

Press Release

Matthias Link
Corporate Communications

Fresenius Medical Care
Else-Kröner-Straße 1
61352 Bad Homburg
Germany
T +49 6172 609-2872
F +49 6172 609-2294
matthias.link@fresenius.com
www.fmc-ag.com

August 1, 2012

Fresenius Medical Care reports Strong Second Quarter 2012 and Half Year 2012 results and confirms Guidance for Full Year 2012

Summary Second Quarter 2012:

Net revenue	\$3,428 million	+9%
Operating income (EBIT)	\$589 million	+16%
Net income *	\$289 million	+11%
Earnings per ordinary share	\$0.95	+10%
Earnings excluding investment gain:		
Net income *	\$276 million	+6%
Earnings per ordinary share	\$0.91	+5%

Summary First Half 2012:

Net revenue	\$6,677 million	+9%
Operating income (EBIT)	\$1,092 million	+14%
Net income *	\$660 million	+37%
Earnings per ordinary share	\$2.17	+36%
Earnings excluding investment gain:		
Net income *	\$520 million	+8%
Earnings per ordinary share	\$1.71	+7%

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

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 second quarter and first half of 2012.

Second Quarter 2012

Revenue

Net revenue for the second quarter of 2012 increased by 9% to \$3,428 million (+13% at constant currency) compared to the second quarter of 2011. Organic revenue growth worldwide was 4%. Dialysis services revenue grew by 13% to \$2,605 million (+16% at constant currency) and dialysis product revenue decreased by 1% to \$823 million and increased by +6% at constant currency.

North America revenue for the second quarter of 2012 increased by 14% to \$2,249 million. Dialysis services revenue grew by 15% to \$2,043 million with a same market growth of 4%. Average revenue per treatment for U.S. clinics increased to \$351 in the second quarter of 2012 compared to \$348 for the corresponding quarter in 2011. Dialysis product revenue increased by 3% to \$206 million mainly as a result of higher sales of hemodialysis products.

International revenue increased by 1% to \$1,171 million (+ 11% at constant currency). Organic revenue growth was 6%. Dialysis services revenue increased by 5% to \$562 million (+16% at constant currency). Dialysis product revenue decreased by 3% to \$609 million and increased by 6% at constant currency, mainly driven by higher sales of dialysis machines and dialyzers.

Earnings

Operating income (EBIT) for the second quarter of 2012 increased by 16% to \$589 million compared to \$510 million in the second quarter of 2011. This resulted in an operating margin of 17.2% for the second quarter of 2012 compared to 16.2% for the corresponding quarter in 2011.

In North America, the operating margin increased from 17.7% to 19.2%. Average costs per treatment for U.S. clinics decreased by \$3 to \$280 in the second quarter of 2012 as compared to \$283 in the second quarter of 2011.

In the International segment, the operating margin increased from 17.5% to 17.7%.

Net interest expense for the second quarter of 2012 was \$104 million, compared to \$75 million in the second 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 second quarter of 2012 was \$289 million, an increase of 11% compared to the corresponding quarter of 2011. This includes a non-taxable investment gain of \$13 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 represents an adjustment to the amount recorded in the first quarter of 2012 as part of the continuing finalization of the Liberty purchase accounting. Excluding this investment gain net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA increased by 6% to \$276 million.

Income tax expense was \$172 million for the second quarter of 2012 compared to \$149 million in the second quarter of 2011, reflecting effective **tax rates** of 34.6% and 34.2%, respectively. Excluding the investment gain the effective tax rate was 35.5%.

Earnings per ordinary share (EPS) for the second quarter 2012 was \$0.95 and \$0.91 if excluding the investment gain. This represents an increase compared to the second quarter of 2011 of 10% and of 5%, respectively. The weighted average number of ordinary shares outstanding for the second quarter of 2012 was approximately 300.4 million shares, compared to 298.6 million shares for the second quarter of 2011. The increase in shares outstanding resulted from stock option exercises in the past 12 months.

Cash flow

In the second quarter of 2012, the company generated \$451 million in **cash from operations**, an increase of 45% compared to the corresponding figure last year and representing 13.2% of revenue. The cash flow generation was supported by a favorable development of days sales outstanding.

A total of \$151 million was spent for **capital expenditures**, net of disposals. **Free cash flow before acquisitions** was \$300 million compared to \$194 million in the second quarter of 2011. A total of \$6 million in cash was generated from **divestitures, net of acquisitions**. **Free cash flow after acquisitions and divestitures** was \$306 million, compared to minus \$590 million in the second quarter of 2011.

First Half 2012:

Revenue and Earnings

Net revenue for the first half of 2012 increased by 9% to \$6,677 million (+12% at constant currencies) compared to the first half of 2011. Organic revenue growth was 4% in the first half of 2012.

Operating income (EBIT) for the first half of 2012 increased by 14% to \$1,092 million compared to \$955 million in the first half of 2011. The operating income margin increased to 16.4% for the first half of 2012 as compared to 15.6% in the same period in 2011.

Net interest expense for the first half of 2012 was \$203 million compared to \$146 million in the same period of 2011.

For the first half of 2012, **net income** attributable to shareholders of Fresenius Medical Care AG & Co. KGaA was \$660 million, up by 37% from the first half of 2011. This includes a non-taxable investment gain of \$140 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. Excluding this investment

gain net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA increased by 8% to \$520 million.

Income tax expense for the first half of 2012 was \$309 million compared to \$273 million in the same period in 2011, reflecting effective **tax rates** of 30.1% and 33.8%, respectively. Excluding the investment gain the effective tax rate was 34.8%.

In the first half of 2012, **earnings per ordinary share** rose by 36% to \$2.17 and by 7% to \$1.71 if excluding the investment gain. The weighted average number of ordinary shares outstanding during the first half of 2012 was approximately 300.3 million.

Cash Flow

Cash from operations during the first half of 2012 was \$932 million compared to \$487 million for the same period in 2011, representing 14% of revenue.

A total of \$274 million in cash was spent for **capital expenditures**, net of disposals.

Free cash flow before acquisitions for the first half of 2012 was \$658 million compared to \$256 million in the same period in 2011. A total of \$1,520 million in cash was spent for **acquisitions**, net of divestitures. **Free cash flow after acquisitions and divestitures** was minus \$862 million compared to minus \$866 million in the first half of last year.

Please refer to the attachments for a complete overview on the second quarter and first half of 2012.

Patients – Clinics – Treatments

As of June 30, 2012, Fresenius Medical Care treated 256,456 **patients** worldwide, which represents a 14% increase compared to the previous year's figure. North America provided dialysis treatments for 164,058 patients, an increase of 17%. Including 28 clinics managed by Fresenius Medical Care North America, the number of patients in North America was 166,282. The International segment provided dialysis treatment to 92,398 patients, an increase of 7% over the prior year's figure.

As of June 30, 2012, the company operated a total of 3,123 **clinics** worldwide, which represents a 10% increase compared to the previous year's figure. The number of clinics is comprised of 2,046 clinics in North America (2,074 including managed clinics), and 1,077 clinics in the International segment, representing an increase of 12% and 6%, respectively.

During the first half of 2012, Fresenius Medical Care delivered approximately 18.89 million dialysis **treatments** worldwide. This represents an increase of 14%, compared to last year's figure. North America accounted for 11.89 million treatments, an increase of 12%. The International segment delivered 7.0 million treatments, an increase of 18%.

Employees

As of June 30, 2012, Fresenius Medical Care had 84,194 employees (full-time equivalents) worldwide, compared to 79,159 employees at the end of 2011. This increase of more than 5,000 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 2.77 at the end of the second quarter of 2011 to 2.92 at the end of the second quarter of 2012. The debt/EBITDA ratio at the end of 2011 was 2.69.

Rating

Moody's affirmed 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. Standard & Poor's placed the company's corporate credit on review as 'BB+' with a possible downgrade from "stable" to "negative". For further information on Fresenius Medical Care's credit ratings, maturity profiles and credit instruments, please visit our website at www.fmc-ag.com / Investor Relations/ Credit Relations.

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 2012¹.

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 billion¹. This does not include the investment gain in the amount of \$140 million in the first half 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.

Ben Lipps, chief executive officer of Fresenius Medical Care, commented: "We achieved a very good operating performance in the second quarter of 2012. We are very pleased with the progress we and our clinical associates are achieving to improve global patient care outcomes, notably in anemia and nutrition management and the continued reduction in hospital days. North America is progressing well with its integration of the Liberty acquisition. Revenue growth in both North America and International was double digit in constant currency and despite the difficult global economic environment, we have improved cash collection, which also reflects the dedication of our staff and credibility we have with payers. In summary, we are affirming our guidance for the full year 2012 and expect another record year for the company."

Conference call

Fresenius Medical Care will hold a conference call to discuss the results of the second quarter and first half of 2012 on Wednesday, August 1, 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 in the "Investor Relations" section. A replay will be available shortly after the call.

¹ Outlook includes a +/- 0-2% deviation from the respective number.

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 3,123 dialysis clinics in North America, Europe, Latin America, Asia-Pacific and Africa, Fresenius Medical Care provides dialysis treatment to 256,456 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.

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 per share data
(unaudited)

	Six months ended June 30,		Change
	2012	2011	
Revenue			
Dialysis care	5,219,481	4,646,879	12.3%
Less: patient service bad debt provision	137,162	108,966	25.9%
Net dialysis care	5,082,319	4,537,913	12.0%
Dialysis products	1,594,409	1,583,561	0.7%
Total net revenue	6,676,728	6,121,474	9.1%
Cost of revenue	4,480,345	4,144,581	8.1%
Gross profit	2,196,383	1,976,893	11.1%
Selling, general and administrative	1,092,448	985,795	10.8%
Gain on sale of dialysis clinics	(33,961)	—	
Research and development	55,460	52,932	4.8%
Income from equity method investees	(9,355)	(16,462)	-43.2%
Operating income (EBIT)	1,091,791	954,628	14.4%
Investment gain	(139,600)	—	
Interest expense, net	203,075	146,169	38.9%
Income before taxes	1,028,316	808,459	27.2%
Income tax expense	309,318	273,260	13.2%
Net income	718,998	535,199	34.3%
Less: Net income attributable to noncontrolling interests	59,163	53,737	10.1%
Net income attributable to shareholders of FMC AG & Co. KGaA	659,835	481,462	37.0%
Operating income (EBIT)	1,091,791	954,628	14.4%
Depreciation and amortization	294,251	272,273	8.1%
EBITDA	1,386,042	1,226,901	13.0%
Earnings per ordinary share	2.17	1.59	36.2%
Earnings per ordinary ADS	2.17	1.59	36.2%
Weighted average number of shares			
Ordinary shares	300,310,425	298,427,098	
Preference shares	3,966,301	3,957,978	
Employees			
Full-time equivalents	84,194	77,081	

Fresenius Medical Care

Statement of Earnings

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

	Three months ended June 30,		Change
	2012	2011	
Revenue			
Dialysis care	2,675,422	2,361,563	13.3%
Less: patient service bad debt provision	70,303	56,429	24.6%
Net dialysis care	2,605,119	2,305,134	13.0%
Dialysis products	822,854	832,489	-1.2%
Total net revenue	3,427,973	3,137,623	9.3%
Cost of revenue	2,301,099	2,108,617	9.1%
Gross profit	1,126,874	1,029,006	9.5%
Selling, general and administrative	539,616	501,559	7.6%
Gain on sale of dialysis clinics	(24,647)	—	
Research and development	26,938	26,783	0.6%
Income from equity method investees	(3,858)	(8,880)	-56.5%
Operating income (EBIT)	588,825	509,544	15.6%
Investment gain	(12,915)	—	
Interest expense, net	104,195	74,604	39.7%
Income before taxes	497,545	434,940	14.4%
Income tax expense	172,241	148,856	15.7%
Net income	325,304	286,084	13.7%
Less: Net income attributable to noncontrolling interests	35,967	25,323	42.0%
Net income attributable to shareholders of FMC AG & Co. KGaA	289,337	260,761	11.0%
Operating income (EBIT)	588,825	509,544	15.6%
Depreciation and amortization	150,877	136,289	10.7%
EBITDA	739,702	645,833	14.5%
Earnings per ordinary share	0.95	0.86	10.3%
Earnings per ordinary ADS	0.95	0.86	10.3%
Weighted average number of shares			
Ordinary shares	300,415,725	298,559,749	
Preference shares	3,966,600	3,958,515	