



P R E S S R E L E A S E

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First Half 2004 Fresenius raises sales and earnings outlook

- Sales € 3.55 billion
 + 9% in constant currency, + 3% at actual exchange rates
- EBIT € 412 million
 + 13% in constant currency, + 6% at actual exchange rates
- Net income € 80 million
 + 21% in constant currency, + 14% at actual exchange rates

Business continues to develop successfully

- Earnings performance improved.
- Cashflow of € 239 million at record level.
- Fresenius Medical Care and Fresenius Kabi with excellent sales and earnings performance.
- Weak market condition continues to affect Fresenius ProServe.
- Group outlook for 2004 raised.

Group outlook for 2004

Based on the excellent results at Fresenius Medical Care and Fresenius Kabi the Company raises its full-year outlook: Fresenius now expects a high-single digit percent increase in sales in constant currency. Previously, the Company expected a mid-single digit percent increase in sales. Net income is expected to grow approximately 30% in constant currency. Previously, the Company expected net income to grow at 25-30%. Sales and earnings growth is expected in all business segments.

Sales

Sales in the first half of 2004 rose 9% in constant currency. Organic growth was 7%, acquisitions contributed 2%. Currency translation effects had a negative 6% effect on sales. At actual exchange rates sales increased 3% to € 3,553 million.

Sales in North America accounted for 48% and Europe for 39% of total sales, followed by Asia-Pacific with 7%. Sales in Latin America and other regions accounted for 6% of total sales. Very good regional growth rates of 19% in constant currency were achieved in Asia-Pacific and Latin America. We expect that Asia-Pacific and Latin America will continue to offer above-average growth opportunities for Fresenius in the future.

in €m	H1 2004	H1 2003	Change	Organic growth	Currency translation effects	Acquisitions/Divestitures	% of total sales
Europe	1,380	1,310	5%	4%	0%	1%	39%
North America	1,713	1,748	-2%	6%	-11%	3%	48%
Asia-Pacific	271	235	15%	19%	-4%	0%	7%
Latin America	129	116	11%	11%	-8%	8%	4%
Africa	60	47	28%	20%	5%	3%	2%
Total	3,553	3,456	3%	7%	-6%	2%	100%

Sales contribution of the three business segments:

	H1 2004	H1 2003
Fresenius Medical Care	69%	70%
Fresenius Kabi	20%	20%
Fresenius ProServe	11%	10%

Fresenius Medical Care's lower share of Group sales is due to currency translation effects.

Earnings

The Group was able to increase earnings despite negative currency translation effects: Using actual exchange rates, EBITDA rose 4% to € 564 million (first half 2003: € 543 million). In constant currency, EBITDA rose 10%. Group EBIT increased 13% in constant currency and 6% at actual exchange rates to € 412 million (first half 2003: € 390 million).

Net interest also improved to € -104 million in the first half of 2004 compared to € -125 million last year. This is due to a lower debt level as well as the conversion to a variable rate from a fixed interest rate on payments on some of Fresenius Medical Care's debt. Currency exchange rates also had a favorable impact.

The effective tax rate for the first half 2004 was 40.6% (first half 2003: 39.2%).

In the first half of 2004, minority interests increased to € 103 million compared to € 91 million in the first half of 2003. 96% of minority interests were attributed to Fresenius Medical Care.

Net income rose 21% in constant currency and 14% at actual exchange rates, to € 80 million (first half 2003: € 70 million). The excellent operating performance of Fresenius Medical Care and Fresenius Kabi as well as significantly lower interest expenses resulted in the increase in net income despite higher taxes.

Earnings per ordinary share rose to € 1.95 (first half 2003: € 1.70). Earnings per preference share rose to € 1.97 (first half 2003: € 1.72). This represents an increase of 14%.

Investments

In the first half, Fresenius invested € 172 million (first half 2003: € 157 million) including € 111 million on capital expenditures for property, plant and equipment and intangible assets (first half 2003: € 113 million) and € 61 million on acquisitions (first half 2003: € 44 million).

Capital expenditures at Fresenius Medical Care were mainly used to construct new dialysis clinics or expand and modernize existing clinics as well as maintain and expand production sites. Fresenius Kabi's production sites were expanded and optimized. The investments at Fresenius ProServe included the purchase of technical medical equipment as well as the modernization of hospitals and clinics, such as the construction of highly modern operating theatres in an orthopedic clinic.

Fresenius Medical Care spent € 49 million on acquisitions mainly to buy dialysis clinics. € 12 million was spent on acquisitions for Fresenius Kabi and Fresenius ProServe.

Europe accounted for 45% of Group investments, North America for 44% and other regions for 11%.

Cash flow

Operating cash flow and free cash flow reached new all-time highs in the first-half year: Operating cash flow rose 9% to € 340 million (first half 2003: € 311 million) due to the positive development of Group net income. Free cash flow before acquisitions and dividends increased 15% to € 239 million (first half 2003: € 208 million). Free cash flow after acquisitions and dividends rose 6% to € 67 million (first half 2003: € 63 million). Cash used for acquisitions was € -53 million (net) and dividends were € -119 million.

Asset and capital structure

Total assets rose 5% to € 8,792 million (December 31, 2003: € 8,347 million) or 3% in constant currency. Total current assets increased 10% to € 3,031 million (December 31, 2003: € 2,744 million). This increase was due mainly to an increase in trade accounts receivable (+14%), since receivables from the Fresenius Medical Care receivable securitization program are stated in the balance sheet starting this year following an amendment of the program.

This change impacted also group debt. Debt was € 3,188 million at actual rates (constant currency: € 3,123 million) as of June 30, 2004. In comparison, debt at the end of 2003 including liabilities related to the receivable securitization program was € 3,148 million (excluding the securitization program: € 3,023 million).

The ratio of net debt/EBITDA remained unchanged from the end of 2003 at 2.7.

Shareholders' equity including minority interests was € 3,375 million, up 5% from € 3,214 million on December 31, 2003. The equity ratio including minority interests was 38.4% (December 31, 2003: 38.5%).

Employees

Fresenius had 69,128 employees worldwide on June 30, 2004, an increase of 4% over the 66,264 employees at the end of 2003.

Fresenius Biotech

Fresenius Biotech develops innovative therapies with trifunctional antibodies for the treatment of cancer as well as cell therapies used to treat end-stage HIV infection. In the field of polyclonal antibodies, Fresenius Biotech has successfully marketed ATG-Fresenius S for many years. ATG-Fresenius S is an immunosuppressive agent used to prevent and treat rejection following organ transplantations.

As expected, the first results from a phase I study using the trifunctional antibodies in non-small-cell lung cancer, breast cancer and peritoneal carcinomatosis are planned to be announced during the remainder of this year.

First intermediate results of a phase I/II study reviewing the treatment of patients with end-stage HIV infection will be available in early 2005. The study is expected to show whether the mode of action functions in treating humans.

The Business Segments

Fresenius Medical Care

Fresenius Medical Care is the world's leading provider of products and services for patients with chronic kidney failure. As at June 30, 2004, Fresenius Medical Care treated about 122,700 patients (+6%) in 1.590 dialysis clinics (+5%).

in US\$ million	H1 2004	H1 2003	Change
Sales	3,011	2,666	13%
EBITDA	525	458	15%
EBIT	411	353	16%
Net income	192	149	28%
Employees	46,487 (Jun 30, 2004)	43,445 (Dec 31, 2003)	7%

- Excellent growth in sales (+13%) and net income (+28%)
- Number of dialysis treatments rose 7%
- Full-year guidance raised

In the first half of 2004, Fresenius Medical Care achieved significant sales growth of 13% to \$ 3,011 million (first half 2003: \$ 2,666 million), or 10% in constant currency.

Fresenius Medical Care increased sales by strong 9% in its key North American market which accounts for 68% of sales. Outside North America (International segment) sales rose 23%, or a strong 13% increase in constant currency.

Sales of dialysis products at Fresenius Medical Care increased 11% to \$ 826 million. Sales of dialysis services grew 14% to \$ 2,185 million. Dialysis services sales are mainly determined by the number of treatments: In the first half of 2004, Fresenius Medical Care performed 9.2 million dialysis treatments, 7% more than in the first half of 2003, including 6.3 million (+5%) in North America and 2.9 million (+11%) outside North America.

Fresenius Medical Care increased EBIT by 16% to \$ 411 million in the first half of 2004 from \$ 353 million in the first half of 2003. Net income at Fresenius Medical Care increased 28% in the first half to \$ 192 million.

Based on the strong performance in the first half of 2004 Fresenius Medical Care lifts its guidance for the full year 2004. After expecting a net revenue growth at constant

currencies in the mid-single digit range Fresenius Medical Care now expects the top-line to grow in the high-single digits. After expecting a net income growth for 2004 in the low double digit range Fresenius Medical Care now expects net income growth to be in the mid teens.

For further information, please see Fresenius Medical Care's website: www.fmc-ag.com.

Fresenius Kabi

Fresenius Kabi is a leading provider of nutrition and infusion therapy for critically and chronically ill patients in the hospital and ambulatory environment. In addition, the company offers products in the field of infusion and transfusion technology.

in € million	H1 2004	H1 2003	Change
Sales	738	718	3%
EBITDA	126	108	17%
EBIT	85	71	20%
Net income	38	30	27%
Employees	11,477 (Jun 30, 2004)	11,470 (Dec 31, 2003)	0%

- EBIT increase of 20%
- Excellent organic growth of 6%
- Full-year margin forecast increased from 11.0% to approximately 11.5%
- Capital Market Day planned for December 8, 2004

Sales at Fresenius Kabi rose 3% to € 738 million (first half 2003: € 718 million). Fresenius Kabi achieved excellent overall organic growth of 6%. Latin America and Asia-Pacific performed exceptionally well, accounting for organic growth of 13% and 21% respectively. Pricing pressure and cost-cutting in the health care sector led to a 6% decline in sales in Germany. Excluding Germany, Fresenius Kabi achieved organic revenue growth of 8% in Europe. Currency exchange rates had an effect of -1% on first-half sales. Divestments decreased sales by 2%.

Fresenius Kabi's EBIT increased by 20% to € 85 million in the first half of 2004. This result significantly exceeds last year's figure of € 71 million. The EBIT margin increased by 160 basis points from 9.9% in the first half of 2003 to 11.5%, continuing the positive earnings trend.

Based on the good first-half year results, Fresenius Kabi is raising its earnings outlook and now expects the EBIT margin to increase to approximately 11.5% after predicting 11.0% in February. Full-year sales at Fresenius Kabi in constant currency are expected to achieve an increase in the mid-single digit percentages.

A Capital Market Day is dated for December 8, 2004 to present in detail Fresenius Kabi's business and strategic direction.

Fresenius ProServe

Fresenius ProServe offers services to the international health care sector. The health care business includes hospital management as well as the planning and construction of hospitals. The pharma industry business focuses on the planning and the construction of pharmaceutical plants and medical technical production sites.

in € million	H1 2004	H1 2003	Change
Sales	383	336	14%
EBITDA	14	22	-36%
EBIT	0	10	-100%
Net income	-9	1	--
Employees	10,622 (Jun 30, 2004)	10,815 (Dec 31, 2003)	-2%

- Organic growth of 14%
- Order intake increased
- Continued low bed utilization in Germany
- 2004 EBIT forecast lowered to € 15 to € 20 million before one-time expenses

First-half sales at Fresenius ProServe rose to € 383 million, an increase of 14% compared to the first half of 2003 (€ 336 million) due entirely to organic growth. Sales growth came primarily from the positive development of the health care project business.

Order intake at Fresenius ProServe increased in the first half by 6% to € 136 million (first half 2003: € 128 million). This increase grew out of projects both in the health care and the pharma industry business. The order backlog was € 438 million (December 31, 2003: € 435 million).

Fresenius ProServe achieved an EBIT before one-time expenses of € 6 million (first half 2003: € 10 million). Including one-time expenses of € 6 million (before tax), EBIT was € 0 million. The 79% bed utilization rate at the German hospital business of WKA was below the 80% in the first half of 2003. To adjust its fixed costs to market conditions, Fresenius ProServe is reducing staff and optimizing processes and costs.

The full-year EBIT target of € 25 million before one-time expenses is no longer achievable since first-half results of 2004 were below expectations and the bed utilization rate continues to remain weak. Fresenius ProServe now expects an EBIT between € 15 million and € 20 million before one-time expenses. One-time expenses are expected to be in the range of € 8 million. Sales at Fresenius ProServe are still expected to increase 10% in 2004.

Please note:

An analyst meeting will take place today at 1.30 pm CET. This meeting will be broadcasted live over the Internet in a listen only mode at www.fresenius-ag.com.

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

Fresenius Group in Figures

Consolidated statement of income (unaudited)

January 1 to June 30, in million €	2004	2003
Sales	3,553	3,456
Cost of goods sold	-2,393	-2,330
Gross profit	1,160	1,126
Selling, general and administrative expenses	-684	-680
Expenditure on research and development	-64	-56
Operating income (EBIT)	412	390
Net interest	-104	-125
Earnings before income taxes and minority interests	308	265
Income taxes	-125	-104
Minority interests	-103	-91
Net income	80	70
Basic earnings per ordinary share (in €)	1.95	1.70
Fully diluted earnings per ordinary share (in €)	1.94	1.70
Basic earnings per preference share (in €)	1.97	1.72
Fully diluted earnings per preference share (in €)	1.96	1.72

Average number of shares		
Ordinary shares	20,484,842	20,484,842
Preference shares	20,484,842	20,484,842
EBIT (in million €)	412	390
Depreciation and amortization (in million €)	152	153
EBITDA (in million €)	564	543
EBIT margin	11.6%	11.3%
EBITDA margin	15.9%	15.7%

Key figures of the balance sheet (unaudited)

in million €	Jun 30, 2004	Dec 31, 2003	Change
Assets			
Current assets	3,031	2,744	10%
thereof trade accounts receivable	1,614	1,415	14%
thereof inventories	676	642	5%
thereof cash and cash equivalents	154	125	23%
Non-current assets	5,761	5,603	3%
thereof tangible assets	1,732	1,721	1%
thereof goodwill and other intangible assets	3,664	3,481	5%
Total assets	8,792	8,347	5%
Liabilities and shareholders' equity			
Liabilities	5,417	5,133	6%
thereof trade accounts payable	254	265	-4%
thereof accruals and other short-term liabilities	1,569	1,447	8%
thereof debt	3,188	3,023	5%
Minority interests	1,778	1,678	6%
Shareholders' equity	1,597	1,536	4%
Total assets	8,792	8,347	5%

Cash flow statement (unaudited)

in million €	H1 2004	H1 2003	Change
Net income before minority interests	183	161	14%
Depreciation and amortization	152	153	-1%
Change in accruals for pensions	10	6	67%
Cash flow	345	320	8%
Change in working capital	-5	-9	44%
Operating cash flow	340	311	9%
Capital expenditure (net)	-101	-103	2%
Free cash flow before acquisitions and dividends	239	208	15%
Cash used for acquisitions (net)	-53	-38	-39%
Dividends	-119	-107	-11%
Free cash flow after acquisitions and dividends	67	63	6%
Cash used for financing activities	-40	-25	-60%
Effect of exchange rates on change in cash and cash equivalents	2	-7	129%
Net increase in cash and cash equivalents	29	31	-6%

Segment reporting

	Fresenius Medical Care			Fresenius Kabi			Fresenius ProServe			Corporate/Other			Total		
	H1 2004	H1 2003	Change	H1 2004	H1 2003	Change	H1 2004	H1 2003	Change	H1 2004	H1 2003	Change	H1 2004	H1 2003	Change
	€m	€m		€m	€m		€m	€m		€m	€m		€m	€m	
Sales	2,454	2,413	2%	738	718	3%	383	336	14%	-22	-11	-100%	3,553	3,456	3%
of which contributing to consolidated sales	2,438	2,400	2%	724	708	2%	383	334	15%	8	14	-43%	3,553	3,456	3%
of which intercompany sales	16	13	23%	14	10	40%	0	2		-30	-25	-20%	0	0	
contribution to consolidated sales	69%	70%		20%	20%		11%	10%		0%	0%		100%	100%	
EBITDA	428	414	3%	126	108	17%	14	22	-36%	-4	-1	-	564	543	4%
Depreciation and amortization	93	95	-2%	41	37	11%	14	12	17%	4	9	-56%	152	153	-1%
EBIT	335	319	5%	85	71	20%	0	10	-100%	-8	-10	20%	412	390	6%
Balance of interest	-75	-97	23%	-23	-21	-10%	-5	-5	0%	-1	-2	50%	-104	-125	17%
Net income	156	135	16%	38	30	27%	-9	1	-	-105	-96	-9%	80	70	14%
Operating cash flow	286	271	6%	60	47	28%	32	12	167%	-38	-19	-100%	340	311	9%
Free cash flow before acquisitions and dividends	209	201	4%	49	26	88%	21	2	-	-40	-21	-90%	239	208	15%
Debt*	2,174	2,030	7%	728	739	-1%	264	275	-4%	22	-21	205%	3,188	3,023	5%
Total assets*	6,309	5,941	6%	1,541	1,510	2%	802	794	1%	140	102	37%	8,792	8,347	5%
Capital expenditure	82	78	5%	16	23	-30%	11	10	10%	2	2	0%	111	113	-2%
Acquisitions	49	59	-17%	9	1	-	3	4	-25%	0	-20	100%	61	44	39%
Research and development expenses	22	22	0%	29	22	32%	0	0		13	12	8%	64	56	14%
Employees (per capita on balance sheet date)*	46,487	43,445	7%	11,477	11,470	0%	10,622	10,815	-2%	542	534	1%	69,128	66,264	4%
Key figures															
EBITDA margin	17.4%	17.3%		17.1%	15.0%		3.7%	6.5%					15.9%	15.7%	
EBIT margin	13.6%	13.2%		11.5%	9.9%		0.0%	3.0%					11.6%	11.3%	
ROOA*	11.7%	11.4%		12.8%	11.1%		0.0%	-3.2%					10.4%	9.8%	
Depreciation and amortization as % of sales	3.8%	3.9%		5.6%	5.2%		3.7%	3.6%					4.3%	4.4%	

* 2003: December 31