

Health Care Worldwide

Goldman Sachs - Leveraged Finance Healthcare Conference
March 4, 2014 – New York



Safe Harbor Statement

This presentation contains forward-looking statements that are subject to various risks and uncertainties. Future results could differ materially from those described in these forward-looking statements due to certain factors, e.g. changes in business, economic and competitive conditions, regulatory reforms, results of clinical trials, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings, and the availability of financing. Fresenius does not undertake any responsibility to update the forward-looking statements contained in this presentation.

Agenda

- Company Overview
- Business Segments
 - Fresenius Medical Care
 - Fresenius Kabi
 - Fresenius Helios
 - Fresenius Vamed
- Outlook
- Appendix

Company Overview



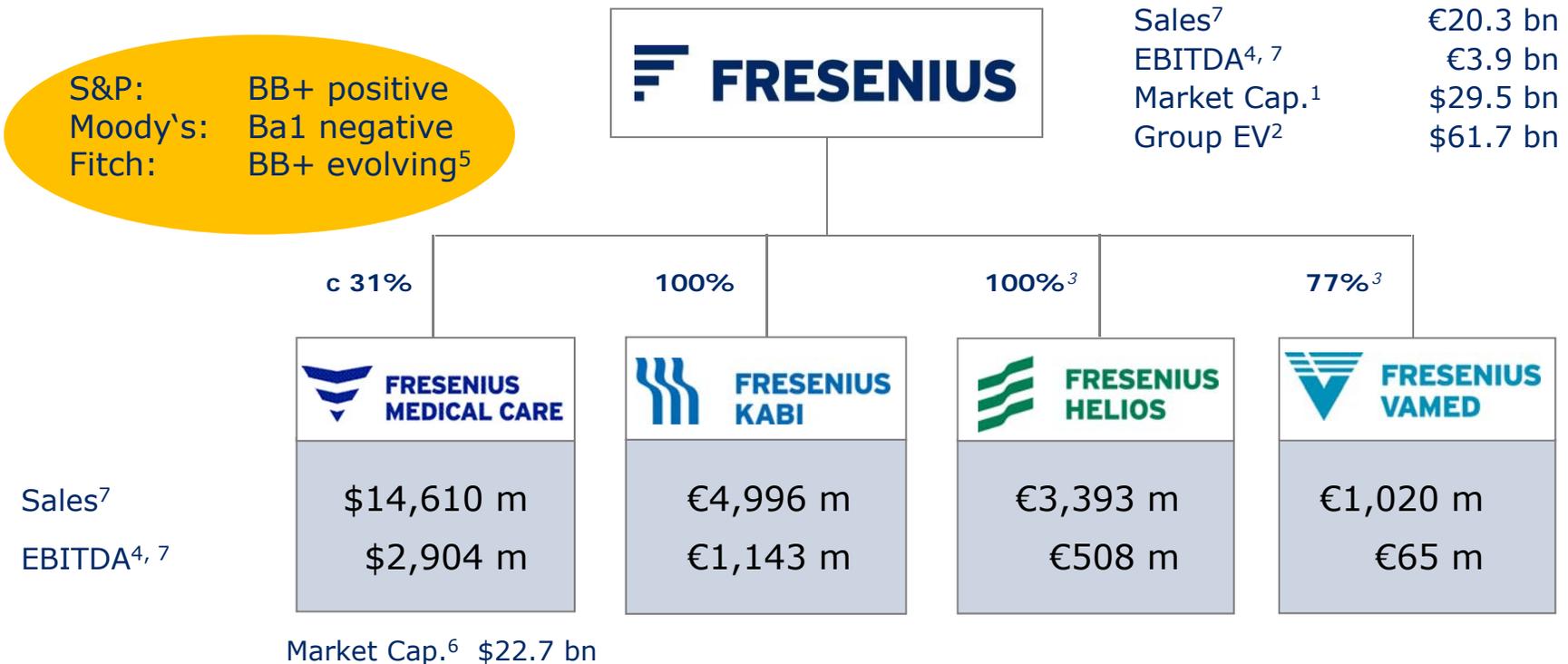
A Global Leader in Health Care Products and Services

- Sales €20.3bn, net income¹ €1.8bn for FY 2013
- Strong and well-diversified portfolio
- Global presence in more than 100 countries
- Long-term opportunities in growing markets



¹ - Net income before minorities, adjusted (before special items)

Fresenius Group: Strong and Balanced Health Care Portfolio



1 – FSE as of February 21, 2014. Exchange rate 1.38 €/€ as of February 21, 2014 has been applied

2 – Based on consolidated market capitalization of FSE and FME as of February 21, 2014 and consolidated net debt as of December 31, 2013.

3 – Held by Fresenius ProServe GmbH, a wholly owned subsidiary of FSE

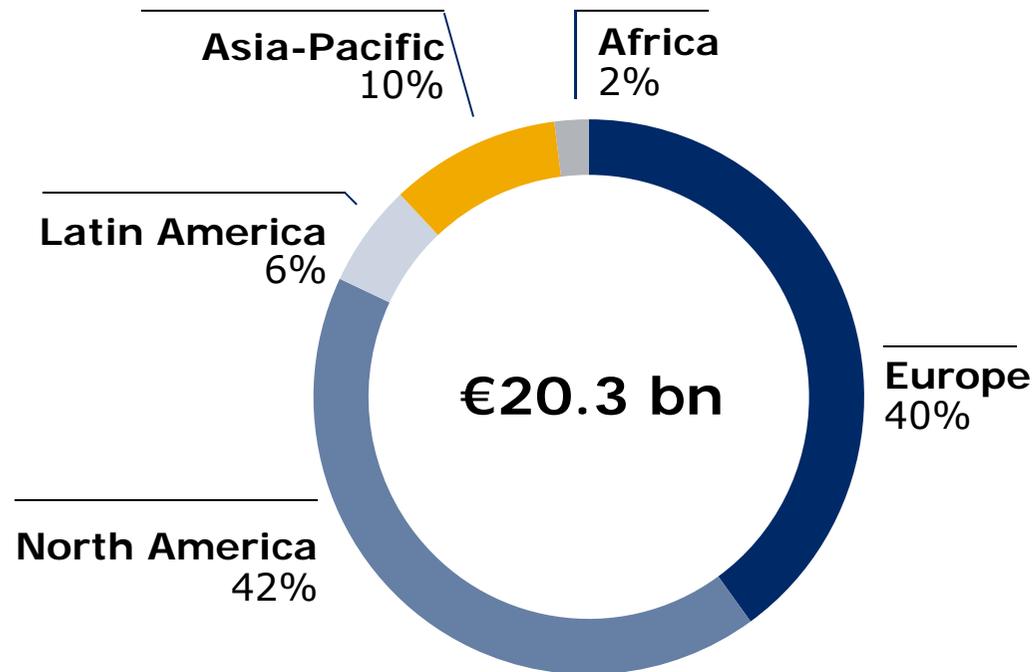
4 – FY 2013, excl. one-time costs

5 – Fitch has placed its BB+ rating for the Company on 'watch evolving', indicating however that the completion of the acquisition at the announced terms would result in a 'stable' outlook on the current ratings at worst

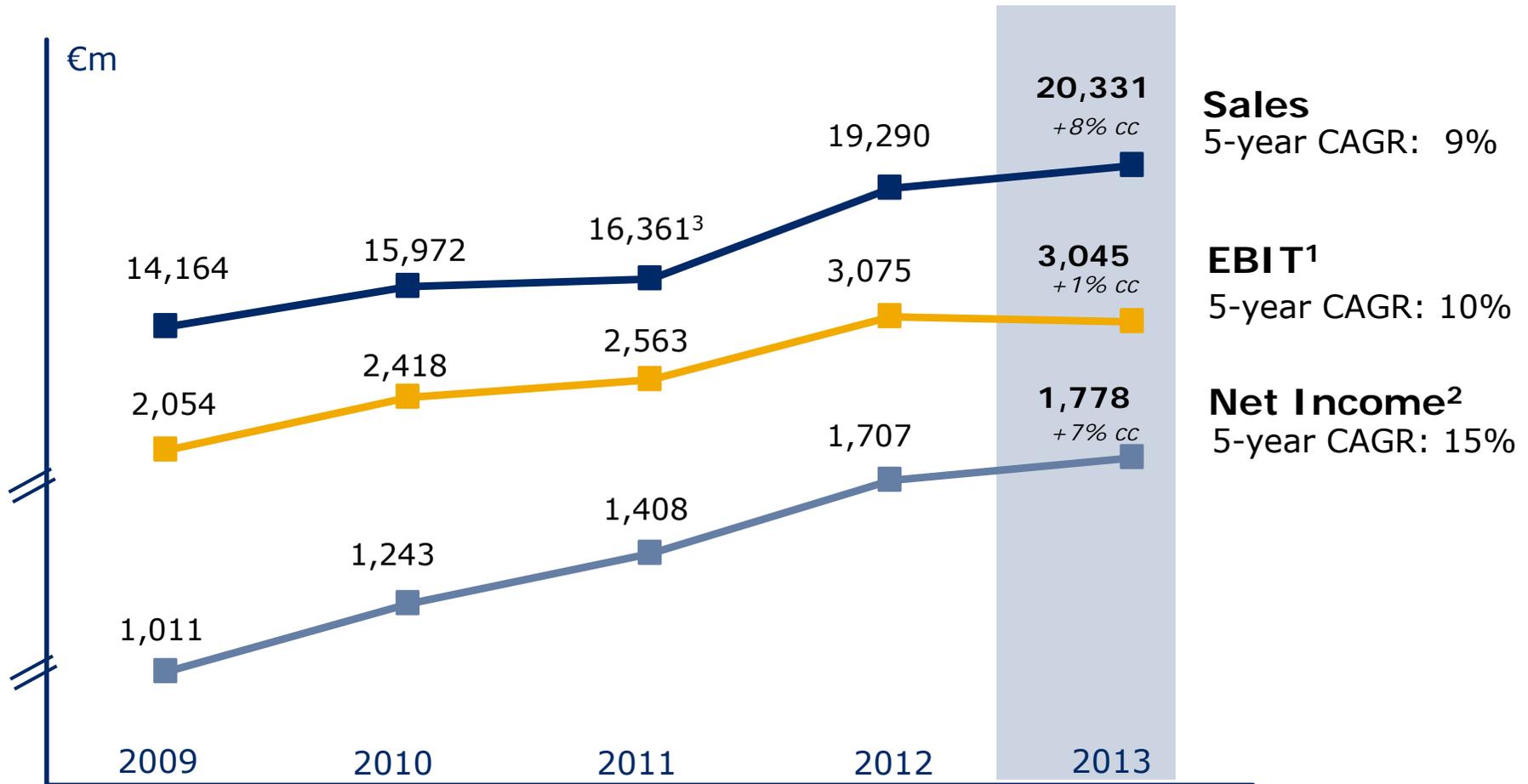
6 – FMC as of February 21, 2014.

7 – FY 2013

Fresenius Group: Sales Distribution by Region – 2013



Fresenius Group: Financial Results



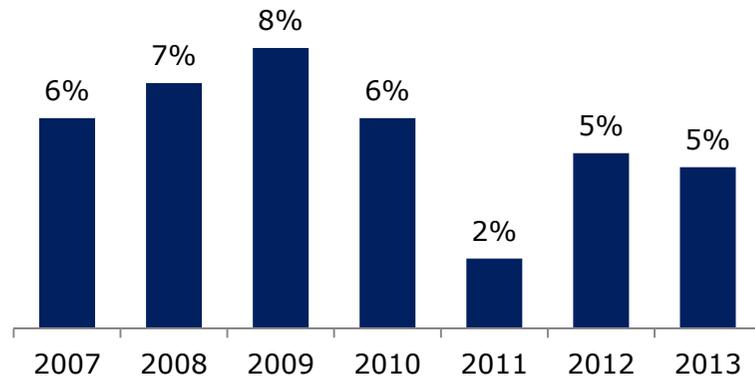
1 - before special items 2 - incl. attributable to non-controlling interest, financial results before special items
3 - 2011 sales were adjusted by -€161m according to a U.S. GAAP accounting change. This solely relates to Fresenius Medical Care North America

Fresenius Group: Organic Growth 1999 – 2013

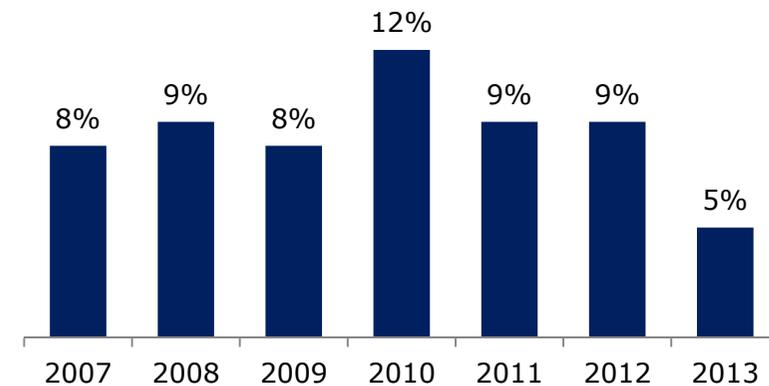


Fresenius Group: Sustainable Organic Sales Growth in all Business Segments

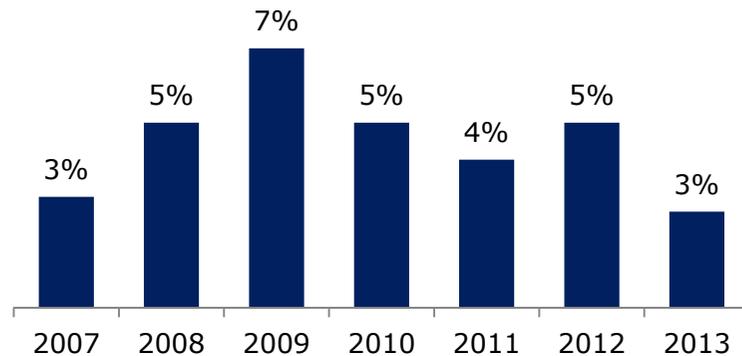
Fresenius Medical Care



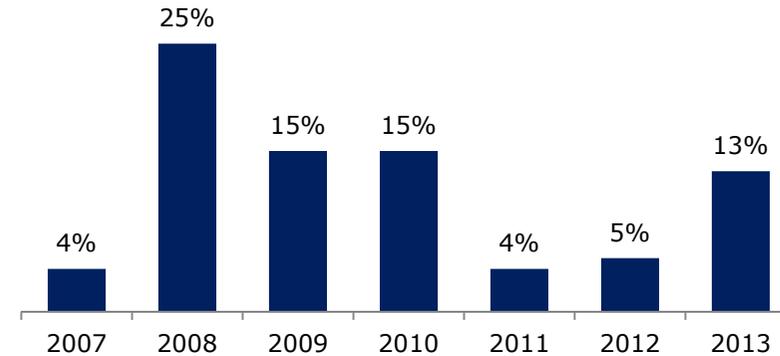
Fresenius Kabi



Fresenius Helios



Fresenius Vamed



Fresenius Group: Ideal Strategic Posture to Benefit from Major Healthcare Trends



Aging population and higher incidence of chronic diseases

World population aged 60+ will more than double by 2050 to >2 bn (OECD)



Increasing health care spending in emerging markets

Increasing health care coverage and per capita spending (e.g. India: \$59, China: \$278, vs. USA: \$8,608; WHO)



Continuing growth of generics

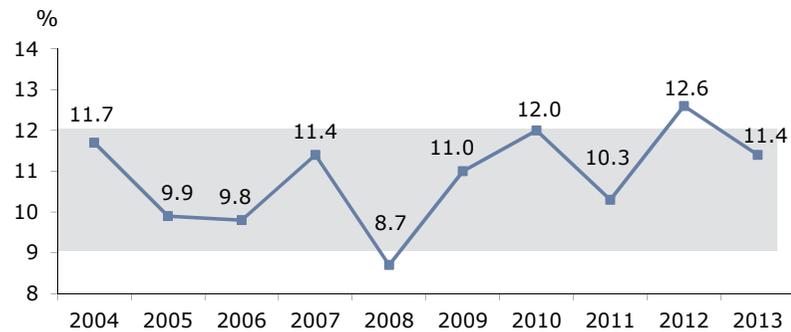
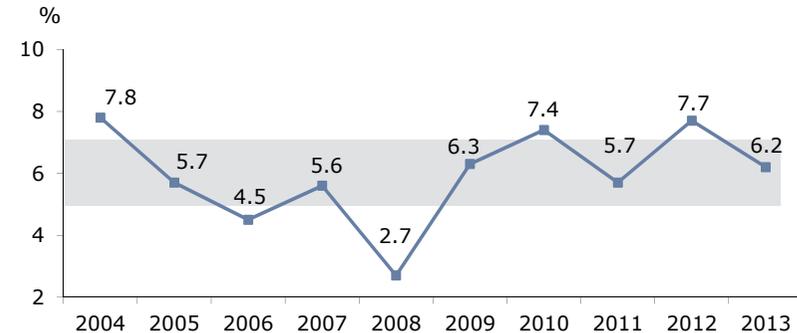
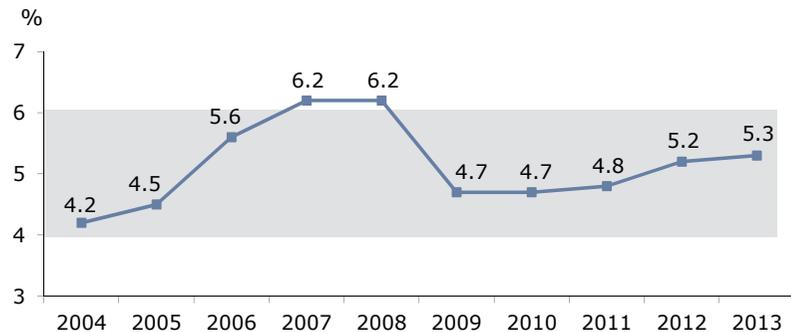
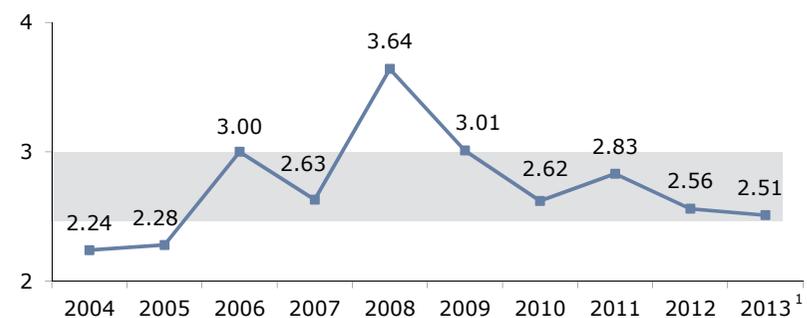
Approx. \$18 bn branded IV drug sales (base: 2011) go off-patent in the U.S. by 2022



Rise of private providers in health care services

*Further privatization of German hospital market
Global opportunity to provide dialysis services (e.g. China, India)*

Fresenius Group: Consistent Cash Generation and Proven Track Record of Deleveraging

CFFO margin

FCF margin (before acquisitions & dividends)

Capex in % of sales

Net Debt / EBITDA


1- Pro Forma excluding advances made for the acquisition of hospitals of Rhön-Klinikum; before one-time costs related to Fenwal integration

Business Segments

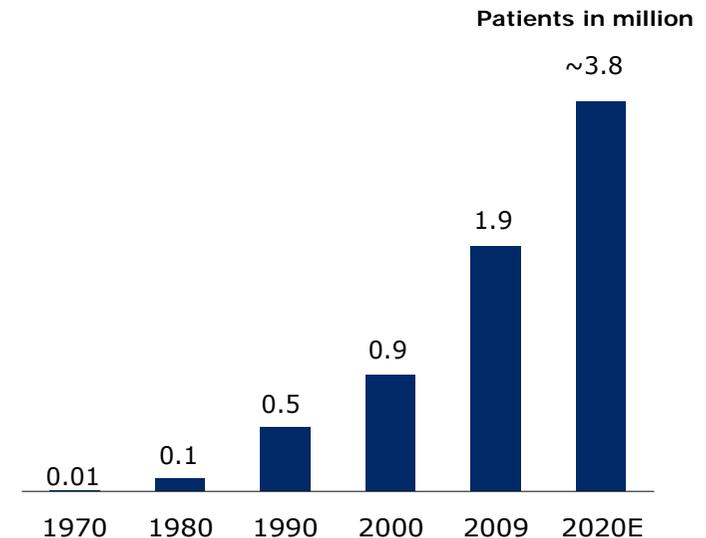


Fresenius Medical Care: Global Market Leader in Dialysis

- World leader in dialysis products and services treating 270,122 patients in 3,250 clinics worldwide¹
- Provide highest standard of patient care
 - Vertical integration
 - High quality products & services
 - Complete therapy offerings
- Leader in growing market
 - Dialysis market growing 4% cc and estimated to reach around \$100 bn by 2020
 - Patient growth driven by age, life style and mortality reduction

Industry Dynamics

Expected global patient growth: ~6% p.a.;
2020E: ~3.8 million patients



¹ - As of December 31, 2013

Fresenius Medical Care: Key Figures 2013

<i>\$ million</i>	2013	2012¹	Growth
Sales	14,610	13,800	+ 6%²
EBITDA	2,904	2,931	- 1%
<i>EBITDA margin</i>	<i>19.9%</i>	<i>21.2%</i>	
EBIT	2,256	2,329	- 3%
<i>EBIT margin</i>	<i>15.4%</i>	<i>16.9%</i>	
Net income	1,110	1,118	- 1%

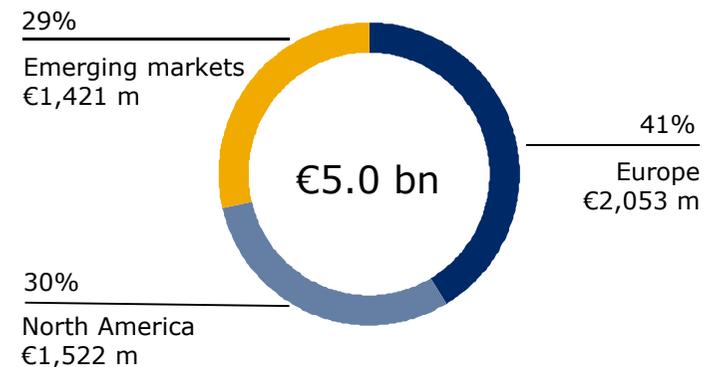
1- Before one-time items

2- 5% organic growth, 1% net acquisitions

Fresenius Kabi: A Worldwide Leading Hospital Supplier

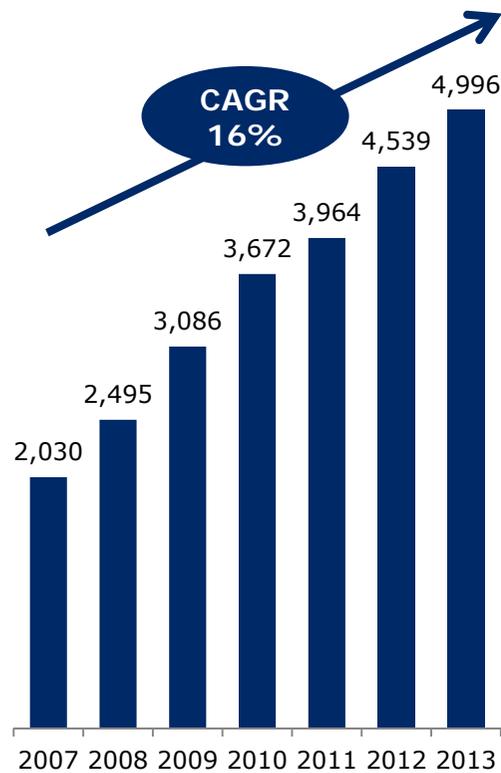
- Comprehensive product portfolio for critically and chronically ill patients
 - IV Drugs
 - Clinical Nutrition
 - Infusion Therapy
 - Medical Devices / Transfusion Technology
- Global addressable market: >€25 bn
- Leading market positions
- Focus on organic growth driven by geographic product rollout and robust product pipeline
- Aim to expand the business through selective acquisitions

2013 Sales by Region

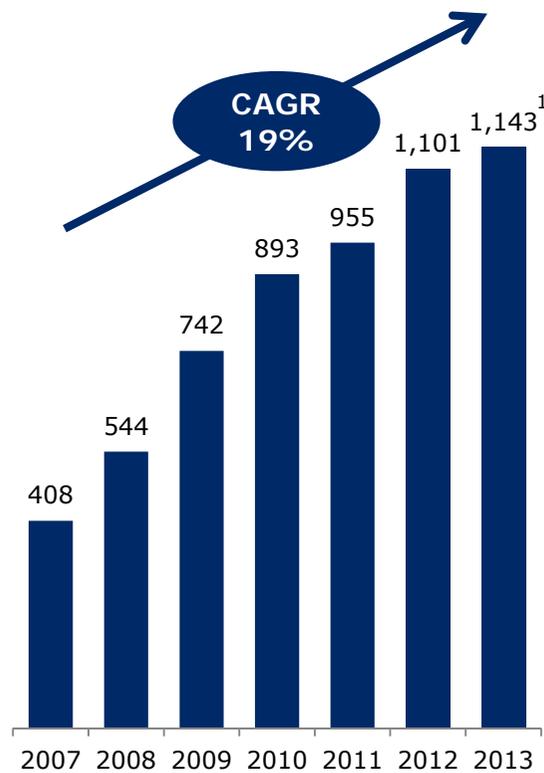


Fresenius Kabi: Profitability Improvement

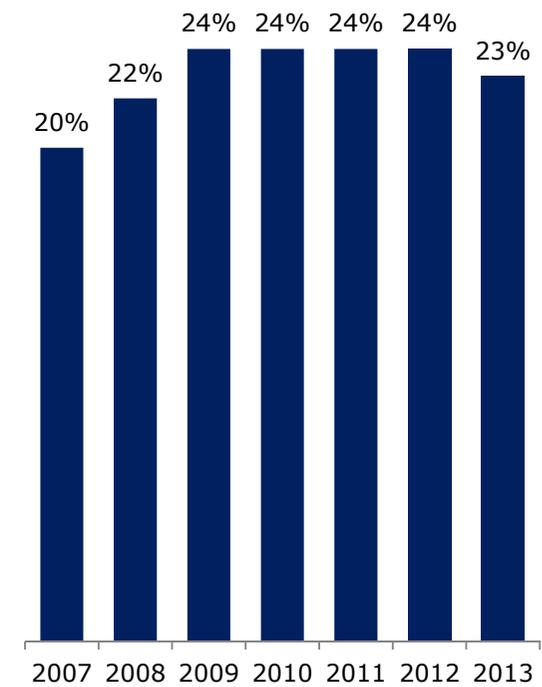
Sales in € m



EBITDA in € m



EBITDA Margin (in %)



1 – 2013 adjusted for Fenwal integration costs

Fresenius Kabi: Key Figures 2013

<i>€ million</i>	2013¹	2012	Growth
Sales	4,996	4,539	+ 10%²
- Infusion Therapy	980	1,010	- 3 %
- I.V. Drugs	1,733	1,701	+2 %
- Clinical Nutrition	1,332	1,314	+1 %
- Medical Devices/ Transfusion Technology	951	514	+85%
EBITDA	1,143	1,101	+ 4%
<i>EBITDA margin</i>	<i>22.9%</i>	<i>24.3%</i>	
EBIT	926	934	- 1%
<i>EBIT margin</i>	<i>18.5%</i>	<i>20.6%</i>	
Net income	487	444	+ 10%

1 - Before one-time costs

2 - 5% organic growth, -4% currency effect, 9% net acquisitions

Fresenius Helios: Landmark Hospital Acquisition Provides Excellent Long-Term Growth Opportunities

- Received antitrust approval, acquisition to close Feb, 27
- Consolidate ~70% of the acquired business as of Jan 1; ~20% as of March 1; for two hospitals approval of municipal shareholders pending
- Focus on integration
 - 1st steps: integrate clinics into HELIOS' regional organization; e.g. combine procurement
 - Synergies of ~€85 million p.a. by 2015; starting 2014
 - Integration costs of ~€80 million; vast majority in 2014
- Confirm acquisition EPS accretive in 2014 (excl. integration costs) and clearly accretive from 2015 onwards (incl. integration costs)

Largest German network – 112 hospitals¹
 Majority of population has access to a HELIOS hospital within one hour's drive



1- Pro forma closing

Fresenius Helios: 2013 Clinic Development Plan

	Years in Portfolio								Total
	<1	1	2	3	4	5	6	>6	
No. of clinics	-	12	3	1	-	6	4	48	74
Revenue (€m)	-	390	155	38	-	196	312	2,198	3,289
Target									
EBIT margin (%)	-	2.0	4.0	6.0	8.0	10.0	12.0	12.0-15.0	
EBIT (€m)	-	7.8	6.2	2.3	-	19.6	37.4	263.8	337.1
Reported									
EBIT margin (%)	-	11.4	0.5	3.4	-	7.5	12.8	13.0	11.8
EBIT (€m)	-	44.6	0.8	1.3	-	14.7	39.9	285.9	387.2
No. of clinics > target	-	9	1	-	-	2	2	17	31
No. of clinics < target	-	3	2	1	-	4	2	31	43

IFRS

Fresenius Helios: Key Figures 2013

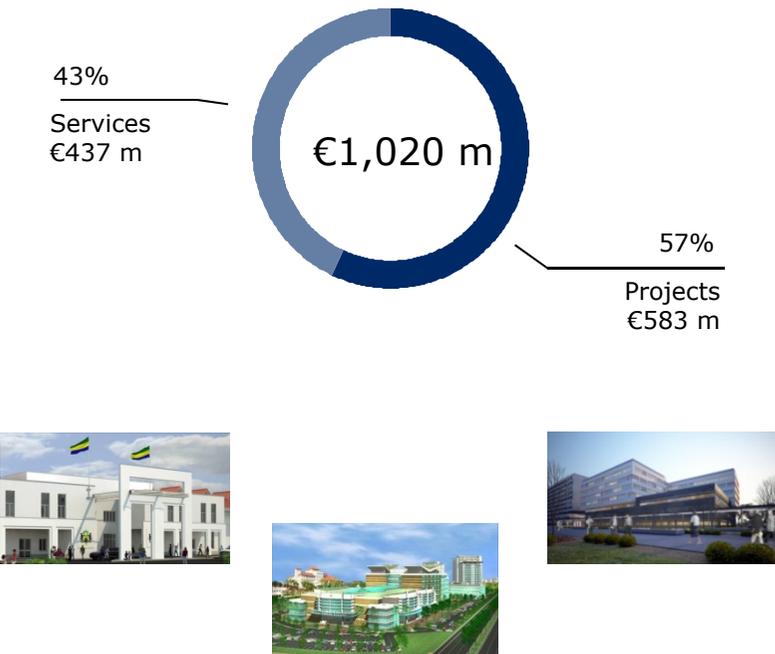
<i>€ million</i>	2013	2012	Growth
Sales	3,393	3,200	+6%¹
EBITDA	508	432	+18%
<i>EBITDA margin</i>	<i>15.0%</i>	<i>13.5%</i>	
EBIT	390	322	+21%
<i>EBIT margin</i>	<i>11.5%</i>	<i>10.1%</i>	
Net income	275	203	+35%

1 – 3% organic growth, 3% net acquisitions

Fresenius Vamed: A Leading Global Specialist in Hospital Projects and Services

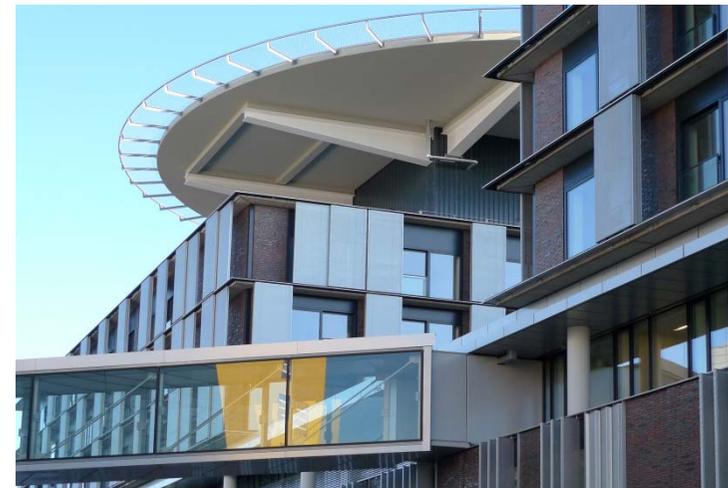
- Specialized in project development building hospital infrastructure and providing hospital services (technical services and operational management)
- Track record:
 - >600 health care projects in 70 countries successfully completed
 - Services provided to 140 hospitals and 50,000 beds globally
- Continuous demand for hospital infrastructure and operating efficiency; key markets Europe, Asia-Pacific, Africa

2013 Sales by Business

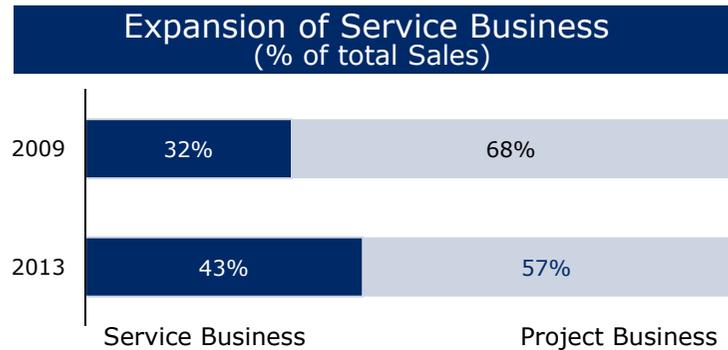


Fresenius Vamed: Achievements 2013

- Outstanding year with 21% sales growth, exceeding €1 billion sales target one year ahead of plan
- Project business: 5-year sales CAGR of 12%; 2013 order entry (€744 m) at all-time high – driving further growth
- Service business: expansion with long-term contracts, creating a more balanced portfolio



Technical Service Contract – University Medical Center Hamburg-Eppendorf



Fresenius Vamed: Key Figures 2013

<i>€ million</i>	2013	2012	Growth
Total Sales	1,020¹	846	21%¹
EBITDA	65	59	10%
<i>EBITDA margin</i>	<i>6.4%</i>	<i>7.0%</i>	
EBIT	55	51	8%
<i>EBIT margin</i>	<i>5.4%</i>	<i>6.0%</i>	
Net income	37	35	6%
Order intake ²	744	657	13%

1 – 13% organic growth, 8% acquisitions

2 – project business only

Investment Highlights

Leading market positions

Diversified revenue base with four strong business segments

Global presence in growing, non-cyclical markets

Proven ability to integrate acquisitions

Clear track record of and commitment to de-leveraging

Strong financial performance and cash flow generation

Outlook



Fresenius Kabi: Financial Outlook

Guidance 2014		
Sales	Organic Growth	3% ↔ 7%
EBIT	Margin	16% ↔ 18%
Significant ease ← U.S. I.V. drug market shortage → Ongoing uncertainty		

Guidance reflects

- Uncertainty about U.S. I.V. drug market shortages
- Full-year effect from restricted use of HES blood volume substitutes
- Full-year effect from prior year price cuts in China

Guidance excludes €40 – €50 million Fenwal integration costs

Fresenius Helios & Fresenius Vamed: Financial Outlook

Fresenius Helios excl. acquired Rhön hospitals

Guidance 2014

Sales	Organic growth	3% – 5%
EBIT		€390 million – €410 million

Guidance excludes integration costs for acquired hospitals from Rhön Klinikum (total ~€80 million; thereof vast majority in 2014)

Fresenius Vamed

Guidance 2014

Sales	Organic growth	5% – 10%
EBIT	growth	5% – 10%

Fresenius Group: Financial Outlook

	Guidance 2014 ¹
Revenue growth at constant currency	12% – 15%
Net income growth ² at constant currency	2% – 5%

2014 guidance reflects

- U.S. Medicare dialysis reimbursement cut
- Uncertainty about U.S. I.V. drug market shortages
- Full-year effects from restricted use of HES and prior year price cuts in China

1- Guidance includes acquired Rhön hospitals

2 - Net income attributable to shareholders of Fresenius SE & Co. KGaA before integration costs for Fenwal (€30-40 m after tax) and hospitals acquired from Rhön-Klinikum (vast majority of ~€65 m in total)

Fresenius Group: Attractive Mid-Term Growth Prospects

New Stretch Target
~€30 billion sales
€1.4 to €1.5 billion net income
by 2017



Strong and Balanced Health Care Portfolio

Appendix



Fresenius Group: Financial Results

	Sales	EBIT ¹	Net income ¹
2013	€20,331 m	€3,045 m	€1,051 m
Growth at constant currency rates	8%	1%	14%
Growth at actual currency rates	5%	-1%	12%

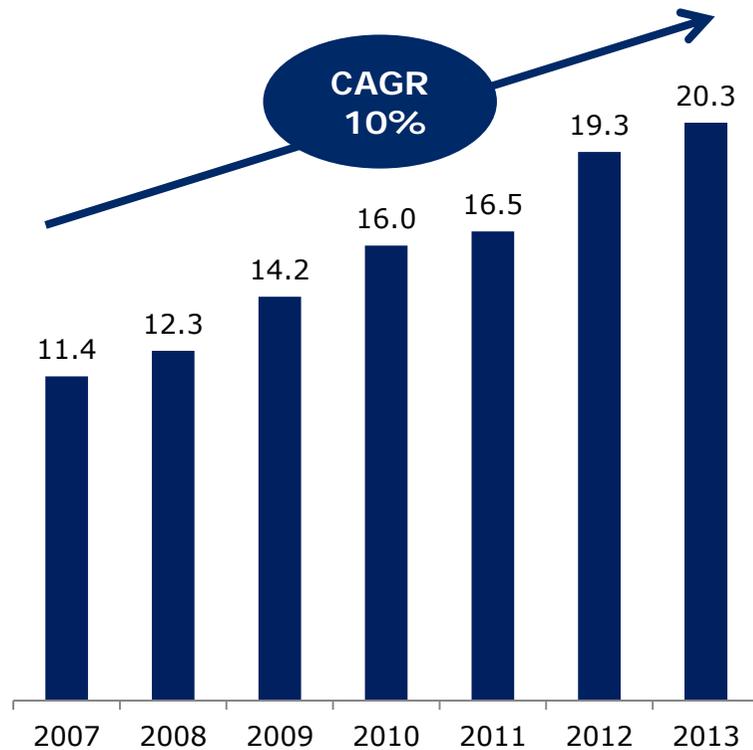
1- Before one-time items

Fresenius Group: Financial Results by Business Segment

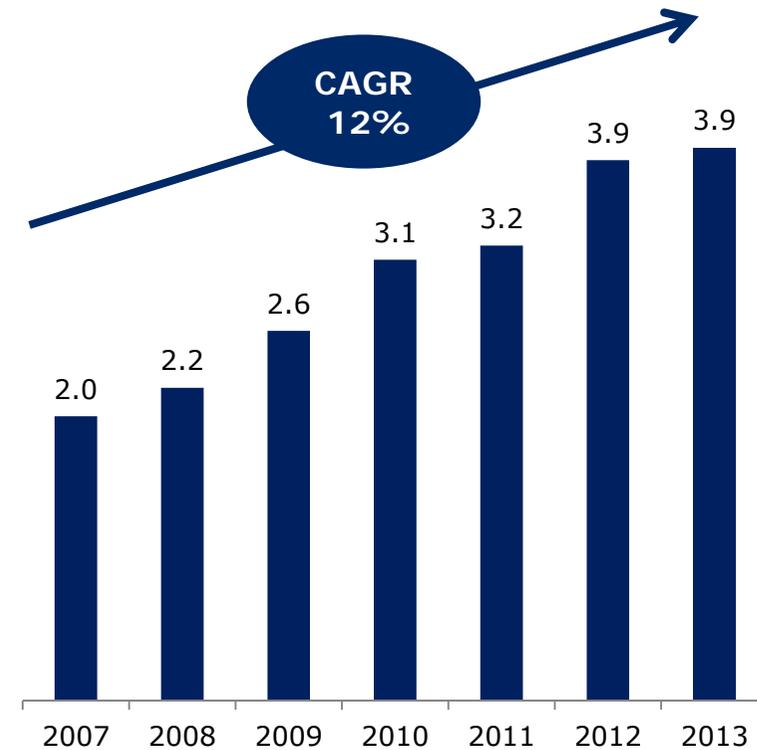
2013	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed
Sales Growth	US\$14,610 m 6%	€4,996 m 10%	€3,393 m 6%	€1,020 m 21%
EBIT Growth	US\$2,256 m -3%	€926 m -1%	€390 m 21%	€55m 8%

Fresenius Group: Demonstrated Strong Sales and EBITDA Growth

Sales in € bn



EBITDA in € bn¹



1 – Before special items

Fresenius Group: Key Figures 2013

<i>€m</i>	2013	2012	Change actual FX rates	Change constant FX rates
Sales	20,331	19,290	5%	8%
EBITDA	3,888	3,851	1%	3%
EBIT	3,045	3,075	-1%	1%
Interest, net	- 584	- 666	12%	10%
EBT	2,461	2,409	2%	5%
Taxes	- 683	- 702	3%	0%
Net income¹	1,778	1,707	4%	7%
Employees²	178,337	169,324		

1 – incl. attributable to non-controlling interest

2 – as of December 31

Fresenius Group: Cash Flow 2013

€m	2013	Margin	2012	Margin	Growth YoY
Operating Cash Flow	2,320	11.4%	2,438	12.6%	-5%
Capex (net)	-1,047	-5.1%	-952	-4.9%	-10%
Free Cash Flow (before acquisitions and dividends)	1,273	6.3%	1,486	7.7%	-14%
Acquisitions (net)	-2,556		-2,299		-11%
Dividends	-491		-446		-10%
Free Cash Flow (after acquisitions and dividends)	-1,774	-8.7%	-1,259	-6.5%	-41%

Cash Flow Development 2013

€m	Operating CF		Capex (net)		Free Cash Flow ¹	
	2013	Margin	2013	Margin	2013	Margin
	488	9.8%	-311	-6.3%	177	3.5%
	258	7.6%	-167	-4.9%	91	2.7% ³
	31	3.0%	-11	-1.0%	20	2.0%
Corporate/ Other	11	n/a	-10	n/a	1	n/a
 excl. FMC	788	9.2%²	-499	-5.4%	289	3.8%²
 Group	2,320	11.4%	-1,047	-5.1%	1,273	6.3%

1- Before acquisitions and dividends

2- Incl. FMC dividend

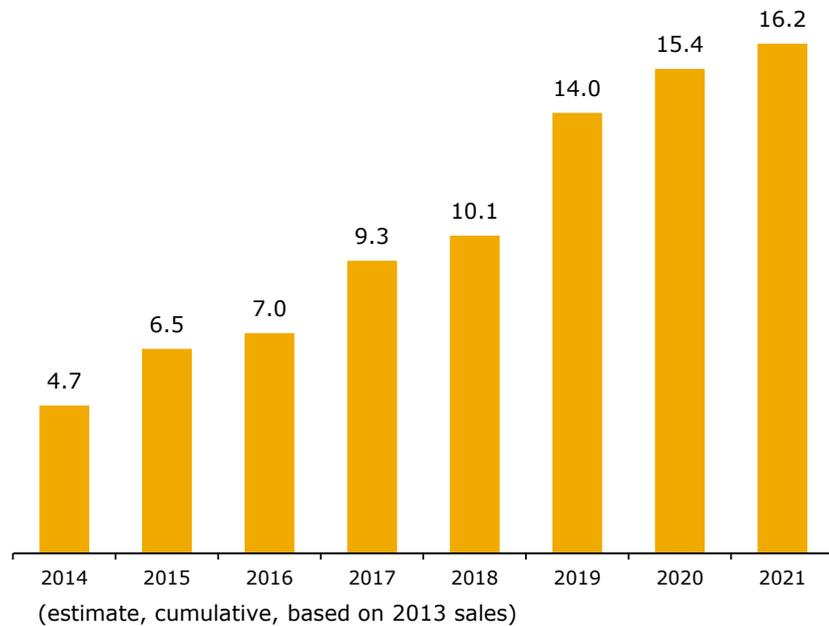
3- Understated: 3.7% excluding €35 million of capex commitments from acquisitions

Fresenius Kabi: 2013 Sales by Region – 2014 Prospects



Fresenius Kabi: Attractive Long-Term Growth Opportunities

U.S. I.V. Drugs
~\$16bn branded sales go off-patent by 2021



Asia-Pacific
Roll-out product portfolio

Clinical Nutrition	Infusion Therapy	IV Drugs	Medical Devices
Indonesia	China	Australia	China
Taiwan	Hong Kong	China	India
Australia	Indonesia	India	Indonesia
China	Korea	Korea	Korea
India	Taiwan	Philippines	New Zealand
Korea	Thailand	Taiwan	Taiwan
Philippines	Australia	Thailand	Thailand
Thailand	India	Indonesia	Vietnam
Vietnam	Vietnam	Vietnam	Australia

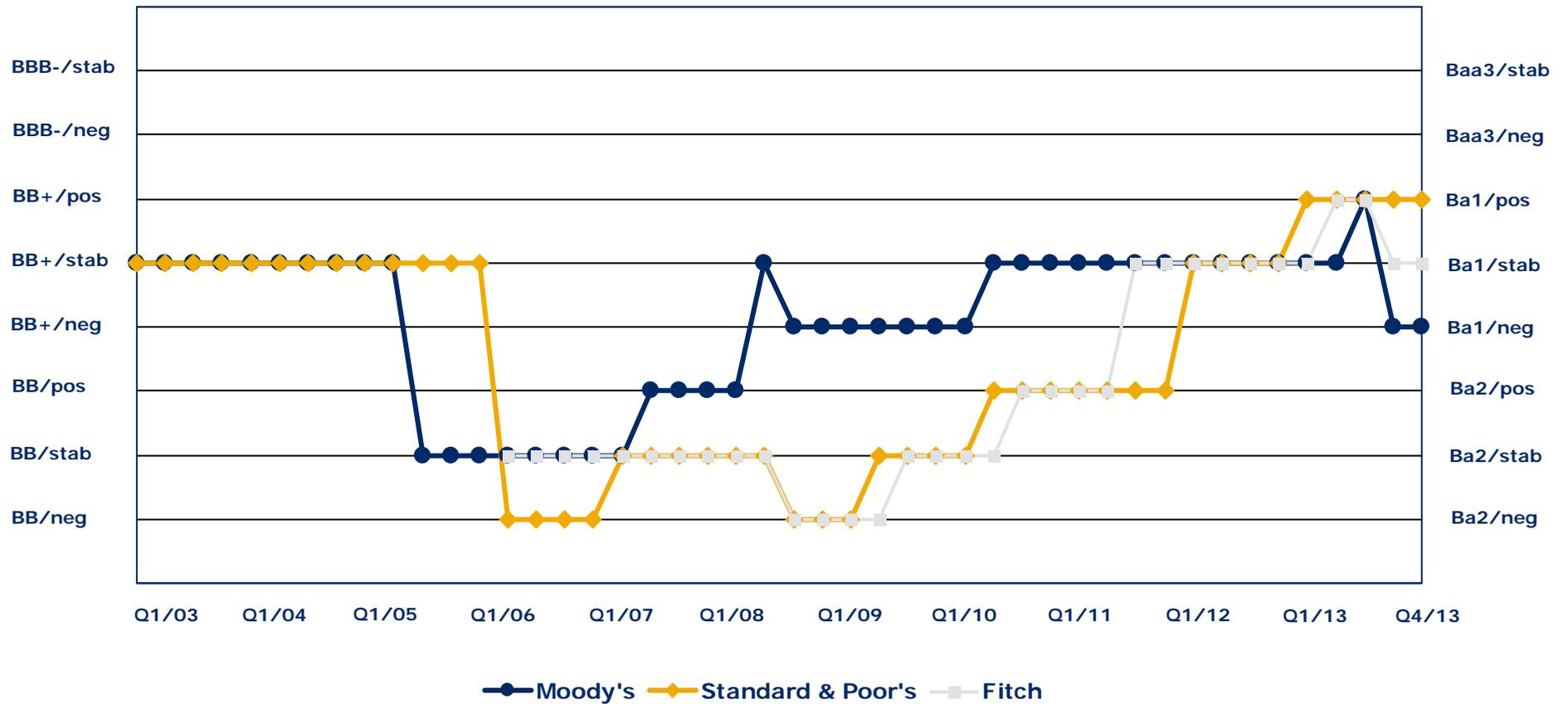
Market Leader (top 3)
 Market Challenger (> top 3)



Financing Facilities and Debt Structure

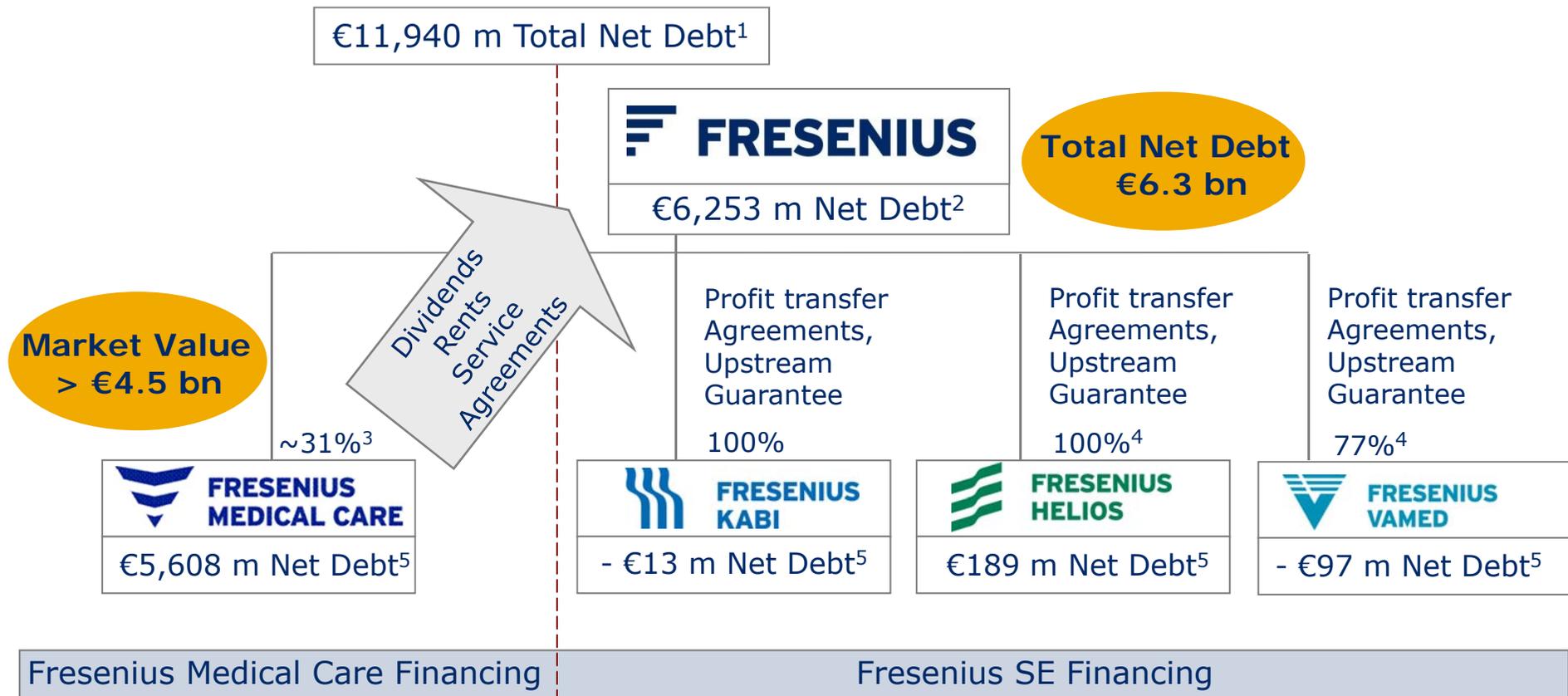


Fresenius Group: Rating evolution



Note: Fitch has placed its BB+ rating for the company on „Watch Evolving“, indicating however that the completion of the Rhön-Klinikum acquisition at the announced terms would result in a “stable” outlook on the current ratings at worst

Fresenius Group: Current Debt and Cash Flow Structure as of December 31, 2013



1 - External debt as of December 31, 2013

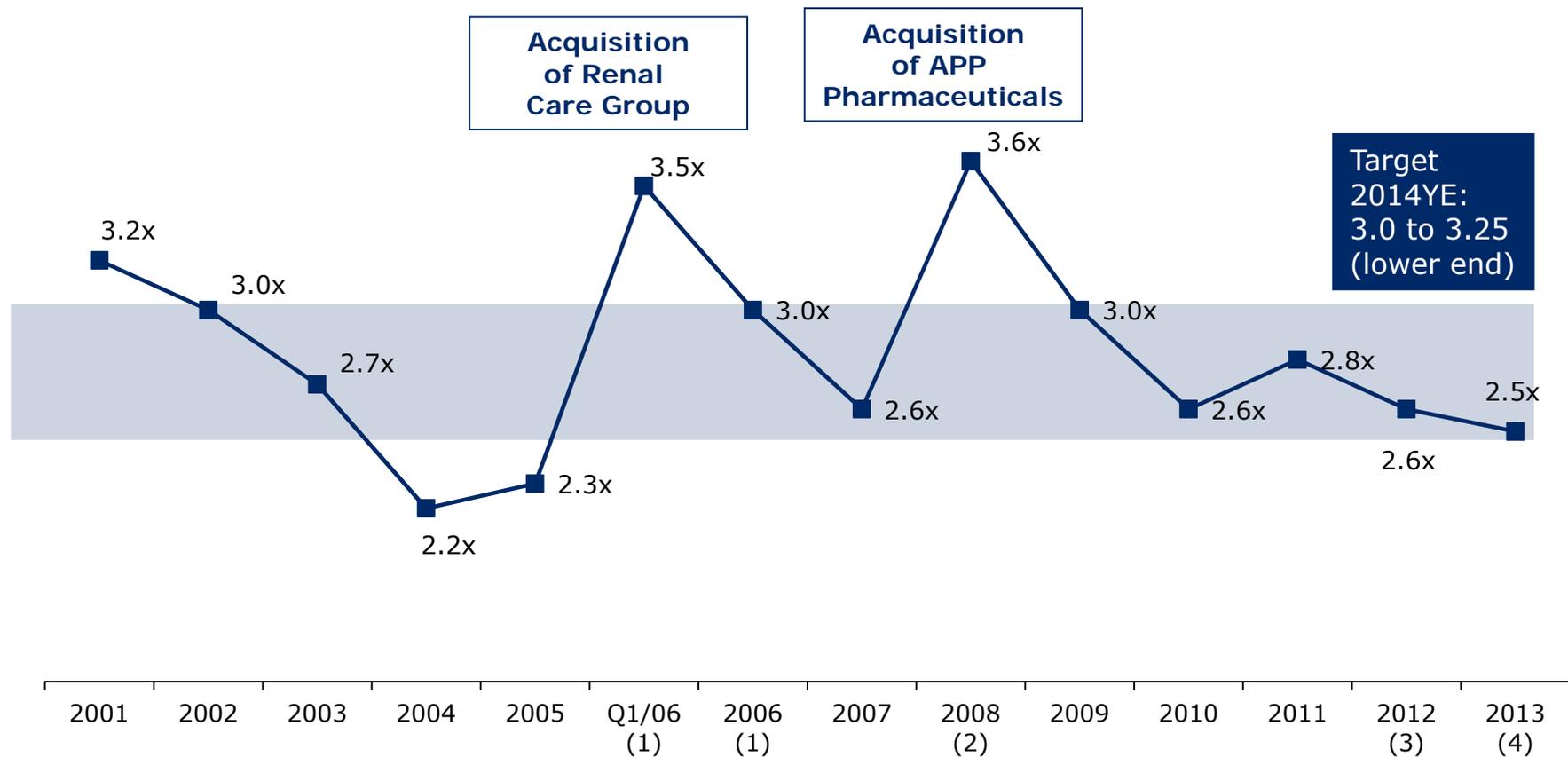
3 - Controlling stake

5 - Incl. subsidiaries

2 - Incl. Fresenius Finance B.V. and other financing subsidiaries

4 - As held by Fresenius ProServe GmbH, a wholly owned subsidiary of Fresenius SE & Co. KGaA, which provides the guarantees

Fresenius Group: Proven Track Record of Deleveraging



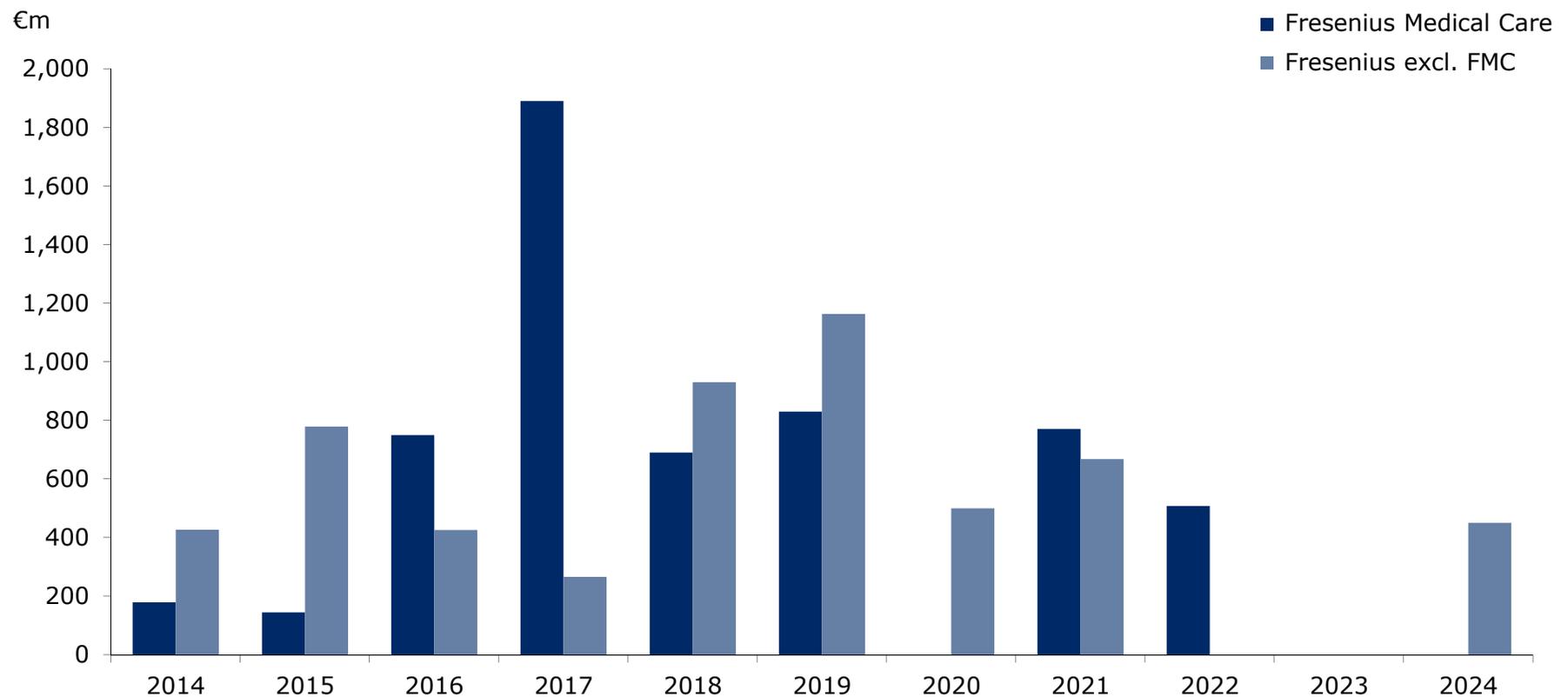
1 - Pro forma incl. Renal Care Group

2 - Pro forma incl. APP Pharmaceuticals Inc., before APP-transaction related special items

3 - Pro forma incl. Damp Group, Liberty Dialysis Holdings, Inc. and Fenwal, adjusted for €6 million one-time costs related to the 2012 offer to Rhön-Klinikum AG shareholders as well as for €86 million other one-time costs at FME

4 - Pro forma excluding advances made for the acquisition of hospitals of Rhön-Klinikum; before one-time costs related to Fenwal integration

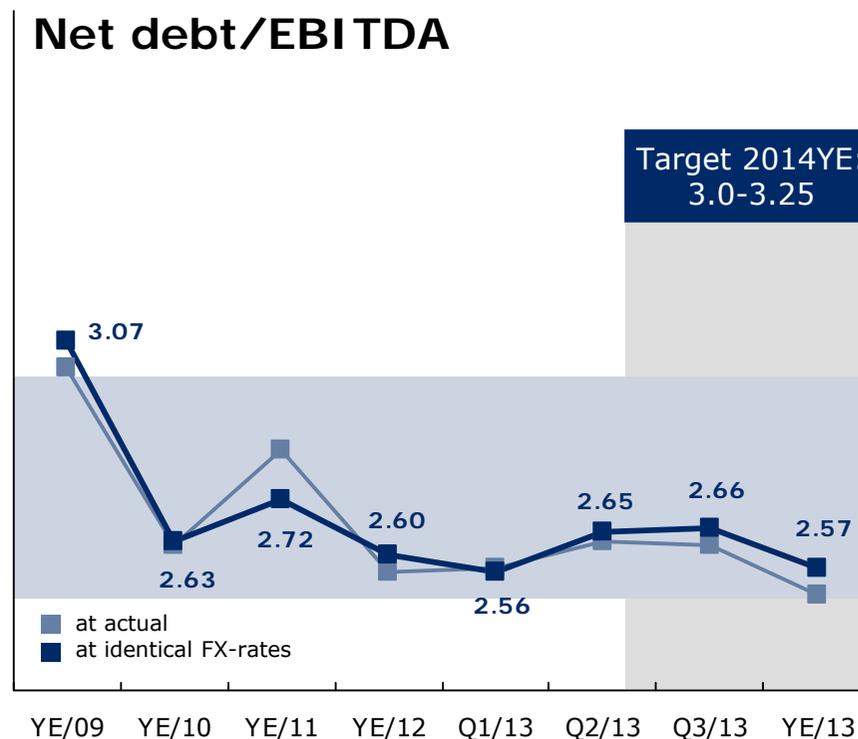
Fresenius Group: Debt Maturity Profile¹ Dec 31, 2013 – Pro-forma 2014 Senior Notes Issuances²



1- Based on utilization of major long-term financing instruments
 2- Pro Forma for Jan / Feb 2014 issuance of Senior Notes

Fresenius Group: Debt and Interest Ratios

	Dec 31, 2013	Dec 31, 2012
Debt (€m)	12,804	11,028
thereof 46% US\$ denominated		
Net debt (€m)	11,940	10,143
Net debt/EBITDA	2.51¹	2.56^{2,3}
EBITDA/Interest	6.7	5.8



1- 2013 before integration costs for Fenwal (€54 million); debt excluding advances of €2.18 bn for the acquisition of hospitals from Rhön-Klinikum

2- 2012 pro forma including Liberty Dialysis Holdings, Inc., Damp Group, and Fenwal

3- 2012 before one-time costs (€6 million) related to the offer to the shareholders of Rhön-Klinikum AG and for other one-time costs (€86 million) at Fresenius Medical Care.