	0.9%		0.9%	0.9%	
Operating income (EBIT)	14.0%	13.0%		13.5%	13.7%	
Interest expense, net	3.7%	4.1%		3.9%	4.7%	
Earnings before income taxes and minority interest	10.2%	8.9%		9.6%	9.0%	
Income tax expense	4.0%	3.4%		3.7%	3.3%	
Minority interest	0.0%	0.1%		0.0%	0.1%	
Net income	6.2%	5.4%		5.8%	5.6%	
EBITDA	17.8%	17.2%		17.4%	18.0%	

¹⁾ Loss from early redemption of trust preferred securities reclassified from extraordinary loss into interest expense and income tax expense as a result of adoption of SFAS No. 145 (extraordinary loss of US-\$ 19,517, US-\$ 11,777 net of taxes)