

## Press Release

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### **Fresenius Medical Care Reports Excellent First Quarter 2012 Results And Confirms Guidance For Full Year 2012**

#### **1<sup>st</sup> Quarter 2012 Summary:**

Net revenue	\$3,249 million	+9%
Operating income (EBIT)	\$503 million	+13%
Net income *	\$370 million	+68%
Earnings per share	\$1.22	+67%
Earnings excluding investment gain:		
Net income *	\$244 million	+10%
Earnings per share	\$0.80	+10%

**Bad Homburg, Germany** – Fresenius Medical Care AG & Co. KGaA (the “company” or “Fresenius Medical Care”; Frankfurt Stock Exchange: FME / New York Stock Exchange: FMS), the world’s largest provider of dialysis products and services, today announced its results for the first quarter of 2012.

\* Attributable to shareholders of Fresenius Medical Care AG & Co. KGaA

## Revenue

**Net revenue** for the first quarter of 2012 increased by 9% to \$3,249 million (+10% at constant currency) compared to the first quarter of 2011. Organic revenue growth worldwide was 3%. Dialysis services revenue grew by 11% to \$2,478 million (+12% at constant currency) and dialysis product revenue increased by 3% to \$771 million (+5% at constant currency).

**North America** revenue for the first quarter of 2012 increased by 9% to \$2,105 million. Dialysis services revenue grew by 11% to \$1,918 million with a same market growth of 3%. Average revenue per treatment for U.S. clinics increased to \$353 in the first quarter of 2012 compared to \$348 for the corresponding quarter in 2011. Dialysis product revenue decreased by 4% to \$187 million mainly as a result of lower pricing of renal pharmaceuticals.

**International** revenue increased by 8% to \$1,136 million (+ 12% at constant currency). Organic revenue growth was 6%. Dialysis services revenue increased by 11% to \$560 million (+16% at constant currency). Dialysis product revenue increased by 4% to \$576 million and increased by 8% at constant currency, mainly driven by higher sales of dialysis machines.

## Earnings

**Operating income (EBIT)** for the first quarter of 2012 increased by 13% to \$503 million compared to \$445 million in the first quarter of 2011. This resulted in an operating margin of 15.5% for the first quarter of 2012 compared to 14.9% for the corresponding quarter in 2011.

In North America, the operating margin increased from 16.2% to 16.5%. The increase in Medicare rates and the growth of our expanded services contributed favorably to this development. Average costs per treatment for U.S. clinics decreased to \$286 in the first quarter of 2012 compared to \$288 for the corresponding quarter in 2011.

In the International segment, the operating margin increased from 16.2% to 17.2%, mainly due to favorable exchange rate effects.

**Net interest expense** for the first quarter of 2012 was \$99 million, compared to \$72 million in the first quarter of 2011. This development was mainly attributable to the

higher level of financial debt as a result of the issuance of various tranches of senior notes over the course of 2011 and 2012.

**Net income** attributable to shareholders of Fresenius Medical Care AG & Co. KGaA for the first quarter of 2012 was \$370 million, an increase of 68% compared to the corresponding quarter of 2011. This includes a non-taxable investment gain of \$127 million related to the acquisition of Liberty Dialysis Holdings, Inc., including its 51% stake in Renal Advantage Partners, LLC (RAI). The gain is a result of measuring the 49% equity interest in RAI held by the company at its fair value at the time of the Liberty acquisition and is subject to the finalization of the Liberty purchase accounting. Excluding this investment gain net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA increased by 10% to \$244 million.

**Income tax expense** was \$137 million for the first quarter of 2012 compared to \$124 million in the first quarter of 2011. The effective **tax rate** decreased to 25.8% from 33.3% driven by the non-taxable investment gain. Excluding the investment gain the effective tax rate was 33.9%.

**Earnings per ordinary share (EPS)** for the first quarter 2012 was \$1.22 and \$0.80 if excluding the investment gain. This represents an increase compared to the first quarter of 2011 of 67% and 10%, respectively. The weighted average number of shares outstanding for the first quarter of 2012 was approximately 304.2 million shares, compared to 302.3 million shares for the first quarter of 2011. The increase in shares outstanding resulted from stock option exercises in the past 12 months.

## Cash flow

In the first quarter of 2012, the company generated \$481 million in **cash from operations**, an increase of 174% compared to the corresponding figure last year and representing approximately 14.8% of revenue. The cash flow generation was supported by a favorable development of DSO and inventory levels as well as lower income tax payments.

A total of \$122 million was spent for **capital expenditures**, net of disposals. **Free cash flow before acquisitions** was \$359 million compared to \$62 million in the first quarter of 2011. A total of \$1,526 million in cash was spent for **acquisitions and investments**,

net of divestitures. **Free cash flow after acquisitions and divestitures** was minus \$1,167 million, compared to minus \$277 million in the first quarter of 2011.

*Please refer to the appendix for a complete overview on the first quarter of 2012.*

## **Patients – Clinics – Treatments**

As of March 31, 2012, Fresenius Medical Care treated 253,041 **patients** worldwide, which represents a 17% increase compared to the previous year's figure. North America provided dialysis treatments for 161,656 patients, an increase of 17%. Including 21 clinics managed by Fresenius Medical Care North America, the number of patients in North America was 163,261. The International segment provided dialysis treatment to 91,385 patients, an increase of 16% over the prior year's figure.

As of March 31, 2012, the company operated a total of 3,119 **clinics** worldwide, which represents a 13% increase compared to the previous year's figure. The number of clinics is comprised of 2,053 clinics in North America (2,074 including managed clinics), and 1,066 clinics in the International segment, representing an increase of 13% and 13%, respectively.

During the first quarter of 2012, Fresenius Medical Care delivered approximately 9.21 million dialysis **treatments** worldwide. This represents an increase of 13%, compared to last year's figure. North America accounted for 5.75 million treatments, an increase of 10%. The International segment delivered 3.47 million treatments, an increase of 18%.

## **Employees**

As of March 31, 2012, Fresenius Medical Care had 82,979 employees (full-time equivalents) worldwide, compared to 79,159 employees at the end of 2011. This increase of more than 3,800 employees is due to overall growth in the company's business and acquisitions including Liberty Dialysis Holdings, Inc.

## **Debt/EBITDA ratio**

The ratio of debt to Earnings before interest, taxes, depreciation and amortization (EBITDA) increased from 2.55 at the end of the first quarter of 2011 to 2.96 at the end of the first quarter of 2012. The debt/EBITDA ratio at the end of 2011 was 2.69.

## **Rating**

In February Standard & Poor's Ratings Services upgraded the company's corporate credit to 'BB+' from 'BB'. The agency also raised the ratings of Fresenius Medical Care's various unsecured senior notes to 'BB+' from 'BB'. The rating of 'BBB-' on Fresenius Medical Care's senior secured credit facilities was affirmed. A stable outlook has been assigned to all ratings. Moody's rates the company's corporate credit as 'Ba1' with a 'stable' outlook, and 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.

## **Announcement of Management Board Change**

On March 9, 2012, Fresenius Medical Care announced a change in the Management Board. Rice Powell will succeed Dr. Ben J. Lipps as CEO of Fresenius Medical Care AG & Co. KGaA and Chairman of the Management Board, effective January 1, 2013. The appointment of Rice Powell is part of the company's succession plan to ensure a smooth transition of leadership. Ben Lipps was appointed Chief Executive Officer and Chairman of the Management Board in 1999. In recognition of his extraordinary achievements and unique expertise Dr. Ben J. Lipps has been appointed Honorary Chairman of the supervisory boards of Fresenius Medical Care AG & Co. KGaA and the Fresenius Medical Care Management AG, effective January 1, 2013.

## Closing of the acquisition of Liberty Dialysis Holdings

Fresenius Medical Care North America has closed the acquisition of Liberty Dialysis Holdings, Inc., the holding company of Liberty Dialysis and Renal Advantage effective February 28, 2012. The closing followed the completion of the review of the transaction and issuance of a consent decree by the United States' Federal Trade Commission. In connection with the consent decree, Fresenius Medical Care completed the sale of 44 clinics to Dialysis Newco, Inc. ("DSI Renal"). The acquisition of Liberty Dialysis Holdings Inc. is expected to add annual revenues of around \$ 700 million and 201 clinics to Fresenius Medical Care's network for an investment, net of proceeds from the divestiture, of approximately \$1.5 billion.

## Sales and earnings outlook for 2012 confirmed

For the full year 2012, the company confirms its sales and earnings outlook.

The company expects **revenue** to grow to around \$14 billion in 2012.

**Net income** is expected to grow to around \$1.3 billion and **net income** attributable to shareholders of Fresenius Medical Care AG & Co. KGaA is expected to grow to around \$1.14 billion. This does not include the investment gain in the amount of approximately \$ 127 million in the first quarter of 2012.

For 2012, the company expects to spend around \$700 million on **capital expenditures** and around \$1.8 billion on **acquisitions**. The **debt/EBITDA ratio** is expected to be below 3.0 by the end of 2012.

"Our first quarter results show an excellent start for the year with both the North American as well as the International segment continuing their strong operating performance. On this basis we clearly confirm our previous guidance for the full year 2012 expecting another record year in terms of revenue and earnings", said Ben Lipps, chief executive officer of Fresenius Medical Care. "We have made very good progress on our growth initiatives globally and successfully closed the acquisition of Liberty Dialysis during the first quarter of 2012. With our global base we continue to be well positioned for the continuing success of our business."

## Conference call

Fresenius Medical Care will hold a conference call to discuss the results of the first quarter of 2012 on Thursday, May 3, 2012, 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) in the "Investor Relations" section. A replay will be available shortly after the call.

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 2.1 million individuals worldwide. Through its network of 3,119 dialysis clinics in North America, Europe, Latin America, Asia-Pacific and Africa, Fresenius Medical Care provides dialysis treatment to 253,041 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 [www.fmc-ag.com](http://www.fmc-ag.com).

### Disclaimer

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 share data, unaudited

	Three months ended March 31,		Change
	2012	2011	
<b>Revenue</b>			
Dialysis care	2,544,059	2,285,316	11.3%
Less: patient service bad debt provision	66,859	52,537	27.3%
Net dialysis care	2,477,200	2,232,779	10.9%
Dialysis products	771,555	751,072	2.7%
<b>Total net revenue</b>	<b>3,248,755</b>	<b>2,983,851</b>	<b>8.9%</b>
Cost of revenue	2,179,246	2,035,964	7.0%
Gross profit	1,069,509	947,887	12.8%
Selling, general and administrative	552,832	484,236	14.2%
Gain on sale of dialysis clinics	(9,314)	--	
Research and development	28,522	26,149	9.1%
Income from equity method investees	(5,497)	(7,582)	-27.5%
<b>Operating income (EBIT)</b>	<b>502,966</b>	<b>445,084</b>	<b>13.0%</b>
Investment gain	(126,685)	--	
Interest expense, net	98,880	71,565	38.2%
<b>Income before taxes</b>	<b>530,771</b>	<b>373,519</b>	<b>42.1%</b>
Income tax expense	137,077	124,404	10.2%
<b>Net income</b>	<b>393,694</b>	<b>249,115</b>	<b>58.0%</b>
Less: Net income attributable to noncontrolling interests	23,196	28,414	-18.4%
<b>Net income attributable to shareholders of FMC AG &amp; Co. KGaA</b>	<b>370,498</b>	<b>220,701</b>	<b>67.9%</b>
<b>Operating income (EBIT)</b>	<b>502,966</b>	<b>445,084</b>	<b>13.0%</b>
Depreciation and amortization	143,374	135,984	5.4%
<b>EBITDA</b>	<b>646,340</b>	<b>581,068</b>	<b>11.2%</b>
<b>Earnings per ordinary share</b>	<b>\$1.22</b>	<b>\$0.73</b>	66.8%
<b>Earnings per ordinary ADS</b>	<b>\$1.22</b>	<b>\$0.73</b>	66.8%
<b>Weighted average number of shares</b>			
Ordinary shares	300,205,126	298,292,972	
Preference shares	3,966,001	3,957,435	