



Fresenius Medical Care

P R E S S R E L E A S E

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Joachim Weith
Corporate Communications
Tel.: +49-6172-6082101
Fax: +49-6172-6082294
e-mail: pr@fmc-ag.com
www.fmc-ag.com

Fresenius Medical Care Reports Excellent Fourth Quarter and Full Year 2006 Results and Provides Strong Outlook for 2007

Summary Full Year 2006:

The Company exceeded its financial targets, achieved record earnings and proposes its 10th consecutive annual dividend increase.

Net revenue	\$ 8,499 million	+ 26%
Operating income (EBIT)	\$ 1,318 million	+ 40%
Net income	\$ 537 million	+ 18%

Excluding SFAS 123(R) and one-time items

Operating income (EBIT)	\$ 1,329 million	+ 38%
Net income	\$ 584 million	+ 24%

Dividend Proposal	Ordinary Share	€ 1.41	+ 15%
	Preference Share	€ 1.47	+ 14%

Bad Homburg, Germany – Fresenius Medical Care AG & Co. KGaA (“the Company”), the world’s largest provider of Dialysis Products and Services, today announced its results for the fourth quarter and full year of 2006.

Please note, the result of operations of Renal Care Group (RCG) are consolidated from April 1, 2006 onward.

Fourth Quarter 2006:

Revenue

Net revenue for the fourth quarter 2006 compared to the fourth quarter 2005 increased by 33% (31% at constant currency) to \$2,352 million. Organic revenue growth worldwide was 11%. Dialysis Services revenue grew by 39% to \$1,749 million (38% at constant currency) in the fourth quarter of 2006. Dialysis Product revenue increased by 17% to \$603 million (12% at constant currency) in the same period.

North America revenue increased by 39% to \$1,658 million. Dialysis Services revenue increased by 44% to \$1,505 million. Average revenue per treatment for the U.S. clinics increased by 9% to \$328 in the fourth quarter 2006 compared to \$302 for the same quarter in 2005. Dialysis Product revenue increased by 5% to \$153 million led by strong sales of our 2008K hemodialysis machines. Excluding the effects of the RCG acquisition and related divestitures, the Dialysis Product revenue increased by 13% compared to last year.

International revenue was \$694 million, an increase of 20% (14% at constant currency) compared to the fourth quarter of 2005. Dialysis Services revenue reached \$244 million, an increase of 17% (13% at constant currency). Dialysis Product revenue increased by 22% to \$450 million (15% at constant currency), led by strong sales of machines (both the 4008 and 5008 series), dialyzers and peritoneal dialysis products.

Earnings

Operating income (EBIT) increased by 45% to \$354 million. Operating income for the fourth quarter 2006 includes \$29 million of costs related to the change of accounting principles for stock options (SFAS 123R), restructuring costs and in-process R&D.

Excluding these costs, operating income for the fourth quarter 2006 increased by 48% to \$383 million resulting in an operating margin of 16.3%. For the fourth quarter 2005 the operating margin was 14.6%.

Compared with the fourth quarter 2005, the operating margin excluding one-time items in North America increased by 260 basis points to 17.1% due to the consolidation of RCG, an increase in the revenue per treatment and strong demand for dialysis products. In the International segment, the operating margin increased from an already high level by 30 basis points to 17.7%. The continued strong operational performance in the International segment was driven by increased product sales in all regions and positively impacted by production efficiencies and reimbursement increases in key countries in Europe and Latin America.

Net interest expense for the fourth quarter 2006 was \$96 million compared to \$46 million in the same quarter of 2005. This increase is entirely attributable to the debt financing for the RCG acquisition.

Income tax expense was \$99 million for the fourth quarter of 2006 compared to \$82 million in the fourth quarter of 2005, reflecting effective **tax rates** of 38.5% and 41.3%, respectively.

Net income for the fourth quarter 2006 was \$152 million, an increase of 32%. Excluding one-time costs and SFAS 123(R), the net income increased on a comparable basis by 35% to \$172 million.

Earnings per share (EPS) for the fourth quarter of 2006 rose by 31% to \$1.55 per ordinary share (\$0.52 per American Depositary Share (ADS)) compared to \$1.18 (\$0.39 per ADS) for the fourth quarter of 2005. The weighted average number of shares outstanding for the fourth quarter of 2006 was approximately 98.3 million shares compared to 97.6 million shares for the fourth quarter of 2005. The increase in shares outstanding results from stock option exercises in 2006.

Cash Flow

In the fourth quarter of 2006, the Company generated \$443 million in **cash from operations**, representing 19% of revenue – clearly above our target. The strong cash flow generation was supported by increased earnings.

A total of \$177 million was spent for **capital expenditures**, net of disposals. **Free Cash Flow before acquisitions** was \$266 million compared to \$65 million in the fourth quarter of 2005. A total of \$118 million in cash was used for **acquisitions**.

Full Year 2006:

Earnings and Revenue

For the full year 2006, **net income** was \$537 million, up 18% from 2005. Excluding costs related to the change of accounting principles for stock options (SFAS 123R) of \$10 million and one-time items of \$37 million, net income increased by 24% to \$584 million. In the future, costs related to SFAS 123(R) will not be adjusted when comparing with 2007 figures.

Net revenue for 2006 was \$8,499 million, up 26% from 2005. Adjusted for currency, net revenue rose by 25%. Organic growth was 10%.

Operating income (EBIT) increased by 40% to \$1,318 million. Operating income for the full year 2006 includes expenses of \$11 million as a result of restructuring and in-process R&D, transformation of legal form and the change of accounting principles for stock options, net of the gain from the clinic divestitures.

Excluding these items and the one-time costs for the transformation of the legal form in the prior year, operating income for 2006 increased by 38% to \$1,329

million. This performance resulted in an operating margin of 15.6% compared to 14.2% for the year 2005.

Net interest expense for the full year 2006 was \$351 million. The increase was the result of three quarters worth of additional interest expense and the write-off of deferred financing costs related to the 2003 senior credit facility of \$15 million, both in conjunction with the financing of the RCG acquisition.

Income tax expense was \$413 million for the full year compared to \$309 million in 2005, reflecting **tax rates** of 42.8% and 40.3%, respectively. The tax rate was impacted by tax payments in connection with the gain on divestiture of dialysis clinics in the U.S. and by a tax audit in Germany. Excluding these impacts, the effective tax rate was 38.5%.

For the full year 2006, **earnings per ordinary share** rose by 17% to \$5.47 (\$1.82 per ADS). The weighted average number of shares outstanding during 2006 was approximately 98.1 million.

Cash Flow

Cash from operations during the full year 2006 was \$908 million compared to \$670 million for 2005 on a reported basis. On an adjusted basis, cash from operations was \$1,106 million in 2006 compared to \$805 million in 2005. The increase compared to prior the year was mainly due to increased earnings and further improvements in working capital efficiency.

A total of \$450 million was used for **capital expenditures**, net of disposals. **Free Cash Flow before acquisitions** for 2006 was \$458 million compared to \$373 million in 2005. The underlying Free Cash Flow before acquisitions and one-time effects for 2006 was \$656 million. A total of \$159 million in cash was used for **acquisitions** other than the RCG acquisition in 2006.

For a complete overview on the fourth quarter and the full year of 2006 and the reconciliation of non-GAAP financial measures included in this release to the most comparable GAAP financial measures, please refer to the attachments.

Patients – Clinics – Treatments

As of December 31, 2006, Fresenius Medical Care treated 163,517 **patients** worldwide, which represents a 24% increase in patients compared to last year. North America provided dialysis treatments for 117,855 patients (up 32%). Including 33 managed clinics, the number of patients in North America was 119,883. The International segment served 45,662 patients (up 8%).

As of December 31, 2006, the Company operated a total of 2,108 **clinics** worldwide. This is comprised of 1,560 clinics in North America, an increase of 35%, and 548 clinics in the International segment, an increase of 5%.

Fresenius Medical Care delivered approximately 23.74 million dialysis **treatments** worldwide, which represents an increase of 20% year over year. North America accounted for 16.88 million treatments, an increase of 25%, and the International segment delivered 6.86 million treatments, an increase of 10% over last year.

Employees

As of December 31, 2006, Fresenius Medical Care employed 56,803 people (full-time equivalents) worldwide compared to 47,521 at the end of 2005. The increase of 9,282 employees is primarily due to the acquisition of Renal Care Group.

Dividends

The Company will continue to follow an earnings-driven dividend policy. For the tenth consecutive year, shareholders can expect to receive an **increased annual dividend** for the fiscal year 2006. At the Annual General Meeting to be held on May 15, 2007, shareholders will be asked to approve a dividend of €1.41 per ordinary share, an increase of 15% from 2005 (€1.23) and €1.47 per preference share, an increase of 14% from 2005 (€1.29).

Acquisition in Taiwan

On January 9, 2007, the Company announced the acquisition of a 51% equity interest in Jiate Excelsior Co. Ltd. ("Excelsior") in Taiwan. The purchase price for the 51% equity interest in Excelsior was \$38 million. The transaction is expected to add about \$80 million to the consolidated revenues and to be accretive to the Company's earnings for 2007. Through the transaction, Fresenius Medical Care will become the leading dialysis provider in the Asia-Pacific region.

Outlook for 2007

For the full year 2007, the Company expects to achieve **revenue** of approximately \$9.4 billion, an increase of 11%.

The **net income** is expected to be between \$675 million and \$695 million in 2007. This represents an increase of between 18% and 21% on an adjusted basis to 2006. On a reported basis, the net income would increase by 26% to 29%.

The Company expects **spending on capital expenditures** and **acquisitions** to be at approximately \$650 million. The **debt/EBITDA ratio** is expected to fall below 3.0 by the end of 2007.

Ben Lipps, Chief Executive Officer of Fresenius Medical Care, commented: "Our excellent financial performance for the year reflects the strong demand for our products and services worldwide. We are pleased to have again delivered on our commitments in 2006 and are proposing to deliver our tenth consecutive dividend increase to our shareholders. With the successful integration of the Renal Care Group acquisition, expansion opportunities for patient care in Europe and Asia and the progress on our growth initiatives, we are confident as we look ahead."

Video Webcast

Fresenius Medical Care will hold a press conference at its headquarters in Bad Homburg, Germany, to discuss the results of the fourth quarter and the full year of 2006 on February 22, 2007, at 10:00 am CET. The Company cordially invites journalists to view the live video webcast of the meeting at the Company's website www.fmc-ag.com. A replay will be available shortly after the meeting.

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Fresenius Medical Care is the world's largest integrated provider of products and services for individuals undergoing dialysis because of chronic kidney failure, a condition that affects about 1,500,000 individuals worldwide. Through its network of 2,108 dialysis clinics in North America, Europe, Latin America, Asia-Pacific and Africa, Fresenius Medical Care provides dialysis treatment to 163,517 patients around the globe. Fresenius Medical Care is also the world's leading provider of dialysis products such as hemodialysis machines, dialyzers and related disposable products. Fresenius Medical Care is listed on the Frankfurt Stock Exchange (FME, FME3) and the New York Stock Exchange (FMS, FMS-p).

For more information about Fresenius Medical Care visit the Company's website at www.fmc-ag.com.

This release contains forward-looking statements that are subject to various risks and uncertainties. Actual results could differ materially from those described in these forward-looking statements due to certain factors, including changes in business, economic and competitive conditions, regulatory reforms, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings, and the availability of financing. These and other risks and uncertainties are detailed in Fresenius Medical Care AG & Co. KGaA's reports filed with the U.S. Securities and Exchange Commission. Fresenius Medical Care AG & Co. KGaA does not undertake any responsibility to update the forward-looking statements in this release.

Fresenius Medical Care
Statement of Earnings

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

	Three Months Ended		% Change
	December 31,		
	2006	2005	
Net revenue			
Dialysis Care	1,749,326	1,256,776	39.2%
Dialysis Products	603,025	515,594	17.0%
Total net revenue	2,352,351	1,772,370	32.7%
Cost of revenue	1,532,894	1,191,153	28.7%
Gross profit	819,457	581,217	41.0%
Selling, general and administrative	451,808	326,504	38.4%
Research and development	13,946	10,859	28.4%
Operating income (EBIT)	353,703	243,854	45.0%
Interest expense, net	96,176	46,431	107.1%
Earnings before income taxes and minority interest	257,527	197,423	30.4%
Income tax expense	99,088	81,592	21.4%
Minority interest	6,415	299	
Net income	152,024	115,532	31.6%
Operating income (EBIT)	353,703	243,854	45.0%
Depreciation and amortization	87,440	68,153	28.3%
EBITDA	441,143	312,007	41.4%
Earnings per Ordinary share	\$1.55	\$1.18	31.1%
Earnings per Ordinary ADS	\$0.52	\$0.39	31.1%
Weighted average number of shares			
Ordinary shares	97,125,582	70,000,000	
Preference shares	1,218,442	27,610,971	

Fresenius Medical Care Statement of Earnings

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

	Twelve Months Ended December 31,		% Change
	2006	2005	
Net revenue			
Dialysis Care	6,377,390	4,866,833	31.0%
Dialysis Products	2,121,648	1,904,986	11.4%
Total net revenue	8,499,038	6,771,819	25.5%
Cost of revenue	5,621,482	4,563,681	23.2%
Gross profit	2,877,556	2,208,138	30.3%
Selling, general and administrative	1,548,369	1,218,265	27.1%
Gain on sale of dialysis clinics	(40,233)	0	
Research and development	51,293	50,955	0.7%
Operating income (EBIT)	1,318,127	938,918	40.4%
Interest expense, net	351,246	173,192	102.8%
Earnings before income taxes and minority interest	966,881	765,726	26.3%
Income tax expense	413,489	308,748	33.9%
Minority interest	16,646	2,026	
Net income	536,746	454,952	18.0%
Operating income (EBIT)	1,318,127	938,918	40.4%
Depreciation and amortization	308,698	251,452	22.8%
EBITDA	1,626,825	1,190,370	36.7%
Earnings per Ordinary share	\$5.47	\$4.68	17.0%
Earnings per Ordinary ADS	\$1.82	\$1.56	17.0%
Weighted average number of shares			
Ordinary shares	96,873,968	70,000,000	
Preference shares	1,191,792	26,789,816	
Employees (Full-time equivalents)	56,803	47,521	