

# Conference Call – H1/2013 Results

July 30, 2013



## 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.

## Fresenius Group: Financial Results

	Sales	EBIT <sup>1</sup>	Net income <sup>1</sup>
H1/13	€9,987 m	€1,448 m	€482 m
Growth at constant currency rates	9%	2%	12%
Growth at actual currency rates	8%	1%	11%

<sup>1</sup> Before one-time items

## Fresenius Group: Financial Results by Business Segment

H1/13	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed
Sales Growth	US\$7,076 m 6%	€2,519 m 13%	€1,695 m 11%	€421 m 21%
EBIT Growth	US\$1,038 m -5%	€469 m 4%	€179 m 19%	€15 m 7%

# Q2 Business Update

## Operations & Markets



### FDA inspections

- Significant remediation efforts ongoing; Kalyani plant start-up underway
- Confirm previous estimate of up to €50 million net one-time charges<sup>1</sup> to remediate manufacturing issues

### U.S. drug shortages / Propofol

- Shortage list mid-July: 101 I.V. drugs; 31 marketed by Kabi (end of April: 98 I.V. drugs; 28 marketed by Kabi)
- Propofol: June shipments 20% above May volumes; expect July shipments similar to June

### Fenwal integration on track

- European operations fully integrated into Kabi organization
- APP und Fenwal U.S. headquarters combined



<sup>1</sup> after Calea investment gain

## Q2 Business Update

### Operations & Markets



#### Additional funding for German hospitals

- Expect ~€10 – 15 million earnings upside for 2013 and ~€20 million upside for 2014

#### Clinic development plan – new, ambitious target

- 12 – 15% EBIT margin vs. 15% EBITDA previously;  
FY 2012 D&A was 3.4%
- Acute care and post-acute care clinics included
- Implementation period: 6 yrs vs. 5 yrs



#### €173 million turnkey hospital project in Austria

- Largest single order in VAMED history



# Q2 Business Update

## Strategic Initiatives



### Emerging markets expansion

- Acquisition of JYM infusion and nutrition pump business in China – platform for future medical device growth in Asia
- Acquisition of two compounding centers in Colombia – grow clinical nutrition business in Latin America
- Promising acquisition pipeline to expand presence in fast-growing markets

### U.S. product approvals/launches

- 510(k) clearance for AGILIA infusion system
- Regulatory discretion to import injectable nutrition products
- 2 I.V. drugs



### Sale of Fresenius Biotech

- Positive effect on 2013 Group earnings, forecast H2/13 EBIT loss of ~€10 million will not materialize



## Group Financials H1/13 – Outlook 2013





## Fresenius Group: Profit and Loss Statement

€m	Q2/13	H1/13	Growth Q2/13 YoY	
			actual rates	constant rates
Sales	5,097	9,987	6%	7%
EBIT <sup>1</sup>	752	1,448	-3%	-2%
Net interest	-150	-313	10%	8%
Income taxes	-168	-323	12%	10%
Net income <sup>2</sup>	258	482	10%	11%

<sup>1</sup> 2013 adjusted for Fenwal integration costs (Q2: €20 million; H1: €27 million)

<sup>2</sup> Net income attributable to shareholders of Fresenius SE & Co. KGaA, 2013 adjusted for Fenwal integration costs (Q2: €15 million; H1: €20 million)

2012 adjusted for investment gain of €34 million at Fresenius Medical Care (Q2: €4 million; H1: €34 million ) and for one-time costs related to the offer to RHÖN-KLINIKUM AG shareholders (Q2: €26 million).

## Fresenius Kabi: EBIT Margin Fully in Line with Guidance

€m	H1/13	H1/12	Growth
Europe Margin	178 17.3%	192 19.7%	-7%
North America Margin	291 37.1%	250 41.1%	16%
Asia-Pacific/Latin America/Africa Margin	120 17.0%	131 20.1%	-8%
Corporate and Corporate R&D	-120	-121	1%
<b>Total EBIT (incl. Fenwal) Margin</b>	<b>469 18.6%</b>	<b>452 20.2%</b>	<b>4%</b>
<b>Total EBIT (excl. Fenwal) Margin</b>	<b>451 19.8%</b>	<b>452 20.2%</b>	<b>0%</b>

H1/13 EBIT excluding Fenwal integration costs of €27 million.

## Fresenius Helios: Excellent Sales and EBIT Growth

€m	H1/13	H1/12	Growth
<b>Total sales</b>	<b>1,695</b>	<b>1,525</b>	<b>11%</b>
<b>EBIT</b>			
Established clinic portfolio	175	152	15%
Margin	11.0%	10.0%	
Acquisitions / Divestitures (consolidation / deconsolidation <1 yr)	4	-2	
<b>Total EBIT</b>	<b>179</b>	<b>150</b>	<b>19%</b>
<b>Margin</b>	<b>10.6%</b>	<b>9.8%</b>	

2012 adjusted for post-acute care clinic Zihlschlacht – transferred to Fresenius Vamed as per January 1, 2013.

# Fresenius Group: Financial Outlook by Business Segment Raised or Fully Confirmed

		Previous	New	
<b>Fresenius Kabi</b>	Sales growth cc	12% – 14%		✓
	Sales growth organic	3% – 5%		✓
	EBIT margin excl. Fenwal	19% – 20%		✓
	EBIT margin incl. Fenwal	18% – 19%		✓
<b>Fresenius Helios</b>	Sales growth organic	3% – 5%		✓
	EBIT	€360 – €380 m	€370 – €395 m	↑
<b>Fresenius Vamed</b>	Sales growth	8% – 12%		✓
	EBIT growth	5% – 10%		✓

## Fresenius Group: Earnings Outlook Raised

	Previous	New	
Revenue growth at constant currency	7% – 10%		✓
Net income growth <sup>1</sup> at constant currency	7% – 12%	11% – 14%	↑

<sup>1</sup> Net income attributable to shareholders of Fresenius SE & Co. KGaA; 2013 adjusted for Fenwal integration costs (~€50 million pre-tax); 2012 adjusted for a non-taxable investment gain of €34 million and other one-time costs of €17 million at Fresenius Medical Care and for one-time costs of €29 million related to the offer to RHÖN-KLINIKUM AG shareholders.

# Attachments



## Fresenius Group: Overview – Calculation of Noncontrolling Interest

€m






	H1/13	FY/12
Earnings before tax and noncontrolling interest	1,108	2,391
Taxes	-316	-659
Noncontrolling interest, thereof	-330	-806
Fresenius Medical Care net income not attributable to Fresenius (Q2/13: ~69%)	-258	-639
Noncontrolling interest holders in Fresenius Medical Care (FY/2012: US\$140 m, Q2/2013: US\$34 m according to Fresenius Medical Care's Financial Statements)	-52	-109
Noncontrolling interest holders in Fresenius Kabi (-€13 m), Fresenius Helios (-€4 m) and due to Fresenius Vamed's 23% external ownership (-€3 m)	-20	-58
Net income attributable to Fresenius SE & Co. KGaA	462	926

## Fresenius Group: Cash Flow

€m	Q2/13	LTM Margin	Q2/12	LTM Margin	Growth YoY
<b>Operating Cash Flow</b>	<b>503</b>	<b>11.2%</b>	<b>598</b>	<b>12.3%</b>	<b>-16%</b>
Capex (net)	-228	-5.0%	-206	-4.7%	-11%
<b>Free Cash Flow</b> (before acquisitions and dividends)	<b>275</b>	<b>6.2%</b>	<b>392</b>	<b>7.6%</b>	<b>-30%</b>
Acquisitions (net)	-16		-100		84%
Dividends	-396		-350		-13%
<b>Free Cash Flow</b> (after acquisitions and dividends)	<b>-137</b>	<b>-0,1%</b>	<b>-58</b>	<b>-6.3%</b>	<b>-136%</b>



## Cash Flow Development






€m	Operating CF		Capex (net)		Free Cash Flow <sup>1</sup>	
	Q2/13	LTM Margin	Q2/13	LTM Margin	Q2/13	LTM Margin
 FRESENIUS KABI	106	11.3%	-62	-5.5%	44	5.8%
 FRESENIUS HELIOS	47	7.2%	-27	-5.1%	20	2.1% <sup>3</sup>
 FRESENIUS VAMED	-42	-2.2%	-4	-1.3%	-46	-3.5%
Corporate/ Other	-9	n/a	-3	n/a	-12	n/a
 FRESENIUS excl. FMC	<b>102</b>	<b>8.9%</b> <sup>2</sup>	<b>-96</b>	<b>-5.0%</b>	<b>6</b>	<b>3.9%</b> <sup>2</sup>
 FRESENIUS Group	<b>503</b>	<b>11.2%</b>	<b>-228</b>	<b>-5.0%</b>	<b>275</b>	<b>6.2%</b>

<sup>1</sup> Before Acquisitions and Dividends

<sup>2</sup> Incl. FMC dividend

<sup>3</sup> Understated: 3.0% excluding €28 million of capex commitments from acquisitions

## Cash Flow Development LTM

€m	Operating CF		Capex (net)		Free Cash Flow <sup>1</sup>	
	LTM H1/13	LTM Margin	LTM H1/13	LTM Margin	LTM H1/13	LTM Margin
	546	11.3%	-268	-5.5%	278	5.8%
	241	7.2%	-169	-5.1%	72	2.1% <sup>3</sup>
	-20	-2.2%	-12	-1.3%	-32	-3.5%
Corporate/ Other	-26	n/a	-11	n/a	-37	n/a
 excl. FMC	<b>741</b>	<b>8.9%<sup>2</sup></b>	<b>-460</b>	<b>-5.0%</b>	<b>281</b>	<b>3.9%<sup>2</sup></b>
 Group	<b>2,249</b>	<b>11.2%</b>	<b>-1,010</b>	<b>-5.0%</b>	<b>1,239</b>	<b>6.2%</b>

<sup>1</sup> Before Acquisitions and Dividends

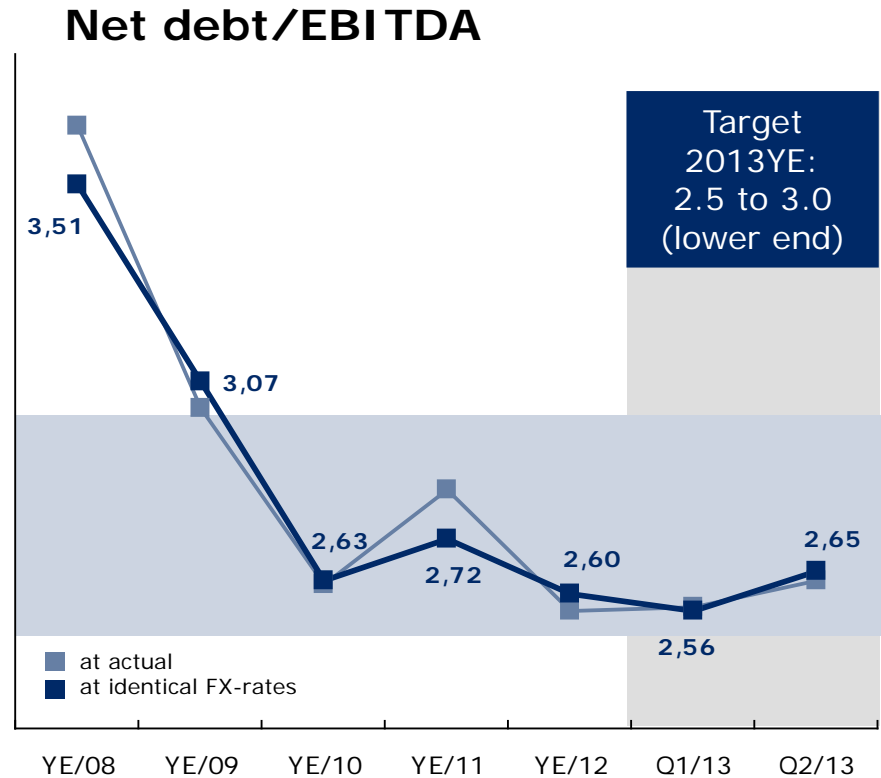
<sup>2</sup> Incl. FMC dividend

<sup>3</sup> Understated: 3.0% excluding €28 million of capex commitments from acquisitions

Margin = in % of sales

## Fresenius Group: Debt and Interest Ratios

	Jun 30, 2013	Dec 31, 2012
Debt (€m)	11,204	11,028
thereof 52% US\$ denominated		
Net debt (€m)	10,362	10,143
Net debt/EBITDA	2.63 <sup>1,2</sup>	2.56 <sup>3,4</sup>
EBITDA/Interest	5.9	5.8



<sup>1</sup> Pro forma Fenwal

<sup>2</sup> Adjusted for one-time costs (-€1 million) related to the offer to the shareholders of RHÖN-KLINIKUM AG, for other one-time costs (€86 million) at Fresenius Medical Care as well as one-time integration costs (€27 million) at Fenwal

<sup>3</sup> Pro forma including Liberty Dialysis Holdings, Inc., Damp Group, and Fenwal

<sup>4</sup> Adjusted for 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.

## Fresenius Kabi: Organic Sales Growth Fully in Line with Guidance

€m	H1/13	H1/12	Organic Growth
Europe	1,030	974	2%
North America	784	609	6%
Asia-Pacific	456	415	6%
Latin America/Africa	249	236	9%
<b>Total sales</b>	<b>2,519</b>	<b>2,234</b>	<b>4%</b>

## Fresenius Kabi: Organic Sales Growth Fully in Line with Guidance

€m	H1/13	H1/12	Organic Growth
Infusion Therapy	500	500	4%
I.V. Drugs	893	847	7%
Clinical Nutrition	663	648	4%
Medical Devices/ Transfusion Technology	463	239	0%
<b>Total sales</b>	<b>2,519</b>	<b>2,234</b>	<b>4%</b>

## Fresenius Helios: Strong Organic Sales Growth

€m	H1/13	H1/12	Growth
Established clinic portfolio	1,588	1,519	5%
Acquisitions (consolidation <1 yr)	107		
Divestitures (deconsolidation <1 yr)		6	
<b>Total sales</b>	<b>1,695</b>	<b>1,525</b>	<b>11%</b>

2012 adjusted for post-acute care clinic Zihlschlacht transferred to Fresenius Vamed.

## Fresenius Helios: Performance Indicators

	H1/13	H1/12	Change
<b>No. of hospitals<sup>1</sup></b>	74	72	3%
- Acute care clinics	51	50	2%
- Post-acute care clinics	23	22	5%
<b>No. of beds<sup>1</sup></b>	23,520	23,286	1%
- Acute care clinics	18,903	18,701	1%
- Post-acute care clinics	4,617	4,585	1%
<b>Admissions</b>			
- Acute care (inpatient)	383,050	361,993	6%
<b>Occupancy</b>			
- Post-acute care	82%	85%	
<b>Average length of stay (days)</b>			
- Acute care	6.6	6.7	
- Post-acute care	27.2	27.6	

<sup>1</sup> Dec 31, 2012

## Fresenius Helios: Sales Influence Hospital Acquisitions / Divestitures

### Acquisitions

### Annualized sales

Damp Group (excl. Wismar  
divested before closing),  
Northern Germany

~€427 m      consolidated as of March 31, 2012

Hospital Wipperfürth,  
North-Rhine Westphalia

~€20 m      consolidated as of January 1, 2013



## Fresenius Vamed: Excellent Sales and EBIT Growth

€m	H1/13	H1/12	Growth
Project business	208	184	13%
Service business	213	164	30%
<b>Total sales</b>	<b>421</b>	<b>348</b>	<b>21%</b>
<b>Total EBIT</b>	<b>15</b>	<b>14</b>	<b>7%</b>
Margin	3.6%	4.0%	
<b>Order intake<sup>1</sup></b>	<b>311</b>	<b>156</b>	<b>99%</b>
<b>Order backlog<sup>1</sup></b>	<b>1,089</b>	<b>987<sup>2</sup></b>	<b>10%</b>

<sup>1</sup> Project business only

<sup>2</sup> December 31, 2012

2012 adjusted for post-acute care clinic Zihlschlacht

## Fresenius Group: Key Figures According to IFRS

€m	H1/13 U.S. GAAP	H1/13 IFRS
Sales	9,987	<b>10,087</b>
EBIT <sup>1</sup>	1,448	<b>1,449</b>
Net interest	-313	<b>-313</b>
Net income <sup>2</sup>	462	<b>462</b>
Net income <sup>3</sup>	482	<b>482</b>
Operating Cash flow	947	<b>955</b>
Balance sheet total	30,973	<b>31,152</b>

<sup>1</sup> Adjusted for one-time integration costs of Fenwal

<sup>2</sup> Net income attributable to shareholders of Fresenius SE & Co. KGaA

<sup>3</sup> Net income attributable to shareholders of Fresenius SE & Co. KGaA, adjusted for one-time integration costs of Fenwal

## Special Items – 2012

### Other financial result FY 2012:

- The other financial result of -€35 million includes one-time costs for the offer to the shareholders of RHÖN-KLINIKUM AG, primarily relating to financing commitments.

### Investment gain at Fresenius Medical Care FY 2012:

- Due to the acquisition of Liberty Dialysis Holdings, Inc. (Liberty), including its 51% stake in Renal Advantage Partners, LLC (RAI)
- Measuring the 49% equity interest in RAI held by Fresenius Medical Care at its fair value at the time of the Liberty acquisition
- Resulting in a non-taxable investment gain of US\$140 million at Fresenius Medical Care or €34 million at Fresenius SE & Co. KGaA in 2012 respectively; Q1 2012: €30 million; Q2 2012: €4 million

## Share Information

### Share key facts

Number of shares <sup>1</sup>	178,432,957
WKN / ISIN	578560 / DE0005785604
Ticker symbol	FRE
Bloomberg symbol	FRE GR
Reuters symbol	FREG.de

### ADR key facts

Ratio	8 ADRs = 1 ordinary share
ADR CUSIP / ISIN	35804M105 / US35804M1053
Ticker symbol	FSNUY
Exchange	OTC-market
Structure	Sponsored Level I ADR
Depository bank	Deutsche Bank

<sup>1</sup> As of June 30, 2013

## Financial Calendar 2013

05.11.2013      Report on 1<sup>st</sup> – 3<sup>rd</sup> quarter 2013

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