



Fresenius Medical Care

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

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Fresenius Medical Care Reports Excellent Revenue and EBIT Growth in the Third Quarter and Nine Months 2006; Outlook for 2006 Upgraded

Summary Third Quarter 2006:

Net revenue	\$ 2,234 million	+ 30%
Operating income (EBIT)	\$ 349 million	+ 47%
Net income	\$ 139 million	+ 20%

Excluding SFAS 123(R) and one-time items

Operating income (EBIT)	\$ 358 million	+ 47%
Net income	\$ 145 million	+ 21%

Bad Homburg, Germany – Fresenius Medical Care AG & Co. KGaA (“the Company”), the world’s largest provider of Dialysis Products and Services, today announced the results for the third quarter and nine months of 2006.

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

Third Quarter 2006:

Revenue

Net revenue for the third quarter 2006 compared to the third quarter 2005 increased by 30% (29% at constant currency) to \$2,234 million. Total organic revenue growth worldwide was 10%. Dialysis Services revenue grew by 37% to \$1,704 million (36% at constant currency) in the third quarter of 2006. Dialysis Product revenue increased by 13% to \$530 million (11% at constant currency) in the same period.

North America revenue increased by 38% to \$1,613 million. Dialysis Services revenue increased by 42% to \$1,472 million. Average revenue per treatment for the U.S. clinics increased by 9% to \$324 in the third quarter 2006 as compared to \$299 for the same quarter in 2005. Dialysis Product revenue increased by 7% to \$141 million led by strong sales of our 2008K hemodialysis machines and single-use dialyzer sales (CarepakTM). Excluding RCG and the related divestitures, the dialysis product revenue increased by 14% compared to last year.

International revenue was \$621 million, an increase of 13% (11% at constant currency) as compared to the third quarter of 2005. Dialysis Services revenue reached \$232 million, an increase of 10% (9% at constant currency). Dialysis Product revenue increased by 15% to \$389 million (12% at constant currency), led by strong machine (both the 4008 and 5008 series) and dialyzer sales.

Earnings

Operating income (EBIT) increased by 47% to \$349 million. Operating income for the third quarter 2006 includes \$9 million of costs related to the change of accounting principles for stock options (SFAS 123R), and the acquisition of RCG.

Excluding these costs, operating income for the third quarter 2006 increased by 47% to \$358 million resulting in an operating margin of 16.0%. For the third quarter 2005 the operating margin was 14.2%.

Compared with the third quarter 2005, the operating margin in North America increased by 200 basis points to 16.3% 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 230 basis points to 18.2%. The high operational performance in the International segment was driven by strong product sales in all regions and positively impacted by improvements in key countries in Europe and Latin America.

Net interest expense for the third quarter 2006 was \$100 million compared to \$42 million in the same quarter of 2005. This increase is entirely attributable to the debt financing for the RCG acquisition.

Income tax expense was \$105 million in the third quarter of 2006 as compared to \$79 million in the third quarter 2005, reflecting effective **tax rates** of 42.3% and 40.3%, respectively. The tax rate in the third quarter has been impacted by a tax audit in Germany. Excluding this impact, the tax rate was at approximately 39%.

Net income for the third quarter 2006 was \$139 million, an increase of 20%. Excluding one-time costs and SFAS 123(R), the net income increased on a comparable basis by 21% to \$145 million.

Earnings per share (EPS) for the third quarter of 2006 rose by 19% to \$1.42 per ordinary share (\$0.47 per American Depositary Share (ADS)), as compared to \$1.19 (\$0.40 per ADS) for the third quarter of 2005. The weighted average number of shares outstanding for the third quarter of 2006 was approximately 98.2 million shares, as compared to 96.8 million shares for the third quarter 2005. The increase in shares outstanding results from stock option exercises in 2005 and in the first nine months of 2006.

Cash Flow

In the third quarter of 2006, the Company generated \$153 million in **cash from operations**, compared to \$202 million last year. Cash from operations in the third quarter includes an U.S. tax payment of \$99 million for the years 2000 and 2001. In addition, \$9 million payments related to RCG restructuring and integration were made in the third quarter 2006. Excluding these payments, the underlying cash from operations in the third quarter of 2006 was \$261 million, or 11.7% of revenue – at the high end of our target. The strong cash flow generation was supported by increased earnings.

A total of \$113 million was spent for **capital expenditures**, net of disposals. **Free Cash Flow before acquisitions** was \$40 million compared to \$137 million in the third quarter of 2005. Excluding the tax payment and the payments related to the RCG acquisition, the underlying Free Cash Flow before acquisitions in the third quarter 2006 was \$148 million. A total of \$10 million in cash was used for **acquisitions**.

Nine Months ended September 30, 2006:

Earnings and Revenue

For the nine months ended September 30, 2006, **net income** was \$385 million, up 13% from the same period in 2005. Excluding costs related to the change of accounting principles for stock options (SFAS 123R) and one-time items net income increased by 20% to \$412 million.

Net revenue for the nine months 2006 was \$6,147 million, up 23% from the same period in 2005. Adjusted for currency, net revenue also rose by 23%. Excluding Renal Care Group and the divested clinics revenue for the nine months 2006 grew by 10%.

Operating income (EBIT) increased by 39% to \$964 million. Operating income for the nine months ended September 30, 2006 includes a gain of \$18 million 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 items, operating income for the nine months 2006 increased by 35% to \$946 million. This performance resulted in an operating margin of 15.4% as compared to 14.1% in the same period in 2005.

Net interest expense for the nine months ended September 30, 2006 was \$255 million as a result of the write-off of deferred financing costs related to the 2003 senior credit facility of \$15 million and two quarters worth of additional interest expense, both in conjunction with the financing of the RCG acquisition.

Income tax expense was \$314 million for the nine months compared to \$227 million in the same period in 2005, reflecting effective **tax rates** of 44.3% and 40.0%, respectively. The tax rate has been impacted by tax payments in the U.S. Excluding these impacts, the tax rate was at 40.3%, increased due to tax audit adjustments in Germany.

For the nine months ended September 30, 2006, **earnings per ordinary share** rose by 12% to \$3.93 (\$1.31 per ADS). The weighted average number of shares outstanding during the nine months 2006 was approximately 98.0 million.

Cash Flow

Cash from operations for nine months of 2006 was \$465 million as compared to \$470 million in the same period of 2005. Cash from operations for nine months of 2006 includes \$75 million net tax payments and \$24 million other payments related to the divestiture of clinics and the RCG acquisition. Also included is an U.S. tax payment of \$99 million for the years 2000 and 2001. Excluding these payments the underlying cash from operations was \$663 million for nine months of 2006. The increase compared to prior year was mainly due to a favorable development of accounts receivables and improvements in earnings.

A total of \$273 million was used for **capital expenditures**, net of disposals. **Free Cash Flow before acquisitions** for the nine months of 2006 was \$192 million as compared to \$308 million in the same period of 2005. Excluding the tax payments and payments related to the RCG acquisition, the underlying Free Cash Flow before acquisitions for nine months of 2006 was \$390 million. A total of \$44 million in cash was used for **acquisitions** other than the RCG acquisition in the nine months ended September 30, 2006.

For a complete overview of the third quarter and nine months of 2006 and a reconciliation on non-GAAP financial measures included in this release to the most comparable GAAP financial measures, please refer to the appendix.

Patients - Clinics - Treatments

As of September 30, 2006, Fresenius Medical Care treated 161,433 **patients** worldwide, which represents a 24% increase in patients compared to the third quarter of last year. North America provided dialysis treatments for 116,868 patients (up 32%) and the International segment served 44,565 patients (up 7%).

As of September 30, 2006, the Company operated a total of 2,085 **clinics** worldwide, comprised of 1,542 clinics, an increase of 34% in North America, and 543 clinics, an increase of 6%, in the International segment.

Fresenius Medical Care delivered approximately 17.43 million dialysis **treatments** worldwide, which represents an increase of 19% year over year. North America accounted for 12.34 million treatments, an increase of 23%, and the International segment delivered 5.10 million treatments, an increase of 10% over last year.

Employees

As of September 30, 2006, Fresenius Medical Care employed 56,154 people (full-time equivalents) worldwide compared to 47,521 at the end of 2005. The increase of 8,633 employees is primarily due to the acquisition of Renal Care Group.

PhosLo Acquisition

On October 12, 2006, the Company announced the acquisition of worldwide phosphate binder business (PhosLo) from Nabi Biopharmaceuticals Inc. PhosLo is a calcium acetate phosphate binder for oral application in end-stage renal disease patients. The Company anticipates closing this transaction in 2006. The total consideration paid in the transaction will be \$65 million cash at closing, royalties on a new potential product formulation plus milestone payments. The milestone payments consist of \$10 million expected to be paid in 2007 and \$10 million to be paid over the next two to three years, contingent upon the achievement of certain performance milestones.

New Sourcing and Supply Agreement with Amgen

On October 19, 2006, the Company announced that its subsidiary, Fresenius Medical Care Holdings Inc. (FMC-NA) has entered into a new sourcing and supply agreement with Amgen USA, Inc. (Amgen) under which Amgen will supply FMC-NA's commercial requirements in the United States and Puerto Rico for erythropoiesis stimulating proteins for dialysis patients. The new sourcing and supply agreement runs from October 1, 2006 to December 31, 2011.

Outlook for 2006 – Upgraded

Based on the strong performance in the third quarter of 2006, the Company upgrades its guidance for the full year 2006.

After expecting to report **net revenue** of about \$8.3 billion, the Company now expects net revenue for 2006 of about \$8.4 billion.

The Company also upgrades its outlook for **net income** for 2006. After expecting a net income of at least \$542 million, the Company now expects a net income of at least \$557 million, representing an increase of at least 18% over the corresponding level in 2005.

In order to show the underlying performance of the Company on a basis comparable with the prior year, 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. The Company expects the after tax impact of the one-time items and SFAS 123(R) to be about \$44 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 third quarter and nine months financial results were excellent and exceeded expectations. We continue to see strong growth in both our renal products and services business segments worldwide. In addition, we have taken the next step in our integrated therapy approach acquiring the phosphate binder business (PhosLo) from Nabi Biopharmaceuticals Inc. This acquisition will allow us to further our patient quality outcome initiatives and expand our renal products and therapy business worldwide. Based on our continued successful integration of RCG and the strong financial performance of our underlying business worldwide, we have raised our revenue and net income guidance for 2006.”

Video Webcast

Fresenius Medical Care will hold a press conference at its headquarters in Bad Homburg, Germany, to discuss the results of the third quarter and the first nine months of 2006 on October 31, 2006, at 10:00 am CET. The Company cordially invites journalists to view the live video webcast of the meeting at the Company's website www.fmc-ag.com . 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 2,085 dialysis clinics in North America, Europe, Latin America, Asia-Pacific and Africa, Fresenius Medical Care provides dialysis treatment to 161,433 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.

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 Ended		% Change
	September 30,		
	2006	2005	
Net revenue			
Dialysis Care	1,703,866	1,246,949	36.6%
Dialysis Products	530,459	469,810	12.9%
Total net revenue	2,234,325	1,716,759	30.1%
Cost of revenue	1,483,561	1,155,660	28.4%
Gross profit	750,764	561,099	33.8%
Selling, general and administrative	391,403	310,418	26.1%
Gain on sale of dialysis clinics	(1,258)	-	
Research and development	11,814	13,705	-13.8%
Operating income (EBIT)	348,805	236,976	47.2%
Interest expense, net	99,574	41,834	138.0%
Earnings before income taxes and minority interest	249,231	195,142	27.7%
Income tax expense	105,357	78,639	34.0%
Minority interest	4,685	558	
Net income	139,189	115,945	20.0%
Operating income (EBIT)	348,805	236,976	47.2%
Depreciation and amortization	79,416	61,971	28.2%
EBITDA	428,221	298,947	43.2%
Earnings per Ordinary share	\$1.42	\$1.19	19.3%
Earnings per Ordinary ADS	\$0.47	\$0.40	18.8%
Weighted average number of shares			
Ordinary shares	96,962,763	70,000,000	
Preference shares	1,216,996	26,797,112	

Fresenius Medical Care Statement of Earnings

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

	Nine Months Ended September 30,		% Change
	2006	2005	
Net revenue			
Dialysis Care	4,628,064	3,610,057	28.2%
Dialysis Products	1,518,623	1,389,392	9.3%
Total net revenue	6,146,687	4,999,449	22.9%
Cost of revenue	4,088,588	3,372,529	21.2%
Gross profit	2,058,099	1,626,920	26.5%
Selling, general and administrative	1,096,561	891,760	23.0%
Gain on sale of dialysis clinics	(40,233)	-	
Research and development	37,347	40,096	-6.9%
Operating income (EBIT)	964,424	695,064	38.8%
Interest expense, net	255,070	126,761	101.2%
Earnings before income taxes and minority interest	709,354	568,303	24.8%
Income tax expense	314,401	227,156	38.4%
Minority interest	10,231	1,727	
Net income	384,722	339,420	13.3%
Operating income (EBIT)	964,424	695,064	38.8%
Depreciation and amortization	221,258	183,299	20.7%
EBITDA	1,185,682	878,363	35.0%
Earnings per Ordinary share	\$3.93	\$3.50	12.3%
Earnings per Ordinary ADS	\$1.31	\$1.17	12.2%
Weighted average number of shares			
Ordinary shares	96,789,175	70,000,000	
Preference shares	1,182,811	26,421,404	
Employees (Full-time equivalents Sep. 30 compared to Dec. 31)	56,154	47,521	