



# P R E S S – R E L E A S E

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## **Fresenius Medical Care Reports Strong Third Quarter and Nine Months Results; confirms Outlook for 2011**

### **Summary Third Quarter 2011**

Net revenue	\$3,242 million	+6%
Operating income (EBIT)	\$534 million	+8%
Net income attributable to		
Fresenius Medical Care AG & Co. KGaA	\$279 million	+13%
Earnings per share	\$0.92	+12%

### **Summary First Nine Months 2011**

Net revenue	\$9,473 million	+7%
Operating income (EBIT)	\$1,488 million	+7%
Net income attributable to		
Fresenius Medical Care AG & Co. KGaA	\$761 million	+8%
Earnings per share	\$2.51	+7%

**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 third quarter and first nine months of 2011.

## **Third Quarter 2011**

### **Revenue**

**Net revenue** for the third quarter of 2011 increased by 6% to \$3,242 million (+4% at constant currency) compared to the third quarter of 2010. Organic revenue growth worldwide was 1%. Dialysis services revenue grew by 4% to \$2,425 million (+3% at constant currency) and dialysis product revenue increased by 11% to \$817 million (+5% at constant currency).

**North America** revenue for the third quarter of 2011 decreased by 1% to \$2,050 million including the impact of the new Medicare end-stage renal disease prospective payment system in the United States. Dialysis services revenue decreased by 1% to \$1,846 million with a same market growth of 3%. Average revenue per treatment for U.S. clinics decreased to \$345 in the third quarter of 2011 compared to \$359 for the corresponding quarter in 2010 reflecting the implementation of the new prospective payment system. Dialysis product revenue decreased by 2% to \$204 million, as increased sales of hemodialysis products could not entirely offset lower pricing of renal drugs.

**International** revenue increased by 20% to \$1,187 million (+13% at constant currency). Organic revenue growth was 6%. Dialysis services revenue increased by 26% to \$579 million (+20% at constant currency). Dialysis product revenue increased by 15% to \$608 million and increased by 7% at constant currency, mainly driven by higher sales of peritoneal dialysis products, dialyzers, solutions, concentrates and dialysis machines.

## **Earnings**

**Operating income (EBIT)** for the third quarter of 2011 increased by 8% to \$534 million compared to \$493 million in the third quarter of 2010. This resulted in an operating margin of 16.5% for the third quarter of 2011 compared to 16.1% for the corresponding quarter in 2010.

In North America, the operating margin increased from 18.1% in the third quarter of 2010 to 18.3% in the third quarter of 2011. This increase was mainly favorably influenced by the development of pharmaceutical costs and a positive impact from a royalty adjustment for Venofer®. Average costs per treatment for U.S. clinics decreased to \$279 in the third quarter of 2011 compared to \$289 for the corresponding quarter in 2010.

In the International segment, the operating margin increased from 15.8% to 17.3% mainly due to lower manufacturing costs, favorable exchange rate effects and business growth in Asia-Pacific.

**Net interest expense** for the third quarter of 2011 was \$68 million compared to \$70 million in the third quarter of 2010. This development was mainly attributable to increased interest income related to the loan to Renal Advantage Partners.

**Income tax expense** was \$163 million for the third quarter of 2011 compared to \$153 million in the third quarter of 2010. The effective **tax rate** decreased to 35.0% from 36.2%.

**Net income** attributable to Fresenius Medical Care AG & Co. KGaA for the third quarter of 2011 was \$279 million, an increase of 13% compared to the corresponding quarter of 2010.

**Earnings per share (EPS)** for the third quarter of 2011 rose by 12% to \$0.92 per ordinary share compared to \$0.82 for the third quarter of 2010. The weighted average number of shares outstanding for the third quarter of 2011 was approximately 303.2 million shares compared to 301.2 million shares for the third

quarter of 2010. The increase in shares outstanding resulted from stock option exercises in the past 12 months.

### **Cash Flow**

In the third quarter of 2011, the company generated \$463 million in **cash from operations**, representing approximately 14% of revenue. The cash flow generation was supported by a favorable development of days sales outstanding (DSO) and increased earnings.

A total of \$150 million in cash was spent for **capital expenditures**, net of disposals. **Free cash flow before acquisitions** was \$313 million compared to \$263 million in the third quarter of 2010. A total of \$49 million in cash was spent for **acquisitions**, net of divestitures. **Free cash flow after acquisitions and divestitures** was \$264 million compared to \$176 million in the third quarter of 2010.

## **Nine Months Ended September 30, 2011**

### **Revenue and Earnings**

**Net revenue** for the first nine months of 2011 increased by 7% to \$9,473 million (+4% at constant currency) compared to the first nine months of 2010. Organic revenue growth was 2% in the first nine months of 2011.

**Operating income (EBIT)** for the first nine months of 2011 increased by 7% to \$1,488 million compared to \$1,385 million in the first nine months of 2010, resulting in an operating margin of 15.7% compared to 15.6% for the first nine months of 2010.

**Net interest expense** for the first nine months of 2011 was \$214 million compared to \$206 million in the same period of 2010.

**Income tax expense** for the first nine months of 2011 was \$436 million compared to \$410 million in the same period in 2010, reflecting effective **tax rates** of 34.2% and 34.7%, respectively.

For the first nine months of 2011, **net income** attributable to Fresenius Medical Care AG & Co. KGaA was \$761 million, up by 8% from the first nine months of 2010.

In the first nine months of 2011, **earnings per ordinary share** rose by 7% to \$2.51. The weighted average number of shares outstanding during the first nine months of 2011 was approximately 302.7 million.

### **Cash Flow**

**Cash from operations** during the first nine months of 2011 was \$950 million compared to \$1,027 million for the same period in 2010, representing approximately 10% of revenue.

A total of \$380 million in cash was spent for **capital expenditures**, net of disposals. **Free cash flow before acquisitions** for the first nine months of 2011 was \$570 million compared to \$688 million in the same period in 2010. A total of \$1,171 million in cash was spent for **acquisitions**, net of divestitures. **Free cash flow after acquisitions and divestitures** was -\$601 million compared to \$318 million in the first nine months of last year.

*Please refer to the attachments for a complete overview on the third quarter and first nine months of 2011.*

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

As of September 30, 2011, Fresenius Medical Care treated 228,239 **patients** worldwide, which represents a 9% increase compared to the previous year's figure. North America provided dialysis treatments for 140,422 patients, an increase of 3%. Including 22 clinics managed by Fresenius Medical Care North America, the

number of patients in North America was 141,809. The International segment provided dialysis treatments to 87,817 patients, an increase of 18% over the prior year's figure.

As of September 30, 2011, the company operated a total of 2,874 **clinics** worldwide, which represents a 6% increase compared to the previous year's figure. The number of clinics is comprised of 1,838 clinics in North America (1,860 including managed clinics), and 1,036 clinics in the International segment, representing an increase of 2% and 14%, respectively.

During the first nine months of 2011, Fresenius Medical Care delivered approximately 25.46 million dialysis **treatments** worldwide. This represents an increase of 9% compared to last year's figure. North America accounted for 16.11 million treatments, an increase of 4%. The International segment delivered 9.35 million treatments, an increase of 18%.

### **Employees**

As of September 30, 2011, Fresenius Medical Care had 77,825 employees (full-time equivalents) worldwide compared to 73,452 employees at the end of 2010. This increase of more than 4,300 employees is due to overall growth in the company's business and acquisitions.

### **Debt/EBITDA Ratio**

The ratio of debt to Earnings before interest, taxes, depreciation and amortization (EBITDA) increased from 2.37 at the end of the third quarter of 2010 to 2.55 at the end of the third quarter of 2011. The debt/EBITDA ratio at the end of the second quarter 2011 was 2.77.

### **Rating**

Standard & Poor's Ratings Services 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, 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.

### **Acquisition of American Access Care Completed**

The American Access Care (AAC) acquisition was closed effective October 1, 2011. AAC operates 28 freestanding out-patient centers primarily dedicated to serving vascular access needs of dialysis patients. The acquired operations will add approximately \$175 million in annual revenue and are expected to be accretive to earnings in the first year after closing of the transaction.

### **Vifor Fresenius Medical Care Renal Pharma Ltd. Formation Completed**

After the recent clearance by the European Union antitrust commissions the formation of Vifor Fresenius Medical Care Renal Pharma Ltd. has been completed globally on November 1, 2011.

### **Acquisition of Liberty Dialysis Holdings, Inc.**

The acquisition of Liberty Dialysis Holdings, Inc. is on schedule and is expected to close in the first quarter of 2012.

### **Issuance of floating rate senior notes**

In October 2011, Fresenius Medical Care issued €-denominated floating rate senior notes in the principal amount of €100 million, due 2016. The coupon is equal to the three-month Euribor rate plus 350 basis points.

### **Issuance of senior notes**

In September 2011, Fresenius Medical Care issued \$-denominated and €-denominated senior unsecured notes in the principal amounts of \$400 million and €400 million, respectively, both due 2018. The coupon for the \$ senior notes is 6.5%, and the coupon for the € senior notes is also 6.5%. Proceeds amounting to \$949 million from the offering were used for acquisitions, to refinance indebtedness and for general corporate purposes.

### **Sales and earnings outlook for 2011 confirmed**

For the full year 2011, the company confirms its sales and earnings outlook.

Revenue is expected to grow to above \$13 billion.

**Net income** attributable to Fresenius Medical Care AG & Co. KGaA is expected to be between \$1.070 billion and \$1.090 billion.

For 2011, the company expects to spend around 5% of revenue on **capital expenditures** and approximately \$1.9 billion on **acquisitions**. The **debt/EBITDA ratio** is expected to be below 3.0 by the end of 2011.

“With our execution to date we continue to achieve a strong operational performance with a strong focus on quality and expense control. We expect further earnings momentum in the fourth quarter this year, supported by the recent acquisitions and cost management. We are fully on track to achieve our full year guidance”, said Ben Lipps, chief executive officer of Fresenius Medical Care. “We are particularly pleased with our success globally, given a persistently challenging business environment and the ongoing implementation of the new prospective payment system in the U.S. Our emphasis on innovation and patient care continues to serve us well.”

### **Conference Call**

Fresenius Medical Care will hold a conference call to discuss the results of the third quarter and first nine months of 2011 on Wednesday, November 2, 2011, at 3:30 p.m. CET / 10:30 a.m. EDT. The company invites investors to listen to 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.

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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 2 million individuals worldwide. Through its network of 2,874 dialysis clinics in North America, Europe, Latin America, Asia-Pacific and Africa, Fresenius Medical Care provides dialysis treatment to 228,239 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 per share data  
(unaudited)

	Three months ended September 30,		Change
	2011	2010	
<b>Net revenue</b>			
Dialysis care	2,425,092	2,321,175	4.5%
Dialysis products	816,999	736,930	10.9%
<b>Total net revenue</b>	<b>3,242,091</b>	<b>3,058,105</b>	<b>6.0%</b>
Cost of revenue	2,088,252	2,003,627	4.2%
Gross profit	1,153,839	1,054,478	9.4%
Selling, general and administrative	598,433	540,291	10.8%
Research and development	27,612	22,794	21.1%
Income from equity method investees	(5,940)	(1,857)	219.7%
<b>Operating Income (EBIT)</b>	<b>533,734</b>	<b>493,250</b>	<b>8.2%</b>
Interest expense, net	68,073	70,367	-3.3%
<b>Income before taxes</b>	<b>465,661</b>	<b>422,883</b>	<b>10.1%</b>
Income tax expense	162,797	152,904	6.5%
<b>Net income</b>	<b>302,864</b>	<b>269,979</b>	<b>12.2%</b>
Less: Net income attributable to noncontrolling interest	23,609	22,191	6.4%
<b>Net income attributable to FMC AG &amp; Co. KGaA</b>	<b>279,255</b>	<b>247,788</b>	<b>12.7%</b>
<b>Operating Income (EBIT)</b>	<b>533,734</b>	<b>493,250</b>	<b>8.2%</b>
Depreciation and amortization	141,422	123,959	14.1%
<b>EBITDA</b>	<b>675,156</b>	<b>617,209</b>	<b>9.4%</b>
<b>Earnings per ordinary share</b>	<b>0.92</b>	<b>0.82</b>	<b>11.9%</b>
<b>Earnings per ordinary ADS</b>	<b>0.92</b>	<b>0.82</b>	<b>11.9%</b>
<b>Weighted average number of shares</b>			
Ordinary shares	299,280,448	297,244,371	
Preference shares	3,964,914	3,914,044	

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

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

	Nine months ended September 30,		Change
	2011	2010	
<b>Net revenue</b>			
Dialysis care	7,071,971	6,716,280	5.3%
Dialysis products	2,400,560	2,170,153	10.6%
<b>Total net revenue</b>	<b>9,472,531</b>	<b>8,886,433</b>	<b>6.6%</b>
Cost of revenue	6,161,666	5,856,055	5.2%
Gross profit	3,310,865	3,030,378	9.3%
Selling, general and administrative	1,764,361	1,583,612	11.4%
Research and development	80,544	67,256	19.8%
Income from equity method investees	(22,402)	(5,484)	308.5%
<b>Operating Income (EBIT)</b>	<b>1,488,362</b>	<b>1,384,994</b>	<b>7.5%</b>
Interest expense, net	214,242	206,016	4.0%
<b>Income before taxes</b>	<b>1,274,120</b>	<b>1,178,978</b>	<b>8.1%</b>
Income tax expense	436,057	409,507	6.5%
<b>Net income</b>	<b>838,063</b>	<b>769,471</b>	<b>8.9%</b>
Less: Net income attributable to noncontrolling interest	77,346	62,298	24.2%
<b>Net income attributable to FMC AG &amp; Co. KGaA</b>	<b>760,717</b>	<b>707,173</b>	<b>7.6%</b>
<b>Operating Income (EBIT)</b>	<b>1,488,362</b>	<b>1,384,994</b>	<b>7.5%</b>
Depreciation and amortization	413,695	369,324	12.0%
<b>EBITDA</b>	<b>1,902,057</b>	<b>1,754,318</b>	<b>8.4%</b>
<b>Earnings per ordinary share</b>	<b>2.51</b>	<b>2.35</b>	<b>6.7%</b>
<b>Earnings per ordinary ADS</b>	<b>2.51</b>	<b>2.35</b>	<b>6.7%</b>
<b>Weighted average number of shares</b>			
Ordinary shares	298,714,674	296,370,673	
Preference shares	3,960,315	3,901,126	
<b>Employees</b>			
Full-time equivalents	77,825	72,812	