



Fresenius Medical Care

## P R E S S – R E L E A S E

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### **Fresenius Medical Care Reports Strong Start for 2010 and Confirms Outlook for Full Year**

#### **Summary First Quarter 2010**

Net revenue	\$2,882 million	+13%
Operating income (EBIT)	\$423 million	+7%
Net income attributable to		
Fresenius Medical Care AG & Co. KGaA	\$211 million	+7%
Earnings per share	\$0.70	+6%

**Bad Homburg, Germany** – Fresenius Medical Care AG & Co. KGaA (“the Company” or “FMC AG & Co. KGaA”), the world’s largest provider of dialysis products and services, today announced its results for the first quarter of 2010.

## **Revenue**

**Net revenue** for the first quarter of 2010 increased by 13% to \$2,882 million (+10% at constant currency) compared to the first quarter of 2009. Organic revenue growth worldwide was 8%. Dialysis services revenue grew by 13% to \$2,171 million (+11% at constant currency) in the first quarter of 2010. Dialysis product revenue rose by 12% to \$711 million (+5% at constant currency) in the same period.

**North America** revenue increased by 10% to \$1,960 million. Organic revenue growth was 8%. Dialysis services revenue grew by 12% to \$1,760 million. Average revenue per treatment for U.S. clinics increased to \$355 in the first quarter of 2010 compared to \$338 for the corresponding quarter in 2009. This development was attributable principally to reimbursement increases and increased utilization of pharmaceuticals. Dialysis product revenue increased by 1% to \$200 million, led by higher sales of hemodialysis disposables and pharmaceuticals. In peritoneal dialysis we are focused on the continued market launch of the Liberty Cyclor, resulting in a 13% growth internally.

**International** revenue increased by 17% to \$922 million. Based on constant currency, revenue grew by 8%. Organic revenue growth was 6%. Dialysis services revenue was \$411 million, an increase of 19% (+9% at constant currency). Dialysis product revenue increased by 16% to \$511 million (+7% at constant currency), supported by higher sales of dialyzers and dialysis machines.

## **Earnings**

**Operating income (EBIT)** for the first quarter of 2010 increased by 7% to \$423 million compared to the first quarter of 2009. The operating margin decreased from 15.5% in the first quarter of 2009 to 14.7% in the first quarter of 2010.

In North America, the operating margin increased from 15.3% in the first quarter of 2009 to 15.6% in the first quarter of 2010. The margin development was impacted favorably by an increase in revenue per treatment and effective cost-containment measures.

In the International segment, the operating margin decreased from 18.7% in the first quarter of 2009 to 16.4% in the first quarter of 2010. The margin development was influenced negatively by the devaluation of the Venezuelan Bolivar.

**Net interest expense** for the first quarter of 2010 was \$67 million compared to \$74 million in the comparable quarter of 2009, mainly due to lower short-term interest rates.

**Income tax expense** was \$128 million for the first quarter of 2010 compared to \$111 million in the first quarter of 2009, reflecting effective **tax rates** of 35.8% and 34.3%, respectively.

**Net income** attributable to FMC AG & Co. KGaA for the first quarter of 2010 was \$211 million, an increase of 7% compared to the first quarter of 2009.

**Earnings per share (EPS)** for the first quarter of 2010 rose by 6% to \$0.70 per ordinary share. The weighted average number of shares outstanding for the first quarter of 2010 was approximately 299.6 million shares compared to 297.7 million shares for the first quarter of 2009. The increase in shares outstanding resulted from stock option exercises in the past 12 months.

### **Cash Flow**

In the first quarter of 2010, the Company generated \$349 million in **cash from operations**, an increase of 124% compared to the first quarter of 2009 and representing approximately 12% of revenue. The cash flow performance was influenced positively by improvements in working capital, increased earnings and lower income tax payments.

A total of \$99 million was spent for **capital expenditures**, net of disposals. **Free cash flow before acquisitions** was \$250 million compared to \$45 million in the first quarter of 2009. A total of \$82 million in cash was used for acquisitions net of divestitures. **Free cash flow after acquisitions and divestitures** was \$168 million compared to \$9 million in the first quarter of the previous year.

*Please refer to the appendix for a complete overview on the first quarter of 2010.*

### **Patients – Clinics – Treatments**

As of March 31, 2010, Fresenius Medical Care treated 198,774 **patients** worldwide, which represents a 6% increase compared to the previous year. North America provided dialysis treatments for 133,105 patients, an increase of 5%. Including 30 clinics managed by Fresenius Medical Care North America, the number of patients in North America was 134,847. The International segment served 65,669 patients, an increase of 9% over the prior year's figure.

As of March 31, 2010, the Company operated a total of 2,580 **clinics** worldwide, which represents a 5% increase compared to the previous year. The number of clinics is comprised of 1,788 clinics in North America (1,818 including managed clinics), and 792 clinics in the International segment, representing an increase of 4% and 8%, respectively.

Fresenius Medical Care delivered approximately 7.51 million dialysis **treatments** worldwide during the first quarter of 2010. This represents an increase of 7% over the same quarter last year. North America accounted for 5.03 million treatments, an increase of 6%, and the International segment delivered 2.47 million treatments, an increase of 8%.

### **Employees**

As of March 31, 2010, Fresenius Medical Care had 69,329 employees (full-time equivalents) worldwide compared to 67,988 employees at the end of 2009. This increase of 1,341 employees is due to overall growth in the Company's business.

### **Debt/EBITDA Ratio**

The ratio of debt to Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) decreased from 2.64 at the end of the first quarter of 2009 to 2.30 at the end of the first quarter of 2010.

## **Rating**

There have been no rating changes in the first quarter of 2010. On April 29, 2010, Standard & Poor's Rating Services has raised the outlook from 'stable' to 'positive'. Standard & Poor's continues to rate the Company's corporate credit as 'BB'. Moody's rates the Company's corporate credit as 'Ba1' with a 'stable' outlook. Fitch rates the Company's corporate credit as 'BB' with a 'stable' outlook.

For further information on Fresenius Medical Care's credit ratings, maturity profiles and credit instruments, please visit our website at [www.fmc-ag.com](http://www.fmc-ag.com) / Investor Relations / Credit Relations.

## **Issuance of Senior Notes**

At the start of 2010, Fresenius Medical Care issued €250 million aggregate principal amount of senior notes with a maturity in 2016. The proceeds from the issue were used to pay back short-term financial liabilities and for general business purposes.

## **Outlook for 2010**

For the full year of 2010, the Company confirms its outlook.

**Revenue** is expected to grow to more than \$12 billion.

**Net income** attributable to FMC AG & Co. KGaA is expected to be between \$950 million and \$980 million in 2010.

The Company expects to spend \$550 million to \$650 million on **capital expenditures** and up to \$400 million on **acquisitions**. The **debt/EBITDA ratio** is expected to be below 2.5 by the end of 2010.

“We are pleased to report a strong start for 2010 and we confirm our outlook for the full year,” said Ben Lipps, chief executive officer of Fresenius Medical Care. “Strong organic growth is expected to continue and we also expect to strengthen our global presence through selective acquisitions, especially in the area of dialysis services. We had an excellent cash flow performance in the first quarter of 2010, supported by a continued impressive development in the days sales outstanding. Our most important goal for clinical and product research is to continue improving our patients’ quality of life with innovative products and treatment concepts. We remain confident that we are well-positioned to meet our challenges, in particular the global reimbursement structural changes, and we look forward to the opportunity to further improve quality outcomes under these payment models.”

## **Conference Call**

Fresenius Medical Care will hold a conference call to discuss the results of the first quarter of 2010 on Tuesday, May 4, 2010, at 3:30 p.m. CEDT / 9:30 a.m. EDT. The Company invites investors to view the live webcast of the call at the Company’s website [www.fmc-ag.com](http://www.fmc-ag.com). A replay will be available shortly after the call.

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Fresenius Medical Care 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 1,890,000 individuals worldwide. Through its network of 2,580 dialysis clinics in North America, Europe, Latin America, Asia-Pacific and Africa, Fresenius Medical Care provides dialysis treatment to 198,774 patients around the globe. Fresenius Medical Care also is the world's leading provider of dialysis products such as hemodialysis machines, dialyzers and related disposable products. Fresenius Medical Care is listed on the Frankfurt Stock Exchange (FME, FME3) and the New York Stock Exchange (FMS, FMS/P).

For more information about Fresenius Medical Care, visit the Company's website at [www.fmc-ag.com](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 & Co. KGaA's reports filed with the U.S. Securities and Exchange Commission. Fresenius Medical Care AG & Co. KGaA does not undertake any responsibility to update the forward-looking statements in this release.

**Fresenius Medical Care**  
**Statement of Earnings**

in US-\$ thousands, except earnings per share and per share data  
(unaudited)

	Three months ended March 31,		Change
	2010	2009	
<b>Net revenue</b>			
Dialysis care	2,170,784	1,923,321	12.9%
Dialysis products	711,345	636,489	11.8%
<b>Total net revenue</b>	<b>2,882,129</b>	<b>2,559,810</b>	<b>12.6%</b>
Cost of revenue	1,917,837	1,697,505	13.0%
Gross profit	964,292	862,305	11.8%
Selling, general and administrative	517,714	443,567	16.7%
Research and development	23,089	22,896	0.8%
<b>Operating Income (EBIT)</b>	<b>423,489</b>	<b>395,842</b>	<b>7.0%</b>
Interest expense, net	67,425	74,290	-9.2%
<b>Income before taxes</b>	<b>356,064</b>	<b>321,552</b>	<b>10.7%</b>
Income tax expense <sup>1)</sup>	127,528	110,380	15.5%
<b>Net income</b>	<b>228,536</b>	<b>211,172</b>	<b>8.2%</b>
Less: Net income attributable to Noncontrolling interest <sup>1)</sup>	17,420	13,066	
<b>Net income attributable to FMC AG &amp; Co. KGaA</b>	<b>211,116</b>	<b>198,106</b>	<b>6.6%</b>
<b>Operating Income (EBIT)</b>	<b>423,489</b>	<b>395,842</b>	<b>7.0%</b>
Depreciation and amortization	124,458	105,471	18.0%
<b>EBITDA</b>	<b>547,947</b>	<b>501,313</b>	<b>9.3%</b>
<b>Earnings per ordinary share</b>	<b>\$0.70</b>	<b>\$0.67</b>	5.9%
<b>Earnings per ordinary ADS</b>	<b>\$0.70</b>	<b>\$0.67</b>	5.9%
<b>Weighted average number of shares</b>			
Ordinary shares	295,746,635	293,932,036	
Preference shares	3,889,994	3,811,297	

<sup>1)</sup> Due to the adoption of the new accounting rule ASC 810 (US GAAP), tax expenses related to minority interests of partnerships were reclassified to noncontrolling interest in 2009. The effect is neutral to net income attributable to FMC AG & Co. KGaA.