

# Quarterly Financial Report of Fresenius Group

applying International Financial Reporting Standards (IFRS)

1<sup>st</sup> – 3<sup>rd</sup> Quarter and 3<sup>rd</sup> Quarter 2015

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## FRESENIUS GROUP FIGURES AT A GLANCE

Fresenius is a global health care group providing products and services for dialysis, hospitals, and outpatient medical care. In addition, Fresenius focuses on hospital operations. We also manage projects and provide services for hospitals and other health care facilities. In 2014, Group sales were €23.5 billion. As of September 30, 2015, more than 220,000 employees have dedicated themselves to the service of health in about 100 countries worldwide.

### SALES, EARNINGS, AND CASH FLOW

€ in millions	Q3/2015	Q3/2014	Change	Q1-3/2015	Q1-3/2014	Change
Sales	7,034	6,039	16%	20,656	16,865	22%
EBIT <sup>1</sup>	1,032	819	26%	2,851	2,208	29%
Net income <sup>2</sup>	367	281	31%	996	760	31%
Earnings per share in € <sup>2</sup>	0.67	0.52	29%	1.83	1.41	30%
Operating cash flow	904	948	-5%	2,161	1,657	30%

### BALANCE SHEET AND INVESTMENTS

€ in millions	Sept. 30, 2015	Dec. 31, 2014	Change
Total assets	42,277	39,955	6%
Non-current assets	32,207	30,389	6%
Equity <sup>3</sup>	17,557	15,860	11%
Net debt	14,166	14,173	0%
Investments <sup>4</sup>	1,232	2,677	-54%

### RATIOS

€ in millions	Q3/2015	Q3/2014	Q1-3/2015	Q1-3/2014
EBITDA margin <sup>1</sup>	18.8%	17.4%	17.9%	17.2%
EBIT margin <sup>1</sup>	14.7%	13.6%	13.8%	13.1%
Depreciation and amortization in % of sales	4.1%	3.9%	4.1%	4.1%
Operating cash flow in % of sales	12.9%	15.7%	10.5%	9.8%
Equity ratio (September 30/December 31)			41.5%	39.7%
Net debt/EBITDA (September 30/December 31) <sup>5</sup>			2.89	3.37

<sup>1</sup> Before special items

<sup>2</sup> Net income attributable to shareholders of Fresenius SE & Co. KGaA; before special items

<sup>3</sup> Equity including noncontrolling interest

<sup>4</sup> Investments in property, plant and equipment, and intangible assets, acquisitions (Q1-3)

<sup>5</sup> Pro forma acquisitions; before special items, 2.85 at LTM average exchange rates for both net debt and EBITDA

## INFORMATION BY BUSINESS SEGMENT

(all segment data according to U.S. GAAP)

### FRESENIUS MEDICAL CARE – Dialysis products, Dialysis services

US\$ in millions	Q3/2015	Q3/2014	Change	Q1 – 3/2015	Q1 – 3/2014	Change
Sales	4,231	4,113	3%	12,390	11,511	8%
EBIT	614	590	4%	1,665	1,591	5%
Net income <sup>1</sup>	262	271	-3%	713	710	0%
Operating cash flow	579	712	-19%	1,412	1,274	11%
Investments/Acquisitions	311	870	-64%	881	1,891	-53%
R & D expenses	35	30	16%	100	91	10%
Employees, per capita on balance sheet date (September 30/December 31)				108,774	105,917	3%

### FRESENIUS KABI – IV drugs, Clinical nutrition, Infusion therapy, Medical devices/Transfusion technology

€ in millions	Q3/2015	Q3/2014	Change	Q1 – 3/2015	Q1 – 3/2014	Change
Sales	1,499	1,294	16%	4,431	3,760	18%
EBIT <sup>2</sup>	301	223	35%	872	634	38%
Net income <sup>3</sup>	170	120	42%	479	337	42%
Operating cash flow	235	217	8%	589	432	36%
Investments/Acquisitions	72	194	-63%	249	341	-27%
R & D expenses <sup>2</sup>	82	70	17%	243	195	25%
Employees, per capita on balance sheet date (September 30/December 31)				33,294	32,899	1%

### FRESENIUS HELIOS – Hospital operations

€ in millions	Q3/2015	Q3/2014	Change	Q1 – 3/2015	Q1 – 3/2014	Change
Sales	1,393	1,362	2%	4,167	3,883	7%
EBIT <sup>2</sup>	165	147	12%	472	397	19%
Net income <sup>4</sup>	126	107	18%	352	286	23%
Operating cash flow	155	199	-22%	386	404	-4%
Investments/Acquisitions	59	115	-49%	171	955	-82%
Employees, per capita on balance sheet date (September 30/December 31)				69,762	68,852	1%

### FRESENIUS VAMED – Projects and services for hospitals and other health care facilities

€ in millions	Q3/2015	Q3/2014	Change	Q1 – 3/2015	Q1 – 3/2014	Change
Sales	268	257	4%	731	655	12%
EBIT	14	12	17%	30	27	11%
Net income <sup>5</sup>	10	8	25%	20	18	11%
Operating cash flow	0	18	-100%	-44	-44	0%
Investments/Acquisitions	6	14	-57%	13	18	-28%
Order intake	192	378	-49%	476	678	-30%
Employees, per capita on balance sheet date (September 30/December 31)				8,132	7,746	5%

<sup>1</sup> Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA

<sup>2</sup> Before special items

<sup>3</sup> Net income attributable to shareholders of Fresenius Kabi AG; before special items

<sup>4</sup> Net income attributable to shareholders of HELIOS Kliniken GmbH; before special items

<sup>5</sup> Net income attributable to shareholders of VAMED AG

# FRESENIUS SHARE

The Fresenius share reached a new all-time high of €66.48 in August. With an increase of 39% in the first nine months, the share significantly outperformed the DAX index. Fresenius SE & Co. KGaA was added to the EURO STOXX 50 on September 21.

## FIRST THREE QUARTERS OF 2015

Global stock markets fell significantly in the third quarter. The markets were affected by concerns that both the Chinese economy as well as growth in emerging markets may be slowing. Uncertainty over a possible increase in interest rates by the U.S. Federal Reserve (FED), which was once again postponed in September, also affected the world's equity markets. The IMF has modestly reduced its forecast for growth this year to 3.1% from 3.3%. Growth is slowing in Emerging Markets but picking up in advanced economies. The Eurozone economy will grow 1.4% this year, according

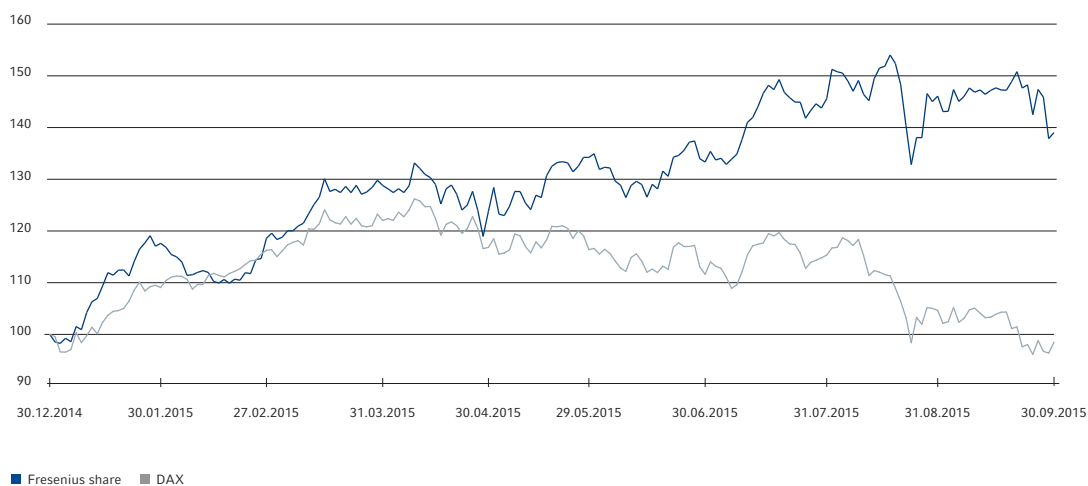
to the ECB. The FED expects the U.S. economy to expand 2.1%.

The Fresenius share continued to climb, unaffected by the monetary and economic conditions, and reached an all-time high of €66.48 on August 18. The Fresenius share ended the third quarter at €60, an increase of 39% over its closing price at the end of 2014. The DAX fell 1% in the same period and ended the third quarter at 9,660 points.

The Fresenius share was added to the EURO STOXX 50 index on September 21. The index includes 50 major listed companies in the euro zone from various industries.

RELATIVE SHARE PRICE PERFORMANCE VS. DAX

31.12.2014 = 100



## KEY DATA OF THE FRESENIUS SHARE

	Q1-3/2015	2014	Change
Number of shares (September 30/December 31)	544,999,890	541,532,600	
Quarter-end quotation in €	60.00	43.16	39%
High in €	66.48	44.12	51%
Low in €	42.41	35.00	21%
Ø Trading volume (number of shares per trading day)	1,433,460	1,153,022	24%
Market capitalization, € in millions (September 30/December 31)	32,700	23,373	40%

# MANAGEMENT REPORT

Fresenius' strong growth trend continued with double-digit constant currency sales and earnings growth in the first nine months. All business segments contributed to the excellent financial results. Fresenius Kabi in particular stood out, benefiting from drug shortages and new product launches in the U.S. market. Fresenius raises its Group earnings guidance for 2015 and remains optimistic about the positive fundamentals in its respective markets.

## CONTINUED STRONG SALES AND NET INCOME GROWTH – FRESENIUS RAISES GROUP EARNINGS GUIDANCE FOR 2015

	Q3/2015	at actual rates	in constant currency	Q1–3/2015	at actual rates	in constant currency
Sales	€7.0 bn	+16%	+7%	€20.7 bn	+22%	+11%
EBIT <sup>1</sup>	€1,032 m	+26%	+12%	€2.9 bn	+29%	+14%
Net income <sup>2</sup>	€367 m	+31%	+20%	€996 m	+31%	+19%

### HEALTH CARE INDUSTRY

The health care sector is one of the world's largest industries. It is relatively insensitive to economic fluctuations compared to other sectors and has posted above-average growth over the past years.

The main growth factors are rising medical needs deriving from aging populations, the growing number of chronically ill and multimorbid patients, stronger demand for innovative products and therapies, advances in medical technology and the growing health consciousness, which increases the demand for health care services and facilities.

In the emerging countries, drivers are the expanding availability and correspondingly greater demand for basic health care and increasing national incomes and hence higher spending on health care.

Health care structures are being reviewed and cost-cutting potential identified in order to contain the steadily rising health care expenditures. However, such measures cannot compensate for the cost pressure. Market-based elements are increasingly being introduced into the health care system to create incentives for cost- and quality-conscious behavior. Overall treatment costs shall be reduced through improved quality standards. In addition, ever-greater importance is being placed on disease prevention and innovative reimbursement models linked to treatment quality standards.

### RESULTS OF OPERATIONS, FINANCIAL POSITION, ASSETS AND LIABILITIES

#### SALES

Group sales increased by 22% (11% in constant currency) to €20,656 million (Q1–3/2014: €16,865 million). Organic sales growth was 6%. Acquisitions and divestitures contributed 5%.

<sup>1</sup> Before special items

<sup>2</sup> Net income attributable to shareholders of Fresenius SE & Co. KGaA; before special items

## EARNINGS

€ in millions	Q3/2015	Q3/2014	Q1-3/2015	Q1-3/2014
EBIT <sup>1</sup>	1,032	819	2,851	2,208
Net income <sup>2</sup>	367	281	996	760
Net income <sup>3</sup>	350	276	984	802
Earnings per share in € <sup>2</sup>	0.67	0.52	1.83	1.41
Earnings per share in € <sup>3</sup>	0.64	0.51	1.81	1.49

## EARNINGS

Group EBITDA<sup>1</sup> increased by 27% (13% in constant currency) to €3,688 million (Q1-3/2014: €2,900 million). Group EBIT<sup>1</sup> increased by 29% (14% in constant currency) to €2,851 million (Q1-3/2014: €2,208 million). The EBIT margin<sup>1</sup> was 13.8% (Q1-3/2014: 13.1%).

Group net interest increased to -€476 million (Q1-3/2014: -€431 million). Interest rate savings were more than offset by interest on incremental debt for acquisitions completed in 2014 and by currency translation effects.

The Group tax rate<sup>1</sup> was 29.9% (Q1-3/2014: 29.8%).

Noncontrolling interest was €670 million (Q1-3/2014: €488 million), of which 95% was attributable to the noncontrolling interest in Fresenius Medical Care.

Group net income<sup>3</sup> before special items increased by 31% (19% in constant currency) to €996 million (Q1-3/2014: €760 million). Earnings per share<sup>2</sup> increased by 30% (18% in constant currency) to €1.83 (Q1-3/2014: €1.41).

Group net income<sup>3</sup> including special items increased by 23% (11% in constant currency) to €984 million (Q1-3/2014: €802 million). Earnings per share<sup>3</sup> increased by 21% (10% in constant currency) to €1.81 (Q1-3/2014: €1.49).

## SALES BY REGION

€ in millions	Q1-3/2015	Q1-3/2014	Change at actual rates	Currency translations effects	Change at constant rates	Organic growth	Acquisitions/divestitures	% of total sales <sup>4</sup>
North America	9,581	6,804	41%	25%	16%	9%	7%	46%
Europe	7,807	7,436	5%	0%	5%	3%	2%	38%
Asia-Pacific	2,032	1,547	31%	14%	17%	9%	8%	10%
Latin America	980	829	18%	1%	17%	13%	4%	5%
Africa	256	249	3%	3%	0%	0%	0%	1%
<b>Total</b>	<b>20,656</b>	<b>16,865</b>	<b>22%</b>	<b>11%</b>	<b>11%</b>	<b>6%</b>	<b>5%</b>	<b>100%</b>

## SALES BY BUSINESS SEGMENT

€ in millions	Q1-3/2015	Q1-3/2014	Change at actual rates	Currency translations effects	Change at constant rates	Organic growth	Acquisitions/divestitures	% of total sales <sup>4</sup>
Fresenius Medical Care	11,118	8,496	31%	18%	13%	7%	6%	55%
Fresenius Kabi	4,431	3,760	18%	10%	8%	9%	-1%	22%
Fresenius Helios	4,167	3,883	7%	0%	7%	3%	4%	20%
Fresenius Vamed	731	655	12%	1%	11%	9%	2%	3%

All segment data according to U.S. GAAP

<sup>1</sup> Before special items

<sup>2</sup> Net income attributable to shareholders of Fresenius SE & Co. KGaA; before special items

<sup>3</sup> Net income attributable to shareholders of Fresenius SE & Co. KGaA

<sup>4</sup> Calculated on the basis of contribution to consolidated sales

For a detailed overview of special items please see the reconciliation table on page 8.

## RECONCILIATION

The Group's IFRS financial results as of September 30, 2015 and September 30, 2014 comprise special items. Net income attributable to shareholders of Fresenius SE & Co. KGaA was adjusted for these special items. The table below shows the special items and the reconciliation from net income (before special items) to earnings according to IFRS.

## INVESTMENTS

Spending on property, plant and equipment was €960 million (Q1–3/2014: €862 million), primarily for the modernization

and expansion of dialysis clinics, production facilities and hospitals. Total acquisition spending was €272 million (Q1–3/2014: €1,815 million).

## CASH FLOW

Operating cash flow increased by 30% to €2,161 million (Q1–3/2014: €1,657 million) with a margin of 10.5% (Q1–3/2014: 9.8%). Operating cash flow in the prior-year period was reduced by the US\$115 million<sup>1</sup> payment for the W.R. Grace bankruptcy settlement.

## RECONCILIATION

€ in millions	Q1–3/ 2015 (before special items)	Kabi efficiency program	integration costs for acquired Rhön hospitals	disposal gains from two HELIOS hospitals	Q1–3/ 2015 according to IFRS (incl. spe- cial items)	Q1–3/ 2014 (before special items)	Fenwal integration costs	integration costs for acquired Rhön hospitals	disposal gains from two HELIOS hospitals	disposal gain from Rhön stake	Q1–3/ 2014 according to IFRS (incl. spe- cial items)
Sales	20,656				20,656	16,865					16,865
EBIT	2,851	-53	-12	34	2,820	2,208	-6	-12	22	35	2,247
Interest result	-476				-476	-431					-431
Net income before taxes	2,375	-53	-12	34	2,344	1,777	-6	-12	22	35	1,816
Income taxes	-709	17	2	0	-690	-529	2	3	-1	-1	-526
Net income	1,666	-36	-10	34	1,654	1,248	-4	-9	21	34	1,290
Less noncontrolling interest	-670				-670	-488					-488
Net income attributable to shareholders of Fresenius SE & Co. KGaA	996	-36	-10	34	984	760	-4	-9	21	34	802

€ in millions	Q3/2015 (before special items)	Kabi efficiency program	integration costs for acquired Rhön hospitals	Q3/2015 according to IFRS (incl. spe- cial items)	Q3/2014 (before special items)	Fenwal integration costs	integration costs for acquired Rhön hospitals	Q3/2014 according to IFRS (incl. spe- cial items)
Sales	7,034			7,034	6,039			6,039
EBIT	1,032	-20	-4	1,008	819	-3	-4	812
Interest result	-146			-146	-148			-148
Net income before taxes	886	-20	-4	862	671	-3	-4	664
Income taxes	-263	7	0	-256	-196	1	1	-194
Net income	623	-13	-4	606	475	-2	-3	470
Less noncontrolling interest	-256			-256	-194			-194
Net income attributable to shareholders of Fresenius SE & Co. KGaA	367	-13	-4	350	281	-2	-3	276

<sup>1</sup> See Annual Report 2014, page 152 f.



## INVESTMENTS BY BUSINESS SEGMENT

€ in millions	Q1–3/2015	Q1–3/2014	thereof property, plant and equipment	thereof acquisitions	Change	% of total
Fresenius Medical Care	791	1,396	581	210	-43%	65%
Fresenius Kabi	249	341	212	37	-27%	20%
Fresenius Helios	171	955	142	29	-82%	14%
Fresenius Vamed	13	18	9	4	-28%	1%
Corporate/Other	-2	5	6	-8	-140%	0%
IFRS Reconciliation	10	-38	10	0	126%	--
<b>Total</b>	<b>1,232</b>	<b>2,677</b>	<b>960</b>	<b>272</b>	<b>-54%</b>	<b>100%</b>

All segment data according to U.S. GAAP

Net capital expenditure increased to €942 million (Q1–3/2014: €856 million). Free cash flow before acquisitions and dividends improved to €1,219 million (Q1–3/2014: €801 million). Free cash flow after acquisitions and dividends increased to €574 million (Q1–3/2014: -€1,154 million).

## ASSET AND LIABILITY STRUCTURE

The Group's total assets increased by 6% (2% in constant currency) to €42,277 million (Dec. 31, 2014: €39,955 million). Current assets grew by 5% (3% in constant currency) to €10,070 million (Dec. 31, 2014: €9,566 million). Non-current assets increased by 6% (2% in constant currency) to €32,207 million (Dec. 31, 2014: €30,389 million).

Total shareholders' equity increased by 11% (7% in constant currency) to €17,557 million (Dec. 31, 2014: €15,860 million). The equity ratio increased to 41.5% (Dec. 31, 2014: 39.7%).

Group debt decreased by 1% (-5% in constant currency) to €15,141 million (Dec. 31, 2014: €15,348 million). As of September 30, 2015, the net debt/EBITDA ratio was 2.89<sup>1</sup> (2.85<sup>1</sup> at LTM average exchange rates for both net debt and EBITDA).

## THIRD QUARTER OF 2015

In the third quarter of 2015, Group sales increased by 16% (7% in constant currency) to €7,034 million (Q3/2014: €6,039 million). Organic sales growth was 6%. Acquisitions

## CASH FLOW STATEMENT (SUMMARY)

€ in millions	Q1–3/2015	Q1–3/2014	Change
Net income	1,654	1,290	28%
Depreciation and amortization	837	692	21%
Change in accruals for pensions	57	9	--
<b>Cash flow</b>	<b>2,548</b>	<b>1,991</b>	<b>28%</b>
Change in working capital	-387	-334	-16%
<b>Operating cash flow</b>	<b>2,161</b>	<b>1,657</b>	<b>30%</b>
Property, plant and equipment	-960	-871	-10%
Proceeds from the sale of property, plant and equipment	18	15	20%
<b>Cash flow before acquisitions and dividends</b>	<b>1,219</b>	<b>801</b>	<b>52%</b>
Cash used for acquisitions, net	-63	-1,434	96%
Dividends paid	-582	-521	-12%
<b>Free cash flow paid after acquisitions and dividends</b>	<b>574</b>	<b>-1,154</b>	<b>150%</b>
Cash provided by/used for financing activities	-791	1,284	-162%
Effect of exchange rates on change in cash and cash equivalents	17	41	-59%
<b>Net change in cash and cash equivalents</b>	<b>-200</b>	<b>171</b>	<b>--</b>

<sup>1</sup> Pro forma acquisitions; before special items

and divestitures contributed 1% to sales growth. Group EBIT<sup>1</sup> increased by 26% (12% in constant currency) to €1,032 million (Q3/2014: €819 million), the EBIT margin<sup>1</sup> was 14.7% (Q3/2014: 13.6%).

Group net interest of -€146 million was slightly below the prior-year level (Q3/2014: -€148 million). More favorable financing terms offset negative currency translation effects. The Group tax rate was 29.7% (Q3/2014: 29.2%).

Group net income<sup>2</sup> before special items increased by 31% (20% in constant currency) to €367 million (Q3/2014: €281 million). Earnings per share<sup>3</sup> increased by 29% (17% in constant currency) to €0.67 (Q3/2014: €0.52).

Group net income<sup>2</sup> including special items increased by 27% (16% in constant currency) to €350 million (Q3/2014: €276 million). Earnings per share<sup>2</sup> increased by 25% (14% in constant currency) to €0.64 (Q3/2014: €0.51).

Operating cash flow in the third quarter of 2015 reached a very strong €904 million, but could not quite match the exceptional prior-year quarter (Q3/2014: €948 million). The same applies to the cash flow margin of 12.9% (Q3/2014: 15.7%).

Investments in property, plant and equipment increased to €343 million (Q3/2014: €335 million). Acquisition spending was €78 million (Q3/2014: €645 million).

<sup>1</sup> Before special items

<sup>2</sup> Net income attributable to shareholders of Fresenius SE & Co. KGaA

<sup>3</sup> Net income attributable to shareholders of Fresenius SE & Co. KGaA; before special items

## BUSINESS SEGMENTS

(all segment data according to U.S. GAAP)

### FRESENIUS MEDICAL CARE

Fresenius Medical Care is the world's largest provider of products and services for individuals with renal diseases. As of September 30, 2015, Fresenius Medical Care was treating 290,250 patients in 3,402 dialysis clinics. Along with its core business, the company seeks to expand the range of medical services in the field of care coordination.

US\$ in millions	Q3/2015	Q3/2014	Change	Q1–3/2015	Q1–3/2014	Change
Sales	4,231	4,113	3%	12,390	11,511	8%
EBITDA	793	767	3%	2,202	2,105	5%
EBIT	614	590	4%	1,665	1,591	5%
Net income <sup>1</sup>	262	271	-3%	713	710	0%
Employees (Sept. 30/Dec. 31)				108,774	105,917	3%

- ▶ **Strong Q3 sales growth in North America**
- ▶ **Adverse currency developments and special items weigh on business outside North America**
- ▶ **2015 outlook confirmed**

#### FIRST THREE QUARTERS OF 2015

Sales increased by 8% (13% in constant currency) to US\$12,390 million (Q1–3/2014: US\$11,511 million). Organic sales growth was 7%. Acquisitions contributed 7%, while divestitures reduced sales by 1%. Currency effects reduced sales by -5%.

Health Care services sales (dialysis services and care coordination) increased by 11% (15% in constant currency) to US\$9,929 million (Q1–3/2014: US\$8,928 million). Dialysis product sales decreased by 5% (increased by 7% in constant currency) to US\$2,461 million (Q1–3/2014: US\$2,583 million).

In North America sales increased by 15% to US\$8,730 million (Q1–3/2014: US\$7,624 million). Health Care services sales grew by 15% to US\$8,087 million (Q1–3/2014: US\$7,015 million). Dialysis product sales increased by 6% to US\$643 million (Q1–3/2014: US\$609 million).

Sales outside North America decreased by 5% (increased by 12% in constant currency) to US\$3,639 million (Q1–3/2014: US\$3,843 million). Regional financial results were impacted by special items<sup>2</sup>. Health Care services sales decreased by 4% (increased by 15% in constant currency) to US\$1,842 million (Q1–3/2014: US\$1,913 million). Dialysis product sales decreased by 7% (increased by 8% in constant currency) to US\$1,797 million (Q1–3/2014: US\$1,930 million).

EBIT increased by 5% (10% in constant currency) to US\$1,665 million (Q1–3/2014: US\$1,591 million). The EBIT margin was 13.4% (Q1–3/2014: 13.8%). Adjusted for special items<sup>3</sup> EBIT increased by 5% to US\$1,683 million.

Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA of US\$713 million was at prior-year level (Q1–3/2014: US\$710 million). Net income attributable to non-controlling interest increased by 41% to US\$207 million, mainly due to the strong earnings development in North America. In constant currency net income increased by 6%. Net income excluding special items<sup>4</sup> increased by 3% to US\$735 million.

Operating cash flow increased by 11% to US\$1,412 million (Q1–3/2014: US\$1,274 million). Operating cash flow in the prior-year period was reduced by the US\$115 million<sup>5</sup> payment for the W.R. Grace bankruptcy settlement. The cash flow margin increased to 11.4% (Q1–3/2014: 11.1%).

<sup>1</sup> Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA

<sup>2</sup> Divestiture of dialysis business in Venezuela and European pharmaceutical business

<sup>3</sup> 2015 before divestiture of dialysis business in Venezuela (-US\$26 million before tax) and European pharmaceutical business (US\$8 million before tax); 2014 before closing of manufacturing plant (-US\$11 million before tax)

<sup>4</sup> 2015 before divestiture of dialysis business in Venezuela (-US\$27 million after tax) and European pharmaceutical business (US\$5 million after tax); 2014 before closing of manufacturing plant (-US\$7 million after tax)

<sup>5</sup> See Annual Report 2014, page 152 f.

**THIRD QUARTER OF 2015**

In the third quarter of 2015, sales increased by 3% (9% in constant currency) to US\$4,231 million (Q3/2014: US\$4,113 million).

EBIT increased by 4% (8% in constant currency) to US\$614 million (Q3/2014: US\$590 million). The EBIT margin increased to 14.5% (Q3/2014: 14.3%). EBIT excluding special items<sup>1</sup> increased by 5% to US\$632 million.

Net income decreased by 3% (-1% in constant currency) to US\$262 million (Q3/2014: US\$271 million). Net income excluding special items<sup>2</sup> increased by 2% to US\$284 million.

In the third quarter of 2015, operating cash flow reached a very strong US\$579 million, but could not match the exceptional prior-year quarter (Q3/2014: US\$712 million). The same applies to the cash flow margin of 13.7% (Q3/2014: 17.3%).

Please see page 17 of the Management Report for the 2015 outlook of Fresenius Medical Care.

For further information, please see Fresenius Medical Care's Investor News at [www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com).

<sup>1</sup> 2015 before divestiture of dialysis business in Venezuela (-US\$26 million before tax) and European pharmaceutical business (US\$8 million before tax); 2014 before closing of manufacturing plant (-US\$11 million before tax)

<sup>2</sup> 2015 before divestiture of dialysis business in Venezuela (-US\$27 million after tax) and European pharmaceutical business (US\$5 million after tax); 2014 before closing of manufacturing plant (-US\$7 million after tax)

## FRESENIUS KABI

Fresenius Kabi offers infusion therapies, intravenously administered generic drugs and clinical nutrition for seriously and chronically ill patients in the hospital and outpatient environments. The company is also a leading supplier of medical devices and transfusion technology products.

€ in millions	Q3/2015	Q3/2014	Change	Q1–3/2015	Q1–3/2014	Change
Sales	1,499	1,294	16%	4,431	3,760	18%
EBITDA <sup>1</sup>	369	272	36%	1,060	785	35%
EBIT <sup>1</sup>	301	223	35%	872	634	38%
Net income <sup>2</sup>	170	120	42%	479	337	42%
Employees (Sept. 30/Dec. 31)				33,294	32,899	1%

- ▶ **10% organic sales growth in Q3**
- ▶ **19% constant currency EBIT<sup>1</sup> growth in Q3**
- ▶ **2015 outlook: organic sales growth of ~8% and constant currency EBIT<sup>1</sup> growth of 19% to 22% expected**

### FIRST THREE QUARTERS OF 2015

Sales increased by 18% (8% in constant currency) to €4,431 million (Q1–3/2014: €3,760 million). Organic sales growth was 9%. Acquisitions contributed 1% while divestitures reduced sales by 2%. Positive currency translation effects (10%) were mainly related to the Euro's depreciation against the U.S. dollar and the Chinese yuan.

Sales in Europe grew by 2% (organic growth: 4%) to €1,566 million (Q1–3/2014: €1,538 million). Sales in North America increased by 39% (organic growth: 16%) to €1,555 million (Q1–3/2014: €1,118 million). North American sales growth was driven by persisting IV drug shortages and new product launches. Asia-Pacific sales increased by 19% (organic growth: 4%) to €862 million (Q1–3/2014: €723 million). Sales in Latin America/Africa grew by 18% (organic growth: 12%) to €448 million (Q1–3/2014: €381 million).

EBIT<sup>1</sup> increased by 38% (19% in constant currency) to €872 million (Q1–3/2014: €634 million). The EBIT margin<sup>1</sup> was 19.7% (Q1–3/2014: 16.9%).

Net income<sup>2</sup> increased by 42% (23% in constant currency) to €479 million (Q1–3/2014: €337 million).

Operating cash flow increased by 36% to €589 million (Q1–3/2014: €432 million) with a margin of 13.3% (Q1–3/2014: 11.5%).

Fresenius Kabi's initiatives to increase production efficiency and streamline administrative structures are well on track. Costs of €50 million before tax were incurred in the first nine months of 2015 (Q3/2015: €10 million). The remainder of approx. €50 million will be recorded in Q4/2015. These costs are reported in the Group segment Corporate/Other.

### THIRD QUARTER OF 2015

In the third quarter of 2015, sales increased by 16% (9% in constant currency) to €1,499 million (Q3/2014: €1,294 million). Organic sales growth was 10%.

EBIT<sup>1</sup> increased by 35% (19% in constant currency) to €301 million (Q3/2014: €223 million). The EBIT margin<sup>1</sup> was 20.1% (Q3/2014: 17.2%).

Net income<sup>2</sup> increased by 42% (25% in constant currency) to €170 million (Q3/2014: €120 million).

Operating cash flow increased to €235 million (Q3/2014: €217 million) with a margin of 15.7% (Q3/2014: 16.8%).

Please see page 17 of the Management Report for the 2015 outlook of Fresenius Kabi.

<sup>1</sup> Before special items

<sup>2</sup> Net income attributable to shareholders of Fresenius Kabi AG; before special items

For a detailed overview of special items please see the reconciliation table on page 8.

## FRESENIUS HELIOS

Fresenius Helios is Germany's largest hospital operator. HELIOS operates 111 hospitals, thereof 87 acute care clinics (including seven maximum care hospitals in Berlin-Buch, Duisburg, Erfurt, Krefeld, Schwerin, Wiesbaden and Wuppertal) and 24 post-acute care clinics. HELIOS treats more than 4.5 million patients per year, thereof more than 1.2 million inpatients, and operates more than 34,000 beds.

€ in millions	Q3/2015	Q3/2014	Change	Q1–3/2015	Q1–3/2014	Change
Sales	1,393	1,362	2%	4,167	3,883	7%
EBITDA <sup>1</sup>	213	190	12%	612	534	15%
EBIT <sup>1</sup>	165	147	12%	472	397	19%
Net income <sup>2</sup>	126	107	18%	352	286	23%
Employees (Sept. 30/Dec. 31)				69,762	68.852	1%

- ▶ **12% EBIT<sup>1</sup> growth in Q3**
- ▶ **20 bps sequential EBIT margin<sup>1</sup> increase**
- ▶ **2015 outlook confirmed**

### FIRST THREE QUARTERS OF 2015

Sales increased by 7% to €4,167 million (Q1–3/2014: €3,883 million). Organic sales growth was 3% (Q1–3/2014: 4%). Acquisitions contributed 5% while divestitures reduced sales by 1%.

EBIT<sup>1</sup> grew by 19% to €472 million (Q1–3/2014: €397 million). The EBIT margin<sup>1</sup> increased to 11.3% (Q1–3/2014: 10.2%).

Net income<sup>2</sup> increased by 23% to €352 million (Q1–3/2014: €286 million).

Sales of the established hospitals, including the former Rhön-Klinikum facilities consolidated for more than one year, grew by 3% to €3,970 million (Q1–3/2014: €3,861 million). EBIT<sup>1</sup> increased by 17% to €463 million (Q1–3/2014: €395 million). The EBIT margin<sup>1</sup> increased to 11.7% (Q1–3/2014: 10.2%). Sales of the acquired hospitals consolidated for less than one year were €197 million. EBIT<sup>1</sup> was €9 million with a margin of 4.6%.

The integration of the hospitals acquired from Rhön-Klinikum AG remains well on track. Integration costs were €12 million in the first nine months of 2015 (Q3/2015: €4 million) taking the total to date to €63 million. Fresenius Helios does not expect any further integration costs. Amount (€85 million p.a.) and timing (spring 2016) of targeted near-term cost synergies are confirmed.

### THIRD QUARTER OF 2015

In the third quarter of 2015, sales increased by 2% to €1,393 million (Q3/2014: €1,362 million), organic sales growth was 2% (Q3/2014: 6%).

EBIT<sup>1</sup> increased by 12% to €165 million (Q3/2014: €147 million). Sequentially, the EBIT margin<sup>1</sup> increased by 20 bps to 11.8%.

Net income<sup>2</sup> increased by 18% to €126 million (Q3/2014: €107 million).

Please see page 17 of the Management Report for the 2015 outlook of Fresenius Helios.

<sup>1</sup> Before special items

<sup>2</sup> Net income attributable to shareholders of HELIOS Kliniken GmbH; before special items

## FRESENIUS VAMED

Fresenius Vamed manages projects and provides services for hospitals and other health care facilities worldwide. The portfolio ranges along the entire value chain: from project development, planning, and turnkey construction, via maintenance and technical management, to total operational management.

€ in millions	Q3/2015	Q3/2014	Change	Q1–3/2015	Q1–3/2014	Change
Sales	268	257	4%	731	655	12%
EBITDA	17	15	13%	38	35	9%
EBIT	14	12	17%	30	27	11%
Net income <sup>1</sup>	10	8	25%	20	18	11%
Employees (Sept. 30/Dec. 31)				8,132	7,746	5%

- ▶ **Q3 organic sales growth driven by strong service business**
- ▶ **Q3 order intake €192 million**
- ▶ **2015 outlook: organic sales growth now projected to reach 5% to 10%, EBIT growth expectation of 5% to 10% confirmed**

### FIRST THREE QUARTERS OF 2015

Sales increased by 12% (11% in constant currency) to €731 million (Q1–3/2014: €655 million). Organic sales growth was 9%. Acquisitions contributed 2%. Sales in the project business increased by 9% to €333 million (Q1–3/2014: €306 million). Sales in the service business grew by 14% to €398 million (Q1–3/2014: €349 million).

EBIT grew by 11% to €30 million (Q1–3/2014: €27 million). The EBIT margin remained unchanged at 4.1% (Q1–3/2014: 4.1%).

Net income<sup>1</sup> grew by 11% to €20 million (Q1–3/2014: €18 million).

Order intake reached a very strong €476 million (Q1–3/2014: €678 million). The prior-year period was boosted by the major project for the modernization of the University Hospital of Schleswig-Holstein/Germany. As of September 30, 2015, order backlog was €1,528 million (Dec. 31, 2014: €1,398 million).

### THIRD QUARTER OF 2015

In the third quarter of 2015, sales increased by 4% to €268 million (Q3/2014: €257 million). Organic sales growth was 4%.

EBIT increased by 17% to €14 million (Q3/2014: €12 million). Sequentially, the EBIT margin increased by 170 bps to 5.2%.

Net income<sup>1</sup> increased by 25% to €10 million (Q3/2014: €8 million).

Please see page 17 of the Management Report for the 2015 outlook of Fresenius Vamed.

<sup>1</sup> Net income attributable to shareholders of Vamed AG

## EMPLOYEES

As of September 30, 2015, the number of employees increased by 2% to 220,853 (Dec. 31, 2014: 216,275).

### EMPLOYEES BY BUSINESS SEGMENT

Number of employees	Sept. 30, 2015	Dec 31, 2014	Change
Fresenius Medical Care	108,774	105,917	3%
Fresenius Kabi	33,294	32,899	1%
Fresenius Helios	69,762	68,852	1%
Fresenius Vamed	8,132	7,746	5%
Corporate/Other	891	861	3%
<b>Total</b>	<b>220,853</b>	<b>216,275</b>	<b>2%</b>

## RESEARCH AND DEVELOPMENT

Product and process development as well as the improvement of therapies are at the core of our growth strategy. Fresenius focuses its R & D efforts on its core competencies in the following areas:

- ▶ Dialysis
- ▶ Generic IV drugs
- ▶ Infusion and nutrition therapies
- ▶ Medical devices

Apart from new products, we are concentrating on developing optimized or completely new therapies, treatment methods, and services.

### RESEARCH AND DEVELOPMENT EXPENSES BY BUSINESS SEGMENT

€ in millions	Q1-3/2015	Q1-3/2014	Change
Fresenius Medical Care	90	67	34%
Fresenius Kabi	243	195	25%
Fresenius Helios	-	-	--
Fresenius Vamed	0	0	
Corporate/Other	4	1	--
IFRS Reconciliation	2	2	0%
<b>Total</b>	<b>339</b>	<b>265</b>	<b>28%</b>

All segment data according to U.S. GAAP

## DIALYSIS

The complex interactions and side effects that lead to kidney failure are better explored today than ever before. Technological advances develop in parallel with medical insights to

improve the possibilities for treating patients. Our R & D activities at Fresenius Medical Care aim to translate new insights into novel or improved developments and to bring them to market as quickly as possible, and thus make an important contribution towards rendering the treatment of patients increasingly comfortable, safe, and individualized.

## INFUSION THERAPIES, CLINICAL NUTRITION, GENERIC IV DRUGS, AND MEDICAL DEVICES

Fresenius Kabi's research and development activities concentrate on products for the therapy and care of critically and chronically ill patients. Our focus is on areas with high medical needs, such as in the treatment of oncology patients. Our products help to support medical advancements in acute and post-acute care and improve the patients' quality of life. We develop new products in areas such as clinical nutrition. In addition, we develop generic drug formulations ready to launch at the time of market formation as well as new formulations for non-patented drugs. Our medical devices significantly contribute to a safe and effective application of infusion solutions and clinical nutrition. In transfusion technology our R & D focus is on medical devices and disposables to support the secure, user-friendly, and efficient production of blood products.

## OPPORTUNITIES AND RISK REPORT

Compared to the presentation in the consolidated financial statements and the management report as of December 31, 2014 applying Section 315a HBG in accordance with IFRS, there have been no material changes in Fresenius' overall opportunities and risk situation in the third quarter of 2015.

In the ordinary course of Fresenius Group's operations, the Fresenius Group is subject to litigation, arbitration and investigations relating to various aspects of its business. The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate.

In addition, we report on legal proceedings, currency and interest risks on pages 42 to 49 in the Notes of this report.



## SUBSEQUENT EVENTS

There were no significant changes in the Fresenius Group's operating environment following the end of the third quarter of 2015. No other events of material importance on the assets and liabilities, financial position, and result of operations of the Group have occurred after the close of the third quarter of 2015.

## RATING

Fresenius is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

	Standard & Poor's	Moody's	Fitch
Company rating	BBB-	Ba1	BB+
Outlook	stable	stable	stable

## OUTLOOK 2015

(all data according to U.S. GAAP)

### FRESENIUS GROUP

Based on the Group's excellent financial results in the first nine months of 2015 and strong prospects for the remainder of the year, Fresenius raises its 2015 Group earnings guidance. Net income<sup>1</sup> is now expected to grow by 20% to 22% in constant currency. Previously, Fresenius expected net income<sup>1</sup> growth of 18% to 21% in constant currency. The company fully confirms its Group sales guidance. Sales are expected to increase by 8% to 10% in constant currency.

The net debt/EBITDA<sup>2</sup> ratio is now expected to be below 3.0 at the end of 2015. Previously, Fresenius expected the ratio to be approximately 3.0.

### FRESENIUS MEDICAL CARE

Fresenius Medical Care confirms its outlook for 2015. The company expects sales to grow by 5% to 7%, which equals a growth rate of 10% to 12% in constant currency. Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA is expected to increase by 0% to 5% in 2015.

The outlook is based on current exchange rates. Savings from the global efficiency program are included, while earnings contributions from potential acquisitions are not. The outlook reflects further operating cost investments within the Care Coordination segment.

### FRESENIUS KABI<sup>3</sup>

Fresenius Kabi raises its outlook for 2015 and now expects organic sales growth of ~8% and constant currency EBIT<sup>4</sup> growth in the range of 19% to 22% with an implied EBIT margin<sup>4</sup> of approximately 20.0%. Previously, Fresenius Kabi projected organic sales growth of 6% to 8% and constant currency EBIT<sup>4</sup> growth in the range of 18% to 21% with an implied EBIT margin<sup>4</sup> in the range of 19.0% to 20.0%.

### FRESENIUS HELIOS<sup>5</sup>

Fresenius Helios confirms its outlook for 2015, projecting organic sales growth of 3% to 5% and reported sales growth of 6% to 9%. EBIT<sup>4</sup> is expected to increase to €630 to €650 million.

### FRESENIUS VAMED

Based on the strong sales development in the first nine months of 2015, Fresenius Vamed narrows its 2015 organic sales growth outlook to a range of 5% to 10%. Previously, Fresenius Vamed expected single-digit organic sales growth. Fresenius Vamed fully confirms its EBIT outlook and projects EBIT growth of 5% to 10%.

<sup>1</sup> Net income attributable to shareholders of Fresenius SE & Co. KGaA; 2015 before integration costs (–€12 million before tax for hospitals acquired from Rhön-Klinikum AG), before costs for the efficiency program at Fresenius Kabi (–€100 million before tax), and before the disposal gains from the divestment of two HELIOS hospitals (€34 million before tax); 2014 before special items

<sup>2</sup> At average exchange rates for the last twelve months for both net debt and EBITDA; without major unannounced acquisitions; before special items

<sup>3</sup> Fresenius Kabi's outlook excludes –€100 million costs before tax for the efficiency program. For segment reporting purposes, these costs will not be reported in the Fresenius Kabi segment but as special items in the Group segment Corporate/Other.

<sup>4</sup> Before special items

<sup>5</sup> Fresenius Helios' outlook excludes integration costs for the hospitals acquired from Rhön-Klinikum AG (–€12 million before tax) and the disposal gains from the divestment of two HELIOS hospitals (€34 million before tax). For segment reporting purposes, these items will not be reported in the Fresenius Helios segment, but as special items in the Group segment Corporate/Other.

## INVESTMENTS

The Group plans to invest around 6% of sales in property, plant and equipment.

## EMPLOYEES

The number of employees in the Group will continue to rise in the future as a result of the expected expansion. We expect the number of employees to be above 222,000 in 2015 (December 31, 2014: 216,275). The number of employees is expected to increase in all business segments.

## RESEARCH AND DEVELOPMENT

Our R & D activities will continue to play a key role in securing the Group's long-term growth through innovations and new

therapies. We plan to increase the Group's R & D spending in 2015. About 4% to 5% of our product sales will be reinvested in research and development.

Market-oriented research and development with strict time-to-market management processes is crucial for the success of new products. We continually review our R & D results using clearly defined milestones. Innovative ideas, product development, and therapies with a high level of quality will continue to be the basis for future market-leading positions. Given the continued cost-containment efforts in the health care sector, cost efficiency combined with a strong quality focus is acquiring ever-greater importance in product development, and in the improvement of treatment concepts.

## GROUP FINANCIAL OUTLOOK 2015

	Previous guidance	New guidance
Sales, growth (in constant currency)	8% – 10%	confirmed
Net income <sup>1</sup> , growth (in constant currency)	18% – 21%	20% – 22%

All data according to U.S. GAAP

<sup>1</sup> Net income attributable to shareholders of Fresenius SE & Co. KGaA; 2015 before integration costs (–€12 million before tax for hospitals acquired from Rhön-Klinikum AG), before costs for the efficiency program at Fresenius Kabi (–€100 million before tax), and before the disposal gains from the divestment of two HELIOS hospitals (€34 million before tax); 2014 before special items

## OUTLOOK 2015 BY BUSINESS SEGMENT

	Previous guidance	New guidance
Fresenius Medical Care <sup>1</sup>	Sales growth	5% – 7%
	Net income <sup>2</sup> growth	0% – 5%
Fresenius Kabi <sup>3</sup>	Sales growth (organic)	6% – 8%
	EBIT growth <sup>5</sup> (in constant currency)	18% – 21%
Fresenius Helios <sup>4</sup>	Sales growth (organic)	3% – 5%
	EBIT <sup>5</sup>	€630 – 650 m
Fresenius Vamed	Sales growth (organic)	Single-digit %
	EBIT, growth	5% – 10%

All segment data according to U.S. GAAP

<sup>1</sup> The outlook is based on current exchange rates. Savings from the global efficiency program are included, while earnings contributions from potential acquisitions are not. The outlook reflects further operating cost investments within the Care Coordination segment.

<sup>2</sup> Net income attributable to the shareholders of Fresenius Medical Care AG & Co. KGaA

<sup>3</sup> Fresenius Kabi's outlook excludes –€100 million costs before tax for the efficiency program

<sup>4</sup> Fresenius Helios' outlook excludes integration costs for the hospitals acquired from Rhön-Klinikum AG (–€12 million before tax) and disposal gains from the divestment of two HELIOS hospitals (€34 million before tax)

<sup>5</sup> Before special items

## FRESENIUS SE & CO. KGAA

### CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

€ in millions	Q3/2015	Q3/2014	Q1-3/2015	Q1-3/2014
Sales	7,034	6,039	20,656	16,865
Cost of sales	-4,756	-4,207	-14,131	-11,777
<b>Gross profit</b>	<b>2,278</b>	<b>1,832</b>	<b>6,525</b>	<b>5,088</b>
Selling, general and administrative expenses	-1,155	-927	-3,366	-2,576
Research and development expenses	-115	-93	-339	-265
<b>Operating income (EBIT)</b>	<b>1,008</b>	<b>812</b>	<b>2,820</b>	<b>2,247</b>
Net interest	-146	-148	-476	-431
<b>Income before income taxes</b>	<b>862</b>	<b>664</b>	<b>2,344</b>	<b>1,816</b>
Income taxes	-256	-194	-690	-526
<b>Net income</b>	<b>606</b>	<b>470</b>	<b>1,654</b>	<b>1,290</b>
Noncontrolling interest	256	194	670	488
<b>Net income attributable to shareholders of Fresenius SE &amp; Co. KGaA</b>	<b>350</b>	<b>276</b>	<b>984</b>	<b>802</b>
<b>Earnings per ordinary share in €</b>	<b>0.64</b>	<b>0.51</b>	<b>1.81</b>	<b>1.49</b>
<b>Fully diluted earnings per ordinary share in €</b>	<b>0.63</b>	<b>0.50</b>	<b>1.79</b>	<b>1.47</b>

The following notes are an integral part of the unaudited condensed interim financial statements.

## FRESENIUS SE & CO. KGAA

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

€ in millions	Q3/2015	Q3/2014	Q1-3/2015	Q1-3/2014
<b>Net income</b>	<b>606</b>	<b>470</b>	<b>1,654</b>	<b>1,290</b>
<b>Other comprehensive income (loss)</b>				
<b>Positions which will be reclassified into net income in subsequent years</b>				
Foreign currency translation	-280	736	587	766
Cash flow hedges	14	-20	39	-2
Change of fair value of available for sale financial assets	-	0	-	-23
Income taxes on positions which will be reclassified	-3	-13	-31	-16
<b>Positions which will not be reclassified into net income in subsequent years</b>				
Actuarial gains/losses on defined benefit pension plans	2	-15	-33	-17
Income taxes on positions which will not be reclassified	-1	5	11	6
<b>Other comprehensive income (loss), net</b>	<b>-268</b>	<b>693</b>	<b>573</b>	<b>714</b>
<b>Total comprehensive income</b>	<b>338</b>	<b>1,163</b>	<b>2,227</b>	<b>2,004</b>
<b>Comprehensive income attributable to noncontrolling interest</b>	<b>146</b>	<b>544</b>	<b>1,010</b>	<b>874</b>
<b>Comprehensive income attributable to shareholders of Fresenius SE &amp; Co. KGaA</b>	<b>192</b>	<b>619</b>	<b>1,217</b>	<b>1,130</b>

The following notes are an integral part of the unaudited condensed interim financial statements.

## FRESENIUS SE & CO. KGAA

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

#### ASSETS

€ in millions	September 30, 2015	December 31, 2014
Cash and cash equivalents	975	1,175
Trade accounts receivable, less allowance for doubtful accounts	4,648	4,238
Accounts receivable from and loans to related parties	65	36
Inventories	2,750	2,333
Other current assets	1,632	1,784
<b>I. Total current assets</b>	<b>10,070</b>	<b>9,566</b>
Property, plant and equipment	7,094	6,777
Goodwill	21,203	19,977
Other intangible assets	1,686	1,635
Other non-current assets	1,435	1,284
Deferred taxes	789	716
<b>II. Total non-current assets</b>	<b>32,207</b>	<b>30,389</b>
<b>Total assets</b>	<b>42,277</b>	<b>39,955</b>

#### LIABILITIES AND SHAREHOLDERS' EQUITY

€ in millions	September 30, 2015	December 31, 2014
Trade accounts payable	1,029	1,052
Short-term accounts payable to related parties	70	5
Short-term accrued expenses and other short-term liabilities	4,867	4,346
Short-term debt	425	233
Short-term loans from related parties	6	3
Current portion of long-term debt and capital lease obligations	559	516
Current portion of Senior Notes	250	682
Short-term accruals for income taxes	152	161
<b>A. Total short-term liabilities</b>	<b>7,358</b>	<b>6,998</b>
Long-term debt and capital lease obligations, less current portion	5,765	6,105
Senior Notes, less current portion	7,293	6,977
Convertible bonds	843	832
Long-term accrued expenses and other long-term liabilities	1,143	945
Pension liabilities	1,144	1,094
Long-term accruals for income taxes	190	216
Deferred taxes	984	928
<b>B. Total long-term liabilities</b>	<b>17,362</b>	<b>17,097</b>
<b>I. Total liabilities</b>	<b>24,720</b>	<b>24,095</b>
<b>A. Noncontrolling interest</b>	<b>6,990</b>	<b>6,337</b>
Subscribed capital	545	542
Capital reserve	3,282	3,183
Other reserves	6,580	5,871
Accumulated other comprehensive income (loss)	160	-73
<b>B. Total Fresenius SE &amp; Co. KGaA shareholders' equity</b>	<b>10,567</b>	<b>9,523</b>
<b>II. Total shareholders' equity</b>	<b>17,557</b>	<b>15,860</b>
<b>Total liabilities and shareholders' equity</b>	<b>42,277</b>	<b>39,955</b>

The following notes are an integral part of the unaudited condensed interim financial statements.

## FRESENIUS SE & CO. KGAA

### CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

€ in millions	Q1-3/2015	Q1-3/2014
<b>Operating activities</b>		
Net income	1,654	1,290
<b>Adjustments to reconcile net income to cash and cash equivalents provided by operating activities</b>		
Depreciation and amortization	837	692
Gain on sale of investments and divestitures	-39	-55
Change in deferred taxes	-81	-18
Gain/loss on sale of fixed assets	-	-
<b>Changes in assets and liabilities, net of amounts from businesses acquired or disposed of</b>		
Trade accounts receivable, net	-376	-143
Inventories	-375	-147
Other current and non-current assets	199	-55
Accounts receivable from/payable to related parties	83	-12
Trade accounts payable, accrued expenses and other short-term and long-term liabilities	306	135
Accruals for income taxes	-47	-30
<b>Net cash provided by operating activities</b>	<b>2,161</b>	<b>1,657</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	-960	-871
Proceeds from sales of property, plant and equipment	18	15
Acquisitions and investments, net of cash acquired and net purchases of intangible assets	-239	-1,601
Proceeds from sale of investments and divestitures	176	167
<b>Net cash used in investing activities</b>	<b>-1,005</b>	<b>-2,290</b>
<b>Financing activities</b>		
Proceeds from short-term loans	504	405
Repayments of short-term loans	-275	-2,299
Proceeds from short-term loans from related parties	-	-
Repayments of short-term loans from related parties	-	-
Proceeds from long-term debt and capital lease obligations	354	2,201
Repayments of long-term debt and capital lease obligations	-996	-1,375
Proceeds from the issuance of Senior Notes	269	1,420
Repayments of liabilities from Senior Notes	-729	0
Proceeds from the issuance of Convertible Bonds	0	900
Changes of accounts receivable securitization program	-41	-69
Proceeds from the exercise of stock options	132	102
Dividends paid	-582	-521
Change in noncontrolling interest	-4	-1
Exchange rate effect due to corporate financing	-5	-
<b>Net cash used in/provided by financing activities</b>	<b>-1,373</b>	<b>763</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>17</b>	<b>41</b>
<b>Net decrease/increase in cash and cash equivalents</b>	<b>-200</b>	<b>171</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>1,175</b>	<b>864</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>975</b>	<b>1,035</b>

#### ADDITIONAL INFORMATION ON PAYMENTS THAT ARE INCLUDED IN NET CASH PROVIDED BY OPERATING ACTIVITIES

€ in millions	Q1-3/2015	Q1-3/2014
Received interest	41	42
Paid interest	-482	-489
Income taxes paid	-598	-558

The following notes are an integral part of the unaudited condensed interim financial statements.

## FRESENIUS SE &amp; CO. KGAA

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Subscribed Capital			Reserves	
	Number of ordinary shares in thousand <sup>1</sup>	Amount € in thousands	Amount € in millions	Capital reserve € in millions	Other reserves € in millions
<b>As of December 31, 2013</b>	539,085	539,085	539	3,097	5,071
Proceeds from the exercise of stock options	2,119	2,119	2	56	
Compensation expense related to stock options				10	
Dividends paid					-225
Purchase of noncontrolling interest					
Liabilities for noncontrolling interest subject to put provisions					-36
Comprehensive income (loss)					
Net income					802
Other comprehensive income (loss)					
Cash flow hedges					
Change of fair value of available for sale financial assets					
Foreign currency translation					
Actuarial losses on defined benefit pension plans					
Comprehensive income					802
<b>As of September 30, 2014</b>	541,204	541,204	541	3,163	5,612
<b>As of December 31, 2014</b>	541,533	541,533	542	3,183	5,871
Proceeds from the exercise of stock options	3,467	3,467	3	87	
Compensation expense related to stock options				12	
Dividends paid					-238
Purchase of noncontrolling interest					
Liabilities for noncontrolling interest subject to put provisions					-37
Comprehensive income (loss)					
Net income					984
Other comprehensive income (loss)					
Cash flow hedges					
Change of fair value of available for sale financial assets					
Foreign currency translation					
Actuarial losses on defined benefit pension plans					
Comprehensive income					984
<b>As of September 30, 2015</b>	545,000	545,000	545	3,282	6,580

<sup>1</sup> Figures as of December 31, 2013 were adjusted due to the stock split in 2014.

## FRESENIUS SE & CO. KGAA

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Accumulated other com- prehensive income (loss) € in millions	Total Fresenius SE & Co. KGaA shareholders' equity € in millions	Noncontrolling interest € in millions	Total shareholders' equity € in millions
<b>As of December 31, 2013</b>	-324	8,383	5,212	13,595
Proceeds from the exercise of stock options		58	44	102
Compensation expense related to stock options		10	2	12
Dividends paid		-225	-296	-521
Purchase of noncontrolling interest		0	110	110
Liabilities for noncontrolling interest subject to put provisions		-36	-79	-115
Comprehensive income (loss)				
Net income		802	488	1,290
Other comprehensive income (loss)				
Cash flow hedges	-4	-4	2	-2
Change of fair value of available for sale financial assets	-16	-16	-	-16
Foreign currency translation	352	352	391	743
Actuarial losses on defined benefit pension plans	-4	-4	-7	-11
Comprehensive income	328	1,130	874	2,004
<b>As of September 30, 2014</b>	4	9,320	5,867	15,187
<b>As of December 31, 2014</b>	-73	9,523	6,337	15,860
Proceeds from the exercise of stock options		90	42	132
Compensation expense related to stock options		12	-	12
Dividends paid		-238	-343	-581
Purchase of noncontrolling interest		0	27	27
Liabilities for noncontrolling interest subject to put provisions		-37	-83	-120
Comprehensive income (loss)				
Net income		984	670	1,654
Other comprehensive income (loss)				
Cash flow hedges	15	15	14	29
Change of fair value of available for sale financial assets	-	-	-	-
Foreign currency translation	226	226	340	566
Actuarial losses on defined benefit pension plans	-8	-8	-14	-22
Comprehensive income	233	1,217	1,010	2,227
<b>As of September 30, 2015</b>	160	10,567	6,990	17,557

The following notes are an integral part of the unaudited condensed interim financial statements.

## FRESENIUS SE & CO. KGAA CONSOLIDATED SEGMENT REPORTING FIRST THREE QUARTERS (UNAUDITED)

by business segment, € in millions	Fresenius Medical Care			Fresenius Kabi			Fresenius Helios			Fresenius Vamed		
	2015	2014	Change	2015 <sup>2</sup>	2014 <sup>3</sup>	Change	2015 <sup>4</sup>	2014 <sup>5</sup>	Change	2015	2014	Change
Sales	11,118	8,496	31%	4,431	3,760	18%	4,167	3,883	7%	731	655	12%
thereof contribution to consolidated sales	11,100	8,464	31%	4,397	3,729	18%	4,167	3,883	7%	701	631	11%
thereof intercompany sales	18	32	-44%	34	31	10%	0	0		30	24	25%
contribution to consolidated sales	55%	51%		22%	22%		20%	23%		3%	4%	
EBITDA	1,976	1,553	27%	1,060	785	35%	612	534	15%	38	35	9%
Depreciation and amortization	482	379	27%	188	151	25%	140	137	2%	8	8	0%
EBIT	1,494	1,174	27%	872	634	38%	472	397	19%	30	27	11%
Net interest	-272	-217	-25%	-144	-145	1%	-36	-41	12%	-2	-1	-100%
Income taxes	-397	-325	-22%	-228	-136	-68%	-78	-64	-22%	-7	-7	0%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	639	524	22%	479	337	42%	352	286	23%	20	18	11%
Operating cash flow	1,267	940	35%	589	432	36%	386	404	-4%	-44	-44	0%
Cash flow before acquisitions and dividends	696	469	48%	381	209	82%	248	261	-5%	-52	-50	-4%
Total assets <sup>1</sup>	22,685	20,960	8%	10,301	9,655	7%	8,435	8,352	1%	909	891	2%
Debt <sup>1</sup>	8,116	7,851	3%	5,363	5,205	3%	1,296	1,394	-7%	193	159	21%
Other operating liabilities <sup>1</sup>	3,908	3,478	12%	1,857	1,698	9%	1,436	1,469	-2%	401	426	-6%
Capital expenditure, gross	581	477	22%	212	223	-5%	142	143	-1%	9	6	50%
Acquisitions, gross/investments	210	919	-77%	37	118	-69%	29	812	-96%	4	12	-67%
Research and development expenses	90	67	34%	243	195	25%	-	-	--	0	0	
Employees (per capita on balance sheet date) <sup>1</sup>	108,774	105,917	3%	33,294	32,899	1%	69,762	68,852	1%	8,132	7,746	5%
Key figures												
EBITDA margin	17.8%	18.3%		23.9%	20.9%		14.7%	13.8%		5.2%	5.3%	
EBIT margin	13.4%	13.8%		19.7%	16.9%		11.3%	10.2%		4.1%	4.1%	
Depreciation and amortization in % of sales	4.3%	4.5%		4.2%	4.0%		3.4%	3.5%		1.1%	1.2%	
Operating cash flow in % of sales	11.4%	11.1%		13.3%	11.5%		9.3%	10.4%		-6.0%	-6.7%	
ROOA <sup>1</sup>	9.7%	9.7%		12.3%	10.5%		7.9%	7.4%		10.6%	11.2%	



## FRESENIUS SE & CO. KGAA CONSOLIDATED SEGMENT REPORTING FIRST THREE QUARTERS (UNAUDITED)

by business segment, € in millions	Corporate/Other			IFRS-Reconciliation			Fresenius Group		
	2015 <sup>6</sup>	2014 <sup>7</sup>	Change	2015	2014	Change	2015	2014	Change
Sales	-78	-83	6%	287	154	86%	20,656	16,865	22%
thereof contribution to consolidated sales	4	4	0%	287	154	86%	20,656	16,865	22%
thereof intercompany sales	-82	-87	6%	0	0		0	0	
contribution to consolidated sales	0%	0%		0%	0%		100%	100%	
EBITDA	-40	37	--	11	-5	--	3,657	2,939	24%
Depreciation and amortization	7	7	0%	12	10	20%	837	692	21%
EBIT	-47	30	--	-1	-15	93%	2,820	2,247	26%
Net interest	-22	-27	19%	0	0		-476	-431	-10%
Income taxes	25	6	--	-5	0		-690	-526	-31%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	-491	-355	-38%	-15	-8	-88%	984	802	23%
Operating cash flow	-47	-37	-27%	10	-38	126%	2,161	1,657	30%
Cash flow before acquisitions and dividends	-54	-42	-29%	0	-46	100%	1,219	801	52%
Total assets <sup>1</sup>	-161	39	--	108	58	86%	42,277	39,955	6%
Debt <sup>1</sup>	269	845	-68%	-96	-106	9%	15,141	15,348	-1%
Other operating liabilities <sup>1</sup>	345	287	20%	648	461	41%	8,595	7,819	10%
Capital expenditure, gross	6	5	20%	10	8	25%	960	862	11%
Acquisitions, gross/investments	-8	0		0	-46	100%	272	1,815	-85%
Research and development expenses	4	1	--	2	2	0%	339	265	28%
Employees (per capita on balance sheet date) <sup>1</sup>	891	861	3%	0	0		220,853	216,275	2%
Key figures									
EBITDA margin							17.9% <sup>2,4</sup>	17.2% <sup>5</sup>	
EBIT margin							13.8% <sup>2,4</sup>	13.1% <sup>5</sup>	
Depreciation and amortization in % of sales							4.1%	4.1%	
Operating cash flow in % of sales							10.5%	9.8%	
ROAA <sup>1</sup>							9.9% <sup>8</sup>	9.0% <sup>9</sup>	

<sup>1</sup> 2014: December 31<sup>2</sup> Before costs for the efficiency program<sup>3</sup> Before integration costs<sup>4</sup> Before integration costs and disposal gains (two HELIOS hospitals)<sup>5</sup> Before integration costs and disposal gains (two HELIOS hospitals, Rhön stake)<sup>6</sup> After costs for the efficiency program, integration costs and disposal gains (two HELIOS hospitals)<sup>7</sup> After integration costs and disposal gains (two HELIOS hospitals, Rhön stake)<sup>8</sup> The underlying pro forma EBIT does not include costs for the efficiency program, integration costs and disposal gains (two HELIOS hospitals).<sup>9</sup> The underlying pro forma EBIT does not include integration costs and disposal gains (two HELIOS hospitals, Rhön stake).

The consolidated segment reporting is an integral part of the notes. The following notes are an integral part of the unaudited condensed interim financial statements.

## FRESENIUS SE & CO. KGAA

### CONSOLIDATED SEGMENT REPORTING THIRD QUARTER (UNAUDITED)

by business segment, € in millions	Fresenius Medical Care			Fresenius Kabi			Fresenius Helios			Fresenius Vamed		
	2015	2014	Change	2015 <sup>1</sup>	2014 <sup>2</sup>	Change	2015 <sup>2</sup>	2014 <sup>2</sup>	Change	2015	2014	Change
Sales	3,806	3,097	23%	1,499	1,294	16%	1,393	1,362	2%	268	257	4%
thereof contribution to consolidated sales	3,800	3,083	23%	1,488	1,282	16%	1,393	1,362	2%	258	250	3%
thereof intercompany sales	6	14	-57%	11	12	-8%	0	0		10	7	43%
contribution to consolidated sales	55%	52%		21%	21%		20%	23%		4%	4%	
EBITDA	714	577	24%	369	272	36%	213	190	12%	17	15	13%
Depreciation and amortization	162	134	21%	68	49	39%	48	43	12%	3	3	0%
EBIT	552	443	25%	301	223	35%	165	147	12%	14	12	17%
Net interest	-89	-75	-19%	-42	-50	16%	-11	-14	21%	0	-1	100%
Income taxes	-152	-122	-25%	-82	-48	-71%	-26	-24	-8%	-3	-3	0%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	235	204	15%	170	120	42%	126	107	18%	10	8	25%
Operating cash flow	521	530	-2%	235	217	8%	155	199	-22%	0	18	-100%
Cash flow before acquisitions and dividends	319	362	-12%	171	136	26%	98	139	-29%	-1	16	-106%
Capital expenditure, gross	207	171	21%	71	95	-25%	58	60	-3%	2	3	-33%
Acquisitions, gross/investments	73	479	-85%	1	99	-99%	1	55	-98%	4	11	-64%
Research and development expenses	31	23	35%	82	70	17%	-	-	--	0	0	
Key figures												
EBITDA margin	18.7%	18.7%		24.6%	21.0%		15.3%	14.0%		6.3%	5.8%	
EBIT margin	14.5%	14.3%		20.1%	17.2%		11.8%	10.8%		5.2%	4.7%	
Depreciation and amortization in % of sales	4.3%	4.3%		4.5%	3.8%		3.4%	3.2%		1.1%	1.2%	
Operating cash flow in % of sales	13.7%	17.3%		15.7%	16.8%		11.1%	14.6%		0.0%	7.0%	

## FRESENIUS SE & CO. KGAA CONSOLIDATED SEGMENT REPORTING THIRD QUARTER (UNAUDITED)

by business segment, € in millions	Corporate/Other			IFRS-Reconciliation			Fresenius Group		
	2015 <sup>3</sup>	2014 <sup>4</sup>	Change	2015	2014	Change	2015	2014	Change
Sales	-26	-32	19%	94	61	54%	7,034	6,039	16%
thereof contribution to consolidated sales	1	1	0%	94	61	54%	7,034	6,039	16%
thereof intercompany sales	-27	-33	18%	0	0		0	0	
contribution to consolidated sales	0%	0%		0%	0%		100%	100%	
EBITDA	-17	-10	-70%	-1	2	-150%	1,295	1,046	24%
Depreciation and amortization	2	2	0%	4	3	33%	287	234	23%
EBIT	-19	-12	-58%	-5	-1	--	1,008	812	24%
Net interest	-4	-8	50%	0	0		-146	-148	1%
Income taxes	5	2	150%	2	1	100%	-256	-194	-32%
Net income attributable to shareholders of Fresenius SE & Co, KGaA	-184	-163	-13%	-7	0		350	276	27%
Operating cash flow	-11	-19	42%	4	3	33%	904	948	-5%
Cash flow before acquisitions and dividends	-14	-24	42%	0	0		573	629	-9%
Capital expenditure, gross	1	3	-67%	4	3	33%	343	335	2%
Acquisitions, gross/investments	-1	1	-200%	0	0		78	645	-88%
Research and development expenses	1	0		1	0		115	93	24%
Key figures									
EBITDA margin							18.8% <sup>1,2</sup>	17.4% <sup>2</sup>	
EBIT margin							14.7% <sup>1,2</sup>	13.6% <sup>2</sup>	
Depreciation and amortization in % of sales							4.1%	3.9%	
Operating cash flow in % of sales							12.9%	15.7%	

<sup>1</sup> Before costs for the efficiency program

<sup>2</sup> Before integration costs

<sup>3</sup> After costs for the efficiency program and integration costs

<sup>4</sup> After integration costs

The consolidated segment reporting is an integral part of the notes.  
The following notes are an integral part of the unaudited condensed interim financial statements.

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## GENERAL NOTES

### 1. PRINCIPLES

#### I. GROUP STRUCTURE

Fresenius is a global health care group with products and services for dialysis, hospitals and outpatient medical care. In addition, the Fresenius Group focuses on hospital operations and also manages projects and provides services for hospitals and other health care facilities worldwide. Besides the activities of the parent company Fresenius SE & Co. KGaA, Bad Homburg v. d. H., the operating activities were split into the following legally independent business segments as of September 30, 2015:

- ▶ Fresenius Medical Care
- ▶ Fresenius Kabi
- ▶ Fresenius Helios
- ▶ Fresenius Vamed

The reporting currency in the Fresenius Group is the euro. In order to make the presentation clearer, amounts are mostly shown in million euros. Amounts under €1 million after rounding are marked with “-”.

#### II. BASIS OF PRESENTATION

Fresenius SE & Co. KGaA, as a stock exchange listed company with a domicile in a member state of the European Union, fulfills its obligation to prepare and publish the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applying Section 315a of the German Commercial Code (HGB). Simultaneously, the Fresenius Group voluntarily prepares and publishes the consolidated financial statements in accordance with the United States Generally Accepted Accounting Principles (U.S. GAAP).

The accompanying condensed interim financial statements comply with the International Accounting Standard (IAS) 34. They have been prepared in accordance with the IFRS in force on the reporting date and adopted by the European Union.

The accounting policies underlying these interim financial statements are mainly the same as those applied in the consolidated financial statements as of December 31, 2014.

#### III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Principles of consolidation

The condensed consolidated financial statements and management report for the first three quarters and the third quarter ended September 30, 2015 have not been audited nor reviewed and should be read in conjunction with the notes included and published in the consolidated financial statements as of December 31, 2014 applying Section 315a HGB in accordance with IFRS.

Except for the reported acquisitions (see note 2, Acquisitions, divestitures and investments), there have been no other major changes in the entities consolidated.

The consolidated financial statements for the first three quarters and the third quarter ended September 30, 2015 include all adjustments that, in the opinion of the Management Board, are of a normal and recurring nature and are necessary to provide an appropriate view of the assets and liabilities, financial position and results of operations of the Fresenius Group.

The results of operations for the first three quarters ended September 30, 2015 are not necessarily indicative of the results of operations for the fiscal year 2015.

##### Use of estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

#### IV. RECENT PRONOUNCEMENTS, APPLIED

The Fresenius Group has prepared its consolidated financial statements at September 30, 2015 in conformity with IFRS in force for interim periods on January 1, 2015.

In the first three quarters of 2015, the Fresenius Group did not apply any new standard relevant for its business for the first time.

## V. RECENT PRONOUNCEMENTS, NOT YET APPLIED

The International Accounting Standards Board (IASB) issued the following relevant new standards for the Fresenius Group:

In December 2014, the IASB issued **Amendments to IAS 1, Presentation of Financial Statements**, as part of its disclosure initiative. The amendments contain different disclosure issues. Disclosures have to be made only if the content is not immaterial. This is explicitly the case when an IFRS standard requires a list of minimum-disclosure. Furthermore, aggregation and disaggregation of subtotals in the statement of financial position and in the statement of comprehensive income are explained. In addition, the amendments clarify the disclosure of significant accounting policies and the disclosure of other comprehensive income of associates, which are consolidated by using the equity method. The amendments are effective for fiscal years beginning on or after January 1, 2016. Earlier adoption is permitted. The Fresenius Group does currently not expect any impact on its consolidated financial statements.

In September 2014, the IASB issued **Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10, Consolidated Financial Statements and IAS 28, Investments in Associates and Joint Ventures (2011))**. The amendments eliminate an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28. They clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business as defined in IFRS 3, Business Combinations. In case of loss of control of a subsidiary that constitute a business as defined in IFRS 3, the full gain or loss resulting from this transaction is recognized. A partial gain or loss is recognized when a transaction involves assets that do not constitute a business. The amendments to IFRS 10 and IAS 28

are effective for fiscal years beginning on or after January 1, 2016. Earlier adoption is permitted. The Fresenius Group will apply the amendments as of January 1, 2016. The Fresenius Group does currently not expect any impact on its consolidated financial statements.

In May 2014, the IASB issued **IFRS 15, Revenue from Contracts with Customers**. Simultaneously, the Financial Accounting Standards Board (FASB) published its equivalent revenue standard, Accounting Standards Update 2014-09 (ASU 2014-09), FASB Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers. The standards are the result of a convergence project between the FASB and the IASB. This new standard specifies how and when companies reporting under IFRS will recognize revenue as well as providing users of financial statements with more informative and relevant disclosures. IFRS 15 supersedes IAS 18, Revenue, IAS 11, Construction Contracts and a number of revenue-related interpretations. This standard applies to nearly all contracts with customers, the main exceptions are leases, financial instruments and insurance contracts. In September 2015, the IASB issued the amendment **Effective Date of IFRS 15**, which defers the effective date of IFRS 15 by one year to fiscal years beginning on or after January 1, 2018. Earlier adoption is permitted. The Fresenius Group is currently evaluating the impact on its consolidated financial statements.

In May 2014, the IASB issued **Amendments to IFRS 11, Accounting for Acquisitions of Interests in Joint Operations**. The amendments add new guidance on accounting for the acquisition of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, Business Combinations. In such cases, all of the principles on business combinations accounting in IFRS 3 and other IFRSs have to be applied, except for those principles that conflict with the guidance in IFRS 11. In addition, the acquirer shall disclose the information required by IFRS 3. Those amendments shall be applied prospectively for fiscal years beginning on or after January 1, 2016. Earlier adoption is permitted. The Fresenius Group does currently not expect any impact on its consolidated financial statements.

In November 2009, the IASB issued **IFRS 9, Financial Instruments for the accounting of financial assets**, which replaces the IAS 39 financial asset categories with two categories. Financial assets that have basic loan features and are managed on a contractual yield basis must be measured at amortized cost. All other financial assets are measured at fair value through profit and loss, whereby for strategic equity investments there is an option to record changes in fair value through other comprehensive income (loss). In October 2010, the IASB issued **additions to IFRS 9, Financial Instruments for the accounting of financial liabilities**. These additions complete the classification and measurement of financial instruments phase of the project to replace IAS 39, Financial Instruments: Recognition and Measurement. The new guidance requires entities that choose to measure financial liabilities at fair value to generally present changes in the entity's own credit risk within other comprehensive income (loss). Other current accounting guidance for financial liabilities has been maintained. In November 2013, the IASB issued **additions to IFRS 9, Financial Instruments**, by introducing a new hedge accounting model. This new model enables entities to reflect their risk management activities more flexibly. For liabilities elected to be measured at fair value, the changes to IFRS 9 introduce the possibility to recognize gains and losses, caused by a worsening in an entity's own credit risk, no longer in profit or loss. The accounting for liabilities can be changed before applying any of the other requirements in IFRS 9. Furthermore, the IASB cancelled the mandatory date of January 1, 2015. In July 2014, the IASB issued a new version of **IFRS 9, Financial Instruments**. This IFRS 9 version is considered the final and complete version, thus, mainly replacing IAS 39 as soon as IFRS 9 is applied. It includes all prior guidance on the classification and measurement of financial assets and financial liabilities as well as hedge accounting and introduces requirements for impairment of financial instruments as well as modified requirements for the measurement categories of financial assets. The impairment provisions reflect a model that relies on expected losses (expected loss model).

This model comprises a two stage approach: Upon recognition an entity shall recognize losses that are expected within the next 12 months. If credit risk deteriorates significantly, from that point in time impairment losses shall amount to lifetime expected losses. The provisions for classification and measurement are amended by introducing an additional third measurement category for certain debt instruments. Such instruments shall be measured at fair value with changes recognized in other comprehensive income (fair value through other comprehensive income). The standard is accompanied by additional disclosure requirements and is effective for fiscal years beginning on or after January 1, 2018. Earlier adoption is permitted. The Fresenius Group is currently evaluating the impact on its consolidated financial statements.

The EU Commission's endorsements of IFRS 9, IFRS 15 and of the amendments to IAS 1, IFRS 10, IAS 28 and IFRS 11 are still outstanding.

In the Fresenius Group's view, all other pronouncements issued by the IASB do not have a material impact on the consolidated financial statements, as expected.

## 2. ACQUISITIONS, DIVESTITURES AND INVESTMENTS

The Fresenius Group made acquisitions, investments and purchases of intangible assets of €272 million and €1,815 million in the first three quarters of 2015 and 2014, respectively. Of this amount, €239 million was paid in cash and €33 million was assumed obligations in the first three quarters of 2015.

### FRESENIUS MEDICAL CARE

In the first three quarters of 2015, Fresenius Medical Care spent €210 million on acquisitions, mainly for dialysis care services. In the third quarter of 2015, Fresenius Medical Care sold the dialysis service business in Venezuela. The transaction resulted in a non-tax deductible loss of €24 million (US\$26.3 million).

Furthermore, Fresenius Medial Care sold the European marketing rights for certain renal pharmaceuticals to the joint venture, Vifor Fresenius Medical Care Renal Pharma. In the third quarter of 2015, the transaction resulted in an after-tax gain of €4.3 million (US\$4.8 million).

#### FRESENIUS KABI

In the first three quarters of 2015, Fresenius Kabi spent €37 million on acquisitions, which mainly related to the purchase of 100% of the shares in medi1one medical gmbh, Germany, and the purchase of further shares in Fresenius Kabi Bidiphar JSC, Vietnam. Furthermore, on February 16, 2015, Fresenius Kabi sold its German subsidiary CFL GmbH including its subsidiaries to NewCo Pharma GmbH. On September 30, 2015, Fresenius Kabi also sold its compounding business in Austria. The transactions resulted in a book gain in an immaterial amount, respectively.

#### FRESENIUS HELIOS

In the first three quarters of 2015, Fresenius Helios spent €29 million on acquisitions, mainly for subsequent purchase price payments, the acquisition of outpatient facilities and the purchase of 94% of the shares in Lungenklinik Diekholtzen GmbH, Germany.

#### FRESENIUS VAMED

In the first three quarters of 2015, Fresenius Vamed spent €4 million on acquisitions, mainly for a participation for the expansion of a thermal spa in Austria.

#### CORPORATE/OTHER

The segment Corporate/Other includes the consolidation of an intercompany transaction in the amount of €8 million.

## NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

### 3. SPECIAL ITEMS

Net income attributable to shareholders of Fresenius SE & Co. KGaA for the first three quarters of 2015 in the amount of €984 million includes special items relating to Fresenius Kabi's efficiency program and the integration of the acquired Rhön hospitals. The divestment of two HELIOS hospitals in the fiscal year 2014 led to an additional disposal gain in the first three quarters of 2015.

The special items had the following impact on the consolidated statement of income:

€ in millions	EBIT	Net income attributable to shareholders of Fresenius SE & Co. KGaA
<b>Earnings Q1–3/2015, adjusted</b>	<b>2,851</b>	<b>996</b>
Costs for Fresenius Kabi's efficiency program	-53	-36
Integration costs for the acquired Rhön hospitals	-12	-10
Disposal gains from the divestment of two HELIOS hospitals	34	34
<b>Earnings Q1–3/2015 according to IFRS</b>	<b>2,820</b>	<b>984</b>

### 4. SALES

Sales by activity were as follows:

€ in millions	Q1–3/2015	Q1–3/2014
Sales of services	<b>13,759</b>	10,973
Sales of products and related goods	<b>6,553</b>	5,579
Sales from long-term production contracts	<b>338</b>	309
Other sales	<b>6</b>	4
<b>Sales</b>	<b>20,656</b>	16,865



## 5. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses of €339 million (Q1–3/2014: €265 million) included expenditures for research and non-capitalizable development costs as well as depreciation and amortization expenses relating to capitalized development costs of €12 million (Q1–3/2014: €10 million). In the first three quarters of 2015, research and development expenses did not include any impairment. In the first three quarters of 2014, research and development expenses included reversals of write-downs in an amount of €2 million. These related to in-process R & D of product approval projects, which were acquired through the acquisition of Fresenius Kabi USA, Inc.

## 6. TAXES

During the first three quarters of 2015, there were no further material changes relating to tax audits, accruals for income taxes as well as recognized and accrued payments for interest and penalties. Explanations regarding the tax audits and further information can be found in the consolidated financial statements as of December 31, 2014 applying Section 315a HGB in accordance with IFRS.

## 7. EARNINGS PER SHARE

The following table shows the earnings per share including and excluding the dilutive effect from stock options issued:

	Q1–3/2015	Q1–3/2014
<b>Numerators, € in millions</b>		
Net income attributable to shareholders of Fresenius SE & Co. KGaA	984	802
less effect from dilution due to Fresenius Medical Care shares	–	–
Income available to all ordinary shares	984	802
<b>Denominators in number of shares</b>		
Weighted-average number of ordinary shares outstanding	543,366,248	539,976,138
Potentially dilutive ordinary shares	4,562,590	4,006,689
Weighted-average number of ordinary shares outstanding assuming dilution	547,928,838	543,982,827
<b>Basic earnings per ordinary share in €</b>	<b>1.81</b>	<b>1.49</b>
<b>Fully diluted earnings per ordinary share in €</b>	<b>1.79</b>	<b>1.47</b>

## NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### 8. CASH AND CASH EQUIVALENTS

As of September 30, 2015 and December 31, 2014, cash and cash equivalents were as follows:

€ in millions	Sept. 30, 2015	Dec. 31, 2014
Cash	969	1,127
Time deposits and securities (with a maturity of up to 90 days)	6	48
<b>Total cash and cash equivalents</b>	<b>975</b>	<b>1,175</b>

As of September 30, 2015 and December 31, 2014, earmarked funds of €56 million and €52 million, respectively, were included in cash and cash equivalents.

### 9. TRADE ACCOUNTS RECEIVABLE

As of September 30, 2015 and December 31, 2014, trade accounts receivable were as follows:

€ in millions	Sept. 30, 2015	Dec. 31, 2014
Trade accounts receivable	5,298	4,783
less allowance for doubtful accounts	650	545
<b>Trade accounts receivable, net</b>	<b>4,648</b>	<b>4,238</b>

### 10. INVENTORIES

As of September 30, 2015 and December 31, 2014, inventories consisted of the following:

€ in millions	Sept. 30, 2015	Dec. 31, 2014
Raw materials and purchased components	599	527
Work in process	477	451
Finished goods	1,767	1,440
less reserves	93	85
<b>Inventories, net</b>	<b>2,750</b>	<b>2,333</b>

## 11. OTHER CURRENT AND NON-CURRENT ASSETS

As of September 30, 2015, investments were comprised of investments of €550 million (December 31, 2014: €512 million), mainly regarding the joint venture between Fresenius Medical Care and Galenica Ltd., that were accounted for under the equity method. In the first three quarters of 2015, income of €20 million (Q1–3/2014: €16 million) resulting from this valuation was included in selling, general and administrative expenses in the consolidated statement of income. Securities

and long-term loans included €159 million financial assets available for sale as of September 30, 2015 (December 31, 2014: €148 million) mainly relating to shares in funds. Furthermore, securities and long-term loans included €162 million as of September 30, 2015 that Fresenius Medical Care loaned to a middle-market dialysis provider.

## 12. GOODWILL AND OTHER INTANGIBLE ASSETS

As of September 30, 2015 and December 31, 2014, intangible assets, split into amortizable and non-amortizable intangible assets, consisted of the following:

### AMORTIZABLE INTANGIBLE ASSETS

€ in millions	September 30, 2015			December 31, 2014		
	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Patents, product and distribution rights	690	337	353	633	288	345
Technology	372	102	270	349	77	272
Non-compete agreements	308	240	68	281	212	69
Capitalized development costs	471	271	200	433	244	189
Other	1,112	538	574	1,005	453	552
<b>Total</b>	<b>2,953</b>	<b>1,488</b>	<b>1,465</b>	<b>2,701</b>	<b>1,274</b>	<b>1,427</b>

Estimated regular amortization expenses of intangible assets for the next five years are shown in the following table:

€ in millions	Q4/2015	2016	2017	2018	2019	Q1–3/2020
Estimated amortization expenses	52	185	180	173	170	127

### NON-AMORTIZABLE INTANGIBLE ASSETS

€ in millions	September 30, 2015			December 31, 2014		
	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Tradenames	215	0	215	202	0	202
Management contracts	6	0	6	6	0	6
Goodwill	21,203	0	21,203	19,977	0	19,977
<b>Total</b>	<b>21,424</b>	<b>0</b>	<b>21,424</b>	<b>20,185</b>	<b>0</b>	<b>20,185</b>

The carrying amount of goodwill has developed as follows:

€ in millions	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate/Other	Fresenius Group
<b>Carrying amount as of January 1, 2014</b>	<b>8,446</b>	<b>4,226</b>	<b>2,158</b>	<b>85</b>	<b>6</b>	<b>14,921</b>
Additions	1,287	99	2,250	14	0	3,650
Disposals	0	-3	-28	0	0	-31
Reclassifications	0	-	0	0	0	-
Foreign currency translation	1,034	403	0	0	0	1,437
<b>Carrying amount as of December 31, 2014</b>	<b>10,767</b>	<b>4,725</b>	<b>4,380</b>	<b>99</b>	<b>6</b>	<b>19,977</b>
Additions	68	27	49	0	0	144
Disposals	0	-1	0	0	0	-1
Foreign currency translation	793	290	0	0	0	1,083
<b>Carrying amount as of September 30, 2015</b>	<b>11,628</b>	<b>5,041</b>	<b>4,429</b>	<b>99</b>	<b>6</b>	<b>21,203</b>

As of September 30, 2015 and December 31, 2014, the carrying amounts of the other non-amortizable intangible assets were €193 million and €179 million, respectively, for Fresenius Medical Care as well as €28 million and €29 million, respectively, for Fresenius Kabi.

### 13. DEBT AND CAPITAL LEASE OBLIGATIONS

#### SHORT-TERM DEBT

The Fresenius Group had short-term debt of €425 million and €233 million at September 30, 2015 and December 31, 2014, respectively. As of September 30, 2015, this debt consisted of borrowings by certain entities of the Fresenius Group under lines of credit with commercial banks of €205 million. Furthermore, €220 million were outstanding under the commercial paper program of Fresenius SE & Co. KGaA.

#### LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

As of September 30, 2015 and December 31, 2014, long-term debt and capital lease obligations consisted of the following:

€ in millions	Sept. 30, 2015	Dec. 31, 2014
Fresenius Medical Care 2012 Credit Agreement	2,380	2,389
2013 Senior Credit Agreement	2,422	2,561
Euro Notes	917	1,025
Accounts receivable facility of Fresenius Medical Care	264	281
Capital lease obligations	153	151
Other	287	323
<b>Subtotal</b>	<b>6,423</b>	<b>6,730</b>
less current portion	559	516
less financing cost	99	109
<b>Long-term debt and capital lease obligations, less current portion</b>	<b>5,765</b>	<b>6,105</b>

### Fresenius Medical Care 2012 Credit Agreement

Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) originally entered into a syndicated credit facility (Fresenius Medical Care 2012 Credit Agreement) of US\$3,850 million and a 5-year period with a large group of banks and institutional investors on October 30, 2012.

On November 26, 2014, the Fresenius Medical Care 2012 Credit Agreement was amended to increase the total credit facility to approximately US\$4,400 million and extend the term for an additional two years until October 30, 2019.

The following tables show the available and outstanding amounts under the Fresenius Medical Care 2012 Credit Agreement after scheduled amortization payments at September 30, 2015 and at December 31, 2014:

	September 30, 2015			
	Maximum amount available		Balance outstanding	
		€ in millions		€ in millions
Revolving Credit (in US\$)	US\$1,000 million	893	US\$1 million	1
Revolving Credit (in €)	€400 million	400	€0 million	0
US\$ Term Loan	US\$2,350 million	2,097	US\$2,350 million	2,097
€ Term Loan	€282 million	282	€282 million	282
<b>Total</b>		<b>3,672</b>		<b>2,380</b>

	December 31, 2014			
	Maximum amount available		Balance outstanding	
		€ in millions		€ in millions
Revolving Credit (in US\$)	US\$1,000 million	824	US\$36 million	30
Revolving Credit (in €)	€400 million	400	€0 million	0
US\$ Term Loan	US\$2,500 million	2,059	US\$2,500 million	2,059
€ Term Loan	€300 million	300	€300 million	300
<b>Total</b>		<b>3,583</b>		<b>2,389</b>

In addition, at September 30, 2015 and December 31, 2014, Fresenius Medical Care had letters of credit outstanding in the amount of US\$4 million and US\$7 million, respectively, which were not included above as part of the balance outstanding at those dates but which reduce available borrowings under the applicable Revolving Credit Facility.

As of September 30, 2015, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all covenants under the Fresenius Medical Care 2012 Credit Agreement.

### 2013 Senior Credit Agreement

On December 20, 2012, Fresenius SE & Co. KGaA and various subsidiaries entered into a delayed draw syndicated credit agreement (2013 Senior Credit Agreement) in the original amount of US\$1,300 million and €1,250 million. Since the initial funding of the 2013 Senior Credit Agreement in June 2013, additional tranches were added and scheduled amortization payments have been made. Furthermore, on January 29, 2015, a term loan B tranche of €297 million was voluntarily prepaid.

On February 12, 2015, the revolving credit facilities and the term loan A tranches were extended ahead of time by two years to a new maturity date on June 28, 2020. These tranches would have otherwise matured in June 2018.

The following tables show the available and outstanding amounts under the 2013 Senior Credit Agreement at September 30, 2015 and at December 31, 2014:

	September 30, 2015			
	Maximum amount available		Balance outstanding	
	€ in millions		€ in millions	
Revolving Credit Facilities (in €)	€900 million	900	€0 million	0
Revolving Credit Facilities (in US\$)	US\$300 million	268	US\$200 million	179
Term Loan A (in €)	€1,088 million	1,088	€1,088 million	1,088
Term Loan A (in US\$)	US\$804 million	718	US\$804 million	718
Term Loan B (in US\$)	US\$490 million	437	US\$490 million	437
<b>Total</b>		3,411		2,422

	December 31, 2014			
	Maximum amount available		Balance outstanding	
	€ in millions		€ in millions	
Revolving Credit Facilities (in €)	€900 million	900	€0 million	0
Revolving Credit Facilities (in US\$)	US\$300 million	247	US\$0 million	0
Term Loan A (in €)	€1,125 million	1,125	€1,125 million	1,125
Term Loan A (in US\$)	US\$890 million	733	US\$890 million	733
Term Loan B (in €)	€297 million	297	€297 million	297
Term Loan B (in US\$)	US\$494 million	406	US\$494 million	406
<b>Total</b>		3,708		2,561

As of September 30, 2015, the Fresenius Group was in compliance with all covenants under the 2013 Senior Credit Agreement.

## Euro Notes

As of September 30, 2015 and December 31, 2014, Euro Notes (Schuldscheindarlehen) of the Fresenius Group consisted of the following:

	Maturity	Interest rate	Book value/nominal value € in millions	
			Sept. 30, 2015	Dec. 31, 2014
Fresenius SE & Co. KGaA 2012/2016	April 4, 2016	3.36%	108	156
Fresenius SE & Co. KGaA 2012/2016	April 4, 2016	variable	0	129
Fresenius SE & Co. KGaA 2013/2017	Aug. 22, 2017	2.65%	51	51
Fresenius SE & Co. KGaA 2013/2017	Aug. 22, 2017	variable	74	74
Fresenius SE & Co. KGaA 2014/2018	April 2, 2018	2.09%	97	97
Fresenius SE & Co. KGaA 2014/2018	April 2, 2018	variable	76	76
Fresenius SE & Co. KGaA 2014/2018	April 2, 2018	variable	65	65
Fresenius SE & Co. KGaA 2012/2018	April 4, 2018	4.09%	72	72
Fresenius SE & Co. KGaA 2012/2018	April 4, 2018	variable	0	43
Fresenius SE & Co. KGaA 2015/2018	October 8, 2018	1.07%	36	0
Fresenius SE & Co. KGaA 2015/2018	October 8, 2018	variable	55	0
Fresenius SE & Co. KGaA 2014/2020	April 2, 2020	2.67%	106	106
Fresenius SE & Co. KGaA 2014/2020	April 2, 2020	variable	55	55
Fresenius SE & Co. KGaA 2014/2020	April 2, 2020	variable	101	101
Fresenius SE & Co. KGaA 2015/2022	April 7, 2022	variable	21	0
<b>Euro Notes</b>			917	1,025

In March 2015, Fresenius SE & Co. KGaA voluntarily terminated floating rate tranches of Euro Notes due in 2016 and 2018 in the amount of €172 million ahead of time. Furthermore, the Company made a termination offer to investors of

its fixed rate €156 million Euro Notes maturing in April 2016 which was accepted for €48 million. The respective repayments were made on April 7, 2015. The remaining Euro Notes of €108 million due in 2016 are shown as current

portion of long-term debt and capital lease obligations in the consolidated statement of financial position. Furthermore, in April 2015, new Euro Notes with maturities in 2018 and 2022 were issued in a total amount of €112 million.

As of September 30, 2015, the Fresenius Group was in compliance with all of its covenants under the Euro Notes.

## CREDIT LINES

In addition to the financial liabilities described before, the Fresenius Group maintains additional credit facilities which have not been utilized, or have only been utilized in part, as of the reporting date. At September 30, 2015, the additional financial cushion resulting from unutilized credit facilities was approximately €3.2 billion. Thereof €2.3 billion accounted for syndicated credit facilities.

## 14. SENIOR NOTES

As of September 30, 2015 and December 31, 2014, Senior Notes of the Fresenius Group consisted of the following:

	Notional amount	Maturity	Interest rate	Book value € in millions	
				Sept. 30, 2015	Dec. 31, 2014
Fresenius Finance B.V. 2014/2019	€300 million	Feb. 1, 2019	2.375%	299	299
Fresenius Finance B.V. 2012/2019	€500 million	Apr. 15, 2019	4.25%	500	500
Fresenius Finance B.V. 2013/2020	€500 million	July 15, 2020	2.875%	500	500
Fresenius Finance B.V. 2014/2021	€450 million	Feb. 1, 2021	3.00%	446	445
Fresenius Finance B.V. 2014/2024	€450 million	Feb. 1, 2024	4.00%	453	453
Fresenius US Finance II, Inc. 2009/2015	€275 million	July 15, 2015	8.75%	0	273
Fresenius US Finance II, Inc. 2009/2015	US\$500 million	July 15, 2015	9.00%	0	409
Fresenius US Finance II, Inc. 2014/2021	US\$300 million	Feb. 1, 2021	4.25%	268	247
Fresenius US Finance II, Inc. 2015/2023	US\$300 million	Jan. 15, 2023	4.50%	268	0
FMC Finance VI S.A. 2010/2016	€250 million	July 15, 2016	5.50%	250	249
FMC Finance VII S.A. 2011/2021	€300 million	Feb. 15, 2021	5.25%	297	297
FMC Finance VIII S.A. 2011/2016	€100 million	Oct. 15, 2016	variable	100	100
FMC Finance VIII S.A. 2011/2018	€400 million	Sept. 15, 2018	6.50%	398	397
FMC Finance VIII S.A. 2012/2019	€250 million	July 31, 2019	5.25%	245	245
Fresenius Medical Care US Finance, Inc. 2007/2017	US\$500 million	July 15, 2017	6.875%	445	410
Fresenius Medical Care US Finance, Inc. 2011/2021	US\$650 million	Feb. 15, 2021	5.75%	577	532
Fresenius Medical Care US Finance II, Inc. 2011/2018	US\$400 million	Sept. 15, 2018	6.50%	355	327
Fresenius Medical Care US Finance II, Inc. 2012/2019	US\$800 million	July 31, 2019	5.625%	714	659
Fresenius Medical Care US Finance II, Inc. 2014/2020	US\$500 million	Oct. 15, 2020	4.125%	446	411
Fresenius Medical Care US Finance II, Inc. 2012/2022	US\$700 million	Jan. 31, 2022	5.875%	625	577
Fresenius Medical Care US Finance II, Inc. 2014/2024	US\$400 million	Oct. 15, 2024	4.75%	357	329
<b>Senior Notes</b>				<b>7,543</b>	<b>7,659</b>

All Senior Notes included in the table are unsecured.

The Senior Notes issued by Fresenius US Finance II, Inc. which were due on July 15, 2015 have been repaid as scheduled and refinanced with the issuance of commercial paper.

On September 25, 2015, Fresenius US Finance II, Inc. issued US\$300 million of unsecured Senior Notes with a maturity of seven years. The Senior Notes have a coupon of 4.50% and were issued at par.

The proceeds from the offering of Senior Notes were used to refinance commercial paper.

The Senior Notes issued by FMC Finance VI S.A. which are due on July 15, 2016 have been reclassified as short-term debt and are shown as current portion of Senior Notes in the consolidated statement of financial position.

As of September 30, 2015, the Fresenius Group was in compliance with all of its covenants under the Senior Notes.

## 15. CONVERTIBLE BONDS

As of September 30, 2015 and December 31, 2014, the convertible bonds of the Fresenius Group consisted of the following:

	Notional amount	Maturity	Coupon	Current conversion price	Book value € in millions	
					Sept. 30, 2015	Dec. 31, 2014
Fresenius SE & Co. KGaA 2014/2019	€500 million	Sept. 24, 2019	0.000%	€49.6611	467	460
Fresenius Medical Care AG & Co. KGaA 2014/2020	€400 million	Jan. 31, 2020	1.125%	€73.6354	376	372
<b>Convertible bonds</b>					<b>843</b>	<b>832</b>

The fair value of the derivative embedded in the convertible bonds of Fresenius SE & Co. KGaA was €182 million at September 30, 2015. The derivative embedded in the convertible bonds of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) was recognized with a fair value of €92 million at September 30, 2015. Fresenius SE & Co. KGaA and FMC-AG & Co. KGaA have purchased stock options (call options) to secure against future fair value fluctuations of these derivatives. The call options also had an aggregate fair value of €182 million and €92 million, respectively, at September 30, 2015.

The conversions will be cash-settled. Any increase of Fresenius' share price and of Fresenius Medical Care's share price above the conversion price would be offset by a corresponding value increase of the call options.

The derivatives embedded in the convertible bonds and the call options are recognized in other non-current liabilities/assets in the consolidated statement of financial position.

## 16. PENSIONS AND SIMILAR OBLIGATIONS

### DEFINED BENEFIT PENSION PLANS

At September 30, 2015, the pension liability of the Fresenius Group was €1,162 million. The current portion of the pension liability of €18 million is recognized in the consolidated statement of financial position within short-term accrued expenses and other short-term liabilities. The non-current portion of €1,144 million is recorded as pension liability.

Contributions to Fresenius Group's pension fund were €23 million in the first three quarters of 2015. The Fresenius Group expects approximately €25 million contributions to the pension fund during 2015.

Defined benefit pension plans' net periodic benefit costs of €57 million (Q1-3/2014: €45 million) were comprised of the following components:

€ in millions	Q1-3/2015	Q1-3/2014
Service cost	35	26
Net interest cost	22	19
<b>Net periodic benefit cost</b>	<b>57</b>	<b>45</b>

## 17. NONCONTROLLING INTEREST

As of September 30, 2015 and December 31, 2014, noncontrolling interest in the Fresenius Group was as follows:

€ in millions	Sept. 30, 2015	Dec. 31, 2014
Noncontrolling interest in Fresenius Medical Care AG & Co. KGaA	5,789	5,227
Noncontrolling interest in VAMED AG	44	43
Noncontrolling interest in the business segments		
Fresenius Medical Care	896	803
Fresenius Kabi	118	124
Fresenius Helios	136	134
Fresenius Vamed	7	6
<b>Total noncontrolling interest</b>	<b>6,990</b>	<b>6,337</b>

Noncontrolling interest changed as follows:

€ in millions	Q1-3/2015
<b>Noncontrolling interest as of January 1, 2015</b>	<b>6,337</b>
Noncontrolling interest in profit	670
Stock options	42
Purchase of noncontrolling interest	27
Dividend payments	-343
Currency effects and other changes	257
<b>Noncontrolling interest as of September 30, 2015</b>	<b>6,990</b>

## 18. FRESENIUS SE & CO. KGAA SHAREHOLDERS' EQUITY

### SUBSCRIBED CAPITAL

During the first three quarters of 2015, 3,467,290 stock options were exercised. Consequently, as of September 30, 2015, the subscribed capital of Fresenius SE & Co. KGaA consisted of 544,999,890 bearer ordinary shares. The shares are issued as non-par value shares. The proportionate amount of the subscribed capital is €1.00 per share.

### CONDITIONAL CAPITAL

The following Conditional Capitals exist in order to fulfill the subscription rights under the stock option plans of Fresenius SE & Co. KGaA: Conditional Capital I (Stock Option Plan 2003), Conditional Capital II (Stock Option Plan 2008) and Conditional Capital IV (Stock Option Plan 2013) (see note 25, Stock options). Another Conditional Capital III exists for the authorization to issue option bearer bonds and/or convertible bonds.

The following table shows the development of the Conditional Capital:

in €	Ordinary shares
Conditional Capital I Fresenius AG Stock Option Plan 2003	5,773,056
Conditional Capital II Fresenius SE Stock Option Plan 2008	10,901,188
Conditional Capital III, approved on May 16, 2014	48,971,202
Conditional Capital IV Fresenius SE & Co. KGaA Stock Option Plan 2013	25,200,000
<b>Total Conditional Capital as of January 1, 2015</b>	<b>90,845,446</b>
Fresenius AG Stock Option Plan 2003 – options exercised	-478,809
Fresenius SE Stock Option Plan 2008 – options exercised	-2,988,481
<b>Total Conditional Capital as of September 30, 2015</b>	<b>87,378,156</b>

### DIVIDENDS

Under the German Stock Corporation Act (AktG), the amount of dividends available for distribution to shareholders is based upon the unconsolidated retained earnings of Fresenius SE & Co. KGaA as reported in its statement of financial position determined in accordance with the German Commercial Code (HGB).

In May 2015, a dividend of €0.44 per bearer ordinary share was approved by Fresenius SE & Co. KGaA's shareholders at the Annual General Meeting and paid. The total dividend payment was €238 million.



## 19. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) is comprised of all amounts recognized directly in equity (net of tax) resulting from the currency translation of foreign subsidiaries' financial

statements and the effects of measuring financial instruments at their fair value as well as the change in benefit obligation.

Changes in accumulated other comprehensive income (loss) net of tax by component were as follows:

€ in millions	Cash flow hedges	Change of fair value of available for sale financial assets	Foreign currency translation	Actuarial gains/losses on defined benefit pension plans	Total, before non-controlling interest	Non-controlling interest	Total, after non-controlling interest
<b>Balance as of December 31, 2013</b>	-105	17	-105	-131	-324	-256	-580
Other comprehensive income (loss) before reclassifications	-17	-	352	-4	331	376	707
Amounts reclassified from accumulated other comprehensive income (loss)	13	-16	-	0	-3	10	7
Other comprehensive income (loss), net	-4	-16	352	-4	328	386	714
<b>Balance as of September 30, 2014</b>	<b>-109</b>	<b>1</b>	<b>247</b>	<b>-135</b>	<b>4</b>	<b>130</b>	<b>134</b>
<b>Balance as of December 31, 2014</b>	-107	1	314	-281	-73	148	75
Other comprehensive income (loss) before reclassifications	8	-	226	-8	226	323	549
Amounts reclassified from accumulated other comprehensive income (loss)	7	0	-	0	7	17	24
Other comprehensive income (loss), net	15	-	226	-8	233	340	573
<b>Balance as of September 30, 2015</b>	<b>-92</b>	<b>1</b>	<b>540</b>	<b>-289</b>	<b>160</b>	<b>488</b>	<b>648</b>

Reclassifications out of accumulated other comprehensive income (loss) into net income were as follows:

€ in millions	Amount of gain or loss reclassified from accumulated other comprehensive income (loss) <sup>1</sup>		Affected line item in the consolidated statement of income
	Q1-3/2015	Q1-3/2014	
<b>Details about accumulated other comprehensive income (loss) components</b>			
<b>Cash flow hedges</b>			
Interest rate contracts	28	25	Interest income/expense
Foreign exchange contracts	16	3	Cost of sales
Foreign exchange contracts	-9	3	Selling, general and administrative expenses
Foreign exchange contracts	0	-	Interest income/expense
Other comprehensive income (loss)	35	31	
Tax expense or benefit	-11	-8	
Other comprehensive income (loss), net	24	23	
<b>Change of fair value of available for sale financial assets</b>			
Tax expense or benefit	0	7	Selling, general and administrative expenses
Other comprehensive income (loss), net	0	-16	
<b>Total reclassifications for the period</b>	<b>24</b>	<b>7</b>	

<sup>1</sup> Gains are shown with a negative sign, losses with a positive sign.

## OTHER NOTES

### 20. LEGAL AND REGULATORY MATTERS

The Fresenius Group is routinely involved in numerous claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing health care services and products. Legal matters that the Fresenius Group currently deems to be material or noteworthy are described below. For the matters described below in which the Fresenius Group believes a loss is both reasonably possible and estimable, an estimate of the loss or range of loss exposure is provided. For the other matters described below, the Fresenius Group believes that the loss probability is remote and/or the loss or range of possible losses cannot be reasonably estimated at this time. The outcome of litigation and other legal matters is always difficult to predict accurately and outcomes that are not consistent with Fresenius Group's view of the merits can occur. The Fresenius Group believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

Further information regarding legal disputes, court proceedings and investigations can be found in detail in the consolidated financial statements as of December 31, 2014 applying Section 315a HGB in accordance with IFRS. In the following, only the changes during the first three quarters ended September 30, 2015 compared to the information provided in the consolidated financial statements are described. These changes should be read in conjunction with the overall information in the consolidated financial statements as of December 31, 2014 applying Section 315a HGB in accordance with IFRS; defined terms or abbreviations having the same meaning as the consolidated financial statements as of December 31, 2014 applying Section 315a HGB in accordance with IFRS.

### BAXTER PATENT DISPUTE "LIBERTY CYCLER"

The parties have resolved this patent dispute.

### FRESENIUS MEDICAL CARE HOLDINGS – QUI TAM COMPLAINT (MASSACHUSETTS)

On February 15, 2011, a whistleblower (relator) action under the False Claims Act against Fresenius Medical Care Holdings, Inc. (FMCH) was unsealed by order of the United States District Court for the District of Massachusetts and served by the relator. The United States did not intervene initially in the case *United States ex rel. Chris Drennen v. Fresenius Medical Care Holdings, Inc.*, 2009 Civ. 10179 (D. Mass.). The relator's complaint, which was first filed under seal in February 2009, alleged that FMCH sought and received reimbursement from government payors for serum ferritin and multiple forms of hepatitis B laboratory tests that were medically unnecessary or not properly ordered by a physician. Discovery on the relator's complaint closed in May 2015. On October 2, 2015, the United States Attorney moved to intervene on the relator's complaint with respect only to certain hepatitis B surface antigen tests performed prior to 2011, when Medicare reimbursement rules for such tests changed. FMCH believes that the allegations of the complaint are without merit and will defend the litigation vigorously.

### SUBPOENA "AMERICAN ACCESS CARE, LLC"

As of September 30, 2015, Fresenius Medical Care had entered into settlements of allegation made by the United States Attorneys for Connecticut, Southern Florida, and Rhode Island under which Fresenius Medical Care paid approximately US\$8 million in exchange for releases related to activities of American Access Care, LLC (AAC) prior to the acquisition. Pursuant to the AAC acquisition agreement the prior owners are obligated to indemnify Fresenius Medical Care for payments under these settlements, subject to certain limitations and deductibles. The three settlements implicate

only actions and events occurring prior to Fresenius Medical Care's acquisition of AAC. The Eastern Virginia investigation remains active and outstanding. It appears to relate to issues similar to the others, but is being conducted in part as a grand jury proceeding.

#### **FRESENIUS VASCULAR ACCESS REVIEW**

Fresenius Medical Care has been advised that the Office of Inspector General of the United States Department of Health and Human Services intends to review utilization and invoicing by Fresenius Vascular Access facilities as a whole for a period beginning after the acquisition of American Access Care, LLC (AAC).

#### **SUBPOENAS "MASSACHUSETTS AND LOUISIANA"**

In December 2012, Fresenius Medical Care Holdings, Inc. (FMCH) received a subpoena from the United States Attorney for the District of Massachusetts requesting production of a broad range of documents related to two products manufactured by FMCH, electron-beam sterilization of dialyzers and the Liberty peritoneal dialysis cyclor. FMCH has cooperated fully in the government's investigation. In December 2014, FMCH was advised that the government's investigation was precipitated by a whistleblower, who first filed a complaint under seal in June 2013. In September 2014, the government declined to intervene in the whistleblower's actions. On March 31, 2015, the relator served his complaint styled *Reihanifam v. Fresenius USA, Inc.*, 2013 Civ. 11486 (D. Mass.). On May 14, 2015, the Court dismissed without prejudice the relator's False Claims Act allegations after receiving the United States' confirmation that it would not intervene as to those allegations.

In January 2013 and April 2015, FMCH received subpoenas from the United States Attorney for the Western District of Louisiana and the Attorney General for the Commonwealth of Massachusetts, respectively, requesting discovery responses relating to the GranuFlo® and NaturaLyte® acid concentrate products that are also the subject of personal injury litigation described above. FMCH has cooperated fully in the government's investigations.

#### **CIVIL COMPLAINT "HAWAII"**

In July 2015, the Attorney General for Hawaii issued a civil complaint under the Hawaii False Claims Act styled *Hawaii v. Liberty Dialysis – Hawaii, LLC et al.*, Case No. 15-1-1357-07 (Hawaii 1st Circuit) alleging that Xerox State Healthcare, LLC, M Group Consulting, LLC and certain Liberty Healthcare subsidiaries of FMCH conspired to over bill Hawaii Medicaid for Liberty's Epogen administrations to Hawaii Medicaid patients during the period from 2006 through 2010, prior to the time of FMCH's acquisition of Liberty. The complaint alleges that Xerox State Healthcare, LLC, which acted as Hawaii's contracted administrator for its Medicaid program reimbursement operations during 2006–2010, provided incorrect and unauthorized billing guidance to Liberty and its consultant, M Group Consulting, LLC, which Liberty relied on for purposes of its Epogen billing to the Hawaii Medicaid program. The complaint seeks civil damages authorized under the Hawaii False Claims Act. FMCH will vigorously contest the complaint.

#### **SUBPOENA "COLORADO"**

On August 31, 2015, Fresenius Medical Care Holdings, Inc. (FMCH) received a subpoena from the United States Attorney for the District of Colorado inquiring into FMCH's participation in dialysis facility joint ventures in which physicians are partners. FMCH is cooperating fully in the investigation.

The Fresenius Group regularly analyzes current information including, as applicable, the Fresenius Group's defenses and insurance coverage and, as necessary, provides accruals for probable liabilities for the eventual disposition of these matters.

The Fresenius Group, like other health care providers, conducts its operations under intense government regulation and scrutiny. It must comply with regulations which relate to or govern the safety and efficacy of medical products and supplies, the marketing and distribution of such products, the operation of manufacturing facilities, laboratories and dialysis clinics, and environmental and occupational health and safety. With respect to its development, manufacture, marketing

and distribution of medical products, if such compliance is not maintained, the Fresenius Group could be subject to significant adverse regulatory actions by the U.S. Food and Drug Administration (FDA) and comparable regulatory authorities outside the United States. These regulatory actions could include warning letters or other enforcement notices from the FDA and/or comparable foreign regulatory authority, which may require the Fresenius Group to expend significant time and resources in order to implement appropriate corrective actions. If the Fresenius Group does not address matters raised in warning letters or other enforcement notices to the satisfaction of the FDA and/or comparable regulatory authorities outside the United States, these regulatory authorities could take additional actions, including product recalls, injunctions against the distribution of products or operation of manufacturing plants, civil penalties, seizures of Fresenius Group's products and/or criminal prosecution. FMCH is currently engaged in remediation efforts with respect to three pending FDA warning letters, Fresenius Kabi with respect to two pending FDA warning letters. The Fresenius Group must also

comply with the laws of the United States, including the federal Anti-Kickback Statute, the federal False Claims Act, the federal Stark Law and the federal Foreign Corrupt Practices Act as well as other federal and state fraud and abuse laws. Applicable laws or regulations may be amended, or enforcement agencies or courts may make interpretations that differ from Fresenius Group's interpretations or the manner in which it conducts its business. Enforcement has become a high priority for the federal government and some states. In addition, the provisions of the False Claims Act authorizing payment of a portion of any recovery to the party bringing the suit encourage private plaintiffs to commence whistleblower actions. By virtue of this regulatory environment, Fresenius Group's business activities and practices are subject to extensive review by regulatory authorities and private parties, and continuing audits, subpoenas, other inquiries, claims and litigation relating to Fresenius Group's compliance with applicable laws and regulations. The Fresenius Group may not always be aware that an inquiry or action has begun, particularly in the case of "whistleblower" actions, which are initially filed under court seal.

## 21. FINANCIAL INSTRUMENTS

### VALUATION OF FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and fair values as well as the fair value hierarchy levels of Fresenius Group's financial instruments as of September 30, 2015 and December 31, 2014, classified into classes:

€ in millions	Fair value hierarchy level	September 30, 2015		December 31, 2014	
		Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	1	975	975	1,175	1,175
Assets recognized at carrying amount	3	4,875	4,862	4,422	4,423
Assets recognized at fair value	1	159	159	148	148
Liabilities recognized at carrying amount	2	16,240	17,107	16,405	17,250
Liabilities recognized at fair value	2	275	275	146	146
Noncontrolling interest subject to put provisions recognized at fair value	3	732	732	568	568
Derivatives for hedging purposes	2	277	277	90	90

The significant methods and assumptions used to estimate the fair values of financial instruments as well as classification of fair value measurements according to the three-tier fair value hierarchy are as follows:

Cash and cash equivalents are stated at nominal value, which equals the fair value.

The nominal value of short-term financial instruments such as accounts receivable and payable and short-term debt represents its carrying amount, which is a reasonable estimate of the fair value due to the relatively short period to maturity for these instruments.

The fair values of major long-term financial instruments are calculated on the basis of market information. Financial instruments for which market quotes are available are measured with the market quotes at the reporting date. The fair values of the other long-term financial liabilities are calculated at the present value of respective future cash flows. To determine these present values, the prevailing interest rates and credit spreads for the Fresenius Group as of the date of the statement of financial position are used.

The class assets recognized at carrying amount consists of trade accounts receivable and a loan which Fresenius Medical Care granted to a middle-market dialysis provider. The fair value of the loan is based on significant unobservable inputs of comparable instruments and thus the class is classified as fair value hierarchy Level 3.

The class assets recognized at fair value was comprised of shares in funds. The fair values of these assets are calculated on the basis of market information. The fair value of available for sale financial assets quoted in an active market is based on price quotations at the period-end date (Level 1). Therefore, this class is classified as Level 1.

The class liabilities recognized at carrying amount is classified as hierarchy Level 2.

The derivatives embedded in the convertible bonds are included in the class liabilities recognized at fair value. The fair value of the embedded derivatives is calculated using the difference between the market value of the convertible bond and the market value of an adequate straight bond discounted with the market interest rates as of the reporting date. The class was classified as Level 2.

The valuation of the class noncontrolling interest subject to put provisions recognized at fair value is determined using significant unobservable inputs. It is therefore classified as Level 3.

Following is a roll forward of noncontrolling interest subject to put provisions:

€ in millions	Q1-3/2015
<b>Noncontrolling interest subject to put provisions as of January 1, 2015</b>	<b>568</b>
Noncontrolling interest subject to put provisions in profit	101
Purchase of noncontrolling interest subject to put provisions	8
Dividend payments	-106
Currency effects and other changes	161
<b>Noncontrolling interest subject to put provisions as of September 30, 2015</b>	<b>732</b>

Derivatives, mainly consisting of interest rate swaps and foreign exchange forward contracts, are valued as follows: The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the date of the statement of financial position. To determine the fair value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the date of the statement of financial position. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

Fresenius Group's own credit risk is incorporated in the fair value estimation of derivatives that are liabilities. Counterparty credit risk adjustments are factored into the valuation of derivatives that are assets. The Fresenius Group monitors and analyses the credit risk from derivative financial instruments on a regular basis. For the valuation of derivative financial instruments, the credit risk is considered in the fair value of every individual instrument. The basis for the default probability are Credit Default Swap Spreads of each counterparty appropriate for the duration. The calculation of the credit risk considered in the valuation is done by multiplying

the default probability appropriate for the duration with the expected discounted cash flows of the derivative financial instrument.

The class of derivatives for hedging purposes includes the call options which have been purchased to hedge the convertible bonds. The fair values of these call options are derived from market quotes. For the fair value measurement of the class derivatives for hedging purposes, significant other observable inputs are used. Therefore, the class is classified as Level 2 in accordance with the defined fair value hierarchy levels.

Currently, there is no indication that a decrease in the value of Fresenius Group's financing receivables is probable. Therefore, the allowances on credit losses of financing receivables are immaterial.

#### FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

€ in millions	September 30, 2015		December 31, 2014	
	Assets	Liabilities	Assets	Liabilities
Interest rate contracts (non-current)	0	6	1	6
Foreign exchange contracts (current)	15	18	9	43
Foreign exchange contracts (non-current)	2	–	0	–
<b>Derivatives designated as hedging instruments<sup>1</sup></b>	<b>17</b>	<b>24</b>	<b>10</b>	<b>49</b>
Interest rate contracts (non-current)	0	1	0	1
Foreign exchange contracts (current) <sup>1</sup>	27	17	21	37
Foreign exchange contracts (non-current) <sup>1</sup>	–	–	–	–
Derivatives embedded in the convertible bonds	0	274	0	145
Stock options to secure the convertible bonds <sup>1</sup>	274	0	145	0
<b>Derivatives not designated as hedging instruments</b>	<b>301</b>	<b>292</b>	<b>166</b>	<b>183</b>

<sup>1</sup> Derivatives designated as hedging instruments, foreign exchange contracts not designated as hedging instruments and stock options to secure the convertible bonds are classified as derivatives for hedging purposes.

Derivative financial instruments are marked to market each reporting period, resulting in carrying amounts equal to fair values at the reporting date.

Derivatives not designated as hedging instruments, which are derivatives that do not qualify for hedge accounting, are also solely entered into to hedge economic business transactions and not for speculative purposes.

Derivatives for hedging purposes as well as the derivatives embedded in the convertible bonds were recognized at gross value within other assets in an amount of €318 million and other liabilities in an amount of €315 million.

The current portion of interest rate contracts and foreign exchange contracts indicated as assets in the preceding table is recognized within other current assets in the consolidated statement of financial position, while the current portion of those indicated as liabilities is included in short-term accrued expenses and other short-term liabilities. The non-current portions indicated as assets or liabilities are recognized in other non-current assets or in long-term accrued expenses and other long-term liabilities, respectively. The derivatives embedded in the convertible bonds and the call options to secure the convertible bonds are recognized in other non-current liabilities/assets in the consolidated statement of financial position.

EFFECT OF DERIVATIVES DESIGNATED AS HEDGING INSTRUMENTS ON THE  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in millions	Q1-3/2015		
	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	-7	28	0
Foreign exchange contracts	11	7	0
<b>Derivatives in cash flow hedging relationships<sup>1</sup></b>	<b>4</b>	<b>35</b>	<b>0</b>
Foreign exchange contracts			0
<b>Derivatives in fair value hedging relationships</b>			<b>0</b>
<b>Derivatives designated as hedging instruments</b>	<b>4</b>	<b>35</b>	<b>0</b>

€ in millions	Q1-3/2014		
	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	-	25	2
Foreign exchange contracts	-33	6	0
<b>Derivatives in cash flow hedging relationships<sup>1</sup></b>	<b>-33</b>	<b>31</b>	<b>2</b>
Foreign exchange contracts			-10
<b>Derivatives in fair value hedging relationships</b>			<b>-10</b>
<b>Derivatives designated as hedging instruments</b>	<b>-33</b>	<b>31</b>	<b>-8</b>

<sup>1</sup> The amount of gain or loss recognized in the consolidated statement of income solely relates to the ineffective portion.

EFFECT OF DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS  
ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in millions	Gain or loss recognized in the consolidated statement of income	
	Q1-3/2015	Q1-3/2014
Interest rate contracts	-	-
Foreign exchange contracts	14	38
<b>Derivatives not designated as hedging instruments</b>	<b>14</b>	<b>38</b>

Gains from derivatives in fair value hedging relationships and from foreign exchange contracts not designated as hedging instruments recognized in the consolidated statement of income are faced by losses from the underlying transactions in the corresponding amount.

The Fresenius Group expects to recognize a net amount of €4 million of the existing losses for foreign exchange contracts deferred in accumulated other comprehensive income (loss) in the consolidated statement of income within the next 12 months. For interest rate contracts, the Fresenius Group expects to recognize €29 million of losses in the course of normal business during the next 12 months in interest expense.

Gains and losses from foreign exchange contracts and the corresponding underlying transactions are accounted for as cost of sales, selling, general and administrative expenses and net interest. Gains and losses resulting from interest rate contracts are recognized as net interest in the consolidated statement of income.

In the first three quarters of 2015, no losses (Q1–3/2014: €16 million) for available for sale financial assets were recognized in other comprehensive income (loss).

## MARKET RISK

### General

The Fresenius Group is exposed to effects related to foreign exchange fluctuations in connection with its international business activities that are denominated in various currencies. In order to finance its business operations, the Fresenius Group issues senior notes and commercial papers and enters into mainly long-term credit agreements and euro notes (Schuldscheindarlehen) with banks. Due to these financing activities, the Fresenius Group is exposed to interest risk caused by changes in variable interest rates and the risk of changes in the fair value of statement of financial position items bearing fixed interest rates.

In order to manage the risk of interest rate and foreign exchange rate fluctuations, the Fresenius Group enters into certain hedging transactions with highly rated financial institutions as authorized by the Management Board. Derivative financial instruments are not entered into for trading purposes.

The Fresenius Group defines benchmarks for individual exposures in order to quantify interest and foreign exchange risks. The benchmarks are derived from achievable and sustainable market rates. Depending on the individual benchmarks, hedging strategies are determined and generally implemented by means of micro hedges.

### Derivative financial instruments

#### Classification

To reduce the credit risk arising from derivatives, the Fresenius Group concluded master netting agreements with banks. Through such agreements, positive and negative fair values of the derivative contracts could be offset against one another

if a partner becomes insolvent. This offsetting is valid for transactions where the aggregate amount of obligations owed to and receivable from are not equal. If insolvency occurs, the party which owes the larger amount is obliged to pay the other party the difference between the amounts owed in the form of one net payment.

These master netting agreements do not provide a basis for offsetting the fair values of derivative financial instruments in the consolidated statement of financial position as the offsetting criteria under International Financial Reporting Standards are not satisfied.

At September 30, 2015 and December 31, 2014, the Fresenius Group had €41 million and €30 million of derivative financial assets subject to netting arrangements and €40 million and €77 million of derivative financial liabilities subject to netting arrangements. Offsetting these derivative financial instruments would have resulted in net assets of €24 million and €15 million as well as net liabilities of €23 million and €62 million at September 30, 2015 and December 31, 2014, respectively.

### Foreign exchange risk management

Solely for the purpose of hedging existing and foreseeable foreign exchange transaction exposures, the Fresenius Group enters into foreign exchange forward contracts and, on a small scale, foreign exchange options. To ensure that no foreign exchange risks result from loans in foreign currencies, the Fresenius Group enters into foreign exchange swap contracts.

As of September 30, 2015, the notional amounts of foreign exchange contracts totaled €2,092 million. These foreign exchange contracts have been entered into to hedge risks from operational business and in connection with loans in foreign currency. The predominant part of the foreign exchange forward contracts to hedge risks from operational business was recognized as cash flow hedge, while foreign exchange contracts in connection with loans in foreign currencies are partly recognized as fair value hedges. The fair value of cash flow hedges was -€1 million. As of September 30, 2015, no fair value hedges were recognized in the Fresenius Group.

As of September 30, 2015, the Fresenius Group was party to foreign exchange contracts with a maximum maturity of 33 months.



### Interest rate risk management

The Fresenius Group enters into interest rate swaps and, on a small scale, into interest rate options in order to protect against the risk of rising interest rates. These interest rate derivatives are mainly designated as cash flow hedges and have been entered into in order to convert payments based on variable interest rates into payments at a fixed interest rate and in anticipation of future debt issuances (pre-hedges).

As of September 30, 2015, the euro interest rate swaps had a notional volume of €594 million and a fair value of -€7 million. The euro interest rate swaps expire in the years 2016 to 2022.

The pre-hedges are used to hedge interest rate exposures with regard to interest rates which are relevant for the future debt issuance and which could rise until the respective debt is actually issued. These pre-hedges are settled at the issuance date of the corresponding debt with the settlement amount recorded in accumulated other comprehensive income (loss) amortized to interest expense over the life of the debt. At September 30, 2015 and December 31, 2014, the Fresenius Group had €76 million and €89 million, respectively, related to such settlements of pre-hedges deferred in accumulated other comprehensive income (loss), net of tax.

## 22. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. As of September 30, 2015, the equity ratio was 41.5% and the debt ratio (debt/total assets) was 35.8%. As of September 30, 2015, the leverage ratio (pro forma, before special items) on the basis of net debt/EBITDA, which is measured on the basis of U.S. GAAP figures, was 2.9.

The aims of the capital management and further information can be found in the consolidated financial statements as of December 31, 2014 applying Section 315a HGB in accordance with IFRS.

The Fresenius Group is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

	Sept. 30, 2015	Dec. 31, 2014
Standard & Poor's		
Corporate Credit Rating	BBB-	BB+
Outlook	stable	positive
Moody's		
Corporate Credit Rating	Ba1	Ba1
Outlook	stable	negative
Fitch		
Corporate Credit Rating	BB+	BB+
Outlook	stable	positive

## 23. SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash paid for acquisitions (without investments in licenses) consisted of the following:

€ in millions	Q1-3/2015	Q1-3/2014
Assets acquired	211	2,619
Liabilities assumed	-26	-664
Noncontrolling interest	-8	-87
Notes assumed in connection with acquisitions	-27	-217
Cash paid	150	1,651
Cash acquired	-4	-201
<b>Cash paid for acquisitions, net</b>	<b>146</b>	<b>1,450</b>
Cash paid for investments, net of cash acquired	70	144
Cash paid for intangible assets, net	23	7
<b>Total cash paid for acquisitions and investments, net of cash acquired, and net purchases of intangible assets</b>	<b>239</b>	<b>1,601</b>

## 24. NOTES ON THE CONSOLIDATED SEGMENT REPORTING

### GENERAL

The consolidated segment reporting shown on pages 24 to 27 of this interim report is an integral part of the notes.

The Fresenius Group has identified the business segments Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed, which corresponds to the internal organizational and reporting structures (Management Approach) at September 30, 2015.

The business segments were identified in accordance with IFRS 8, Operating Segments, which defines the segment reporting requirements in the annual financial statements and interim reports with regard to the operating business, product and service businesses and regions. The business segments of the Fresenius Group are as follows:

Fresenius Medical Care is the world's largest integrated provider of products and services for individuals with chronic kidney failure. As of September 30, 2015, Fresenius Medical Care was treating 290,250 patients in 3,402 dialysis clinics.

Fresenius Kabi offers infusion therapies, intravenously administered generic drugs and clinical nutrition for seriously and chronically ill patients in the hospital and outpatient environments. The company is also a leading supplier of medical devices and transfusion technology products.

Fresenius Helios is Germany's largest hospital operator. On September 30, 2015, the HELIOS Group operated 111 hospitals: 87 acute care clinics, including 7 maximum care hospitals in Berlin-Buch, Duisburg, Erfurt, Krefeld, Schwerin, Wiesbaden and Wuppertal as well as 24 post-acute care clinics. Fresenius Helios has more than 34,000 beds and treats approximately 4.5 million patients – including 1.2 million inpatients – each year.

Fresenius Vamed manages projects and provides services for hospitals and other health care facilities worldwide.

The segment Corporate/Other is mainly comprised of the holding functions of Fresenius SE & Co. KGaA as well as Fresenius Netcare GmbH, which provides services in the field of information technology. In addition, the segment Corporate/Other includes intersegment consolidation adjustments as well as special items (see note 3, Special items).

The key data used by the Management Board of Fresenius Management SE (the general partner of Fresenius SE & Co. KGaA) to control the segments are based on U.S. GAAP. Therefore, the segment information is given in accordance with U.S. GAAP. The column IFRS-Reconciliation provides a reconciliation from the U.S. GAAP segment data to the IFRS key data. The differences between the U.S. GAAP and the

IFRS key data are mainly due to the differing recognition of in-process R & D, the different measuring of certain accruals and the different classification of certain bad debt expenses. Furthermore, gains from sale and leaseback transactions with an operating lease agreement, development costs, cumulative actuarial gains and losses for pensions and contingent considerations lead to differences between the U.S. GAAP and the IFRS key data.

## NOTES ON THE BUSINESS SEGMENTS

Explanations regarding the notes on the business segments can be found in the consolidated financial statements as of December 31, 2014 applying Section 315a HGB in accordance with IFRS.

### RECONCILIATION OF KEY FIGURES TO CONSOLIDATED EARNINGS

€ in millions	Q1-3/2015	Q1-3/2014
Total EBIT of reporting segments	2,871	2,219
General corporate expenses		
Corporate/Other (EBIT)	-51	28
<b>Group EBIT</b>	<b>2,820</b>	<b>2,247</b>
Net interest	-476	-431
<b>Income before income taxes</b>	<b>2,344</b>	<b>1,816</b>

### RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in millions	Sept. 30, 2015	Dec. 31, 2014
Short-term debt	425	233
Short-term loans from related parties	6	3
Current portion of long-term debt and capital lease obligations	559	516
Current portion of Senior Notes	250	682
Long-term debt and capital lease obligations, less current portion	5,765	6,105
Senior Notes, less current portion	7,293	6,977
Convertible bonds	843	832
<b>Debt</b>	<b>15,141</b>	<b>15,348</b>
less cash and cash equivalents	975	1,175
<b>Net debt</b>	<b>14,166</b>	<b>14,173</b>

## 25. STOCK OPTIONS

### FRESENIUS SE & CO. KGAA STOCK OPTION PLANS

As of September 30, 2015, Fresenius SE & Co. KGaA had three stock option plans in place: the Fresenius AG Stock Option Plan 2003 (2003 Plan) which is based on convertible bonds, the stock option based Fresenius SE Stock Option Plan 2008 (2008 Plan) and the Fresenius SE & Co. KGaA Long Term Incentive Program 2013 (2013 LTIP) which is based on stock options and phantom stocks. The 2013 LTIP is the only program under which stock options can be granted.

#### Transactions during the first three quarters of 2015

On July 27, 2015, Fresenius SE & Co. KGaA awarded 2,222,215 stock options under the 2013 LTIP, including 337,500 options to members of the Management Board of Fresenius Management SE, at an exercise price of €60.64, a fair value of €14.76 each and a total fair value of €33 million, which will be amortized over the four-year vesting period. Fresenius SE & Co. KGaA also awarded 290,487 phantom stocks, including 73,307 phantom stocks granted to members of the Management Board of Fresenius Management SE, at a measurement date (September 30, 2015) fair value of €57.48 each and a total fair value of €17 million, which will be revalued if the fair value changes, and amortized over the four-year vesting period.

During the first three quarters of 2015, Fresenius SE & Co. KGaA received cash of €72 million from the exercise of 3,467,290 stock options.

567,114 convertible bonds were outstanding and exercisable under the 2003 Plan at September 30, 2015. The members of the Fresenius Management SE Management Board held no more convertible bonds. At September 30, 2015, out of 4,502,970 outstanding stock options issued under the 2008 Plan, 4,446,690 were exercisable and 882,640 were held by the members of the Fresenius Management SE Management Board. 6,337,717 stock options issued under the 2013 LTIP were outstanding at September 30, 2015. The members of the Fresenius Management SE Management Board held

967,500 stock options. 920,118 phantom stocks issued under the 2013 LTIP were outstanding at September 30, 2015. The members of the Fresenius Management SE Management Board held 236,729 phantom stocks.

As of September 30, 2015, 5,013,804 options for ordinary shares were outstanding and exercisable. On September 30, 2015, total unrecognized compensation cost related to non-vested options granted under the 2008 Plan and the 2013 LTIP was €48 million. This cost is expected to be recognized over a weighted-average period of 3.3 years.

### FRESENIUS MEDICAL CARE AG & CO. KGAA STOCK OPTION PLANS

On July 27, 2015, FMC-AG & Co. KGaA awarded 2,957,760 options under the 2011 Long Term Incentive Program, including 502,980 stock options granted to members of the Management Board of FMC Management AG, at an exercise price of €76.99, a fair value of €15.02 each and a total fair value of €44 million, which will be amortized over the four-year vesting period. FMC-AG & Co. KGaA awarded 584,844 phantom stocks, including 62,516 phantom stocks granted to members of the Management Board of FMC Management AG, at a measurement date (September 30, 2015) fair value of €65.80 each and a total fair value of €38 million, which will be revalued if the fair value changes, and amortized over the four-year vesting period.

During the first three quarters of 2015, 1,275,644 stock options were exercised. Fresenius Medical Care AG & Co. KGaA received cash of €48 million upon exercise of these stock options and €12 million from a related tax benefit.

## 26. RELATED PARTY TRANSACTIONS

Prof. Dr. med. D. Michael Albrecht, a member of the Supervisory Board of Fresenius SE & Co. KGaA, is medical director and spokesman of the management board of the University Hospital Carl Gustav Carus Dresden and a member of the supervisory board of the University Hospital Aachen. The Fresenius Group maintains business relations with these hospitals in the ordinary course and under customary conditions.

Prof. Dr. h. c. Roland Berger, a member of the Supervisory Board of Fresenius Management SE and of Fresenius SE & Co. KGaA, is a partner of Roland Berger Strategy Consultants Holding GmbH. In the first three quarters of 2015, after discussion and approval by the Supervisory Board of Fresenius Management SE and the Supervisory Board of Fresenius SE & Co. KGaA, the Fresenius Group paid €0.05 million to affiliated companies of the Roland Berger group for consulting services rendered.

Klaus-Peter Müller, a member of the Supervisory Board of Fresenius Management SE and of Fresenius SE & Co. KGaA, is the chairman of the supervisory board of Commerzbank AG. The Fresenius Group maintains business relations with Commerzbank under customary conditions.

On May 20, 2015, at the Annual General Meeting of Fresenius SE & Co. KGaA, Michael Diekmann, chairman of the management board of Allianz SE until May 6, 2015, was elected to the Supervisory Boards of Fresenius Management SE and of Fresenius SE & Co. KGaA. In the first three quarters of 2015, the Fresenius Group paid €8.6 million for insurance premiums to the Allianz group under customary conditions.

Dr. Dieter Schenk, deputy chairman of the Supervisory Board of Fresenius Management SE, is a partner in the international law firm Noerr LLP, which provides legal services to the Fresenius Group. In the first three quarters of 2015, after discussion and approval of each mandate by the Supervisory Board of Fresenius Management SE, the Fresenius Group paid €0.6 million to this law firm for legal services rendered.

The payments mentioned in this note are net amounts. In addition, VAT and insurance tax were paid.

## 27. SUBSEQUENT EVENTS

There have been no significant changes in the Fresenius Group's operating environment following the end of the first three quarters of 2015. No other events of material importance on the assets and liabilities, financial position, and results of operations of the Group have occurred following the end of the first three quarters of 2015.

## 28. CORPORATE GOVERNANCE

For each consolidated stock exchange listed entity, the declaration pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz) has been issued and made available to shareholders on the website of Fresenius SE & Co. KGaA ([www.fresenius.com](http://www.fresenius.com)), and of Fresenius Medical Care AG & Co. KGaA ([www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com)).

# FINANCIAL CALENDAR

Report on Fiscal Year 2015	February 24, 2016
Report on 1 <sup>st</sup> quarter 2016	
Conference call, Live webcast	May 3, 2016
Annual General Meeting, Frankfurt am Main	
Live webcast of the speech of the Chairman of the Management Board	May 13, 2016
Report on 1 <sup>st</sup> half 2016	
Conference call, Live webcast	August 2, 2016
Report on 1 <sup>st</sup> –3 <sup>rd</sup> quarter 2016	
Conference call, Live webcast	October 27, 2016

Subject to change

# FRESENIUS SHARE / ADR

	Ordinary share		ADR
Securities identification no.	578 560	CUSIP	35804M105
Ticker symbol	FRE	Ticker symbol	FSNUY
ISIN	DE0005785604	ISIN	US35804M1053
Bloomberg symbol	FRE GR	Structure	Sponsored Level 1 ADR
Reuters symbol	FREG.de	Ratio	4 ADR = 1 Share
Main trading location	Frankfurt/Xetra	Trading platform	OTCQX

## Corporate Headquarters

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Commercial Register: Bad Homburg v. d. H.; HRB 11852  
Chairman of the Supervisory Board: Dr. Gerd Krick

General Partner: Fresenius Management SE  
Registered Office and Commercial Register: Bad Homburg v. d. H.; HRB 11673  
Management Board: Dr. Ulf M. Schneider (President and CEO), Dr. Francesco De Meo, Dr. Jürgen Götz, Mats Henriksson, Rice Powell, Stephan Sturm, Dr. Ernst Wastler  
Chairman of the Supervisory Board: Dr. Gerd Krick

## Forward-looking statements:

This Quarterly Financial Report contains forward-looking statements. These statements represent assessments which we have made on the basis of the information available to us at the time. Should the assumptions on which the statements are based on not occur, or if risks should arise – as mentioned in the consolidated financial statements and the management report as of December 31, 2014 applying Section 315a HBG in accordance with IFRS and the SEC filings of Fresenius Medical Care AG & Co. KGaA – the actual results could differ materially from the results currently expected.