

Bank of America Merrill Lynch Global Healthcare Conference 2019



London, 19 September 2019

Safe Harbor Statement

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

A Global Leader In HealthCare Products And Services



~€33.5 bn in Sales
(as of Dec. 31, 2018)

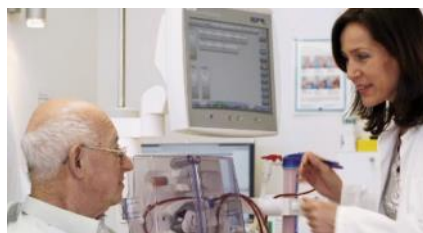
**Strong portfolio
of products** (30% of sales)
and services (70% of sales)

**Total Shareholder Return:
10-year CAGR: ~15%**

**Global presence in
100+ countries**

**288,000+ employees
worldwide**
(as of June 30, 2019)

Strong and Balanced Health Care Portfolio



Ownership: ~31%

Dialysis Products Health Care Services

- Dialysis services
- Hemodialysis products
- Peritoneal dialysis products
- Care coordination

Sales 2018: €16.5 bn



Ownership: 100%

Hospital Supplies

- IV drugs
- Biosimilars
- Clinical nutrition
- Infusion therapy
- Medical devices/
Transfusion technology

Sales 2018: €6.5 bn



Ownership: 100%

Hospital Operation

- Acute care
- Outpatient services

Sales 2018: €9.0 bn¹



Ownership: 77%

Projects and Services for Hospitals

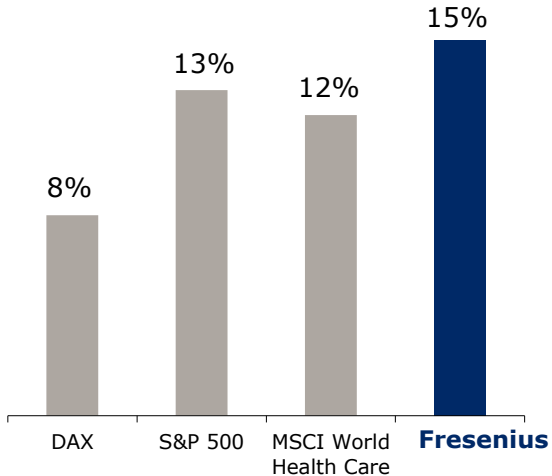
- Post-acute care
- Project development & Planning
- Turnkey construction
- Maintenance & Technical and total operational management

Sales 2018: €1.7 bn¹

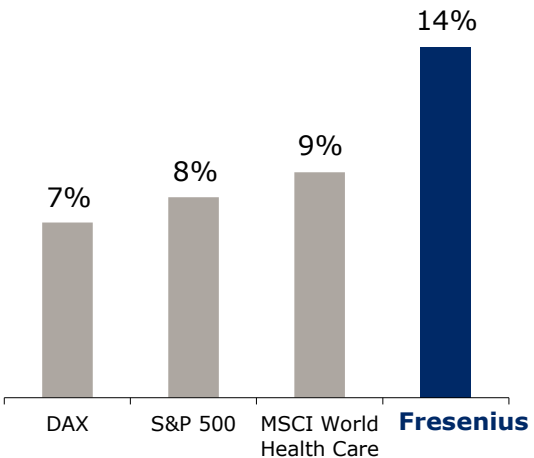
¹ Reflects the transfer of German post-acute care business from Fresenius Helios to Fresenius Vamed as of July 1, 2018

Total Shareholder Return – CAGR, Rounded

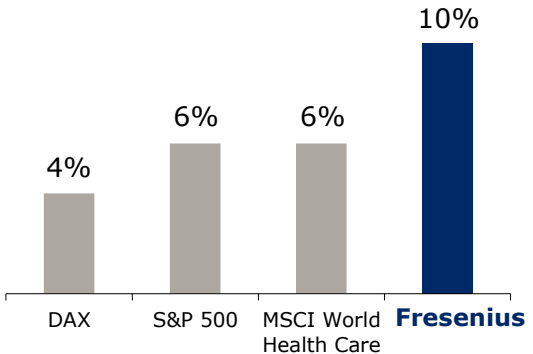
10 years



15 years



20 years



Source: Bloomberg; dividends reinvested, as of Dec 31, 2018

Fresenius Medical Care: Global Dialysis Market Leader

- The world's leading provider of dialysis products and services treating more than 339,000 patients¹ in 3,996 clinics¹
- Provide highest standard of product quality and patient care

 Dialysis products

 Dialysis services

 Complete therapy offerings

- Expansion in Care Coordination and global dialysis service opportunities; enter new geographies

Market Dynamics

Global Dialysis Market 2018:

- ~€71 bn
- ~6% patient growth p.a.

Growth Drivers:

- Aging population, increasing incidence of diabetes and high blood pressure, treatment quality improvements



¹ As of June 30, 2019

Fresenius Kabi: A Leading Global Hospital Supplier

- Comprehensive product portfolio for critically and chronically ill patients
- Strong Emerging Markets presence
- Leading market positions in four product segments



Generic IV Drugs



Clinical Nutrition



Infusion Therapy



Medical Devices /
Transfusion Technology



Biosimilars

- Focus on organic growth through geographic product rollouts and new product launches
- Development of biosimilars with a focus on oncology and autoimmune diseases

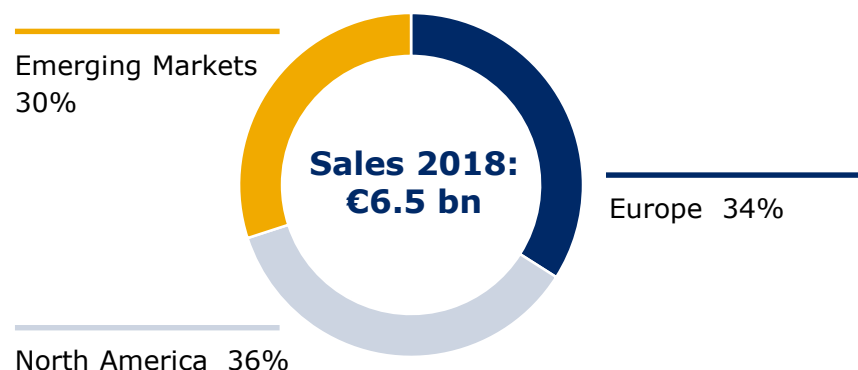
Market Dynamics

Global Addressable Market 2018:

- ~€81 bn

Growth Drivers:

- Patent expirations, rising demand for health care services, higher health care spending in Emerging Markets



Fresenius Helios: Europe's Largest Private Hospital Operator

Helios Germany

- ~5%¹ share in German acute care hospital market
- Organic growth based on growing number of admissions and reimbursement rate increases
- Ranks as quality leader in the German hospital sector: defined quality targets, publication of medical treatment results, peer review processes
- Key medical indicators, e.g. mortality rate for heart failure, pneumonia below German average

Market Dynamics

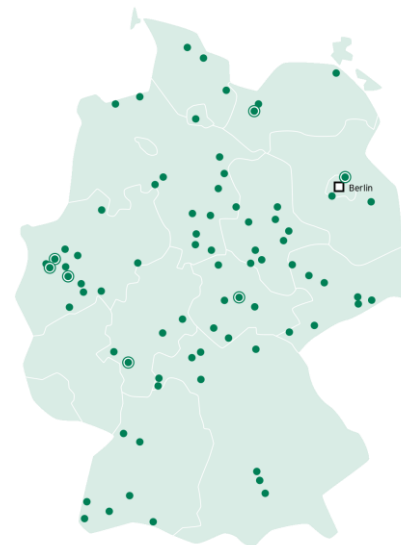
German Acute Care Hospital Market:

- ~€102 bn²

Growth Drivers:

- Aging population leading to increasing hospital admissions

Largest network & nationwide presence



86 hospitals
~29,000 beds
~1.2 million inpatient admissions p.a.
~4.1 million outpatient admissions p.a.

As of June 30, 2019

 Acute Care

 Outpatient

¹ Based on sales

² German Federal Statistical Office 2018; total costs, gross of the German hospitals less academic research and teaching

Fresenius Helios: Europe's Largest Private Hospital Operator

Helios Spain

- ~€3.0 bn sales in 2018
- ~12%¹ share in Spanish private hospital market
- Market leader in size and quality with excellent growth prospects
- Broad revenue base with privately insured patients, PPPs, self-pay and Occupational Risk Prevention (ORP)
- Strong management team with proven track record
- Cross-selling opportunities



Acute Care



Outpatient



Occupational Risk Prevention

¹ Based on sales

² Market data based on company research. Market definition does neither include Public Private Partnerships (PPP) nor Occupational Risk Prevention centers (ORP)

Market Dynamics

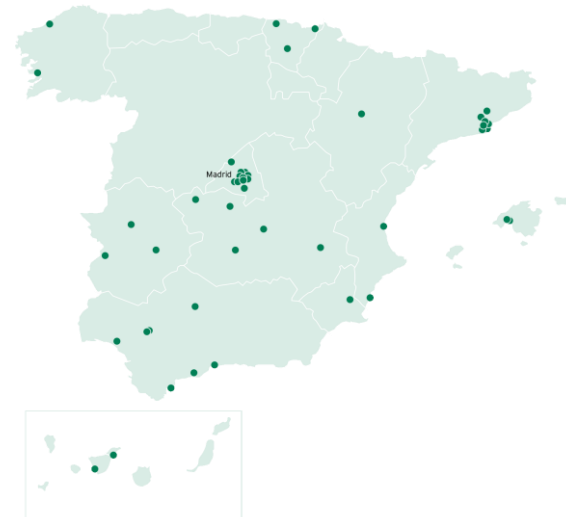
Spanish Private Hospital Market:

- ~€14 bn²

Growth Drivers:

- Aging population, increasing number of privately insured patients, greenfield projects, market consolidation

Quirónsalud hospitals in every major metropolitan region of Spain



50 hospitals
~7,000 beds
~0.4 m inpatient admissions p.a.
~12.9 m outpatient admissions p.a.

As of June 30, 2019

Fresenius Vamed: Leading Global Hospital Projects and Services Specialist

- Manages hospital construction/expansion projects and provides services for health care facilities worldwide
- Offers project development, planning, turnkey construction, maintenance as well as technical management, and total operational management
- Strong track record: More than 900 projects in over 90 countries completed
- Leading European post-acute care provider operating in five European countries



Projects



Services



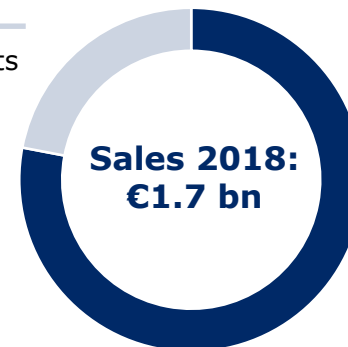
Post-acute care

Market Dynamics

Growth Drivers:

- Emerging Market demand for building and developing hospital infrastructure
- Outsourcing of non-medical services from public to private operators

Emerging Markets
22%



Europe 78%

Fresenius Group: Capital deployment centers on sustainable long-term value creation



Re-investments in own business

Fuel organic growth with low-risk high-return investments



Strategic acquisitions

Short-term focus on small bolt-on acquisitions; long-term rigorous pursuit of inorganic growth trajectory



Dividends

26 years of consecutive dividend increases; CAGR of ~16%



Share buy backs

Currently more attractive growth opportunities in operating investments

Fresenius Group: Healthy Growth Targets 2020 - 2023



 **Growing Markets with High Entry Barriers**

 **Attractive markets**

 **Marketing of existing value chain**

 **Attractive Product Pipeline**

 **Market consolidation**

 **Strengthening and extension of value chain**

 **Entry into attractive biosimilars business**

 **Synergies**

 **Development of post-acute care business**

 **Strong Emerging Markets Presence**

 **Greenfield investments in Spain**

 **Expansion of geographic presence**

 **Further Internationalization**

Fresenius Group: Healthy Growth Targets 2020 – 2023 (CAGRs)



Organic sales growth

4 – 7% (plus ~1% small to mid-size acquisitions)

Organic net income¹ growth

5 – 9% (plus ~1% small to mid-size acquisitions)

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

Before special items

Financial Review Q2/19



Q2/19 Highlights

- **Good organic sales growth across all business segments**
- **Growth investments well on track**
- **Fresenius Kabi: first biosimilar launched; continued excellent growth in Emerging Markets**
- **Fresenius Helios: strong organic sales growth in Germany; acquisition of Clínica Medellín in Colombia completed**
- **Fresenius Vamed: smooth integration of the post-acute care business from Helios**
- **Fresenius Medical Care: strategy reinforced by U.S. government's plans for changes of kidney disease care**
- **Group: sales growth guidance increased**

Fresenius Kabi: Update

IV Generics in North America

- Conclusion of de-stocking during Q2/19
- Low single-digit price erosion in our base product portfolio
- Intensified competition in certain molecules
- Drug shortages: 36 end of Q2/19, unchanged from Q1/19; but fewer and less pronounced shortages for meaningful molecules marketed by Fresenius Kabi
- Product launches: with 7 YTD, on track to meet expectation of ~15



Fresenius Kabi: Update

Biosimilars

- Successful launch of Idacio® in Germany, UK, Hungary, NL and Portugal
- Roll-out of Idacio® in other EU countries well on track

Clinical Nutrition

- Continued dynamic growth of parenteral nutrition business
- Start of production for enteral nutrition products in China; market entry in Australia

Transfusion/Cell Therapy business

- Carve-out successfully completed
- Final phase of evaluation of strategic options



Fresenius Helios: Update

Helios Germany

Further progress of investment initiatives

- FY target to hire 1,000 additional nursing staff already accomplished in H1/19; further ramp-up planned; benign impact on 2019 P&L expected
- Most vacant chief doctor positions filled
- Clustering strategy positively reinforced by independent hospital study

New business models

- Roll-out of telemedicine platform
- Digital doctor's waiting room – development together with Canadian start-up Dialogue

Handelsblatt Award

- Helios recognized as best private hospital operator in Germany

Smart.Helios

- Establishment of digital platform for rehab aftercare of chronically ill patients
- Acquisition of software provider for outpatient and rehabilitation facilities



Fresenius Helios: Update

Helios Spain

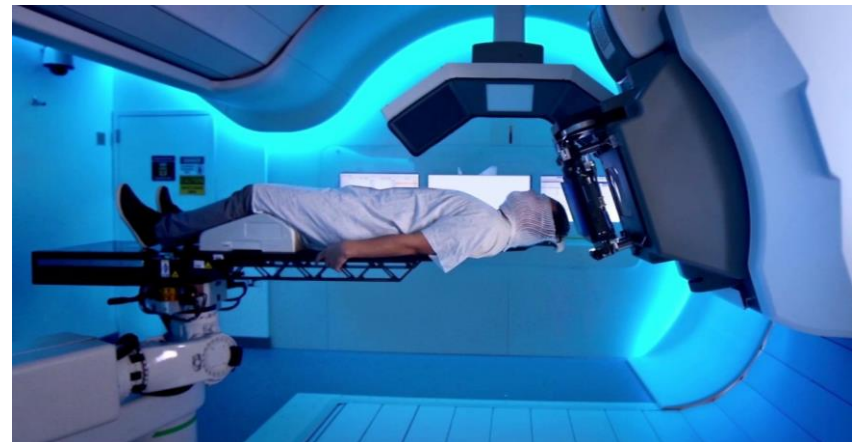


Expansion in Spain

- Seville site expansion – additional 30 beds, 2 additional surgery rooms, more outpatient services; total investment of ~€20 million, expected opening early '21
- Hospital acquisition in Albacete, <€10 million sales, synergy potential with existing hospital
- Acquisition of outpatient medical center in Badalona, strengthening of our hospital network in the Barcelona area
- Opening of two new outpatient medical centers in the cities of Alicante and Bilbao
- Good progress with proton beam therapy center in Madrid

Expansion in Latin America

- Opportunistic market entry strategy progresses
- Successful entry into Colombian market



Fresenius Group: Q2/19 Key Financials

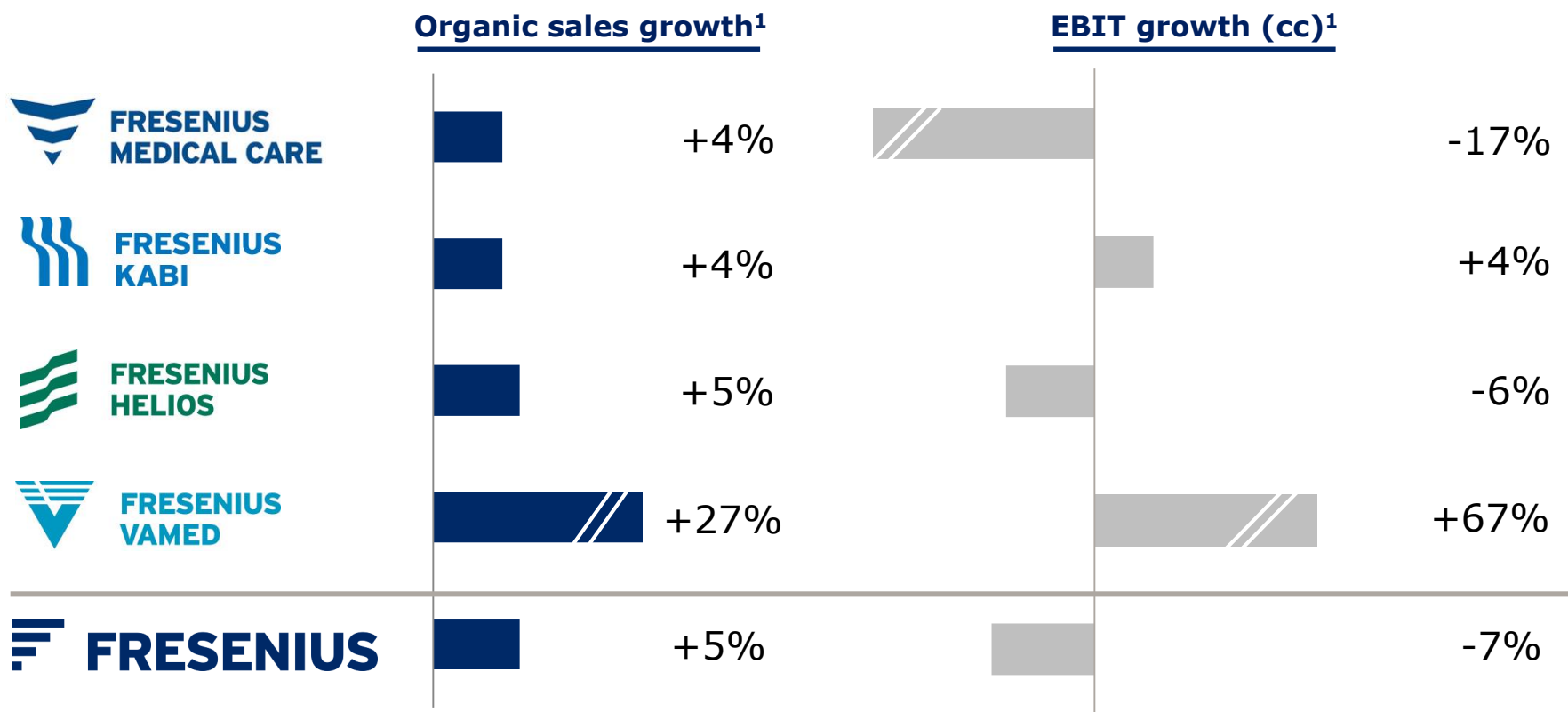
€m	Q2/19 ¹	IFRS 16 effect	special items	Q2/19 reported	Δ YoY cc ^{1,2}
Sales	8,779	-18	-	8,761	6%
EBIT	1,081	37	0	1,118	-7%
Net interest	-122	-58	1	-179	14%
Income taxes	-219	5	1	-213	9%
Net income³	480	-9	0	471	0%
Balance sheet total	59,342	5,587	-	64,929	
Operating Cashflow	1,023	182	-	1,205	

¹ Before special items, adjusted for IFRS 16 effect

² On a comparable basis: Q2/18 adjusted for divestitures of Care Coordination activities at FMC, before special items

³ Net income attributable to shareholders of Fresenius SE & Co. KGaA

Fresenius Group: Q2/19 Business Segment Growth



¹ On a comparable basis: Q2/18 adjusted for divestitures of Care Coordination activities at FMC; Q2/19 adjusted for IFRS 16 effect.


All figures before special items

Fresenius Kabi: Q2/19 Regional Highlights (1/2)

North America

- -1% organic growth
- Conclusion of de-stocking during Q2/19
- More competition for certain molecules
- Easing of shortage tailwinds - fewer drug shortages for meaningful molecules
- Ongoing significant launch activity
- Acceleration of organic sales growth in H2/19 expected
- FY/19 outlook narrowed: Low single-digit organic sales growth (before: Low to mid-single-digit organic sales growth)

Europe

- 1% organic growth
- Continued strong growth of enteral nutrition business
- Product partnering business weighed on sales and EBIT development
- Confirm FY/19 outlook: Low to mid-single-digit organic sales growth 



Fresenius Kabi: Q2/19 Regional Highlights (2/2)

Emerging Markets

China:

- 16% organic sales growth

Asia-Pacific ex China:

- 12% organic sales growth
- Continued positive momentum

Latin America/Africa:

- 13% organic sales growth
- Inflation-driven price increases had only negligible effect on organic growth rates



Total Emerging Markets

FY/19 outlook increased:
Clearly double-digit organic sales growth (before: Likely double-digit organic sales growth)

Fresenius Kabi: Q2 & H1/19 EBIT Growth

€m	Q2/19	Δ YoY cc	H1/19	Δ YoY cc
North America Margin	233 40.7%	0% 60 bps	478 40.0%	2% 120 bps
Europe Margin	79 13.8%	-10% -200 bps	166 14.5%	-4% -100 bps
Asia-Pacific/Latin America/Africa Margin	113 20.7%	20% 120 bps	217 20.6%	19% 130 bps
Corporate and Corporate R&D	-117	2%	-250	-1%
Total EBIT¹ Margin ¹	308 18.2%	4% 20 bps	611 18.0%	6% 60 bps

¹ On a comparable basis: before special items and adjusted for IFRS 16 effects

Margin growth at actual rates

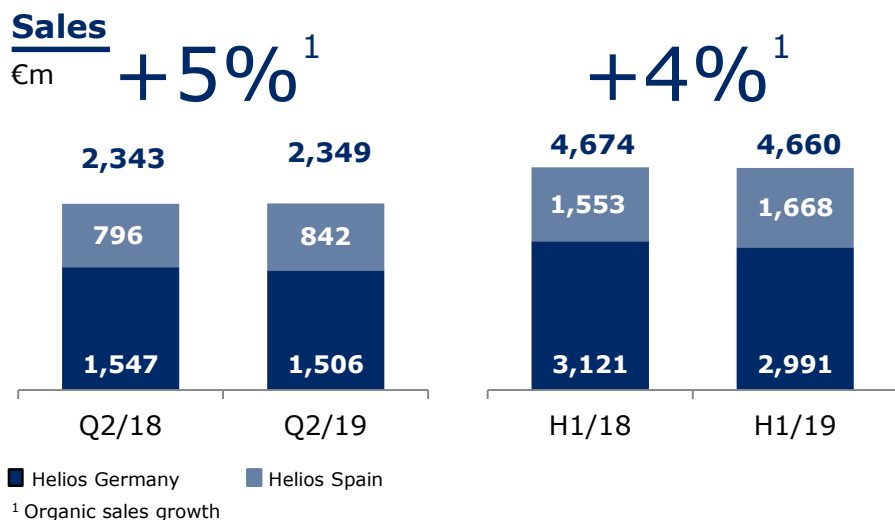
Fresenius Helios: Q2/19 Highlights

Helios Germany

- Strong organic sales growth of 5% with a good case mix
- Continued good progress with preparatory structural activities

Helios Spain

- Solid organic sales growth of 4% despite Easter being in Q2/19
- Excellent EBIT margin of 14.6% in H1/19
- Hot summer expected to weigh on EBIT growth in both Helios Spain and Germany



Fresenius Helios: Q2 & H1/19 Key Financials

€m	Q2/19	Δ YoY	H1/19	Δ YoY
Total sales	2,349	0%/6%¹	4,660	0%/5%¹
Thereof Helios Germany	1,506	-3%/5% ¹	2,991	-4%/3% ¹
Thereof Helios Spain	842	6%	1,668	7%
Total EBIT²	274	-6%/-4%¹	540	-5%/-4%¹
Margin	11.7%	-80 bps	11.6%	-60 bps
Thereof Helios Germany Margin	154 10.2%	-8%/-4% ¹ -70 bps	303 10.1%	-12%/-10% ¹ -100 bps
Thereof Helios Spain Margin	125 14.8%	1% -80 bps	244 14.6%	7% 0 bps
Thereof Corporate	-5	--	-7	--

¹ Adjusted for the post-acute care business transferred to Fresenius Vamed as of July 1, 2018

² Adjusted for IFRS 16 effect

Fresenius Vamed

- Strong H1/19 with 29% organic sales growth
- Vamed accelerates high-end service provision to Helios Germany and Spain



€m	Q2/19	Δ YoY	H1/19	Δ YoY
Total sales	467	76%	907	76%
Thereof organic sales		27% ¹		29% ¹
Service business	344	106% 35% ¹	676	109% 38% ¹
Project business	123	24%	231	21%
Total EBIT²	20	67% -33% ¹	31	72% -17% ¹
Order intake ³	115	-41%	498	9%
Order backlog ³			2,690	11% ⁴






¹ Without German post-acute care business acquired from Fresenius Helios as of July 1, 2018

² Adjusted for IFRS 16 effect

³ Project business only

⁴ Versus December 31, 2018

Fresenius Group: Cash Flow

€m	Operating CF ¹		Capex (net)		Free Cash Flow ^{1,2}	
	Q2/19	LTM Margin	Q2/19	LTM Margin	Q2/19	LTM Margin
 FRESENIUS KABI	201	13.7%	-165	-9.8%	36	3.9%
 FRESENIUS HELIOS	197	6.5%	-76	-4.8%	121	1.7% ³
 FRESENIUS VAMED	-42	4.7%	-5	-1.7%	-47	3.0%
Corporate/Other	-33	n.a.	-16	n.a.	-49	n.a.
 FRESENIUS Excl. FMC	433	9.4%⁴	-262	-6.9%	171	2.5%⁴
 FRESENIUS	1,023	10.6%	-556	-6.6%	467	4.0%




¹ Adjusted for IFRS 16 effects

² Before acquisitions and dividends

³ Understated: 2.0% excluding €28 million of capex commitments from acquisitions

⁴ Margin incl. FMC dividend


Fresenius Group: 2019 Financial Outlook by Business Segment

€m (except otherwise stated)		FY/18 Base	H1/19 Actual	FY/19e ¹	FY/19 ¹ New
 FRESENIUS KABI	Sales growth (org)	6,544	4%	3% - 6%	<input checked="" type="checkbox"/>
	EBIT growth (cc)	1,139 ²	6%	3% - 6%	<input checked="" type="checkbox"/>
 FRESENIUS HELIOS	Sales growth (org)	8,993	4%	2% - 5%	<input checked="" type="checkbox"/>
	EBIT growth	1,052	-5%	-5% to -2%	<input checked="" type="checkbox"/>
 FRESENIUS VAMED	Sales growth (org)	1,688	29%	~10%	<input checked="" type="checkbox"/>
	EBIT growth	110	72%	15% - 20%	<input checked="" type="checkbox"/>

¹ Excluding transaction-related expenses, revaluations of biosimilars contingent liabilities, adjusted for IFRS 16 effects

² Before special items

Fresenius Group: 2019 Financial Guidance

€m (except otherwise stated)	FY/18 Base ¹	H1/19 Actual ²	FY/19e ²	FY/19e ² New
FRESENIUS				
Sales growth (cc)	33,009	6%	3% - 6%	4% - 7%
Net income³ growth (cc)	1,872	0%	~0%	

¹ Before special items and after adjustments

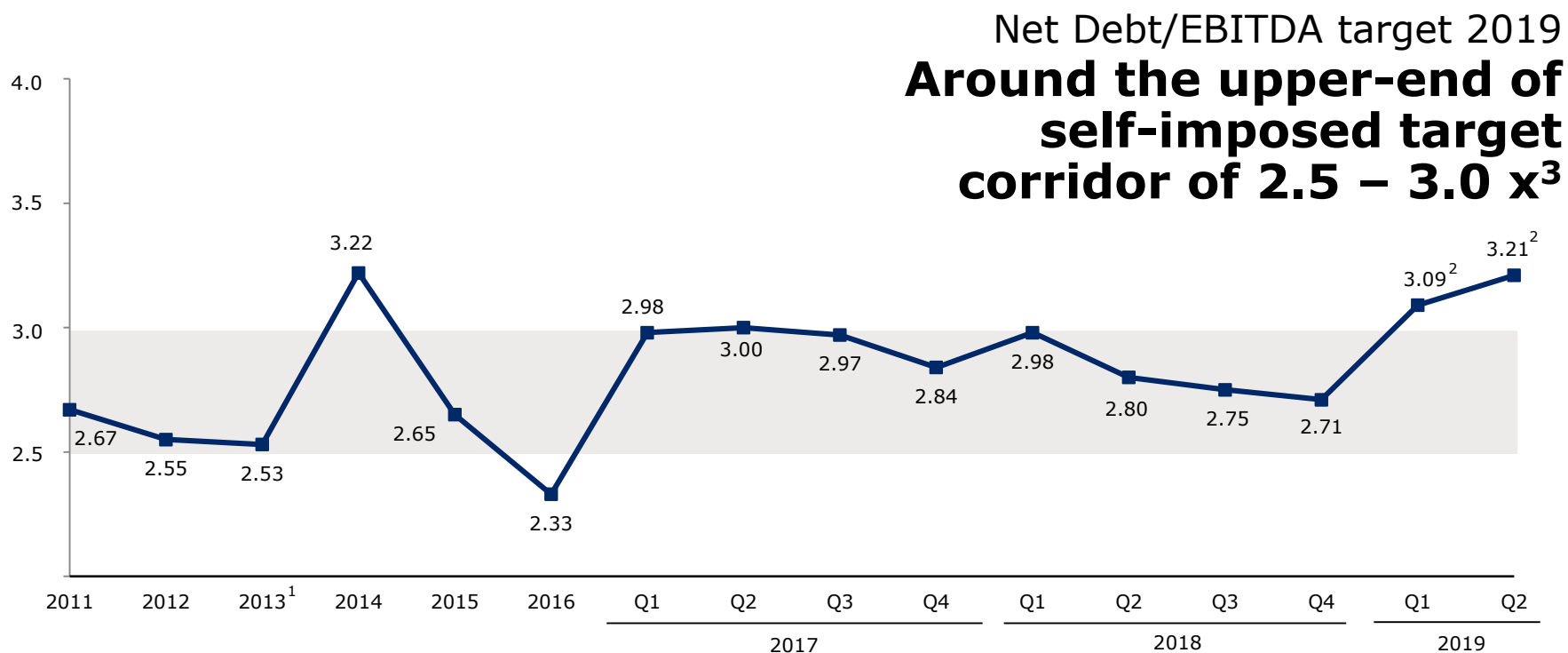
² Excluding transaction-related expenses, revaluations of biosimilars contingent liabilities, gain related to divestitures of care coordination activities, expenses associated with the cost optimization program at FMC, including operating results of NxStage, adjusted for IFRS 16 effects

³ Net income attributable to shareholders of Fresenius SE & Co. KGaA

Attachments



Fresenius Group: Leverage Ratio



Before special items; pro forma closed acquisitions/divestitures
 At LTM average FX rates for both EBITDA and net debt

¹ Pro forma excluding advances made for the acquisition of hospitals from Rhön-Klinikum AG

² Including acquisition of NxStage; adjusted for IFRS 16 effects

³ Calculated at expected annual average exchange rates, for both net debt and EBITDA; including acquisition of NxStage; without potential unannounced acquisitions; adjusted for IFRS 16 effects (comparable to updated guidance from May 2, 2019)

Fresenius Kabi: Organic Sales Growth by Regions

€m	Q2/19	Δ YoY organic	H1/19	Δ YoY organic
North America	573	-1%	1,196	-1%
Europe	572	1%	1,145	2%
Asia-Pacific/Latin America/Africa	546	14%	1,051	14%
Asia-Pacific	374	15%	715	13%
Latin America/Africa	172	13%	336	15%
Total sales	1,691	4%	3,392	4%

Fresenius Kabi: Organic Sales Growth by Product Segment

€m	Q2/19	Δ YoY organic	H1/19	Δ YoY organic
IV Drugs	711	1%	1,456	0%
Infusion Therapy	206	-1%	413	2%
Clinical Nutrition	471	11%	924	9%
Medical Devices/ Transfusion Technology	303	7%	599	9%
Total sales	1,691	4%	3,392	4%

Fresenius Helios: Key Metrics

	H1/19	FY/18	Δ
No. of hospitals Helios Germany	86	86	0%
- Acute care hospitals	83	83	0%
No. of hospitals Helios Spain (Hospitals)	50	47	6%
No. of beds Helios Germany	29,356	29,329	0%
- Acute care hospitals	28,829	28,802	0%
No. of beds Helios Spain (Hospitals)	7,126	7,019	2%
Admissions Helios Germany (acute care)	610,925	1,218,199	
Admissions Helios Spain (including outpatients)	7,328,513	13,318,066	

Attachments



FY/18 base for Fresenius Group Guidance FY/19

€m

Sales reported	33,530
Divestitures of Care Coordination activities at FMC (H1/18)	-521
Sales basis for growth rates	33,009
Net income reported	2,027
Transaction Costs, Akorn, Biosimilars	25
Bridge Financing Costs Akorn	12
Revaluations of Biosimilars contingent liabilities	5
Impact of FCPA related charge	9
Gain related to divestitures of Care Coordination activities	-207
Net income (before special items)	1,871
Divestitures of Care Coordination activities at FMC (H1/18)	1
Net income basis for growth rates (before special items and after adjustments)	1,872

FY/18 base for Fresenius Medical Care Outlook FY/19

€m

Sales reported	16,547
Divestitures of Care Coordination activities at FMC (H1/18)	-521
Sales basis for growth rates	16,026
Net income reported	1,982
Impact of FCPA related charge	28
Gain related to divestitures of Care Coordination activities	-673
Net income (before special items)	1,337
Divestitures of Care Coordination activities at FMC (H1/18)	4
Net income basis for growth rates (before special items and after adjustments)	1,341

FY/18 base for Fresenius Kabi Outlook FY/19

€m

Sales basis for growth rates	6,544
Transaction Costs Akorn, Biosimilars	34
Revaluations of Biosimilars contingent liabilities	7
EBIT (before special items = base for Kabi guidance)	1,139

The special items are reported in the Group Corporate/Other segment.

IFRS 16: Profit and Loss - Implications

€m	Expected IFRS 16 effect on 2019	
Sales	➔	- ~€0.1 bn (discontinuation of sale-leaseback transactions at FMC NA)
EBITDA	➔	+ ~€1.0 bn (fewer rent expenses)
Depreciation and amortization	➔	- ~€0.9 bn (additional depreciation)
EBIT	➔	+ ~€0.1 bn
Interest	➔	- ~€0.2 bn (additional interest)
Net Income	➔	- ~€30 m

Rent-expenses will be replaced by **depreciation** and **interest-expenses** :

- Increase of EBITDA and EBIT
- Neutral or slightly negative impact on EAT (depending on life-phase of contracts because of higher interests in the first years of contract)

IFRS 16: Balance Sheet

€m

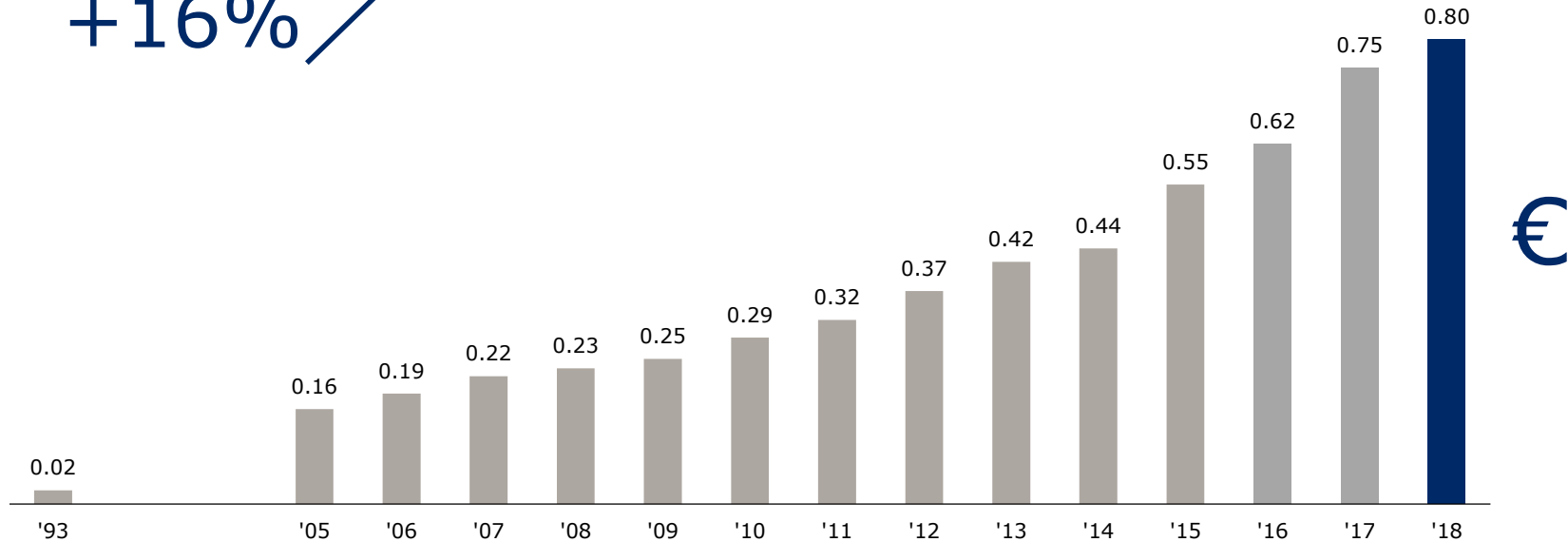
Expected IFRS 16 effect on 2019

Right-of-use-asset	➔	~€5.2 bn
Lease liability	➔	~€5.5 bn
Equity	➡	~-€0.3 bn
Leverage	➔	+ ~30-40 bps

Leases have to be recognized as a **right-of-use-asset** and **corresponding liability**

Fresenius Group: 26th Consecutive Dividend Increase

CAGR
+16%



Dividend growth aligned to EPS growth
Pay-out ratio: 24%

Financial Calendar / Contact

Financial Calendar

29 October 2019

Results Q3/19

Please note that these dates could be subject to change.

Contact

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