

Investor News

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Fresenius Helios acquires largest private Spanish hospital group Quirónsalud

- Adds 43 hospitals across Spain and sales of approximately €2.5 billion¹ to HELIOS' leading German network
- Mutual best-practice transfer to further enhance quality patient care in both markets, creating a European leader in hospital management
- Substantial growth opportunities and cost synergies
- Highly accretive to Group earnings per share from 2017

Fresenius Helios acquires IDC Salud Holding S.L.U. ("Quirónsalud"), Spain's largest private hospital operator, for a purchase price of €5.76 billion². Quirónsalud's network is comprised of 43 hospitals, 39 outpatient centers and around 300 Occupational Risk Prevention ("ORP") centers located in all economically important areas in Spain. The company has about 35,000 employees and offers the full spectrum of inpatient and outpatient care. Quirónsalud was created by the merger of IDC Salud ("IDC") and Grupo Hospitalario Quirón ("GHQ") in 2014.

Quirónsalud has posted organic sales growth of more than 5% p.a. in recent years. Growth is driven by an above-market increase of patient admissions due to excellent quality of care combined with consistently short waiting times.

¹ 2016 estimate

² On a cash and debt-free basis

Quirónsalud is also a pioneer in public-private partnership (“PPP”) models, operating five hospitals (four in Madrid and one in Barcelona) that are integrated within the public healthcare network. Under the PPP agreements, Quirónsalud is assigned responsibility for the publicly insured inhabitants of certain coverage areas and receives remuneration based on capitation or activity performed.

Greenfield hospital projects and acquisitions have also contributed to Quirónsalud’s overall strong sales growth. Going forward, cross-selling between the recently acquired ORPs and Quirónsalud’s hospitals are expected to be yet another growth driver.

For 2016, Quirónsalud expects sales of approximately €2.5 billion and EBITDA of €460 to €480 million. In 2017, EBITDA is expected to be in the range of €520 to €550 million. The purchase price corresponds to approximately 10.8x at the mid-point of the 2017 EBITDA range.

Key drivers of the anticipated EBITDA growth are already implemented synergy projects related to the 2014 merger of IDC and GHQ, recent acquisitions, well-advanced efficiency projects as well as operating leverage. Neither greenfield projects, further acquisitions nor synergies with HELIOS are included in the 2017 projections. In the medium-term, the merger of HELIOS and Quirónsalud is expected to lead to incremental pre-tax synergies of approximately €50 million p.a. without meaningful implementation expenses.

Stephan Sturm, CEO of Fresenius, said: “This acquisition combines two leaders in terms of quality and size. Our patients will benefit from the exchange of knowledge and ideas. For Fresenius, this acquisition is another strategic step towards offering quality and yet affordable care for patients worldwide.”

Francesco De Meo, CEO of Fresenius Helios, said: “We are acquiring the largest private hospital operator in Spain, Europe’s number four. Quirónsalud has shown an impressive development and stands for best-in-class quality in patient care. Quirónsalud and HELIOS perfectly fit together as we can leverage on each other’s experience and knowledge. The new group will preserve both brands, Quirónsalud in Spain and Helios in Germany. I am particularly delighted that Víctor Madera will, beyond his ongoing role as CEO of Quirónsalud, play a very active role in our combined group. We aim to achieve the best for our patients in Germany and Spain, and, together with our Spanish partners, intend to leave a mark in the European health care system.”

Víctor Madera, founder and CEO of Quirónsalud, said: "I am extremely pleased to join such a splendid organization as HELIOS and very much look forward to a fruitful cooperation with Francesco De Meo. I am firmly convinced that HELIOS and Quirónsalud are ideal partners to achieve the best care for our patients in both Germany and Spain."

Fresenius Helios acquires 100% of the share capital in Quirónsalud. Sellers are the private equity group CVC Capital Partners, Víctor Madera and other members of Quirónsalud's management board.

Fresenius will issue 6,108,176 shares valued at €400 million to Víctor Madera who has agreed to a two year lock-up period. The balance of the purchase price will be debt-financed.

Group net debt/EBITDA will temporarily increase to approximately 3.1. Already in mid-2017, the leverage ratio is expected to return to the 2.5 to 3.0 target range.

The transaction is subject to regulatory approval by the relevant antitrust authorities and is expected to close in Q4/2016 or Q1/2017.

The transaction is expected to be highly accretive to Group net income¹ and EPS¹ already in 2017.

Given the expected meaningful accretion to Group sales and earnings, Fresenius will publish new mid-term targets as part of its full-year 2016 reporting.

Telephone Conference

A telephone conference concerning the acquisition of Quirónsalud will be held at 2.00 p.m. CEST on Tuesday, 6 September, 2016. All investors are cordially invited to follow the conference call in a live broadcast via the Internet at <https://www.fresenius.com/events-and-presentations>. Following the call, a replay will be available on our website.

¹ Net income attributable to shareholders of Fresenius SE & Co. KGaA

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For additional information on the performance indicators used please refer to pages 25, 40, 56f., 100f. and 194 of the Annual Report 2015 of Fresenius SE & Co. KGaA.

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Fresenius is a global health care group, providing products and services for dialysis, hospital and outpatient medical care. In 2015, Group sales were €27.6 billion. On June 30, 2016, the Fresenius Group had 227,856 employees worldwide.

For more information visit the Company's website at www.fresenius.com.
Follow us on Twitter: www.twitter.com/fresenius_ir.

This release contains forward-looking statements that are subject to various risks and uncertainties. Future results could differ materially from those described in these forward-looking statements due to certain factors, e.g. changes in business, economic and competitive conditions, regulatory reforms, results of clinical trials, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings, and the availability of financing. Fresenius does not undertake any responsibility to update the forward-looking statements in this release.

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