



Fresenius Medical Care

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

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Fresenius Medical Care Reports Second Quarter and Six Months 2006 Results; Outlook for 2006 Upgraded

Summary Second Quarter 2006:

| | | |
|---------------------------------------------------------------------|------------------|-------|
| Net revenue | \$ 2,165 million | + 29% |
| Operating income (EBIT) | \$ 372 million | + 56% |
| Operating income (EBIT) excluding SFAS 123(R) and one-time items | \$ 340 million | + 42% |
| Net income | \$ 130 million | + 12% |
| Net income excluding SFAS 123(R) and one-time items | \$ 139 million | + 19% |

Bad Homburg, Germany – August 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 second quarter and the first six months 2006.

Second Quarter 2006:

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

Revenue

Total revenue for the second quarter 2006 compared to the second quarter 2005 increased by 29% (30% at constant currency) to \$2,165 million. Total organic revenue growth worldwide was 9%. Dialysis Services revenue grew by 38% to \$1,652 million (38% at constant currency) in the second quarter of 2006. Dialysis Product revenue increased by 9% to \$514 million (9% at constant currency) in the same period. Excluding Renal Care Group (RCG) and the divested dialysis clinics in conjunction with the acquisition of RCG, revenue for the second quarter 2006 grew by 9%.

North America revenue increased by 38% to \$1,561 million. Dialysis Services revenue increased by 43% to \$1,428 million. Average revenue per treatment for the U.S. clinics increased by 8% to \$317 in the second quarter 2006 as compared to \$294 for the same quarter in 2005. Dialysis Product revenue increased by 5% to \$133 million led by strong sales of our 2008K hemodialysis machines and single-use dialyzer sales (Carepak™). Excluding RCG and the related divestitures, the dialysis product revenue increased by 10% versus last year.

International revenue was \$604 million, an increase of 11% (11% at constant currency) as compared to the second quarter of 2005. Dialysis Services revenue reached \$224 million, an increase of 12% (13% at constant currency). Dialysis Product revenue increased by 10% to \$380 million (10% at constant currency), led by strong machine (both the 4008 and 5008 series) sales.

Earnings

Operating income (EBIT) increased by 56% to \$372 million, including a \$39 million gain from the divestiture of dialysis clinics in conjunction with the regulatory approval for the acquisition of RCG. In addition, operating income for the second quarter 2006 includes \$3 million of costs related to the change of accounting principles for stock options (SFAS 123R) and \$4 million of one-time costs associated with the

restructuring of RCG and the transformation of Fresenius Medical Care's legal form and related legal fees.

Excluding these costs and the gain from the divestiture, operating income for the second quarter 2006 increased by 42% to \$340 million resulting in an operating margin of 15.7%. For the second quarter 2005 the operating margin was 14.3%.

Compared with the second quarter 2005, the operating margin in North America increased by 180 basis points to 15.8% 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 by 120 basis points to 18.0%. The strong operational performance in the International segment was driven by strong product sales in all regions and positively impacted by improvements in key countries in Latin America and Asia-Pacific.

Net interest expense for the second quarter 2006 was \$100 million compared to \$43 million in the same quarter of 2005. This increase is absolutely in line with expectations and is purely the result of the debt financing for the RCG acquisition.

Income tax expense was \$135 million in the second quarter of 2006 as compared to \$79 million in the second quarter 2005, reflecting effective **tax rates** of 49.6% and 40.4%, respectively. The tax rate has been impacted in the second quarter by tax payments in connection with the divestiture of dialysis clinics in the U.S. and the change of accounting principles for stock options (SFAS 123R). Excluding this impact, the tax rate was at 38.8%.

Net income for the second quarter 2006 was \$130 million, an increase of 12%. Excluding one-time costs and SFAS 123(R), the net income increased on a comparable basis by 19% to \$139 million.

Earnings per share (EPS) for the second quarter of 2006 rose by 10% to \$1.32 per ordinary share (\$0.44 per American Depositary Share (ADS)), as compared to \$1.20 (\$0.40 per ADS) for the second quarter of 2005. The weighted average number of shares outstanding for the second quarter of 2006 was approximately 98.0 million

shares, as compared to 96.4 million shares for the second quarter 2005. The increase in shares outstanding results from stock option exercises in 2005 and in the first half of 2006.

Cash Flow

In the second quarter of 2006, the Company generated \$165 million in **cash from operations**, compared to \$130 million last year. Cash from operations in the second quarter includes \$75 million net tax payments related to the divestiture of clinics and the RCG acquisition. Excluding these tax payments, the underlying cash from operations in the second quarter 2006 was \$240 million, or 11.1% of revenue. The strong cash flow generation was supported by reductions in Days Sales Outstanding (DSO) and increased earnings.

A total of \$95 million was spent for **capital expenditures**, net of disposals. **Free Cash Flow before acquisitions** was \$70 million compared to \$72 million in the second quarter of 2005. Excluding tax payments related to the divestiture of clinics the underlying Free Cash Flow before acquisitions in the second quarter 2006 was \$145 million. A total of \$24 million in cash was used for **acquisitions excluding the RCG acquisition**.

First Half 2006:

Earnings and Revenue

In the first half of 2006, **net income** was \$246 million, up 10% from the first half of 2005. Excluding costs related to the change of accounting principles for stock options (SFAS 123R) and one-time items net income increased by 19% to \$266 million.

Net revenue was \$3,912 million, up 19% from the first half of 2005. Adjusted for currency, net revenue rose 20% in the first half of 2006. Excluding Renal Care Group and the divested clinics revenue for the first half of 2006 grew by 10%.

Operating income (EBIT) increased by 34% to \$616 million. Operating income for the first half of 2006 includes \$29 million of income as a result of the gain from the

clinic divestitures, net of costs mainly related to the RCG restructuring and the change of accounting principles for stock options.

Excluding these costs, operating income for the first half of 2006 increased by 28% to \$587 million. This performance resulted in an operating margin of 15.0% as compared to 14.0% for the first half of 2005.

Net interest expense for the first six months of 2006 was \$156 million as a result of the write-off of deferred financing costs related to the 2003 senior credit facility of \$15 million and one quarter worth of additional interest expense, both in conjunction with the financing of the RCG acquisition. Income tax expense was \$206 million in the first half of 2006 as compared to \$149 million in the same period in 2005, reflecting effective **tax rates** of 44.8% and 39.8%, respectively. The tax rate has been impacted by tax payments in connection with the gain on divestiture of dialysis clinics in the U.S. and the change of accounting principles for stock options (SFAS 123R). Excluding this impact, the tax rate was at 38.5%.

For the first half of 2006, **earnings per ordinary share** rose by 9% to \$2.51 (\$0.84 per ADS). The weighted average number of shares outstanding during the first half of 2006 was approximately 97.9 million.

Cash Flow

Cash from operations during the first half of 2006 was \$327 million as compared to \$268 million in the first half of 2005. Cash from operations in the first half of 2006 includes \$75 million net tax payments related to the divestiture of clinics and the RCG acquisition. Excluding these tax payments the underlying cash from operations was \$402 million in the first half of 2006. The increase compared to prior year was mainly due to strong collection of receivables, improvements in earnings and lower income tax payments for prior years.

A total of \$160 million was used for **capital expenditures**, net of disposals. **Free Cash Flow before acquisitions** for the first half of 2006 was \$167 million as compared to \$171 million in the first half of 2005. Excluding tax payments due to the divestiture of clinics the underlying Free Cash Flow before acquisitions in the first half

of 2006 was \$242 million. A total of \$35 million in cash was used for acquisitions other than the RCG acquisition in the first half of 2006.

For a complete overview of the second quarter and the first half of 2006, please refer to the appendix.

Patients - Clinics - Treatments

As of June 30, 2006, Fresenius Medical Care treated 161,675 **patients** worldwide, which represents a 26% increase in patients compared to the second quarter of last year. North America provided dialysis treatments for 117,830 patients (up 33%) and the International segment served 43,845 patients (up 11%).

As of June 30, 2006, the Company operated a total of 2,078 **clinics** worldwide, comprised of 1,540 clinics, an increase of 34% in North America, and 538 clinics, an increase of 8%, in the International segment.

Fresenius Medical Care delivered approximately 11.18 million dialysis **treatments** worldwide, which represents an increase of 16% year over year. North America accounted for 7.84 million treatments, an increase of 19%, and the International segment delivered 3.34 million treatments, an increase of 11% over last year.

Employees

As of June 30, 2006, Fresenius Medical Care employed 55,243 people (full-time equivalents) worldwide after 47,521 at the end of 2005. The increase of 7,722 employees is primarily due to the acquisition of Renal Care Group.

Renal Care Group Acquisition

As expected, Fresenius Medical Care completed the sale of additional 9 dialysis clinics in Illinois on June 30, 2006 after receiving the Illinois regulatory approval.

Outlook for 2006 Upgraded

Based on the strong performance in the first half of 2006, the Company upgrades its guidance for the full year 2006. After expecting to report a **revenue** of about \$8.1 billion, the Company now expects a revenue for 2006 of about \$8.3 billion.

The Company also upgrades its outlook for reported **net income** for 2006. After expecting a net income between \$515 million and \$535 million, the Company now expects to report a net income of at least \$542 million, which represents an increase of at least 15% over the 2005 level.

In order to show the underlying performance of the Company, the guidance 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.

After previously assuming the after tax impact of one-time items and SFAS 123(R) to be about \$60 million the Company now expects this impact to be about \$40 million for the full year 2006.

In addition, the Company confirms its guidance on **capital expenditures** and **acquisition spending** to be approximately \$550 million in 2006.

Ben Lipps, Chief Executive Officer of Fresenius Medical Care, commented: "Our second quarter and half year financial results were excellent and exceeded expectations. We continue to see earnings growth momentum which is based on the success of our global business strategies and the dedication of our employees. In addition, Renal Care Group is continuing to perform very well and our integration is well underway and on track. 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 in both the products and services segments. Based on the strong start in 2006, we have raised our revenue and net income guidance for 2006."

Video Webcast

Fresenius Medical Care will hold an analyst meeting at its headquarters in Bad Homburg, Germany, to discuss the results of the second quarter and the first half of 2006 on August 3, 2006, at 3.15 p.m. CEDT / 9.15 a.m. EDT. The Company invites you to view the live video webcast of the meeting at the Company's website www.fmc-ag.com in the "Investor Relations" section. 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 1,400,000 individuals worldwide. Through its network of 2,078 dialysis clinics in North America, Europe, Latin America, Asia-Pacific and Africa, Fresenius Medical Care provides dialysis treatment to 161,675 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)

| | Six Months Ended | | % Change |
|----------------------------------------------------|------------------|------------------|--------------|
| | June 30, 2006 | 2005 | |
| Net revenue | | | |
| Dialysis Care | 2,924,198 | 2,363,108 | 23.7% |
| Dialysis Products | 988,164 | 919,582 | 7.5% |
| Total net revenue | 3,912,362 | 3,282,690 | 19.2% |
| Cost of revenue | 2,605,027 | 2,216,869 | 17.5% |
| Gross profit | 1,307,335 | 1,065,821 | 22.7% |
| Selling, general and administrative | 705,158 | 581,342 | 21.3% |
| Gain on sale of dialysis clinics | (38,975) | - | |
| Research and development | 25,533 | 26,391 | -3.3% |
| Operating income (EBIT) | 615,619 | 458,088 | 34.4% |
| Interest expense, net | 155,496 | 84,927 | 83.1% |
| Earnings before income taxes and minority interest | 460,123 | 373,161 | 23.3% |
| Income tax expense | 206,247 | 148,517 | 38.9% |
| Minority interest | 8,343 | 1,169 | |
| Net income | 245,533 | 223,475 | 9.9% |
| Operating income (EBIT) | 615,619 | 458,088 | 34.4% |
| Depreciation and amortization | 141,842 | 121,328 | 16.9% |
| EBITDA | 757,461 | 579,416 | 30.7% |
| Earnings per Ordinary share | \$2.51 | \$2.31 | 8.7% |
| Earnings per Ordinary ADS | \$0.84 | \$0.77 | 8.7% |
| Weighted average number of shares | | | |
| Ordinary shares | 96,700,941 | 70,000,000 | |
| Preference shares | 1,165,436 | 26,368,725 | |
| Employees | | | |
| Full-time equivalents June 30 compared to Dec. 31) | 55,243 | 47,521 | |

Fresenius Medical Care
Statement of Earnings

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

| | Three Months Ended | | % Change |
|----------------------------------------------------|--------------------|------------------|--------------|
| | June 30, 2006 | 2005 | |
| Net revenue | | | |
| Dialysis Care | 1,651,665 | 1,200,647 | 37.6% |
| Dialysis Products | 513,767 | 473,040 | 8.6% |
| Total net revenue | 2,165,432 | 1,673,687 | 29.4% |
| Cost of revenue | 1,436,387 | 1,116,611 | 28.6% |
| Gross profit | 729,045 | 557,076 | 30.9% |
| Selling, general and administrative | 383,487 | 305,828 | 25.4% |
| Gain on sale of dialysis clinics | (38,975) | - | |
| Research and development | 12,759 | 13,143 | -2.9% |
| Operating income (EBIT) | 371,774 | 238,105 | 56.1% |
| Interest expense, net | 99,301 | 42,640 | 132.9% |
| Earnings before income taxes and minority interest | 272,473 | 195,465 | 39.4% |
| Income tax expense | 135,114 | 78,874 | 71.3% |
| Minority interest | 7,863 | 587 | |
| Net income | 129,496 | 116,004 | 11.6% |
| Operating income (EBIT) | 371,774 | 238,105 | 56.1% |
| Depreciation and amortization | 80,584 | 61,617 | 30.8% |
| EBITDA | 452,358 | 299,722 | 50.9% |
| Earnings per Ordinary share | \$1.32 | \$1.20 | 10.2% |
| Earnings per Ordinary ADS | \$0.44 | \$0.40 | 10.2% |
| Weighted average number of shares | | | |
| Ordinary shares | 96,771,675 | 70,000,000 | |
| Preference shares | 1,186,475 | 26,406,901 | |