



Fresenius Medical Care

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

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Fresenius Medical Care Reports First Quarter 2006 Results; Excellent Start into the Year 2006

Summary First Quarter 2006:

Net Revenue	\$ 1,747 million	+ 9%
Operating Income (EBIT)	\$ 244 million	+ 11%
Operating Income (EBIT) excluding SFAS 123 (R) and one-time-costs	\$ 247 million	+ 12%
Net Income	\$ 116 million	+ 8%
Net Income excluding SFAS 123 (R) and one-time- costs	\$ 127 million	+ 18%

Bad Homburg, Germany – May 3, 2006 – Fresenius Medical Care AG & Co. KGaA (“the Company”) (Frankfurt Stock Exchange: FME, FME3) (NYSE: FMS, FMS-p), the world’s largest provider of Dialysis Products and Services, today announced the results for the first quarter 2006.

Revenue

Total revenue for the first quarter 2006 compared to the first quarter 2005 increased by 9% (10% at constant currency) to \$1,747 million. Total organic revenue growth worldwide was 9%. Dialysis Services revenue grew by 9% to \$1,273 million (10% at constant currency) in the first quarter of 2006. Dialysis Product revenue increased by 6% to \$474 million (11% at constant currency) in the same period.

North America revenue increased by 10% to \$1,194 million. Dialysis Services revenue increased by 9% to \$1,059 million. Average revenue per treatment for the U.S. clinics increased by 6% to \$310 in the first quarter 2006 as compared to \$293 for the same quarter in 2005. Dialysis Product revenue increased by 12% to \$134 million led by strong sales of our 2008K hemodialysis machines and single-use dialyzer sales (Carepak™).

International revenue was \$553 million, an increase of 6% (12% at constant currency) as compared to the first quarter of 2005. Dialysis Services revenue reached \$213 million, an increase of 10% (15% at constant currency). Dialysis Product revenue increased by 4% to \$340 million (10% at constant currency), led by strong machine (both the 4008 and 5008 series) and peritoneal dialysis sales.

Earnings

Operating income (EBIT) increased by 11% to \$244 million. Operating income for the first quarter 2006 includes \$3 million of costs related to the change of accounting principles for stock options (SFAS 123R) and one-time costs associated with the transformation of Fresenius Medical Care's legal form into a Kommanditgesellschaft auf Aktien (or KGaA, a partnership limited by shares) and related legal fees.

Excluding these costs, operating income for the first quarter 2006 increased on a comparable basis by 12% to \$247 million. This very good performance resulted in an operating margin of 14.2% as compared to 13.7% for the same quarter in 2005.

Compared with the first quarter 2005, the operating margin in North America increased by 40 basis points to 13.8%. In our International segment, the operating margin increased by 150 basis points to 17.3%. Our strong operational performance

in the International segment was positively impacted by improvements in key countries in Latin America and Asia Pacific and reimbursement increases in some dialysis service countries as well as very strong product sales.

Net interest expense increased by 33% to \$56 million compared to the same quarter in 2005. The increase was due to write-off of one-time deferred financing costs related to the 2003 senior credit facility of \$15 million.

Income tax expense was \$71 million in the first quarter of 2006 as compared to \$70 million in the first quarter 2005, reflecting effective **tax rates** of 37.9% and 39.2%, respectively.

Net income for the first quarter 2006 was \$ 116 million, an increase of 8%. Excluding one-time costs, net income increased on a comparable basis by 18% to \$127 million. Due to this very positive development, the net income margin increased to 7.3% of sales compared with 6.7% in the first quarter 2005.

Earnings per share (EPS) ¹⁾ for the first quarter of 2006 rose by 7% to \$1.19 per ordinary share (\$0.40 per American Depositary Share (ADS)), as compared to \$1.11 (\$0.37 per ADS) for the first quarter of 2005. The weighted average number of shares outstanding for the first quarter of 2006 was approximately 97.8 million shares, as compared to 96.3 million shares for the first quarter 2005. The increase in shares outstanding results from stock option exercises in 2005 and in the first quarter 2006.

1) Conversion of preference shares treated as capital contributions, subject to change.

Cash Flow

In the first quarter of 2006, the Company generated \$162 million in **net cash from operations**, or 9.3% of revenue, compared to \$138 million last year. The increase was mainly due to lower income tax payments in North America.

A total of \$65 million (net of disposals) was spent for **capital expenditures**. **Free Cash Flow before acquisitions** was \$97 million compared to \$98 million in the first quarter of 2005. Days Sales Outstanding (DSO) in the first quarter of 2006

decreased by another 4 days to 78 days from the fourth quarter 2005. Compared with the first quarter of the previous year DSO were reduced by 6 days.

A total of \$10 million in cash was used for **acquisitions excluding the RCG acquisition**. The **Free Cash Flow after acquisitions excluding the RCG acquisition** increased by 14% to \$87 million compared to \$76 million last year. Including the RCG acquisition, a total of \$3,951 million in cash was used for **acquisitions**.

Patients - Clinics - Treatments

As of March 31, 2006, Fresenius Medical Care treated approximately 133,100 **patients** worldwide, which represents a 6% increase in patients compared with Q1 of last year. North America provided dialysis treatments for more than 89,800 patients (up 3%) and the International segment served approximately 43,300 patients (up 11%). Including Renal Care Group and after divestitures, the Company provides dialysis for approximately 158,700 patients worldwide, thereof 115,400 patients in North America.

As of March 31, 2006, the Company operated a total of 1,700 **clinics** worldwide, comprised of 1,165 clinics, an increase of 2% in North America, and 535 clinics, an increase of 9%, in the International segment. Including Renal Care Group and after divestitures, the Company operates a total of 2,045 clinics worldwide, thereof 1,510 clinics in North America.

Fresenius Medical Care delivered approximately 5.02 million dialysis **treatments** worldwide, which represents an increase of 6% year over year. North America accounted for 3.38 million treatments, an increase of 4%, and the International segment delivered 1.65 million treatments, an increase of 12% over last year. Including Renal Care Group and after divestitures, the Company would have delivered approximately 6.01 million dialysis treatments worldwide, thereof 4.36 million dialysis treatments in North America.

Renal Care Group Acquisition

On March 31, 2006, the Company announced the closing of the acquisition of Renal Care Group, Inc. effective March 31, 2006. The closing followed the completion of the Federal Trade Commission's (FTC) review of the acquisition and the issuance of a consent order to permit the closing of the acquisition. The result of operations of Renal Care Group will be consolidated from April 1, 2006 onwards.

On April 7, 2006 the Company completed the sale of 96 freestanding renal dialysis centers to a wholly-owned subsidiary of DSI Holding Company, Inc ("DSI"), including centers divested pursuant to a consent agreement with the FTC. An additional 9 centers located in Illinois will be sold upon receipt of Illinois regulatory approval, which is expected in the second quarter of 2006. Fresenius Medical Care will receive aggregate cash consideration of approximately \$512 million for all of the centers being divested, subject to post-closing adjustments.

Outlook for 2006 Confirmed

For the year 2006, the Company confirms its outlook and expects to report **revenue** of more than \$8 billion.

The Company expects reported **net income** for 2006 to be between \$515 million and \$535 million.

Guidance provided by the Company does not take into effect any expected one-time items and the change of accounting principle for stock options - SFAS 123(R) in the fiscal year 2006. The Company expects the after tax impact of the one-time items and SFAS 123(R) to be around \$60 million for the full year 2006.

In addition in 2006, the Company expects **capital expenditures** to be approximately \$450 million, and spending of approximately \$100 million for **acquisitions**, excluding the RCG acquisition.

Ben Lipps, Chief Executive Officer of Fresenius Medical Care, commented: “Our results for the first quarter 2006 show an excellent start for the year. With our global base we continue to be well positioned for the continuing success of our business. We clearly confirm our previous forecast for the full year 2006. We are pleased that all regions and business segments grew at or above market. North America and Europe, which represent over ninety percent of our business, continued their strong growth momentum in both the products and services segments. It is particularly gratifying that we were able to keep our strong focus on operating performance while we completed the transformation, the preference share conversion and the RCG acquisition in the first quarter. Going forward, we will emphasize the integration of RCG, the further growth of our net income and the reduction of our leverage ratio.”

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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 1,400,000 individuals worldwide. Through its network of approximately 2,045 dialysis clinics in North America, Europe, Latin America, Asia-Pacific and Africa, Fresenius Medical Care provides dialysis treatment to approximately 158,700 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.

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 March 31,		% Change
	2006	2005	
Net revenue			
Dialysis Care	1,272,533	1,162,461	9.5%
Dialysis Products	474,397	446,542	6.2%
Total net revenue	1,746,930	1,609,003	8.6%
Cost of revenue	1,168,640	1,100,258	6.2%
Gross profit	578,290	508,745	13.7%
Selling, general and administrative	321,671	275,514	16.8%
Research and development	12,774	13,248	-3.6%
Operating income (EBIT)	243,845	219,983	10.8%
Interest expense, net	56,195	42,287	32.9%
Earnings before income taxes and minority interest	187,650	177,696	5.6%
Income tax expense	71,133	69,643	2.1%
Minority interest	480	582	-17.5%
Net income	116,037	107,471	8.0%
Operating income (EBIT)	243,845	219,983	10.8%
Depreciation and amortization	61,258	59,711	2.6%
EBITDA	305,103	279,694	9.1%
Earnings per Ordinary share	\$1.19	\$1.11	7.2%
Earnings per Ordinary ADS	\$0.40	\$0.37	7.2%
Weighted average number of shares			
Ordinary shares	96,629,422	70,000,000	
Preference shares	1,144,162	26,330,125	
Employees			
Full-time equivalents (March 31 compared to Dec. 31)	56,178	47,521	