

## Press Release

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### **Fresenius Medical Care Reports Second Quarter And Half Year 2013 Results**

#### **Second Quarter 2013 Key Figures:**

Net revenue	\$3,613 million	+5%
Operating income (EBIT)	\$544 million	-8%
Adjusted operating income (EBIT)	\$555 million	-2%
Net income <sup>1</sup>	\$263 million	-9%
Adjusted net income <sup>1</sup>	\$272 million	+2%
Earnings per ordinary share	\$0.86	-10%
Adjusted earnings per ordinary share	\$0.89	+2%

#### **First Half 2013 Key Figures:**

Net revenue	\$7,076 million	+6%
Operating income (EBIT)	\$1,038 million	-5%
Adjusted operating income (EBIT)	\$1,049 million	-3%
Net income <sup>1</sup>	\$488 million	-26%
Adjusted net income <sup>1</sup>	\$498 million	-3%
Earnings per ordinary share	\$1.59	-27%
Adjusted earnings per ordinary share	\$1.62	-4%

<sup>1</sup>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 2013.

## **Second Quarter 2013**

### **Revenue**

**Net revenue** for the second quarter of 2013 increased by 5% to \$3,613 million (+6% at constant currency) compared to the second quarter of 2012. Organic revenue growth worldwide was 5%. Dialysis services revenue grew by 5% to \$2,743 million (+6% at constant currency) and dialysis product revenue increased by 6% to \$870 million (+5% at constant currency).

**North America** revenue for the second quarter of 2013 increased by 6% to \$2,375 million. Organic revenue growth was 5%. Dialysis services revenue grew by 6% to \$2,157 million with a same store treatment growth of 4%. Dialysis product revenue increased by 6% to \$218 million.

**International** revenue increased by 5% to \$1,228 million (+6% at constant currency). Organic revenue growth was 5%. Dialysis services revenue increased by 4% to \$586 million (+7% at constant currency). Dialysis product revenue increased by 5% to \$642 million (+5% at constant currency).

### **Earnings**

**Operating income (EBIT)** for the second quarter of 2013 decreased by 8% to \$544 million compared to \$589 million in the second quarter of 2012. The operating income for North America for the second quarter of 2013 decreased by 9% to \$394 million compared to \$431 million in the second quarter of 2012. In the International segment, the operating income for the second quarter of 2013 increased by 1% to \$209 million compared to \$207 million in the second quarter of 2012.

Adjusted for special items related to the acquisition of Liberty Dialysis Holdings Inc. and the impact from the budget cuts in the U.S. (sequestration) that were effectively

introduced in April 2013, the operating income for the second quarter of 2013 decreased by 2% to \$555 million compared to \$568 million in the second quarter of 2012.

**Net interest expense** for the second quarter of 2013 was \$103 million, compared to \$104 million in the second quarter of 2012.

**Net income** attributable to shareholders of Fresenius Medical Care AG & Co. KGaA for the second quarter of 2013 was \$263 million, a decrease of 9% compared to the corresponding number of \$289 million for the second quarter of 2012. Adjusted for the net of tax effects of the special items mentioned above, net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA for the second quarter of 2013 increased by 2% to \$272 million compared to \$266 million for the second quarter of 2012.

**Income tax expense** was \$144 million for the second quarter of 2013 which translates into an effective **tax rate** of 32.6%. This compares to income tax expense of \$172 million and a tax rate of 34.6% for the second quarter of 2012. Adjusted for the special items mentioned above, the tax rate for the second quarter of 2013 was 32.1% as compared to 34.4% for the second quarter of 2012.

**Earnings per ordinary share (EPS)** for the second quarter of 2013 was \$0.86, a decrease of 10% compared to the corresponding number for the second quarter of 2012. Adjusted for the special items mentioned above, EPS for the second quarter of 2013 increased by 2% to \$0.89 compared to \$0.88 for the second quarter of 2012. The weighted average number of shares outstanding for the second quarter of 2013 was approximately 306.3 million shares, compared to 304.4 million shares for the second quarter of 2012. The increase in shares outstanding mainly resulted from stock option exercises in the past twelve months, partially offset by the effect of the share buy-back program.

## **Cash flow**

In the second quarter of 2013, the company generated \$525 million in **cash from operations**, an increase of 16% compared to the corresponding figure of last year and representing 14.5% of revenue.

A total of \$173 million was spent for **capital expenditures**, net of disposals. **Free cash flow before acquisitions** was \$352 million (representing 9.8% of revenue) compared to \$300 million in the second quarter of 2012.

A total of \$13 million in cash was spent for **acquisitions and investments**, net of divestitures. **Free cash flow after acquisitions and divestitures** was \$339 million, compared to \$306 million in the second quarter of 2012.

## **First Half 2013:**

### **Revenue and Earnings**

**Net revenue** for the first half of 2013 increased by 6% to \$7,076 million (+6% at constant currencies) compared to the first half of 2012. Organic revenue growth was 5% in the first half of 2013.

**Operating income (EBIT)** for the first half of 2013 decreased by 5% to \$1,038 million compared to \$1,092 million in the first half of 2012. Adjusted for special items related to the acquisition of Liberty Dialysis Holdings Inc. and the impact from sequestration the operating income for the first half of 2013 decreased by 3% to \$1,049 million compared to \$1,078 million for the first half of 2012.

**Net interest expense** for the first half of 2013 was \$207 million compared to \$203 million in the same period of 2012.

For the first half of 2013, **net income** attributable to shareholders of Fresenius Medical Care AG & Co. KGaA was \$488 million, down by 26% from the corresponding number of \$660 million for the first half of 2012. Adjusted for the net of tax effects of the special items mentioned above, net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA for the first half of 2013 decreased by 3% to \$498 million compared to \$514 million for the first half of 2012.

**Income tax expense** for the first half of 2013 was \$273 million which translates into an effective **tax rate** of 32.8%. This compares to income tax expense of \$309 million and a tax rate of 30.1% for the first half of 2012. Adjusted for the special items mentioned above, the tax rate for the first half of 2013 was 32.6% as compared to 33.8% for the first half of 2012.

In the first half of 2013, **earnings per ordinary share** decreased by 27% to \$1.59 compared to \$2.17 for the first half of 2012. Adjusted for the special items mentioned above, EPS for the first half of 2013 decreased by 4% to \$1.62 compared to \$1.69 for the first half of 2012. The weighted average number of shares outstanding during the first half of 2013 was approximately 306.5 million.

## Cash Flow

**Cash from operations** during the first half of 2013 was \$841 million compared to \$932 million for the same period in 2012, representing 11.9% of revenue.

A total of \$319 million in cash was spent for **capital expenditures**, net of disposals. **Free cash flow before acquisitions** for the first half of 2013 was \$522 million compared to \$658 million in the same period in 2012. A total of \$84 million in cash was spent for **acquisitions**, net of divestitures. **Free cash flow after acquisitions and divestitures** was \$438 million compared to minus \$862 million in the first half of last year.

*Please refer to the attachments for a complete overview of the results for the second quarter and first half of 2013.*

## Patients – Clinics – Treatments

As of June 30, 2013, Fresenius Medical Care treated 264,290 **patients** worldwide, which represents an increase of 3% compared to the previous year's figure. North America provided dialysis treatments for 168,160 patients, an increase of 3% compared to the corresponding number for 2012. The International segment provided dialysis treatments for 96,130 patients, an increase of 4% over the prior year's figure.

As of June 30, 2013, the company operated a total of 3,212 **clinics** worldwide, an increase of 3% compared to the corresponding number for 2012. The number of clinics is comprised of 2,104 clinics in North America (+3%) and 1,108 clinics in the International segment (+3%).

During the first half of 2013, Fresenius Medical Care delivered approximately 19.7 million dialysis **treatments** worldwide. This represents an increase of 5% compared to the

previous year's figure. North America accounted for 12.5 million treatments, an increase of 5%. The International segment delivered 7.2 million treatments, an increase of 3%.

## **Employees**

As of June 30, 2013, Fresenius Medical Care had 87,944 employees (full-time equivalents) worldwide, compared to 86,153 employees at the end of 2012.

## **Debt/EBITDA ratio**

The ratio of debt to earnings before interest, taxes, depreciation and amortization (EBITDA) decreased from 2.92 at the end of the second quarter of 2012 to 2.91 at the end of the second quarter of 2013.

## **Rating**

Standard & Poor's rates the company's corporate credit as 'BB+', with a 'positive' outlook. Moody's rates the company's corporate credit as 'Ba1' with a 'stable' outlook. During the second quarter, Fitch has raised the outlook from 'stable' to 'positive'. Fitch continues to rate the company's corporate credit as 'BB+'.

## **Share buy-back program**

Fresenius Medical Care has started the share buy-back program on May 20, 2013. The company intends to repurchase ordinary shares with an aggregate value of up to €385 million (approximately \$500 million). The program is expected to run into the third quarter of 2013. As of June 30, 2013, around 3.58 million shares were repurchased in the amount of approximately €190 million (~\$249 million).

## **Conversion of preference shares**

At the annual general meeting and in a separate meeting of preference shareholders the shareholders approved the mandatory conversion of all preference shares into ordinary shares on a 1:1 basis. This conversion was finalized on June 28, 2013.

## Guidance for 2013 confirmed

The company expects **revenue** to grow to more than \$14.6 billion in 2013, translating into a growth rate of more than 6%.

In April 2013 budget cuts in the U.S. (sequestration) were effectively introduced. We do not assume that these measurements will be revised this year. Therefore the **net income** guidance range has been confirmed and has been substantiated for the potential impact from sequestration on our business performance. Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA is expected to be between \$1.1 billion and \$1.15 billion in 2013.

For 2013, the company expects to spend around \$700 million on **capital expenditures** and around \$500 million on **acquisitions**. The **debt/EBITDA ratio** is expected to be equal or below 3.0 by the end of 2013.

Rice Powell, chief executive officer of Fresenius Medical Care, commented: "Our second quarter results show a mixed picture. On the one hand, we have seen an accelerated growth of our business while on the other hand we were faced with the general budget cuts in the U.S. which affected our operating income performance. Nevertheless, we were able to show an earnings increase in the second quarter on an adjusted basis. To stay ahead of our competition given the challenging environment, we are rigorously focusing on our company-wide Global Efficiency Program that we initiated at the beginning of the year."

## Conference Call

Fresenius Medical Care will hold a conference call to discuss the results of the second quarter and first half of 2013 on Tuesday, July 30, 2013, at 3.30 p.m. CEDT / 9.30 a.m. EDT. The company invites investors to follow 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 2.3 million individuals worldwide. Through its network of 3,212 dialysis clinics in North America, Europe, Latin America, Asia-Pacific and Africa, Fresenius Medical Care provides dialysis treatments

for 264,290 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)

	Six months ended June 30,		Change
	2013	2012	
<b>Revenue</b>			
Dialysis care	5,553,179	5,219,481	6.4%
Less: patient service bad debt provision	131,547	137,162	-4.1%
Net dialysis care	5,421,632	5,082,319	6.7%
Dialysis products	1,654,804	1,594,409	3.8%
<b>Total net revenue</b>	<b>7,076,436</b>	<b>6,676,728</b>	<b>6.0%</b>
Cost of revenue	4,808,545	4,480,345	7.3%
Gross profit	2,267,891	2,196,383	3.3%
Selling, general and administrative	1,187,070	1,092,448	8.7%
Gain on sale of dialysis clinics	(8,800)	(33,961)	-74.1%
Research and development	61,293	55,460	10.5%
Income from equity method investees	(9,224)	(9,355)	-1.4%
<b>Operating income (EBIT)</b>	<b>1,037,552</b>	<b>1,091,791</b>	<b>-5.0%</b>
Investment gain	—	(139,600)	
Interest expense, net	207,280	203,075	2.1%
<b>Income before taxes</b>	<b>830,272</b>	<b>1,028,316</b>	<b>-19.3%</b>
Income tax expense	272,614	309,318	-11.9%
<b>Net income</b>	<b>557,658</b>	<b>718,998</b>	<b>-22.4%</b>
Less: Net income attributable to noncontrolling interests	69,635	59,163	17.7%
<b>Net income attributable to shareholders of FMC AG &amp; Co. KGaA</b>	<b>488,023</b>	<b>659,835</b>	<b>-26.0%</b>
<b>Operating income (EBIT)</b>	<b>1,037,552</b>	<b>1,091,791</b>	<b>-5.0%</b>
Depreciation and amortization	315,154	294,251	7.1%
<b>EBITDA</b>	<b>1,352,706</b>	<b>1,386,042</b>	<b>-2.4%</b>
<b>Earnings per ordinary share</b>	<b>1.59</b>	<b>2.17</b>	<b>-26.6%</b>
<b>Earnings per ordinary ADS</b>	<b>0.80</b>	<b>1.08</b>	<b>-26.6%</b>
<b>Weighted average number of shares</b>			
Ordinary shares	302,590,288	300,310,425	
Preference shares	3,907,756	3,966,301	
<b>Employees</b>			
Full-time equivalents	87,944	84,194	

## Fresenius Medical Care Statement of Earnings

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

	Three months ended June 30,		Change
	2013	2012	
<b>Revenue</b>			
Dialysis care	2,811,244	2,675,422	5.1%
Less: patient service bad debt provision	67,798	70,303	-3.6%
Net dialysis care	2,743,446	2,605,119	5.3%
Dialysis products	869,069	822,854	5.6%
<b>Total net revenue</b>	<b>3,612,515</b>	<b>3,427,973</b>	<b>5.4%</b>
Cost of revenue	2,454,142	2,301,099	6.7%
Gross profit	1,158,373	1,126,874	2.8%
Selling, general and administrative	595,356	539,616	10.3%
Gain on sale of dialysis clinics	(7,727)	(24,647)	-68.6%
Research and development	30,921	26,938	14.8%
Income from equity method investees	(4,416)	(3,858)	14.4%
<b>Operating income (EBIT)</b>	<b>544,239</b>	<b>588,825</b>	<b>-7.6%</b>
Investment gain	—	(12,915)	
Interest expense, net	103,051	104,195	-1.1%
<b>Income before taxes</b>	<b>441,188</b>	<b>497,545</b>	<b>-11.3%</b>
Income tax expense	143,613	172,241	-16.6%
<b>Net income</b>	<b>297,575</b>	<b>325,304</b>	<b>-8.5%</b>
Less: Net income attributable to noncontrolling interests	35,051	35,967	-2.5%
<b>Net income attributable to shareholders of FMC AG &amp; Co. KGaA</b>	<b>262,524</b>	<b>289,337</b>	<b>-9.3%</b>
<b>Operating income (EBIT)</b>	<b>544,239</b>	<b>588,825</b>	<b>-7.6%</b>
Depreciation and amortization	158,801	150,877	5.3%
<b>EBITDA</b>	<b>703,040</b>	<b>739,702</b>	<b>-5.0%</b>
<b>Earnings per ordinary share</b>	<b>0.86</b>	<b>0.95</b>	<b>-9.8%</b>
<b>Earnings per ordinary ADS</b>	<b>0.43</b>	<b>0.48</b>	<b>-9.8%</b>
<b>Weighted average number of shares</b>			
Ordinary shares	302,409,369	300,415,725	
Preference shares	3,842,900	3,966,600	

**Fresenius Medical Care**  
**Key earnings figures**

(in US\$ million, unaudited)

Reconciliation of non U.S. GAAP financial measures to the most directly comparable U.S. GAAP financial measures

	Three months ended June 30,			Six months ended June 30,		
	2013	2012	Change	2013	2012	Change
<b>EBIT, as reported</b>	<b>544</b>	<b>589</b>	<b>-7.6%</b>	<b>1,038</b>	<b>1,092</b>	<b>-5.0%</b>
Special items related to Liberty acquisition	(8)	(21)		(8)	(14)	
Sequestration impact	19	—		19	—	
<b>EBIT, adjusted</b>	<b>555</b>	<b>568</b>	<b>-2.2%</b>	<b>1,049</b>	<b>1,078</b>	<b>-2.7%</b>
<b>Income before taxes, as reported</b>	<b>441</b>	<b>498</b>	<b>-11.3%</b>	<b>831</b>	<b>1,029</b>	<b>-19.3%</b>
Special items related to Liberty acquisition	(8)	(37)		(8)	(163)	
Sequestration impact	19	—		19	—	
<b>Income before taxes, adjusted</b>	<b>452</b>	<b>461</b>	<b>-1.8%</b>	<b>842</b>	<b>866</b>	<b>-2.8%</b>
<b>Income tax expense, as reported</b>	<b>144</b>	<b>172</b>	<b>-16.6%</b>	<b>273</b>	<b>309</b>	<b>-11.9%</b>
Special items related to Liberty acquisition	(6)	(14)		(6)	(16)	
Sequestration impact	7	—		7	—	
<b>Income tax expense, adjusted</b>	<b>145</b>	<b>158</b>	<b>-8.2%</b>	<b>274</b>	<b>293</b>	<b>-6.3%</b>
<b>Net income attributable to shareholders of FMC AG &amp; Co. KGaA, as reported</b>	<b>263</b>	<b>289</b>	<b>-9.3%</b>	<b>488</b>	<b>660</b>	<b>-26.0%</b>
Special items related to Liberty acquisition	(3)	(23)		(3)	(146)	
Sequestration impact	12	—		13	—	
<b>Net income attributable to shareholders of FMC AG &amp; Co. KGaA, adjusted</b>	<b>272</b>	<b>266</b>	<b>2.1%</b>	<b>498</b>	<b>514</b>	<b>-3.1%</b>

<sup>1)</sup> Legal, consulting and other expenses and gain on sale of clinics.

<sup>2)</sup> Legal, consulting and other expenses, gain on sale of clinics, gain on retirement of loan receivable and investment gain.

<sup>3)</sup> Tax benefit/ expense on legal, consulting and other expenses, gain on sale of clinics and gain on retirement of loan receivable.

<sup>4)</sup> Net of tax effects of legal, consulting and other expenses, gain on sale of clinics, gain on retirement of loan receivable and investment gain.