



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

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Fresenius announces results of first nine months of 2002:

- Sales: + 3% to € 5.55 billion
currency-adjusted: + 8%
- EBIT: + 7% to € 617 million
- Net income: + 31% to € 85 million

The Fresenius health care group increased sales by 3% to € 5.552 billion in the first nine months of 2002. Changes in exchange rates had a negative impact on currency conversion. Calculated at the exchange rates of the previous year, the sales increase amounted to 8% and is thus in line with the company's targets for the full year 2002. Net income of the Fresenius Group increased by 31% to € 85 million. The development of earnings was favourably influenced by the change in the US GAAP accounting rules effective January 1, 2002 which means that goodwill is no longer amortized.

Sales

Fresenius increased consolidated sales to € 5.552 million (+ 3%) in the first nine months of 2002. The continued strong organic growth of 6% once again

The accounts of the Fresenius Group have been based on US GAAP since January 1, 2002. The figures for the previous year therefore correspond to the US GAAP accounting rules in force in 2001, i.e. the figures for 2001 include amortization of goodwill.

confirms the good position of Fresenius in the markets. Acquisitions increased growth by 3 percentage points. The changes in exchange rates, especially the devaluation of the Peso in Argentina and the weakening of the US dollar compared to the euro, had a negative impact of -5 percentage points in the currency conversion. Disinvestments had an effect of -1 percentage point.

In Europe, the Group achieved a sales growth of 14%. Sales also developed positively in the Asia-Pacific region, with a plus of 15%. The devaluation of the Argentinean peso and the Brazilian real compared to the dollar was the main cause of the 32% drop in sales in Latin America. Calculated at constant exchange rates, the Fresenius Group achieved a good sales growth of 6% in Latin America despite the difficult economic situation. Currency conversion effects also had an impact on North American sales which were at the same level as the previous year. Currency adjusted, the increase in North America amounted to 3%.

The contributions of the business segments to total sales changed compared to the previous year in favour of Fresenius ProServe as a result of the acquisition of Wittgensteiner Kliniken AG:

	Q1-3/2001	Q1-3/2002
Fresenius Medical Care	74%	72%
Fresenius Kabi	17%	17%
Fresenius ProServe	6%	8%
Fresenius HemoCare	3%	3%

Earnings

Consolidated earnings before interest, taxes, depreciation and amortization (**EBITDA**) amounted to € 874 million and was thus 7% (currency-adjusted: 3%) lower than the previous year's figure of € 940 million. **EBIT** increased by 7% to € 617 million (1st-3rd quarters 2001: € 578 million). The **EBIT margin** amounted to 11.1% (previous year: 10.8%). The impact from the US GAAP FAS rule 142, whereby goodwill is no longer amortized, amounted to € 116 million. If this effect is not taken into account, EBIT would have been 11% lower than the

previous year due to the business development of Fresenius Medical Care (see table on page 10 with adjusted figures for the previous year).

Net interest expense of the Group amounted to € -209 million and was thus just below the level of the previous year (€ -210 million). The tax ratio dropped from 45.7% in the first nine months of 2001 to 38.5% in the period under report, largely due to goodwill not being amortized. The share of profits allocated to minority interests increased to € 161 million following € 134 million in the 1st-3rd quarters 2001.

Net income of the Group amounted to € 85 million in the first nine months of 2002, an increase of 31% (1st-3rd quarters 2001: € 65 million).

The change in exchange rates, in particular of the Latin American currencies and the US dollar, had a negative impact on the earnings of the Group. On the basis of constant exchange rates, i.e. calculated at the exchange rates of the previous year, EBIT rose by 11% and net income by 38%.

Earnings per share amounted to € 2.07 (previous year: € 1.61), a plus of 29%.

Capital expenditure and acquisitions

Compared to the previous year which was marked by strong acquisition activities (Everest Healthcare Corp. and Wittgensteiner Kliniken AG), Fresenius substantially reduced investments in the period under report to € 393 million (1st-3rd quarters 2001: € 1,042 million). Tangible assets amounting to € 283 million in the first nine months of 2002 were the same as previous year. However, the amount spent on acquisitions decreased to € 110 million compared to € 759 million in the same period of the previous year. 79% of this figure was invested in the purchase of new dialysis clinics.

Investments in tangible assets concerned mainly the equipping of dialysis clinics, the expansion of production capacities and the optimisation of the production processes.

Cash flow

The **operating cash flow** of the Fresenius Group amounted to € 507 million in the first nine months of 2002 (previous year: € 294 million). The strong increase resulted from the change in working capital mainly due to improved management of accounts receivables. The operating cash flow fully covered financing requirements for investment activities before acquisitions and dividends totalling € 235 million. The **free cash flow before acquisitions and dividends** amounted to € 272 million and was substantially higher than the previous year's figure of € 44 million. The free cash flow of € 72 million after acquisitions and dividends was positive.

Asset and equity structure

The **balance sheet total** dropped compared to 31.12.2001 to € 9,191 million (31.12.2001: € 9,867 million; - 7%). This reduction is largely a result of the change in exchange rates. The **equity ratio including minority interests** amounted to 37% and was thus at the same level as the previous year.

Bank loans, Eurobonds, commercial papers and trust preferred securities dropped from € 3,737 million on 31.12.2001 to € 3,483 million on 30.9.2002. The reduction compared to the end of 2001 results from the conversion into euros of the financial liabilities reported in US dollars as well as from the positive free cash flow after acquisitions and dividends. Net debt dropped on 30.9.2002 to € 3,307 million (31.12.2001: € 3,556 million).

The business segments

Fresenius Medical Care

Fresenius Medical Care has further expanded its leading global position. Altogether, around 110.100 dialysis patients (+ 6%) were cared for in 1,450 clinics on 30.9.2002.

Sales rose by 4% to US\$ 3,726 million; currency adjusted: 6% (1st-3rd quarters 2001: US\$ 3,589 million).

73% of sales, US\$ 2,735 million (1st-3rd quarters 2001: US\$ 2,639 million) were generated by dialysis care. This business grew by 4% in the period under report (currency adjusted: 6%). Growth mainly resulted from the increased number of

dialysis treatments. Fresenius Medical Care performed approximately 12.1 million treatments in the first nine months of 2002, 8% more than in the same period of the previous year. In North America, the number of treatments increased by 4% to 8.6 million. Outside North America, 3.5 million treatments were performed, 17% more than in the first nine months of 2001.

Sales of dialysis products, including sales to the company's own clinics, amounted to US\$ 1,278 million in the period under report, a growth of 5% (currency adjusted: 6%).

In North America, Fresenius Medical Care achieved a sales increase of 3% to US\$ 2,768 million (1st-3rd quarters 2001: US\$ 2,684 million). The international business generated sales of US\$ 958 million (1st-3rd quarters 2001: US\$ 905 million). Currency adjusted, growth amounted to 13% in the international business.

Fresenius Medical Care increased EBIT by 4% from US\$ 492 million in the first nine months of 2001 to US\$ 511 million in the period under report. Net income before extraordinary expenses rose by 19% from US\$ 184 million in the 1st-3rd quarters 2001 to US\$ 219 million in the same period of 2002. Earnings were affected by the delay in the introduction of single-use dialysers in the United States.

(For further information please see detailed press release of Fresenius Medical Care AG).

Fresenius Kabi

Earnings of Fresenius Kabi in the first nine months of 2002 developed in accordance with our expectations. Fresenius Kabi achieved an EBIT of € 60 million compared to € 37 million in the same period of the previous year. Earnings were impacted by measures to increase profitability in the Uppsala facility, in particular provisions in connection with job reductions, on-going measures to optimise production and the focusing of the facility on production, as well as by losses caused by the company ProReha, which has now been sold.

The integration of the research and development activities of Uppsala into these activities in Germany and Austria was completed in the 3rd quarter of 2002. As expected, the company succeeded in increasing the production quantities in the Uppsala facility.

The earnings situation of Fresenius Kabi improved substantially in the 3rd quarter: While the EBIT margin was 5.6% in the first half of 2002, it amounted to 8.1% in the 3rd quarter (1st-3rd quarters 2002 accumulated: 6.4%). Due to the measures which have been carried out a further improvement of the EBIT margin is expected in the 4th quarter.

Sales in the first nine months of Fresenius Kabi totalling € 935 million were 1% lower than the previous year's figure (1st-3rd quarters 2001: € 942 million).

Sales development was mainly influenced by the drop in sales of the company ProReha and in the contract manufacturing business. If these effects are not taken into account, Fresenius Kabi achieved a strong organic growth of 7%. Currency conversion, especially of the Latin American currencies and the South African Rand, had a negative impact of 2 percentage points on the sales development of Fresenius Kabi, considerably more than in the first half of 2002.

The company ProReha, with the auxiliary medical products business, was sold effective August 1, 2002. The medical therapies business remains with Fresenius Kabi. In this field Fresenius Kabi will focus on enteral nutrition, wound care, respiratory therapies and incontinence in the ambulatory care area.

The breakdown of Fresenius Kabi's sales is as follows: The hospital business achieved sales of € 710 million (1st-3rd quarters 2001: € 709 million). In the ambulatory care business, Fresenius Kabi achieved sales of € 225 million (1st-3rd quarters 2001: € 233 million).

Fresenius ProServe

Sales of Fresenius ProServe rose to € 475 million in the first nine months of 2002 and thus exceeded the previous year's figure of € 304 million by 56%.

79% of sales were generated by the healthcare business and 21% by the pharma industry business.

Sales of the healthcare business increased from € 252 million in the 1st-3rd quarters 2001 to € 377 million in the 1st-3rd quarters of 2002. 74% of sales were generated by services and 26% by projects. The increase in sales of services to € 277 million was to a large extent due to the acquisition of Wittgensteiner Kliniken AG (same period previous year: € 159 million). Sales of projects, € 100 million, were 8% higher than sales of the 1st-3rd quarters 2001 amounting to € 93 million.

Sales of the pharma industry business amounting to € 98 million in first nine months of 2002 also showed, supported by acquisitions, a good increase (1st-3rd quarters 2001: € 52 million).

EBIT of Fresenius ProServe increased from € 5 million in the 1st-3rd quarters of 2001 to € 16 million in the first nine months of 2002. The strong increase of € 8 million in the 3rd quarter 2002 mainly results from the positive development in the healthcare business.

Orders received and orders on hand of the project business developed as follows:

€m	Q1-3/2001	Q1-3/2002	Change
orders received	169	172	2%
orders on hand	366	351	-4%

Orders on hand dropped slightly due to the good increase in sales in the period under report. Due to the nature of the business, orders received and orders on hand are subject to fluctuation from quarter to quarter, depending on when project orders are received. For the whole of 2002, Fresenius ProServe expects another double-digit increase rate in orders received and orders on hand.

Fresenius HemoCare

Fresenius HemoCare increased sales by 6% in the first nine months of 2002 to € 169 million (1st-3rd quarters 2001: € 160 million). This increase was achieved

both through organic growth as well as due to the consolidation for the first time of the acquisitions made in 2001. The major sales drivers were the divisions Transfusion Technology and Infusion Technology.

EBIT of Fresenius HemoCare rose to € 7 million in 1st-3rd quarters 2002 from € 6 million in the same period of the previous year. Fresenius HemoCare is continuing to undertake strong efforts to build up its sales organisations.

Group outlook on 2002

The Fresenius Group, with its four business segments, is exceptionally well positioned worldwide. The demand for the companys' life-saving products and services continues to be strong, despite sustained pressure to save costs, price pressure and delayed investments, particularly in the health markets of the West. The markets of the Asia-Pacific region offer especially good growth prospects for Fresenius.

On the basis of the first nine months, Fresenius confirms its target of achieving a high single-digit growth rate in sales at the end of 2002 assuming constant exchange rates. Earnings are expected to grow at a higher rate than sales. This growth is due to the goodwill effect, which mainly concerns Fresenius Medical Care, as a result of the change in the US GAAP accounting standards which came into effect at the beginning of the 2002 financial year.

Statement of Earnings Fresenius Group

in million €	Q1-3/2001 US GAAP	Q1-3/2002 US GAAP (FAS 142)	Change
Sales			
Fresenius Medical Care	4,008	4,018	0%
Fresenius Kabi	942	935	-1%
Fresenius ProServe	304	475	56%
Fresenius HemoCare	160	169	6%
Inter-divisional sales	-44	-45	-2%
Consolidated sales	5,370	5,552	3%
Cost of goods sold	3,536	3,753	6%
Gross profit	1,834	1,799	-2%
Selling, general and administrative expenses	1,256	1,182	-6%
EBIT			
Fresenius Medical Care	550	551	0%
Fresenius Kabi	37	60	62%
Fresenius ProServe	5	16	220%
Fresenius HemoCare	6	7	17%
Corporate costs / other costs	-20	-17	15%
Consolidated EBIT	578	617	7%
Interest (income) expense, net	-210	-209	0%
Earnings before income taxes and minority interests	368	408	11%
Income and profit tax	168	157	-7%
Minority interests	134	161	20%
Net income before extraordinary items	66	90	36%
Special charge / extraordinary items, net of taxes *	4	13	225%
thereof minority interests *	-3	-8	-167%
Net income	65	85	31%
Earnings per ordinary share (in euros)	1.60	2.06	29%
Earnings per preference share (in euros)	1.62	2.08	28%
EBITDA	940	874	-7%
Depreciation and amortization	362	257	-29%
Investments in tangible and intangible assets	283	283	0%
Acquisitions	759	110	-86%
Employees**	60,667	61,734	2%

*In the first quarter of 2002, Fresenius Medical Care redeemed trust preferred securities which were due in 2006. As a result of this redemption, the Fresenius Group statement is influenced by a one-off charge of € 5 million after taxes.

**previous year: 31.12.2001

Key figures - Previous year adjusted for goodwill

in million €	Q1-3/2001 US GAAP Goodwill adjusted	Q1-3/2002 US GAAP (FAS 142)	Change
Sales	5,370	5,552	3%
EBITDA	940	874	-7%
EBIT	694	617	-11%
Net income before extraordinary items	107	90	-16%
Net income	106	85	-20%
Earnings per ordinary share (in euros)	2.61	2.06	-21%
Earnings per preference share (in euros)	2.63	2.08	-21%
Percentage of sales			
EBITDA	17.5%	15.7%	
EBIT	12.9%	11.1%	