

# Health Care Worldwide

Goldman Sachs - Leveraged Finance Conference  
March 3, 2015 - 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
- Summary and Outlook
- Business Segments
  - Fresenius Medical Care
  - Fresenius Kabi
  - Fresenius Helios
  - Fresenius Vamed
- Appendix



# Company Overview



## A Global Leader in Health Care Products and Services

- Sales €23.2bn, net income<sup>1</sup> €1.8bn for FY 2014
- Strong and well-diversified portfolio
- Global presence in approx. 100 countries
- Long-term opportunities in growing markets
- Leading market positions

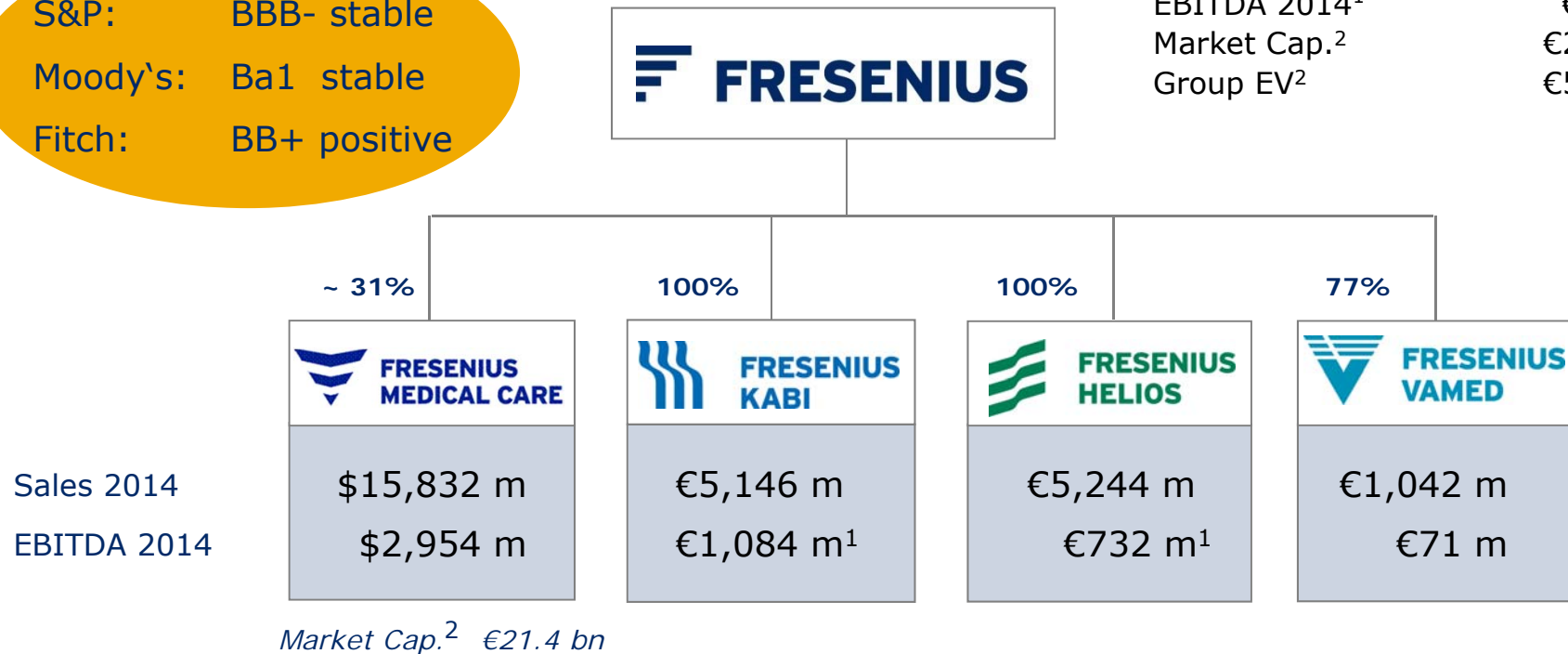


1 – Net income incl. attributable to non-controlling interest, before one-time items

# Fresenius Group: Strong and Balanced Health Care Portfolio

S&P: BBB- stable  
 Moody's: Ba1 stable  
 Fitch: BB+ positive

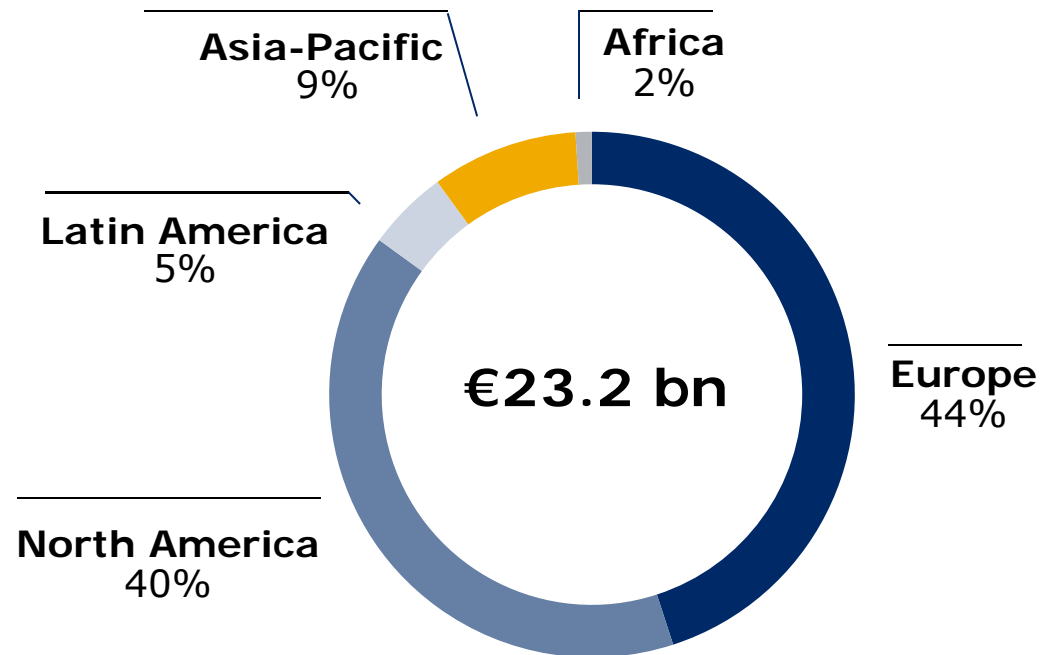
Sales 2014 €23.2 bn  
 EBITDA 2014<sup>1</sup> €4.1 bn  
 Market Cap.<sup>2</sup> €26.8 bn  
 Group EV<sup>2</sup> €56.0 bn



1 - Before special items

2 - Based on market cap as of February 25, 2015

# Fresenius Group: Sales Distribution by Region – 2014



## 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. \$19 bn branded IV drug sales (base: 2013) go off-patent in the U.S. by 2023*

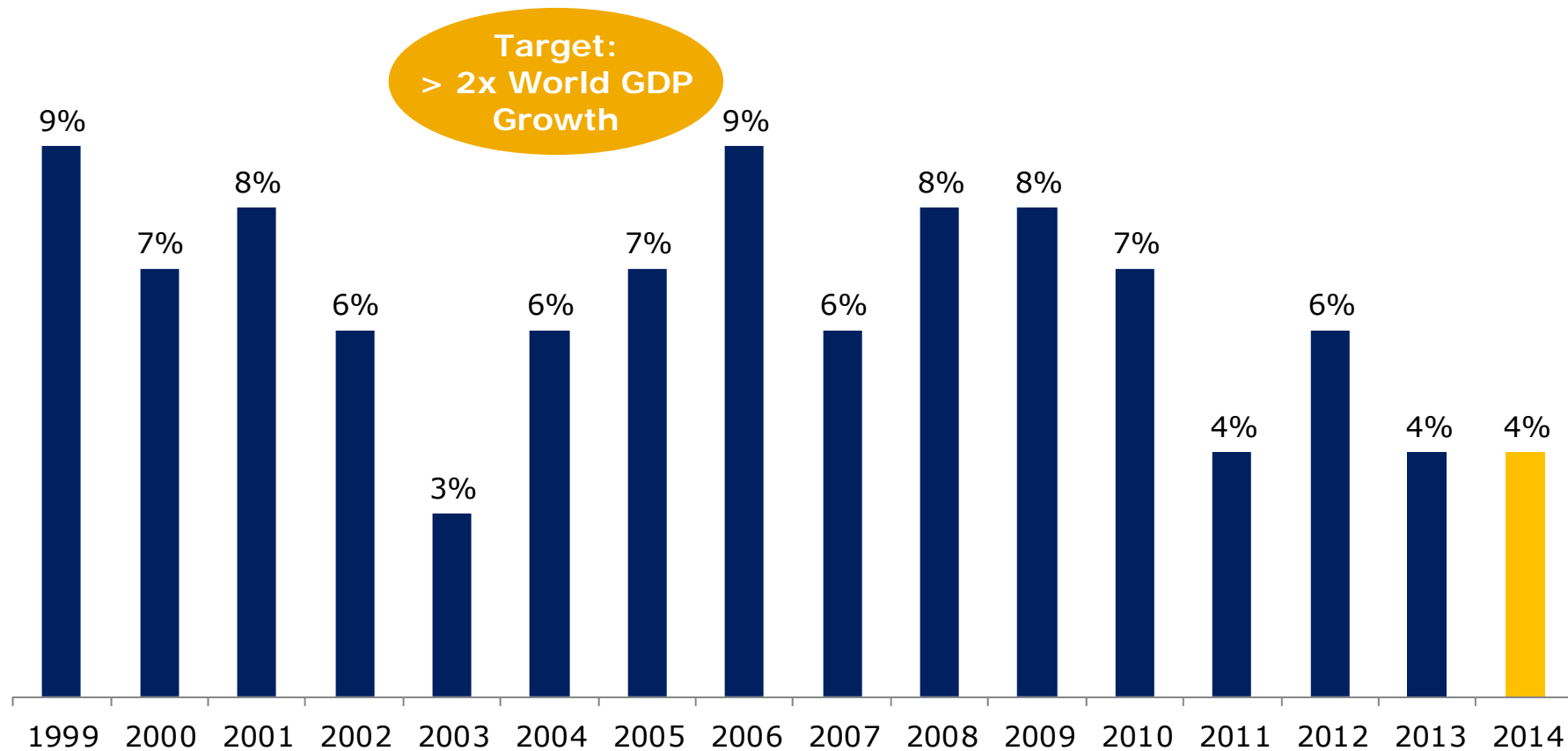


### Rise of private providers in health care services

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

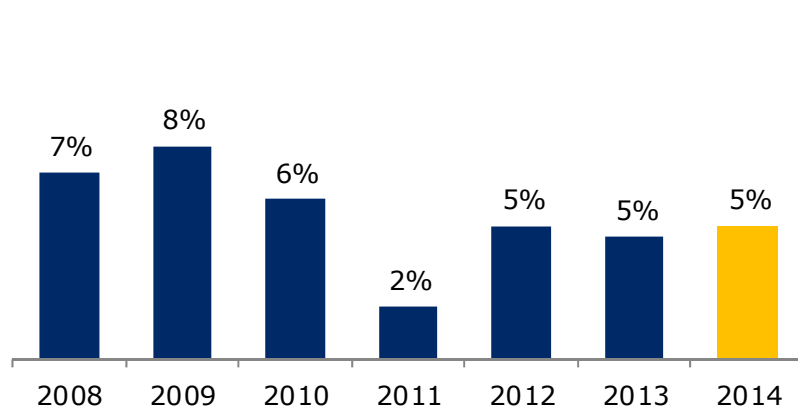


# Fresenius Group: Organic Growth 1999 – 2014

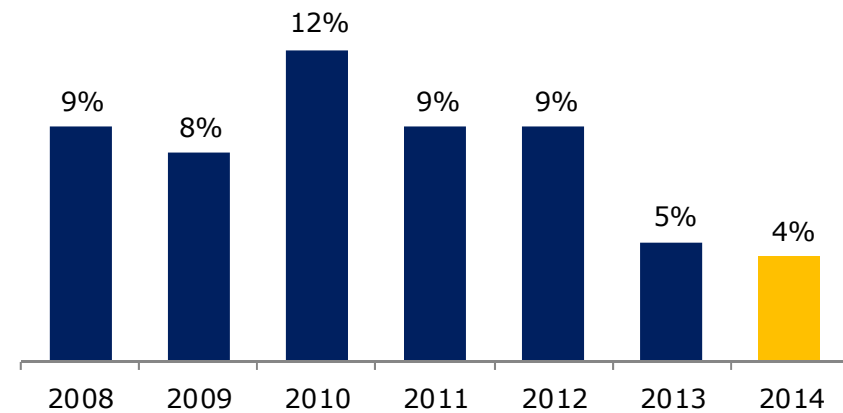


# Fresenius Group: Sustainable Organic Sales Growth in all Business Segments

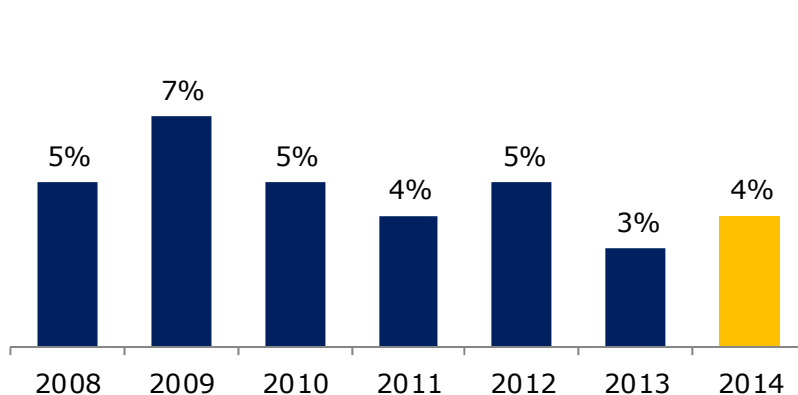
Fresenius Medical Care



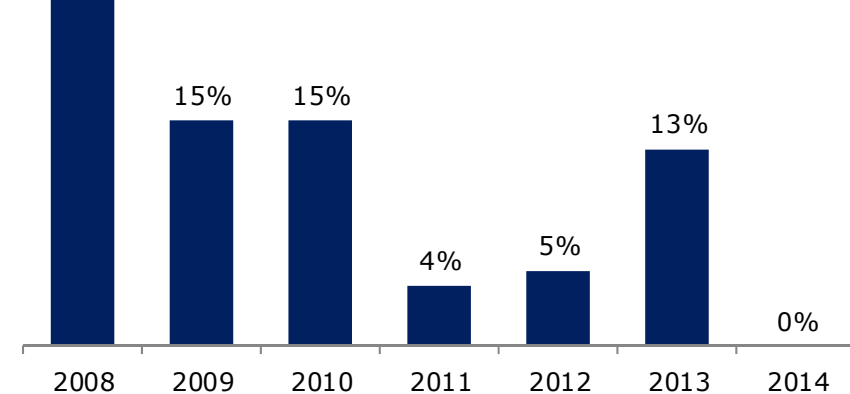
Fresenius Kabi



Fresenius Helios

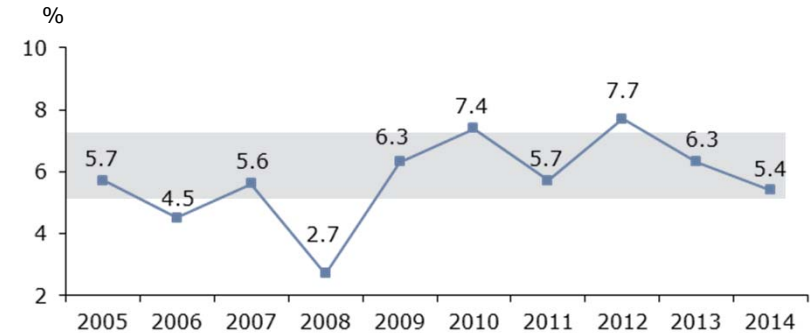
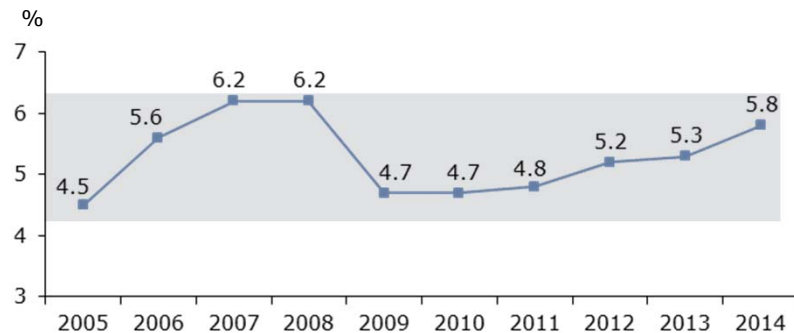
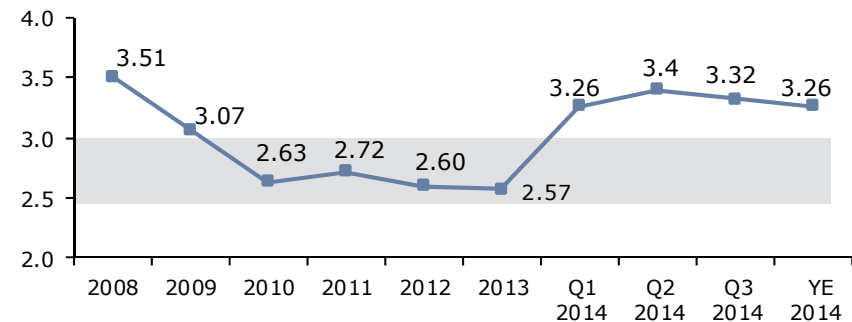


Fresenius Vamed

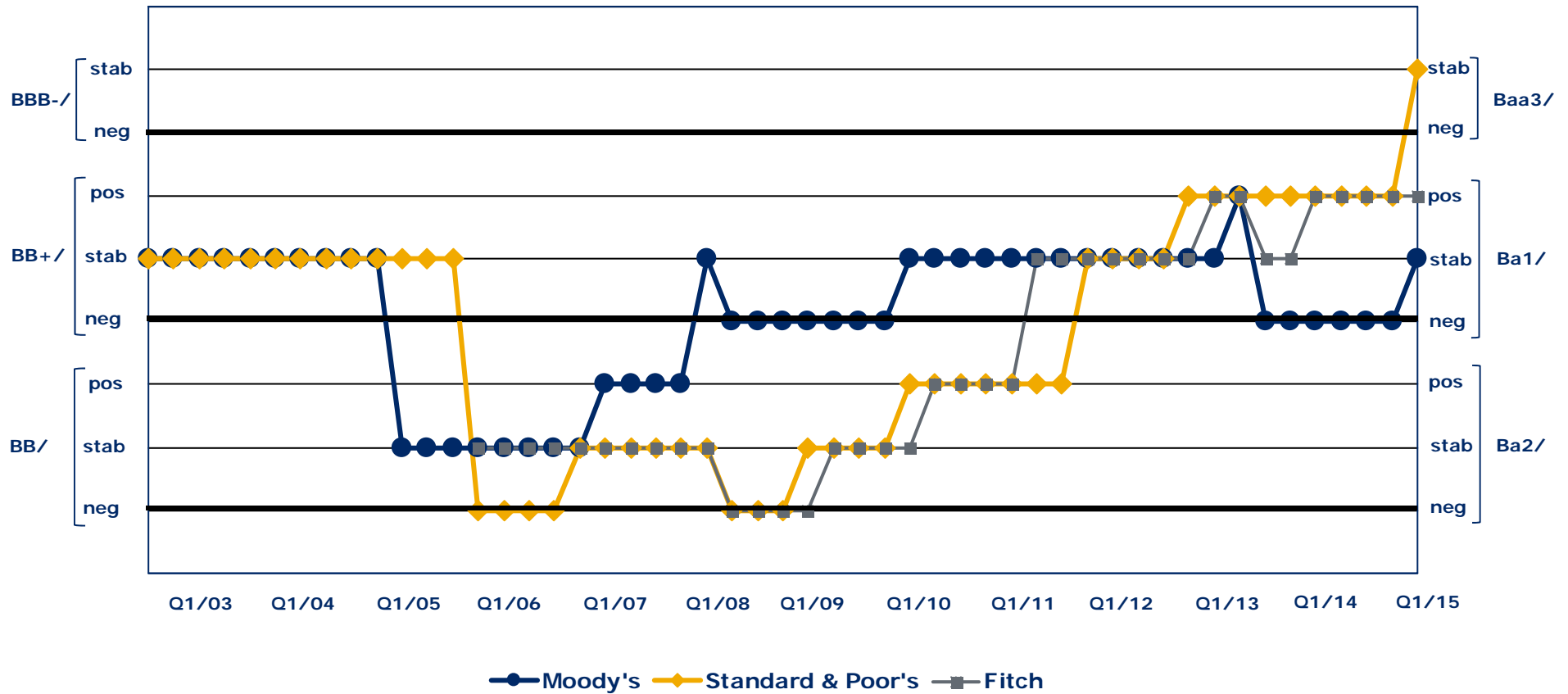


# Fresenius Group: Consistent Cash Generation and Proven Track Record of Deleveraging

**CFFO margin**

**FCF margin (before acquisitions & dividends)**

**Capex in % of sales**

**Net Debt / EBITDA (at annual avg. FX rates)**


# Fresenius SE & Co. KGaA Rating Development over time



# Summary and Outlook



# Fresenius Medical Care: Financial Outlook 2015 and beyond

<i>In USD millions</i>	<b>2015 E</b>	<b>2016 projection</b>	<b>Long term target 2020</b> CAGR 2015-2020
<b>Sales</b>	5-7% 10-12%cc	9-12% 9-12%cc	~10%
<b>Net Income</b>	0-5%	15-20%	High single digit

- The outlook is based on exchange rates prevailing at the beginning of 2015
- Information includes savings from the Global Efficiency Program
- Potential acquisitions are not included
- The outlook is based on the execution and the operating cost investments within the Care Coordination business – in line with FMC’s 2020 strategy

cc = constant currency  
CAGR = Compound Annual Growth Rate

## Fresenius Group: 2015 Financial Outlook by Business Segment

<b>Fresenius Kabi</b>	Sales growth <sub>organic</sub> EBIT growth <sub>constant currency</sub>	3% – 5% 4% – 6%
<b>Fresenius Helios</b>	Sales growth <sub>organic</sub> Sales growth <sub>reported</sub> EBIT	3% – 5% 6% – 9% €630 – 650 m
<b>Fresenius Vamed</b>	Sales growth <sub>organic</sub> EBIT growth	single digit % 5% – 10%

## Fresenius Group: 2015 Financial Outlook

Revenue growth  
at constant currency

7% – 10%

Net income growth<sup>1</sup>  
at constant currency

9% – 12%

1- Net income attributable to shareholders of Fresenius SE&Co. KGaA; 2015 before integration costs (hospitals of Rhön-Klinikum AG ~€10 million before tax), before costs for efficiency program at Fresenius Kabi (~€100 million before tax) and gain from the divestment of two HELIOS hospitals (€34 million before tax); 2014 before special items



## Fresenius Group: Attractive Mid-Term Growth Prospects

Mid-Term Target  
~ €30 billion sales  
€1.4 to €1.5 billion net income<sup>1</sup>  
by 2017



**Strong and Balanced Health Care Portfolio**

1 – excl. attributable to non-controlling interest

## 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

# Business Segments



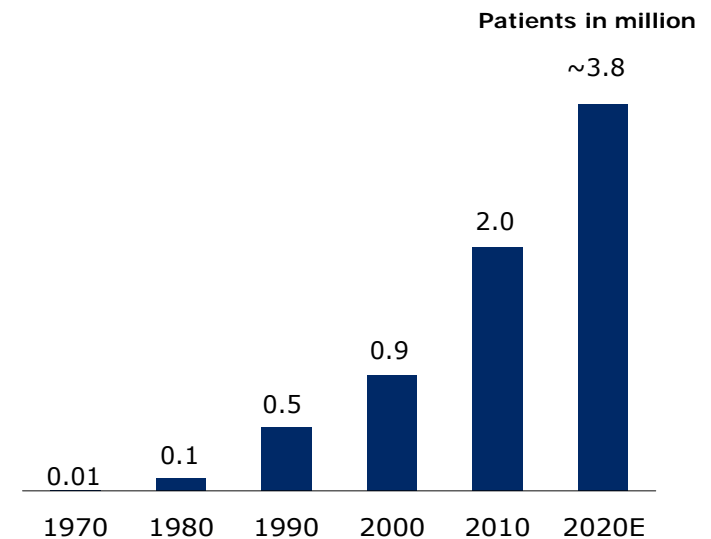
# Fresenius Medical Care: Global Market Leader in Dialysis

- World leader in dialysis products and services treating 286,312 patients in 3,361 clinics worldwide<sup>1</sup>
  
- 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

1 – As of Dec 31, 2014

## Industry Dynamics

~6% global patient growth p.a.  
~3.8 million patients by 2020 expected



## Fresenius Medical Care: Key Figures 2014

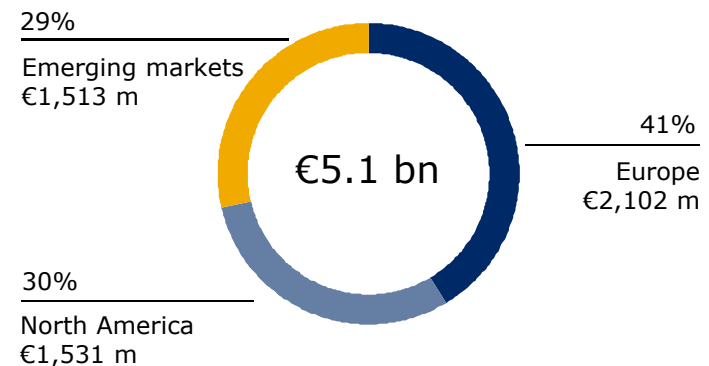
<i>\$ million</i>	FY 2014	FY 2013	Growth
<b>Total Sales</b>	<b>15,832</b>	<b>14,610</b>	<b>+8%<sup>1</sup></b>
<b>EBITDA</b>	<b>2,954</b>	<b>2,904</b>	<b>+2%</b>
<i>EBITDA margin</i>	<i>18.7%</i>	<i>19.9%</i>	
<b>EBIT</b>	<b>2,255</b>	<b>2,256</b>	<b>0%</b>
<i>EBIT margin</i>	<i>14.2%</i>	<i>15.4%</i>	
<b>Net income</b>	<b>1,045</b>	<b>1,110</b>	<b>-6%</b>

1 – 5% organic growth, 5% acquisitions , -2% currency effect,

# Fresenius Kabi: A Worldwide Leading Hospital Supplier

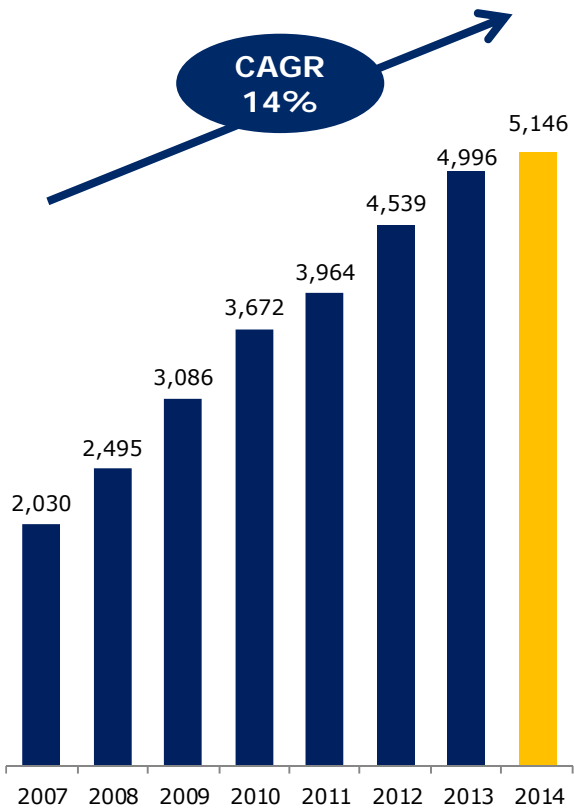
- Comprehensive product portfolio for critically and chronically ill patients
  - IV Drugs
  - Clinical Nutrition
  - Infusion Therapy
  - Medical Devices / Transfusion Technology
- Global addressable market: >€29 bn
- Leading market positions
- Focus on organic growth driven by geographic product rollout and robust product pipeline
- Aim to expand the business through selective acquisitions

## 2014 Sales by Region

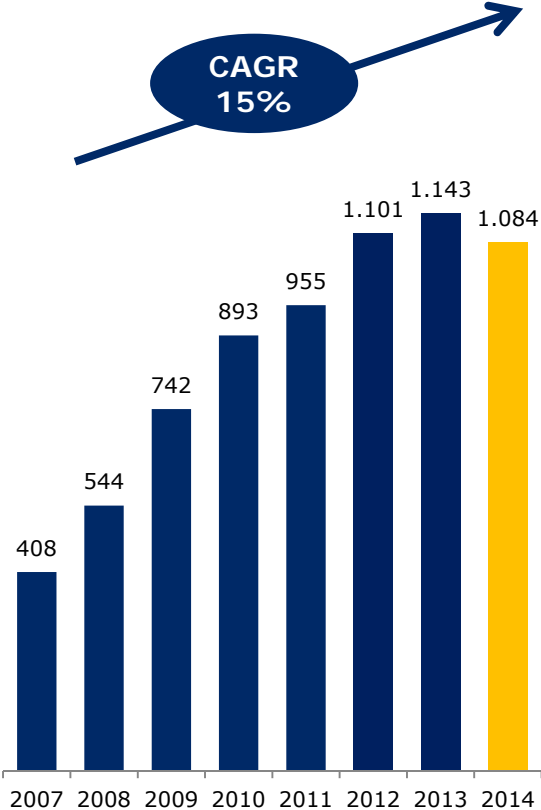


# Fresenius Kabi: Strong Growth Track Record & High Profitability

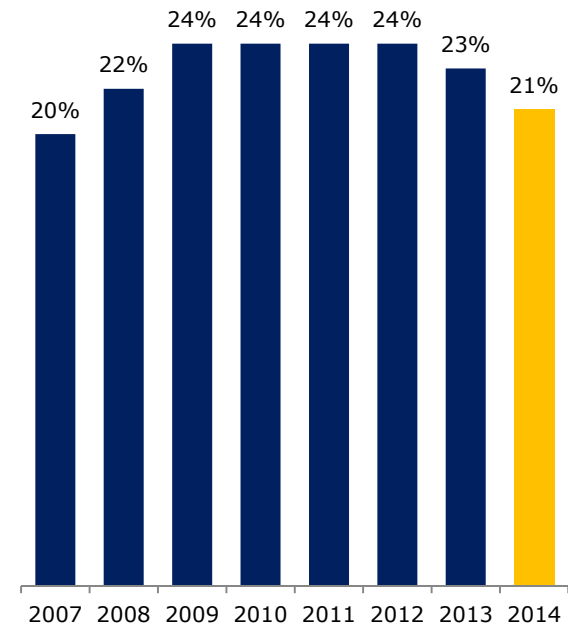
**Sales in € m**



**EBITDA<sup>1</sup> in € m**



**EBITDA<sup>1</sup> Margin (in %)**



1 - Before special items

## Fresenius Kabi: Key Figures 2014

<i>€ million</i>	<b>FY 2014</b>	<b>FY 2013</b>	<b>Growth</b>
<b>Sales</b>	<b>5,146</b>	<b>4,996</b>	<b>3%</b> <sup>2</sup>
- Infusion Therapy	977	980	0%
- I.V. Drugs	1,813	1,733	5%
- Clinical Nutrition	1,384	1,332	4%
- Medical Devices/ Transfusion Technology	972	951	2%
<b>EBITDA</b> <sup>1</sup>	<b>1,084</b>	<b>1,143</b>	<b>-5%</b>
<i>EBITDA margin</i>	<i>21.1%</i>	<i>22.9%</i>	
<b>EBIT</b> <sup>1</sup>	<b>873</b>	<b>926</b>	<b>-6%</b>
<i>EBIT margin</i>	<i>17.0%</i>	<i>18.5%</i>	
<b>Net income</b> <sup>1</sup>	<b>468</b>	<b>487</b>	<b>-4%</b>

1 – Before integration costs (Fenwal)

2 – 4% organic growth, -2% currency effect, 1% acquisitions



# Fresenius Helios: Leading Private Hospital Operator in Germany

- Acute and post-acute care in 110 proprietary hospitals<sup>1</sup>
- High-quality medical care (e.g., mortality rate for heart failure and pneumonia >30% below German average)
- Strong track record in hospital operations and acquisitions: targeting 12 – 15% EBIT margin within 6 years per individual clinic location
- Landmark acquisition of 41 hospitals from Rhön-Klinikum provides excellent long-term growth opportunities

Majority of population has access to a HELIOS hospital within one hour's drive

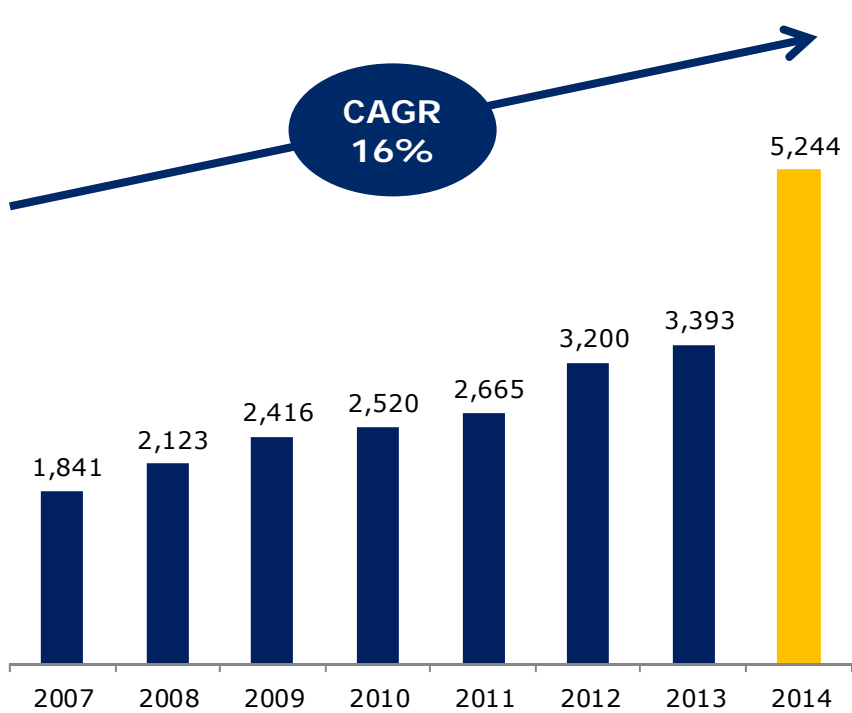


2014 Sales: €5,244 m; EBIT: €553 m

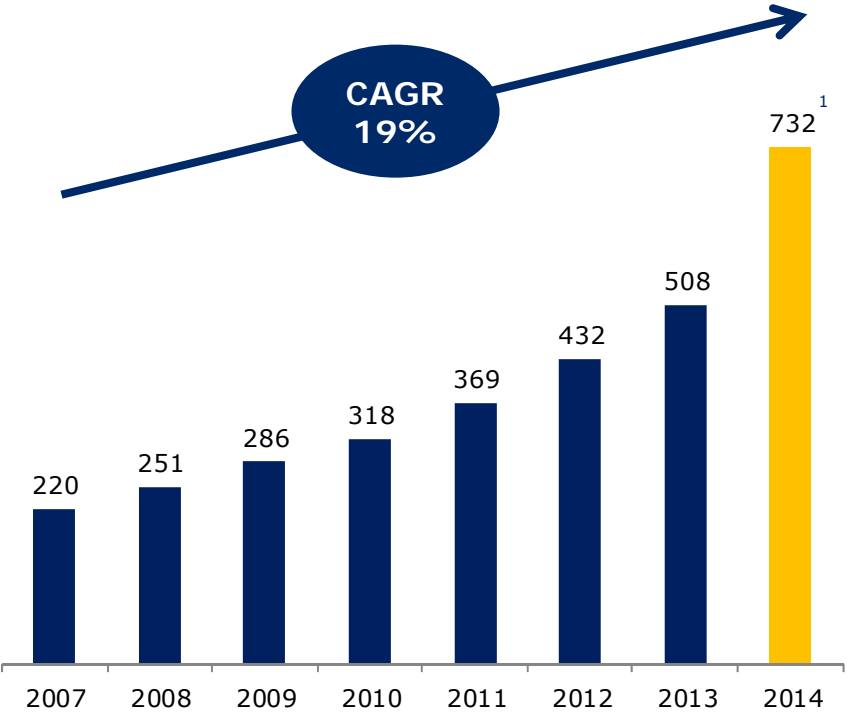
1 – as of Dec 31, 2014

# Fresenius Helios: Strong Growth Track Record & Increased Profitability

**Sales in € m**



**EBITDA in € m**



1 – Before special items

## Fresenius Helios: Key Figures 2014

<i>€ million</i>	<b>FY 2014</b>	<b>FY 2013</b>	<b>Growth</b>
<b>Sales</b>	<b>5,244</b>	<b>3,393</b>	<b>+55%<sup>3</sup></b>
<b>EBITDA<sup>1</sup></b>	<b>732</b>	<b>508</b>	<b>+44%</b>
<i>EBITDA margin</i>	<i>14.0%</i>	<i>15.0%</i>	
<b>EBIT<sup>1</sup></b>	<b>553</b>	<b>390</b>	<b>+42%</b>
<i>EBIT margin</i>	<i>10.5%</i>	<i>11.5%</i>	
<b>Net income<sup>2</sup></b>	<b>400</b>	<b>275</b>	<b>+45%</b>

1 - 2014 before integration costs (€51 million) and disposal gains (two Helios hospitals: €22 million; Rhoen stake: €35 million)

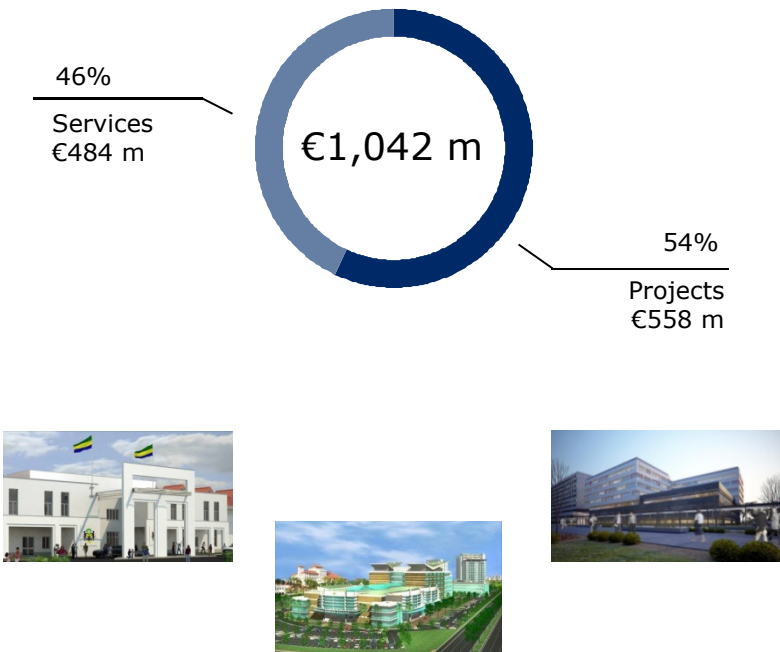
2 - 2014 before integration costs (€41 million) and disposal gains (two Helios hospitals: €21 million; Rhoen stake: €34 million)

3 - 4% organic growth, 53% acquisitions, -2% divestitures

# 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:
  - >650 health care projects in 72 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

## 2014 Sales by Business



## Fresenius Vamed: Key Figures 2014

<i>€ million</i>	<b>FY 2014</b>	<b>FY 2013</b>	<b>Growth</b>
<b>Total Sales</b>	<b>1,042</b>	<b>1,020</b>	<b>2%<sup>1</sup></b>
<b>EBITDA</b>	<b>71</b>	<b>65</b>	<b>9%</b>
<i>EBITDA margin</i>	<i>6.8%</i>	<i>6.4%</i>	
<b>EBIT</b>	<b>59</b>	<b>55</b>	<b>7%</b>
<i>EBIT margin</i>	<i>5.7%</i>	<i>5.4%</i>	
<b>Net income</b>	<b>41</b>	<b>37</b>	<b>11%</b>
Order intake <sup>2</sup>	840	744	13%

1 - 2% acquisitions

2 - project business only

# Appendix







## Fresenius Group: Financial Results

		Q4 2014	FY 2014
<b>Sales</b>		€6,520 m	€23,231 m
	Growth cc	20%	16%
	Growth actual rates	23%	14%
<hr/>			
<b>EBIT<sup>1</sup></b>		€935 m	€3,158 m
	Growth cc	7%	4%
	Growth actual rates	11%	4%
<hr/>			
<b>Net income<sup>1</sup></b>		€318 m	€1,086 m
	Growth cc	5%	4%
	Growth actual rates	7%	3%

1-Before special items

## Fresenius Group: Financial Results by Business Segment 2014

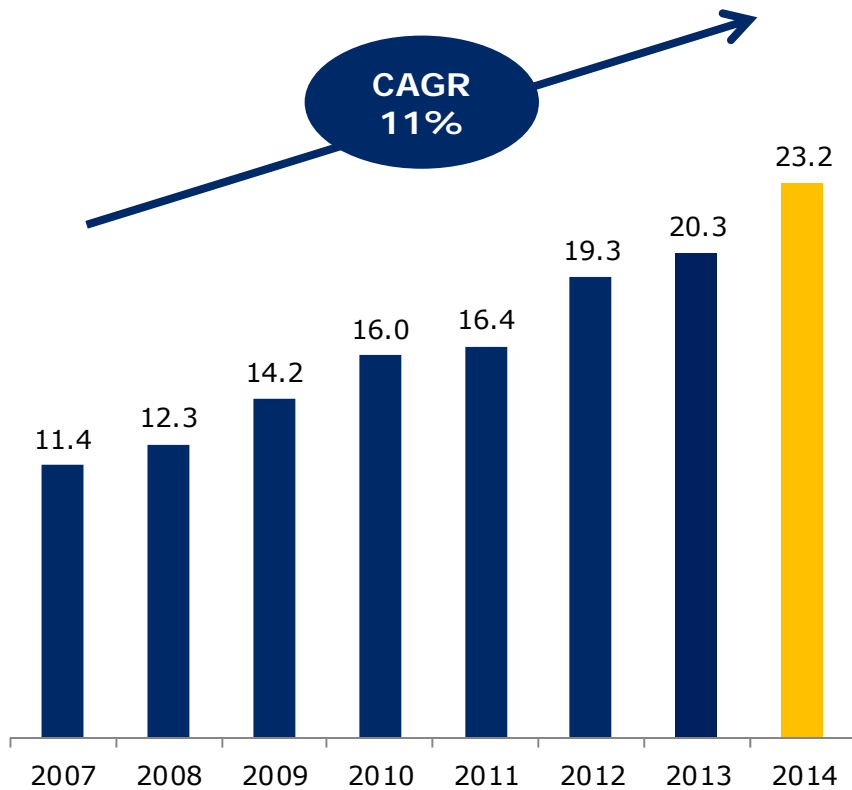
		Q4/14	Growth	FY/14	Growth	
	Sales	US\$4,320 m	12%	US\$15,832 m	8%	
	EBIT	US\$663 m	0%	US\$2,255 m	0%	
	Sales	€1,386 m	11%	€5,146 m	3%	
	EBIT <sup>1</sup>	€239 m	3%	€873 m	-6%	
	Sales	€1,361 m	59%	€5,244 m	55%	
	EBIT <sup>1</sup>	€156 m	44%	€553 m	42%	
	Sales	€387 m	6%	€1,042 m	2%	
	EBIT	€32 m	7%	€59 m	7%	
<b>Fresenius Group</b>		Sales	€6,520 m	23%	€23,231 m	14%
		EBIT <sup>1</sup>	€935 m	11%	€3,158 m	4%

1- Before special items

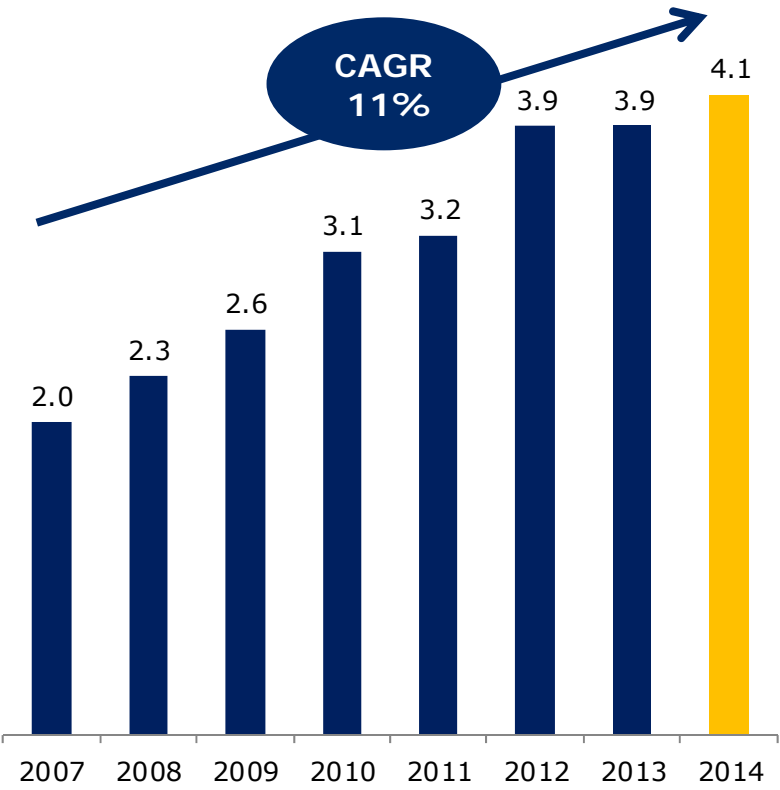


# Fresenius Group: Demonstrated Strong Sales and EBITDA Growth

Sales in € bn



EBITDA in € bn<sup>1</sup>



1 - Before special items

## Fresenius Group: Key Figures 2014

<i>€ million</i>	<b>FY 2014</b>	<b>FY 2013</b>	<b>Change actual rates</b>	<b>Change constant rates</b>
<b>Sales</b>	<b>23,231</b>	<b>20,331</b>	<b>+14%</b>	<b>+16%<sup>1</sup></b>
<b>EBITDA<sup>2</sup></b>	<b>4,095</b>	<b>3,888</b>	<b>+5%</b>	<b>+6%</b>
<b>EBIT<sup>2</sup></b>	<b>3,158</b>	<b>3,045</b>	<b>+4%</b>	<b>+4%</b>
Interest, net	-602	-584	-3%	-4%
<b>EBT<sup>2</sup></b>	<b>2,556</b>	<b>2,461</b>	<b>+4%</b>	<b>+4%</b>
Taxes	-725	-683	-6%	-7%
<b>Net income<sup>3,4</sup></b>	<b>1,831</b>	<b>1,778</b>	<b>3%</b>	<b>+3%</b>
<b>Employees</b>	<b>216,275</b>	<b>178,337</b>		






1 – 4% organic growth, 12% acquisitions,

2 – 2014 before integration costs (Fenwal: €50 million; acquired Rhoen hospitals: €51 million) and disposal gains (two Helios hospitals: €22 million; Rhoen stake: €35 million); 2013 before integration costs (Fenwal: €54 million)

3 – 2014 before integration costs (Fenwal: €33 million; acquired Rhoen hospitals: €41 million) and disposal gains (two Helios hospitals: €21 million; Rhoen stake: €34 million); 2013 before integration costs (Fenwal: €40 million)

4 – incl. attributable to non-controlling interest

## Cash Flow Development 2014

€m	Operating CF		Capex (net)		Free Cash Flow <sup>1</sup>	
	FY/14	Margin	FY/14	Margin	FY/14	Margin
	641	12.5%	-352	-6.9%	289	5.6%
	558	10.6%	-263	-5.0%	295	5.6% <sup>3</sup>
	-9	-0.9%	-9	-0.8%	-18	-1.7%
Corporate/ Other	-6	n.a.	-7	n.a.	-13	n.a.
	<b>1,184</b>	<b>11.0%</b> <sup>2</sup>	<b>-631</b>	<b>-5.5%</b>	<b>553</b>	<b>5.5%</b> <sup>2</sup>
	<b>2,585</b>	<b>11.1%</b>	<b>-1,323</b>	<b>-5.7%</b>	<b>1,262</b>	<b>5.4%</b>

1- Before acquisitions and dividends

2- Margin incl. FMC dividend

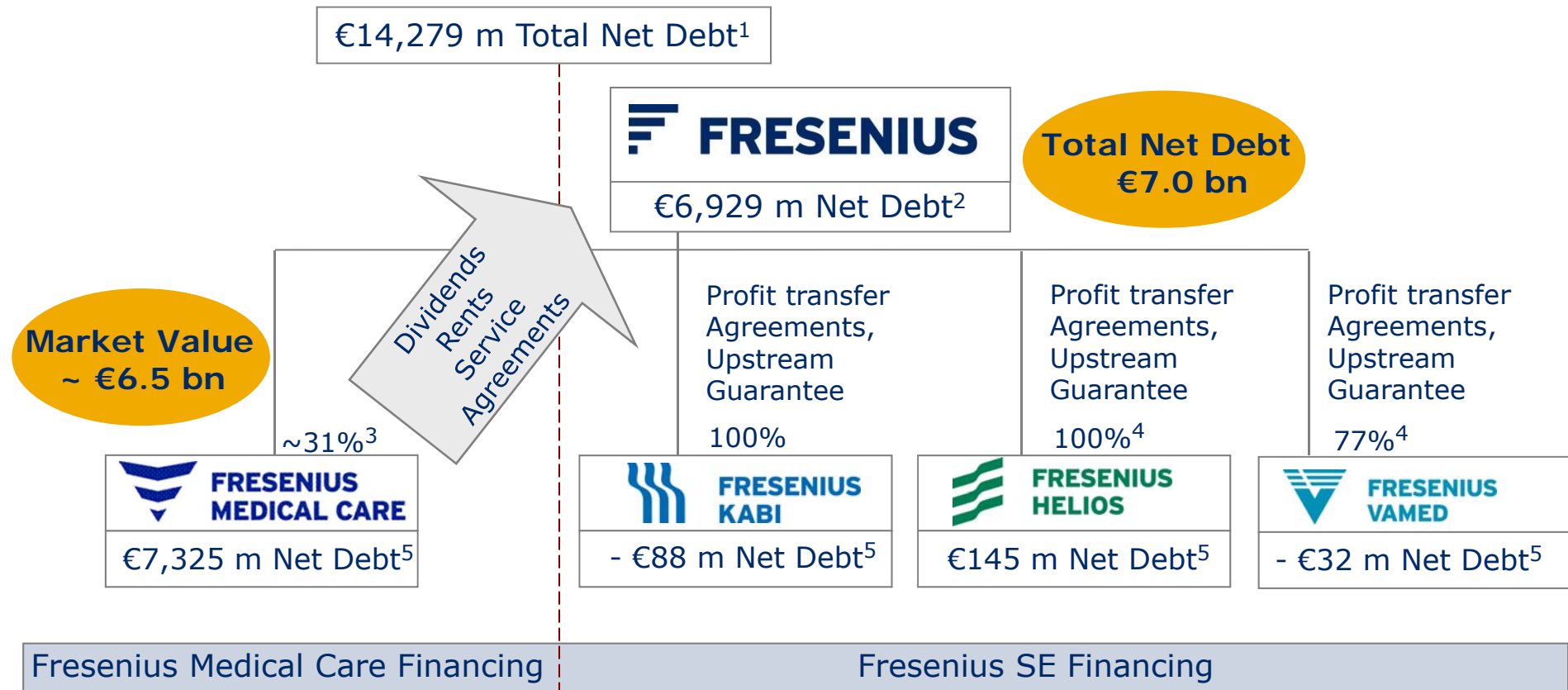
3- Understated: 6.8% excluding €62 million of capex commitments from acquisitions

Margin = in % of sales

# Financing Facilities and Debt Structure



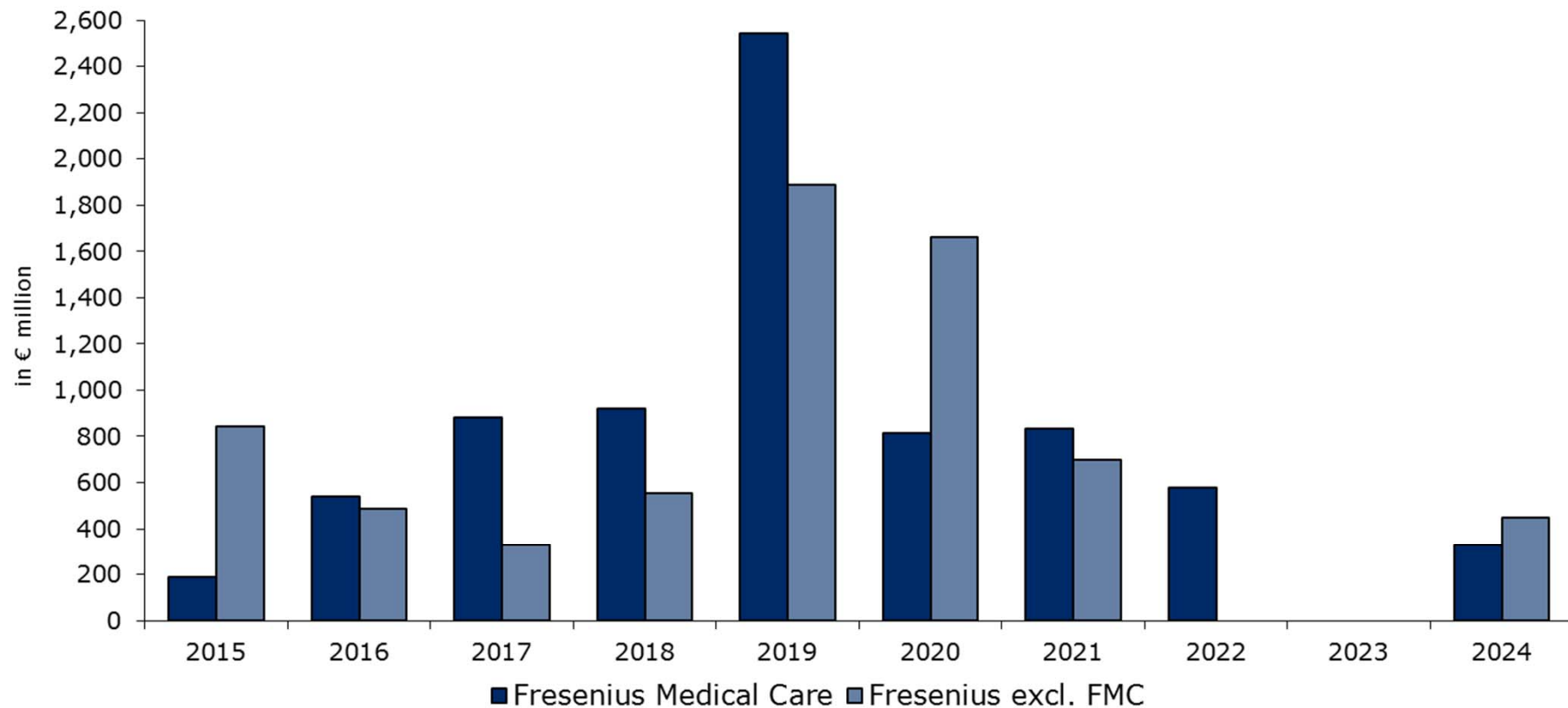
# Fresenius Group: Current Debt and Cash Flow Structure as of Dec 31, 2014



1 – External debt as of December 31, 2014  
 2 – Incl. Fresenius Finance B.V. and other financing subsidiaries  
 3 – Controlling stake

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

# Fresenius Group: Debt Maturity Profile<sup>1</sup> December 31, 2014 – Pro Forma FSE Amend & Extend



<sup>1</sup> – based on utilization of major long-term financing instruments; pro forma for amendment of the 2013 Credit Agreement in February 2015

# Health Care Worldwide

