



Fresenius Medical Care

## P R E S S – R E L E A S E

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### Fresenius Medical Care Reports Strong Start For 2008 and Confirms Outlook for Full Year

#### Summary First Quarter 2008:

Net revenue	\$ 2,512 million	+ 8%
Operating income (EBIT)	\$ 389 million	+ 7%
Net income	\$ 186 million	+ 16%
Earnings per share	\$ 0.63	+ 15%

**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 first quarter of 2008.

#### Revenue

**Net revenue** for the first quarter 2008 increased by 8% to \$2,512 million (4% at constant currency) compared to the first quarter 2007. Organic revenue growth worldwide was 5%. Dialysis Services revenue grew by 5% to \$1,844 million (3% at constant currency) in the first quarter of 2008. Dialysis Product revenue increased by 19% to \$667 million (10% at constant currency) in the same period.

**North America** revenue increased by 2% to \$1,668 million. Dialysis Services revenue grew by 1% to \$1,495 million. Excluding effects of the divestiture of the perfusion business in spring 2007, Dialysis Service revenue increased by 3%. Average revenue per treatment for the U.S. clinics was at \$326 in the first quarter 2008 compared to \$329 for the first quarter of 2007 and \$325 for the fourth quarter of 2007. Versus the fourth quarter of 2007, this development was based on an increase in underlying reimbursement rates and an increase in EPO utilization. Dialysis Product revenue increased by 12% to \$172 million well above market and was led by strong sales of all of our major products, the 2008K hemodialysis machines, concentrates, dialyzers and the phosphate binding drug PhosLo.

**International** revenue was \$844 million, an increase of 23% (10% at constant currency) compared to the first quarter of 2007. Dialysis Services revenue reached \$349 million, an increase of 26% (13% at constant currency). Dialysis Product revenue rose by 22% to \$495 million (9% at constant currency), led by strong dialyzer and dialysis machine sales.

### **Earnings**

Operating income (EBIT) increased by 7% to \$389 million compared to \$365 million in the first quarter 2007. Operating margin decreased from 15.7% in the first quarter of 2007 to 15.5% in the first quarter of 2008 reflecting mainly the increased expenditures for our corporate research and development activities and the expansion in the International dialysis service business.

In North America, the operating margin increased by 60 basis points from 15.8% to 16.4% in the first quarter of 2008. The strong underlying business was supported by the increase in underlying reimbursement rates, dialysis services cost containment and a continued strong performance of renal products and PhosLo. This was partially offset by a lower utilization and reduced reimbursement rates for EPO.

In the International segment, the operating margin decreased by 60 basis points to 17.0% mainly due to the growth in the dialysis care business through an increased number of De Novo clinics and associated start-up costs.

**Net interest expense** for the first quarter 2008 was \$83 million compared to \$95 million in the same quarter of 2007. This positive development was mainly attributable to lower average interest rates.

**Income tax expense** was \$114 million for the first quarter of 2008 compared to \$103 million in the first quarter of 2007, reflecting effective **tax rates** of 37.3% and 38.0%, respectively.

**Net income** for the first quarter 2008 was \$186 million, an increase of 16%.

**Earnings per share (EPS)** for the first quarter of 2008 rose by 15% to \$0.63 per ordinary share compared to \$0.54 for the first quarter of 2007. The weighted average number of shares outstanding for the first quarter of 2008 was approximately 296.6 million shares compared to 295.2 million shares for the first quarter of 2007. The increase in shares outstanding resulted from stock option exercises in 2007 and in the first quarter 2008.

### **Cash Flow**

In the first quarter of 2008, the Company generated \$192 million in **cash from operations**, representing approximately 8% of revenue. The cash flow generation was primarily affected by an increase in Days Sales Outstanding (DSO) in the first quarter of 2008 compared to 2007 and higher income tax payments.

A total of \$154 million was spent for **capital expenditures**, net of disposals. **Free Cash Flow before acquisitions** was \$38 million compared to \$174 million in the first quarter of 2007 on a reported basis. A total of \$32 million in cash was used for **acquisitions net of divestitures**. **Free Cash Flow after acquisitions and divestitures** was \$6 million compared to \$84 million in the first quarter last year.

*Please refer to the appendix for a complete overview on the first quarter of 2008.*

### **Patients – Clinics – Treatments**

As of March 31, 2008, Fresenius Medical Care treated 177,059 **patients** worldwide, which represents a 5% increase in patients compared to the same period last year. North America provided dialysis treatments for 122,691 patients, an increase of 3%. Including 32 clinics managed by Fresenius Medical Care North America, the number of patients in North America was 124,403. The International segment served 54,368 patients, an increase of 8% over last year.

As of March 31, 2008, the Company operated a total of 2,297 **clinics** worldwide. This is comprised of 1,640 clinics in North America, an increase of 4%, and 657 clinics in the International segment, an increase of 6%.

Fresenius Medical Care delivered approximately 6.72 million dialysis **treatments** worldwide during the first quarter of 2008. This represents an increase of 5% year over the same quarter last year. North America accounted for 4.65 million treatments, an increase of 4%, and the International segment delivered 2.08 million treatments, an increase of 8% over last year.

### **Employees**

As of March 31, 2008, Fresenius Medical Care had 62,504 employees (full-time equivalents) worldwide compared to 61,406 employees at the end of 2007. The increase of approximately 1,100 employees is primarily due to the Company's overall growth in business.

### **Debt/EBITDA Ratio**

The ratio of debt to Earnings before Interest, Taxes and Amortization (EBITDA) decreased from 3.09 at the end of the first quarter 2007 to 2.82 at the end of the first quarter 2008. At the end of 2007, the debt/EBITDA ratio was 2.84.

## **Rating**

Standard & Poor's has assigned upgraded debt and recovery ratings to the Company's unsecured debt issues in the first quarter of 2008. The Company's corporate credit rating as 'BB' with a 'stable' outlook remained unchanged.

Moody's continued to rate the Company's corporate credit rating as 'Ba2' with a 'positive' outlook in the first quarter of 2008.

## **Outlook for 2008 fully confirmed**

For the full year 2008, the Company confirms its outlook and expects to achieve **revenue** of more than \$10.4 billion, an increase of more than 7%.

**Net income** is projected to be between \$805 million and \$825 million in 2008, an increase of 12% to 15%.

In addition, the Company expects to spend \$650 to \$750 million on **capital expenditures** and \$150 to \$250 million on **acquisitions**. The **debt/EBITDA ratio** is projected to decrease below 2.8 by the end of 2008.

For 2010, Fresenius Medical Care continues to expect revenue of more than \$11.5 billion. Earnings after tax are projected to grow in the low- to mid-teens per year.

Ben Lipps, Chief Executive Officer of Fresenius Medical Care, commented: "We are pleased to have a strong start into the year, which is fully in line with our expectations and guidance. We have made good progress on our growth initiatives and continue to expand our global products and services presence. We also have expanded our corporate research activities that will benefit our future. Our new product launches in International and North America, along with the ongoing capacity expansions, provide the basis for the continued growth. We also expect the trend of anemia outcomes in the U.S. to improve further. We are confident to achieve our targets for 2008."

## **Conference Call**

Fresenius Medical Care will hold a conference call to discuss the results of the first quarter of 2008 on Wednesday, April 30, 2008, at 3.30 p.m. CEDT / 9.30 a.m. EDT. The Company invites all journalists to listen to the live webcast of the meeting at the Company's website [www.fmc-ag.com](http://www.fmc-ag.com) in the section "Investor Relations" / presentations. 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 more than 1,600,000 individuals worldwide. Through its network of 2,297 dialysis clinics in North America, Europe, Latin America, Asia-Pacific and Africa, Fresenius Medical Care provides dialysis treatment to 177,059 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](http://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)  
(unaudited)

	Three Months Ended March 31,		% Change
	2008	2007	
<b>Net revenue</b>			
Dialysis Care	1,844,287	1,760,354	4.8%
Dialysis Products	667,437	560,317	19.1%
<b>Total net revenue</b>	<b>2,511,724</b>	<b>2,320,671</b>	<b>8.2%</b>
Cost of revenue	1,656,425	1,536,320	7.8%
Gross profit	855,299	784,351	9.0%
Selling, general and administrative	447,510	406,319	10.1%
Research and development	19,118	13,342	43.3%
<b>Operating income (EBIT)</b>	<b>388,671</b>	<b>364,690</b>	<b>6.6%</b>
Interest expense, net	82,818	94,911	-12.7%
Earnings before income taxes and minority interest	305,853	269,779	13.4%
Income tax expense	114,097	102,566	11.2%
Minority interest	5,883	6,935	
<b>Net income</b>	<b>185,873</b>	<b>160,278</b>	<b>16.0%</b>
<b>Operating income (EBIT)</b>	<b>388,671</b>	<b>364,690</b>	<b>6.6%</b>
Depreciation and amortization	96,626	84,912	13.8%
<b>EBITDA</b>	<b>485,297</b>	<b>449,602</b>	<b>7.9%</b>
<b>Earnings per Ordinary share</b>	<b>\$0.63</b>	<b>\$0.54</b>	<b>15.4%</b>
<b>Earnings per Ordinary ADS</b>	<b>\$0.63</b>	<b>\$0.54</b>	<b>15.4%</b>
<b>Weighted average number of shares</b>			
Ordinary shares	292,786,583	291,449,673	
Preference shares	3,779,822	3,716,250	