



## P R E S S   R E L E A S E

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### **Fresenius continues profitable growth**

- **Acquisition of HELIOS Kliniken builds Fresenius ProServe's hospital management business**
- **Acquisition of Clinico to develop Fresenius Kabi's medical devices business**
- **Committed financing**
- **Excellent financial results in the 1st-3rd quarter of 2005 (preliminary); 2005 Group outlook – earnings guidance raised**

### **Acquisition of HELIOS Kliniken GmbH, a leading hospital operator in Germany**

Fresenius has entered into an agreement to acquire HELIOS Kliniken GmbH, Fulda, Germany. Through the acquisition, Fresenius creates an excellent platform for further growth in the German acute care market. HELIOS is recognized for having medical quality standards of the highest level in the industry. With expected sales of approx. € 1.2 billion in 2005 the company ranks among the largest and financially most successful private hospital chains in Germany. The acquisition of HELIOS will establish Fresenius ProServe as one of the leading private hospital operators in Germany and create a strong third business segment within Fresenius Group.

„The hospital management business in Germany has been our clear focus following the streamlining of Fresenius ProServe's operations in 2003 and 2004. The acquisi-

tion of one of the most successful German hospital operators is an unique opportunity to strengthen our position in acute care hospitals. Building on this strong position, we will capitalize on the excellent growth potential of the ongoing privatization process in the German hospital market. HELIOS is an extremely well-managed company and is, just like Fresenius, strongly committed to deliver best-in-class medical treatment," commented Dr. Ulf M. Schneider, Chairman of the Management Board of Fresenius AG.

HELIOS Kliniken GmbH is one of the leading private German hospital operators in terms of revenue growth and profitability. Since 2002, the company posted a compounded annual growth rate of 28 % in sales. In 2004, HELIOS achieved revenues of € 1,161 million, operating income of € 95 million and net income of € 66 million. The company owns 24 hospitals with a total capacity of approx. 9,300 beds. HELIOS is the only hospital chain in Germany that operates four maximum-care hospitals with more than 1,000 beds each. The company has approx. 18,000 employees and performs about 330,000 inpatient and about 700,000 outpatient treatments annually.

HELIOS enjoys an excellent reputation with medical experts and patients. The company implemented a comprehensive medical quality management system and is the first German hospital chain that sets quantitative medical targets. The Annual report as well as the quality and intellectual capital reports document HELIOS's achievements and targets with outstanding transparency. HELIOS's experienced and acquisition-proven management team will continue to manage the company. All members of the HELIOS Management continue to be shareholders in the company.

"Our proven medical know-how and partnership network management is the basis for our leading position in medical quality standards. With Fresenius, we will further strengthen this position. We are well prepared for further growth in the highly dynamic German hospital market for acute care, even for ambitious privatization projects," commented Ralf Michels, Managing Director of HELIOS Kliniken GmbH.

In the future, the hospitals of HELIOS and the Fresenius hospitals of the Wittgensteiner Group will operate under the leadership and brand of HELIOS. Both compa-

nies are highly complementary in terms of geographical fit and medical focus. The combined business will include 55 clinics with 2004 pro-forma revenues of approx. € 1.5 billion.

The purchase price for 100 % of the HELIOS shares is € 1.5 billion plus € 100 million for the net cash position. Fresenius will acquire 94 % of the HELIOS shares, 6 % will continue to be held by the HELIOS management.

The acquisition requires antitrust approval. Fresenius anticipates to close this transaction at the end of 2005.

### **Acquisition of the business of Clinico GmbH – Fresenius Kabi strengthens product portfolio and production network of medical devices**

Fresenius Kabi has entered into an agreement to acquire the business of Clinico GmbH, Bad Hersfeld, Germany. Clinico manufactures medical devices used for the application of infusion therapies and clinical nutrition, such as sterile disposables for the application of drugs, application systems for clinical nutrition as well as catheter systems. The company has a development center and a tool-making site in Germany as well as production plants in Poland and China with state-of-the-art production technologies. All Clinico production plants are certified according to ISO and meet the requirements of the FDA.

Fresenius Kabi is the European leader in infusion therapy and clinical nutrition and offers medical devices for the application of these therapies. With the acquisition of Clinico, Fresenius Kabi extends its product portfolio and will distribute Clinico's products through its existing sales and distribution organization. In addition, the company increases its development and production network for medical devices.

Preliminary sales for the fiscal year 2004/05 (September 30) were about € 51 million, mainly achieved with industrial clients. Clinico has over 1,500 employees.

The acquisition requires the approval of the German antitrust authority.

## **Committed financing**

It is planned to finance the acquisitions through a capital increase in the amount of around € 800 million and a bond in the amount of around € 700 million. The capital increase from approved capital is planned to be completed in 2005 with a subscription right granted to shareholders. A major German bank has committed to underwrite the total amount of the capital increase at customary market conditions. The details of the capital increase will be published in the coming weeks. Commitments for a € 700 million bridge financing have been received from two international banks, as the bond is planned to be issued in the first half of 2006. The Else Kröner-Fresenius-Foundation has notified us, that it will participate in the planned capital increase with an amount of € 100 million. In addition, the proceeds from the disposal of unused subscription rights will be fully invested. Allianz Lebensversicherungs-AG has notified us, that it will positively support the planned capital increase.

Fresenius expects the 2005 acquisitions of Labesfal, Clinico and HELIOS to be slightly accretive to 2006 earnings per share and to be clearly accretive as from 2007.

The financing mix of equity and debt is designed to keep Fresenius Group's key credit ratios substantially unchanged.

## **Excellent financial results in the 1st-3rd quarter 2005 (preliminary); 2005 Group outlook – earnings guidance raised**

In context with the announced transactions, Fresenius provides an overview on the financial results of the first nine months 2005.

Based on preliminary figures, Fresenius achieved excellent financial results in the first nine months of 2005.

Group sales increased 7 % in constant currency. At actual rates, sales were € 5,717 million, an increase of 6 %. Earnings increased stronger than sales: Group EBIT

rose 13 % in constant currency and 12 % at actual rates to € 702 million. Group net income grew by 28 % in constant currency and 27 % at actual rates to € 159 million.

The business segments made the following contribution to this excellent development:

Based on preliminary figures, Fresenius Medical Care achieved sales growth of 9 % to US\$ 5,000 million in the first nine months of 2005. EBIT and net income posted a strong performance: EBIT rose 11 % to US\$ 694 million including US\$ 8 million of one-time costs related to the transformation of Fresenius Medical Care's legal form into a KGaA. Net income was US\$ 338 million, up 15 % from the first nine months of 2004.

For the year 2005, Fresenius Medical Care confirms its outlook and expects a revenue growth at constant currency between 6 and 9 % and a net income growth between 12 and 15 %. The company expects to achieve the upper end of the net income guidance. This guidance does not take into effect the impact of the Renal Care Group acquisition or the one-time costs for the full year 2005 in connection with the transformation of the company's legal form, or the conversion of the preference shares into ordinary shares.

Fresenius Kabi achieved an excellent sales growth of 12 % to € 1,239 million in the first nine months. EBIT increased significantly by 32 % to € 170 million. The EBIT margin was 13.7 % (Q1-3 2004: 11.7 %). In Q3 2005, the EBIT margin improved to 14.3 %.

Fresenius Kabi confirms its full-year EBIT margin outlook of >13.5 %. Constant-currency sales growth is expected at about 10 %.

In the first nine months of 2005, Fresenius ProServe achieved sales of € 552 million, a decrease of 5 % compared to the previous year. On a comparable basis (excluding the nursing home business sold in 2004 and the discontinued international hospital management business), sales would have been on previous year's level. EBIT was € 11 million in the first nine months of 2005 (Q1-Q3 2004: € 3 million; before

one-time expenses: € 11 million). Based on a stronger order intake in its project business, Fresenius ProServe expects improved sales and earnings in Q4 2005.

Fresenius ProServe confirms its full-year outlook for 2005 and expects EBIT of € 20 to € 25 million and organic sales growth of 5 to 8%.

Based on these excellent preliminary Group figures, Fresenius raises its full-year earnings outlook (before the announced acquisitions): Net income is expected to grow at >25 % in constant currency. Previously, the Company expected 20 to 25 % net income growth. The projection for constant-currency sales growth remains at 6 to 9 %.

The final figures for the first nine months of 2005 will be announced on November 3, 2005, as originally scheduled.

#### Key figures of the business segments (preliminary)

in € million	Q1-3 2005	Q1-3 2004	Change
<b>SALES</b>			
Fresenius Medical Care	3.959	3.744	6%
Fresenius Kabi	1.239	1.105	12%
Fresenius ProServe	552	581	-5%
Corporate/Other	-33	-31	-6%
<b>Fresenius Group</b>	<b>5.717</b>	<b>5.399</b>	<b>6%</b>
<b>EBIT</b>			
Fresenius Medical Care	549	510	8%
Fresenius Kabi	170	129	32%
Fresenius ProServe	11	3	--
Corporate/Other	-28	-14	-100%
<b>Fresenius Group</b>	<b>702</b>	<b>628</b>	<b>12%</b>

#### Glossary- maximum-care hospitals

The government plan for general and specialty hospitals basically encompasses four categories. Hospitals for maximum-care generally go far beyond the other categories with their range of services. They typically hold their clinical capacities for 24 hours 7days a week and are obliged to particular standards of quality assurance. Furthermore they shall provide state of the art medical and technical equipment. Hospitals for maximum-care are especially obliged to educational and professional training.

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