



# Conference Call – Third Quarter 2014

November 4, 2014



## 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

		Q3/14	Q1-3/14
<b>Sales</b>		€5,978 m	€16,711 m
	Growth cc	20%	14%
	Growth actual rates	18%	11%
<b>EBIT<sup>1</sup></b>		€820 m	€2,223 m
	Growth cc	10%	3%
	Growth actual rates	9%	1%
<b>Net income<sup>1</sup></b>		€281 m	€768 m
	Growth cc	5%	4%
	Growth actual rates	4%	2%

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

## Fresenius Group: Financial Results by Business Segment

		Q3/14	Growth Q3 YoY	Q1-3/14	Growth Q1-3 YoY
 <b>FRESENIUS MEDICAL CARE</b>	Sales	US\$4,113 m	12%	US\$11,511 m	7%
	EBIT	US\$590 m	6%	US\$1,591 m	0%
 <b>FRESENIUS KABI</b>	Sales	€1,294 m	6%	€3,760 m	0%
	EBIT	€223 m	-1%	€634 m	-9%
 <b>FRESENIUS HELIOS</b>	Sales	€1,362 m	62%	€3,883 m	53%
	EBIT	€147 m	43%	€397 m	41%
 <b>FRESENIUS VAMED</b>	Sales	€257 m	10%	€655 m	0%
	EBIT	€12 m	20%	€27 m	8%

## Q3 Business Update

### Operations & Markets



#### North America: encouraging FDA inspection results

- Grand Island, NY plant: October FDA inspection with 3 observations (July 2011: 16, January 2013: 8, of which 4 repeat observations)
- Inspection results reflect progress at the plant, underline Kabi's strong quality commitment
- Approval of new products requires plant status "VAI", i.e. voluntary action indicated; October inspection may result in VAI

#### Emerging markets: back to double-digit growth

- China: record quarterly sales (€148 m; 21% organic growth); strong Q4 and approx. 10% organic sales growth in FY14 expected
- Latin America: double-digit organic sales growth across all countries

#### HES sales: stabilized at Q2 level

- €8 m single quarter sales decline yoy



# Q3 Business Update

## Operations & Markets

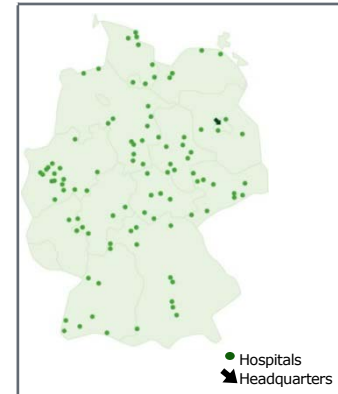


### Hospital admissions progressing as expected

- 2% admission increase at established and acquired hospitals, in line with 3 to 5 % 2014 organic sales growth target

### Integration of Rhön-Klinikum hospitals

- Integration cost reduced to €60-80 m; approx. 50/50 split 2014/2015
- Synergies of €85 m p.a. by 2015 fully confirmed



### Major project win for German university hospital

- €1.7 bn contract for Vamed and consortium partner – includes construction/modernization project (€520 m) and 30yr technical management service-contract

### Project delays in Russia, Ukraine

- Lower 2014 organic sales growth expectations, EBIT growth expectations confirmed



## Group Financials Q3/14 – Outlook 2014



## Fresenius Group: Profit and Loss Statement

€m	Q3/14	Growth Q3 YoY		Q1-3/14	Growth Q1-3 YoY	
		actual rates	constant rates		actual rates	constant rates
Sales	5,978	18%	20%	16,711	11%	14%
EBIT <sup>1</sup>	820	9%	10%	2,223	1%	3%
Net interest	-148	-9%	-10%	-431	4%	1%
Income taxes	-197	-14%	-16%	-529	-7%	-10%
Net income <sup>2</sup>	281	4%	5%	768	2%	4%

<sup>1</sup> 2014 before integration costs (Fenwal – Q3: €3 m / Q1-3: €6 m; acquired Rhön hospitals – Q3: €4 m / Q1-3: €12 m) and disposal gains (two HELIOS hospitals – Q3: n.a. / Q1-3: €22 m; Rhön Stake – Q3: n.a. / Q1-3: €35 m); 2013 before integration costs (Fenwal – Q3: €7 m; Q1-3: €34 m)

<sup>2</sup> Net income attributable to shareholders of Fresenius SE & Co. KGaA; 2014 before integration costs (Fenwal Q3: €2 m / Q1-3: €4 m; acquired Rhön hospitals Q3: €3 m / Q1-3: €9 m) and disposal gains (two HELIOS hospitals – Q3: n.a. / Q1-3: €21 m; Rhön Stake – Q3: n.a. / Q1-3: €34 m); 2013 before integration costs (Fenwal – Q3: €6 m; Q1-3: €26 m)



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

€m	Q3/14	Growth Q3 YoY	Q1-3/14	Growth Q1-3 YoY
Europe Margin	77 15.0%	0% -60 bps	227 14.8%	-11% -190 bps
North America Margin	133 35.8%	-4% -140 bps	419 37.5%	-3% 40 bps
Asia-Pacific/Latin America/Africa Margin	72 17.6%	20% 70 bps	180 16.3%	0% -70 bps
Corporate and Corporate R&D	-59	-18%	-192	-13%
<b>Total EBIT</b> Margin	<b>223</b> 17.2%	<b>-1%</b> 1% cc -130 bps	<b>634</b> 16.9%	<b>-9%</b> -6% cc -170 bps






EBIT excluding integration costs (Fenwal – Q3: €3million / Q1-3: €6 million)

## Fresenius Helios: Sales and EBIT Growth Driven by First-Time Consolidation of Rhön Hospitals

€m	Q3/14	Growth Q3 YoY	Q1-3/14	Growth Q1-3 YoY
<b>Total sales</b>	<b>1,362</b>	<b>62%</b>	<b>3,883</b>	<b>53%</b>
<b>EBIT</b>				
Established clinic portfolio	103	3%	287	4%
Margin	11.8%	-40 bps	11.1%	0 bps
Acquisitions / Divestitures (consolidation / deconsolidation <1 yr)	44		110	
Margin	8.9%		8.5%	
<b>Total EBIT</b>	<b>147</b>	<b>43%</b>	<b>397</b>	<b>41%</b>
<b>Margin</b>	<b>10.8%</b>	<b>-140 bps</b>	<b>10.2%</b>	<b>-90 bps</b>

Before integration costs (acquired Rhön hospitals: €12 million) and disposal gains (two HELIOS hospitals: €22 million; Rhön stake: €35 million)

## Cash Flow Development

€m	Operating CF		Capex (net)		Free Cash Flow <sup>1</sup>	
	Q3/14	LTM Margin	Q3/14	LTM Margin	Q3/14	LTM Margin
	217	12.3%	-81	-6.9%	136	5.4%
	199	10.0%	-60	-4.8%	139	5.2% <sup>3</sup>
	18	0.0%	-2	-0.9%	16	-0.9%
Corporate/ Other	-19	n.a.	-5	n.a.	-24	n.a.
 excl. FMC	<b>415</b>	<b>10.7%</b> <sup>2</sup>	<b>-148</b>	<b>-5.5%</b>	<b>267</b>	<b>5.2%</b> <sup>2</sup>
 Group	<b>945</b>	<b>11.1%</b>	<b>-316</b>	<b>-5.6%</b>	<b>629</b>	<b>5.5%</b>

<sup>1</sup> Before acquisitions and dividends

<sup>2</sup> Margin incl. FMC dividend

<sup>3</sup> Understated: 6.6% excluding €66 million of capex commitments from acquisitions

## Fresenius Group: 2014 Financial Outlook by Business Segment

		Old	New
<b>Fresenius Kabi</b>	Sales growth organic	4% – 6%	✓
	EBIT margin	16.5% – 18%	~17%
<b>Fresenius Helios<sup>1</sup></b>	Sales growth organic	3% – 5%	✓
	Sales contribution acquired hospitals	~€1.8 bn	✓
	Sales growth acquired hospitals organic	3% – 5%	✓
	EBIT Helios+Rhön hospitals	€540 – 560 m	✓
<b>Fresenius Vamed</b>	Sales growth organic	5% – 10%	~0%
	EBIT growth	5% – 10%	✓

<sup>1</sup> Before integration costs for acquired hospitals and disposal gains (two HELIOS hospitals; Rhön stake)

## Fresenius Group: 2014 Financial Outlook

	Old	Confirmed
Revenue growth at constant currency	14% – 16%	✓
Net income growth <sup>1</sup> at constant currency	2% – 5%	✓

<sup>1</sup> Net income attributable to shareholders of Fresenius SE & Co. KGaA before integration costs (Fenwal; acquired Rhön hospitals) and disposal gains (two HELIOS hospitals; Rhön stake)

Guidance includes acquired Rhön hospitals and acquisitions at Fresenius Medical Care

## Attachments



## Fresenius Group: Overview – Calculation of Noncontrolling Interest

€m

Earnings before tax and noncontrolling interest

Taxes

Noncontrolling interest, thereof

Fresenius Medical Care net income not attributable to Fresenius (Q3/14: ~69%)

Noncontrolling interest holders in Fresenius Medical Care (Q1-3/14: US\$147 m according to Fresenius Medical Care's Financial Statements)

Noncontrolling interest holders in Fresenius Kabi (-€16 m), Fresenius Helios (-€6 m) and due to Fresenius Vamed's 23% external ownership (-€5 m)

Net income attributable to Fresenius SE & Co. KGaA

Q1-3/14

FY/13

1,831

2,407

-526

-669

-495

-727

-360

-577

-108

-109

-27

-41

810

1,011






## Fresenius Group: Cash Flow

€m	Q3/14	LTM Margin	Q3/13	LTM Margin	Growth YoY
<b>Operating Cash Flow</b>	<b>945</b>	<b>11.1%</b>	<b>619</b>	<b>10.9%</b>	<b>53%</b>
Capex (net)	-316	-5.6%	-243	-5.2%	-30%
<b>Free Cash Flow</b> (before acquisitions and dividends)	<b>629</b>	<b>5.5%</b>	<b>376</b>	<b>5.7%</b>	<b>67%</b>
Acquisitions (net)	-444		-305		-46%
Dividends	-64		-12		--
<b>Free Cash Flow</b> (after acquisitions and dividends)	<b>121</b>	<b>-14.0%</b>	<b>59</b>	<b>-1.4%</b>	<b>105%</b>

Margin = in % of sales



## Cash Flow Development LTM

€m	Operating CF		Capex (net)		Free Cash Flow <sup>1</sup>	
	LTM Q1-3/14	LTM Margin	LTM Q1-3/14	LTM Margin	LTM Q1-3/14	LTM Margin
	617	12.3%	-345	-6.9%	272	5.4%
	476	10.0%	-229	-4.8%	247	5.2% <sup>3</sup>
	0	0%	-9	-0.9%	-9	-0.9%
Corporate/ Other	-18	n.a.	-9	n.a.	-27	n.a.
	<b>1,075</b>	<b>10.7%<sup>2</sup></b>	<b>-592</b>	<b>-5.5%</b>	<b>483</b>	<b>5.2%<sup>2</sup></b>
	<b>2,449</b>	<b>11.1%</b>	<b>-1,236</b>	<b>-5.6%</b>	<b>1,213</b>	<b>5.5%</b>

<sup>1</sup> Before acquisitions and dividends

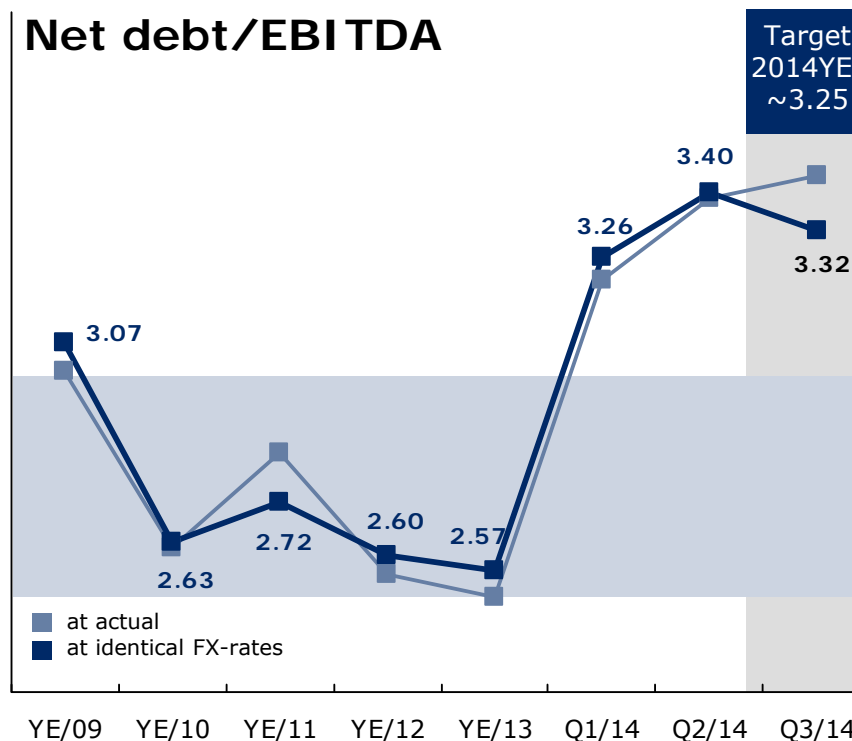
<sup>2</sup> Margin incl. FMC dividend

<sup>3</sup> Understated: 6.6% excluding €66 million of capex commitments from acquisitions

Margin = in % of sales

## Fresenius Group: Debt and Interest Ratios

	Sep 30, 2014	Dec 31, 2013
Debt (€m) thereof 46% US\$ denominated	14,878	12,804
Net debt (€m)	13,843	11,940
Net debt/EBITDA	3.44 <sup>1,2</sup>	2.51 <sup>3</sup>
EBITDA/Interest <sup>4</sup>	6.7	6.7



<sup>1</sup> Before integration costs (Fenwal; acquired Rhön hospitals) and disposal gains (two HELIOS hospitals; Rhön stake)

<sup>2</sup> Pro forma including Rhön hospitals, Sound Inpatient Physicians, Inc. and excluding two HELIOS hospitals

<sup>3</sup> 2013 before integration costs (Fenwal: €54 million); pro forma excluding advances made for the acquisition of hospitals from Rhön-Klinikum AG (€2.18 bn)

<sup>4</sup> Before integration costs (Fenwal: €6 million; acquired Rhön hospitals: €12 million) and disposal gains (two HELIOS hospitals: €22 million; Rhön stake: €35 million); 2013 before integration costs (Fenwal: €54 million)

## Fresenius Kabi: Organic Sales Growth Accelerating

€m	Q3/14	Organic Growth Q3 YoY	Q1-3/14	Organic Growth Q1-3 YoY
Infusion Therapy	248	3%	724	2%
I.V. Drugs	444	3%	1,312	2%
Clinical Nutrition	358	9%	1,020	6%
Medical Devices/ Transfusion Technology	244	4%	704	3%
<b>Total sales</b>	<b>1,294</b>	<b>5%</b>	<b>3,760</b>	<b>3%</b>

## Fresenius Kabi: Organic Sales Growth Accelerating

€m	Q3/14	Organic Growth Q3 YoY	Q1-3/14	Organic Growth Q1-3 YoY
Europe	514	4%	1,538	2%
North America	371	-1%	1,118	0%
Asia-Pacific	259	9%	723	7%
Latin America/Africa	150	17%	381	13%
<b>Total sales</b>	<b>1,294</b>	<b>5%</b>	<b>3,760</b>	<b>3%</b>

## Fresenius Helios: Organic Sales Growth Fully in Line with Expectations

€m	Q3/14	Growth Q3 YoY	Q1-3/14	Growth Q1-3 YoY
Established clinic portfolio	870	6%	2,583	4%
Acquisitions (consolidation <1 yr)	492		1,300	
<b>Total sales</b>	<b>1,362</b>	<b>62%</b>	<b>3,883</b>	<b>53%</b>

## Fresenius Helios: Performance Indicators

	Q1-3/14	Q1-3/13	Change
<b>No. of hospitals<sup>1</sup></b>	<b>111</b>	<b>74</b>	<b>50%</b>
- Acute care clinics	87	51	71%
- Post-acute care clinics	24	23	4%
<b>No. of beds<sup>1</sup></b>	<b>34,276</b>	<b>23,502</b>	<b>46%</b>
- Acute care clinics	29,170	18,885	54%
- Post-acute care clinics	5,106	4,617	11%
<b>Admissions</b>			
- Acute care (inpatient)	850,775	568,307	50%
<b>Occupancy</b>			
- Post-acute care	84%	84%	
<b>Average length of stay (days)</b>			
- Acute care	6.6	6.6	
- Post-acute care	26.6	26.8	

<sup>1</sup> December 31, 2013

## Fresenius Helios: Sales Influence Hospital Acquisitions / Divestitures

### Acquisitions

Hospitals from  
Rhön-Klinikum

### Annualized sales

~€1.9 bn    ~70% consolidated as of  
January 1, 2014

~20% consolidated as of  
March 1, 2014

HSK consolidated as of  
June 30, 2014

~€40 m    Cuxhaven consolidated as of  
August 1, 2014

### Divestitures

Hospitals Borna, Zwenkau

~€90 m    Deconsolidated as of  
February 1, 2014

## Fresenius Vamed: Sales and EBIT in Line with Expectations

€m	Q3/14	Growth Q3 YoY	Q1-3/14	Growth Q1-3 YoY
Project business	133	7%	306	-8%
Service business	124	14%	349	8%
<hr/> Total sales	257	10%	655	0%
Total EBIT	12	20%	27	8%
Margin	4.7%	40 bps	4.1%	30 bps
Order intake <sup>1</sup>	378	n.a.	678	78%
Order backlog <sup>1</sup>			1,504	32% <sup>2</sup>

<sup>1</sup> Project business only

<sup>2</sup> December 31, 2013



## Fresenius Group: Key Figures According to IFRS

€m	Q1-3/14 U.S. GAAP	Q1-3/14 IFRS
Sales	16,711	16,865
EBIT <sup>1</sup>	2,223	2,208
Net interest	-431	-431
Net income <sup>2</sup>	810	802
Net income <sup>3</sup>	768	760
Operating Cash flow	1,695	1,657
Balance sheet total	37,718	37,781

<sup>1</sup> 2014 before integration costs (Fenwal: €6 m; acquired Rhön hospitals: €12 m) and disposal gains (two HELIOS hospitals: €22 m; Rhön stake: €35 m); 2013 before integration costs (Fenwal: €34 m).

<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; 2014 before integration costs (Fenwal: €4 m; acquired Rhön hospitals: €9 m) and disposal gains (two HELIOS hospitals: €21 m; Rhön stake: €34 m); 2013 before integration costs (Fenwal: €26 m).

## Share Information

### Share key facts

Number of shares <sup>1</sup>	541,389,079
WKN / ISIN	578560 / DE0005785604
Ticker symbol	FRE
Bloomberg symbol	FRE GR
Reuters symbol	FREG.de

### ADR key facts

Ratio	4 ADRs = 1 ordinary share
ADR CUSIP / ISIN	35804M105 / US35804M1053
Ticker symbol	FSNUY
Exchange	OTCQX International Premier
Structure	Sponsored Level I ADR
Depository bank	Deutsche Bank

<sup>1</sup> As of October 31, 2014

## Financial Calendar 2015

25.02.2015	Report on FY 2014
30.04.2015	Report on 1 <sup>st</sup> Quarter 2015
20.05.2015	Annual General Meeting, Frankfurt/Main
30.07.2015	Report on 2 <sup>nd</sup> quarter 2015
29.10.2015	Report on 3 <sup>rd</sup> quarter 2015

Please note that these dates could be subject to change.

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