FRESENIUS

Quarterly Financial Report of Fresenius Group

applying International Financial Reporting Standards (IFRS)

1st Quarter 2018

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FRESENIUS GROUP FIGURES AT A GLANCE

Fresenius is a global health care group providing products and services for dialysis, hospitals, and outpatient medical care. In addition, Fresenius focuses on hospital operations. We also manage projects and provide services for hospitals and other health care facilities. In 2017, Group sales were €33.9 billion. As of March 31, 2018, more than 275,000 employees have dedicated themselves to the service of health in about 100 countries worldwide.

SALES, EARNINGS, AND CASH FLOW

€ in millions	Q1/2018	Q1/2017	Change	Change in constant currency
Sales	**8,121**	8,362	-1%[7]	7%[7]
EBIT[1]	**1,054**	1,216	-13%	-5%
Net income[1,2]	**450**	457	-2%	7%
Net income[1,2,3] excluding biosimilars	**476**	457	4%	12%
Earnings per share in €[1,2]	**0.81**	0.83	-2%	
Earnings per share in €[1,2,3] excluding biosimilars	**0.86**	0.83	4%	
Operating cash flow	**236**	476	-50%	

BALANCE SHEET AND INVESTMENTS

€ in millions	March 31, 2018	Dec. 31, 2017	Change
Total assets	**53,502**	53,133	1%
Non-current assets	**40,093**	40,529	-1%
Equity[4]	**22,020**	21,720	1%
Net debt	**17,716**	17,406	2%
Investments[5]	**572**	6,411	-91%

RATIOS

	Q1/2018	Q1/2017
EBITDA margin[1]	**17.3%**	18.7%
EBIT margin[1]	**13.0%**	14.5%
Depreciation and amortization in % of sales	**4.3%**	4.1%
Operating cash flow in % of sales	**2.9%**	5.7%
Equity ratio (March 31/December 31)	**41.2%**	40.9%
Net debt/EBITDA (March 31/December 31)[1,6]	**2.98**	2.84

[1] Before special items
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[3] Before expenditures for further development of biosimilars business
[4] Equity including noncontrolling interest
[5] Investments in property, plant and equipment, and intangible assets, acquisitions (three months)
[6] At LTM average exchange rates for both net debt and EBITDA, pro forma acquisitions, excluding effects of the Akorn, NxStage and Sound Physicians transactions
[7] Growth rates adjusted for IFRS 15 adoption (Q1/17 base: €8,223 million)

INFORMATION BY BUSINESS SEGMENT

FRESENIUS MEDICAL CARE – Dialysis products, Dialysis services

€ in millions	Q1/2018	Q1/2017	Change	Change in constant currency
Sales	**3,976**	4,548	-10% [1]	2% [1,2]
EBIT	**497**	651	-24%	-15% [3]
Net income [4]	**279**	308	-10%	0% [5]
Operating cash flow	**-45**	170	-126%	
Investments/Acquisitions	**405**	348	16%	
R & D expenses	**32**	32	0%	
Employees (March 31/December 31)	**122,193**	121,245	1%	

FRESENIUS KABI – IV drugs, Biosimilars, Clinical nutrition, Infusion therapy, Medical devices/Transfusion technology

€ in millions	Q1/2018	Q1/2017	Change	Change in constant currency
Sales	**1,603**	1,604	0%	9%
EBIT [6]	**268**	313	-14%	-2% [7]
Net income [6, 8]	**170**	191	-11%	3% [9]
Operating cash flow	**226**	192	18%	
Investments/Acquisitions	**78**	67	16%	
R & D expenses	**127**	89	43%	
Employees (March 31/December 31)	**36,880**	36,380	1%	

FRESENIUS HELIOS – Hospital operations

€ in millions	Q1/2018	Q1/2017	Change
Sales	**2,331**	2,018	16%
EBIT	**278**	255	9%
Net income [8]	**191**	181	6%
Operating cash flow	**97**	184	-47%
Investments/Acquisitions	**73**	5,989	-99%
Employees (March 31/December 31)	**106,809**	105,927	1%

FRESENIUS VAMED – Projects and services for hospitals and other health care facilities

€ in millions	Q1/2018	Q1/2017	Change
Sales	**249**	223	12%
EBIT	**6**	6	0%
Net income [10]	**4**	4	0%
Operating cash flow	**-42**	-44	-5%
Investments/Acquisitions	**8**	3	--
Order intake	**260**	220	18%
Employees (March 31/December 31)	**8,760**	8,667	1%

[1] Growth rate adjusted for IFRS 15 adoption (Q1/17 base: €4,409 million)
[2] Excluding VA agreement: 4%
[3] Adjusted for re-valuation of Sound Physicians' share-based payment program and excluding VA agreement: 3%
[4] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA
[5] Adjusted for re-valuation of Sound Physicians' share-based payment program, the effect of the U.S. Tax Reform and excluding VA agreement: 8%
[6] Before special items
[7] Before expenditures for further development of biosimilars business: 10%
[8] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[9] Before expenditures for further development of biosimilars business: 16%
[10] Net income attributable to shareholders of VAMED AG

FRESENIUS SHARE

The DAX index declined by 6% in the first quarter 2018, while the Fresenius share decreased by 5% over the same period.

FIRST QUARTER 2018

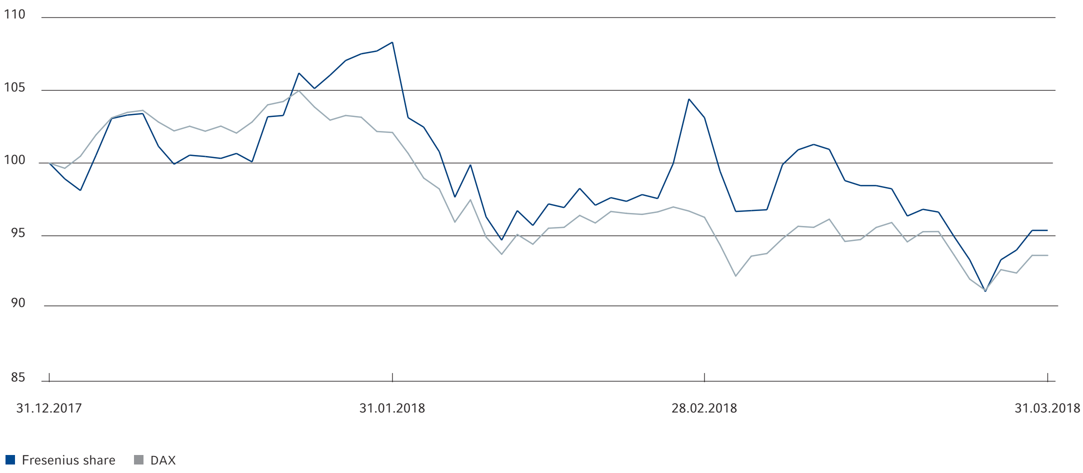
The global economy continued to show robust growth in the first three months of 2018. The economic growth is driven by domestic demand in most regions of the euro zone. The economy in the euro zone is expected to grow by 2.4% this year, according to the latest ECB forecast. The ECB left its monetary policy unchanged during its March meeting.

The Federal Reserve's latest forecast projects the U.S. economy to grow by 2.7% in 2018. As expected, the U.S. Federal Reserve, did not change the existing interest rates corridor of 1.50% to 1.75% at its May meeting.

Within this economic environment, the DAX increased by 6% in the first three months of 2018 to 12,097 points. The Fresenius share closed at €62.06 on March 31, 2018. This represents a decline of 5% over the closing price of 2017.

RELATIVE SHARE PRICE PERFORMANCE VS. DAX

31.12.2017 = 100



KEY DATA OF THE FRESENIUS SHARE

	Q1/2018	2017	Change
Number of shares (March 31/December 31)	**554,875,179**	554,710,473	0%
Quarter-end quotation in €	**62.06**	65.07	-5%
High in €	**70.48**	79.65	-12%
Low in €	**59.32**	60.58	-2%
Ø Trading volume (number of shares per trading day)	**1,576,869**	1,164,824	35%
Market capitalization, € in millions (March 31/December 31)	**34,436**	36,095	-5%

MANAGEMENT REPORT

We have started into the year with great momentum. All four Fresenius business segments and all regions showed healthy organic growth in the first quarter. The prospects for our businesses remain excellent. We are therefore confirming our guidance for the remainder of the year.

FRESENIUS CONFIRMS ITS GUIDANCE AFTER A STRONG FIRST QUARTER

	Q1/2018	at actual rates	in constant currency
Sales	**€8.1 bn**	-1% [1]	+7% [1]
EBIT [2]	**€1,054 m**	-13%	-5%
Net income [2,3]	**€450 m**	-2%	+7%
Net income [2,3,4] (excluding Biosimilars)	**€476 m**	+4%	+12%

HEALTH CARE INDUSTRY

The health care sector is one of the world's largest industries. It is relatively insensitive to economic fluctuations compared to other sectors and has posted above-average growth over the past years.

The main growth factors are rising medical needs deriving from aging populations, the growing number of chronically ill and multimorbid patients, stronger demand for innovative products and therapies, advances in medical technology and the growing health consciousness, which increases the demand for health care services and facilities.

In the emerging countries, drivers are the expanding availability and correspondingly greater demand for basic health care and increasing national incomes and hence higher spending on health care.

Health care structures are being reviewed and cost-cutting potential identified in order to contain the steadily rising health care expenditures. However, such measures cannot compensate for the cost pressure. Market-based elements are increasingly being introduced into the health care system to create incentives for cost- and quality-conscious behavior. Overall treatment costs shall be reduced through improved quality standards. In addition, ever-greater importance is being placed on disease prevention and innovative reimbursement models linked to treatment quality standards.

RESULTS OF OPERATIONS, FINANCIAL POSITION, ASSETS AND LIABILITIES

SALES

Group sales decreased by 1% [1] (increased by 7% [1] in constant currency) to € 8,121 million (Q1/2017: € 8,362 million). Organic sales growth was 4%. Acquisitions/divestitures contributed net 3 % to growth. Sales growth was impacted by the anticipated decline in the pharmacy business within Care Coordination at Fresenius Medical Care North America. Also at Fresenius Medical Care, the prior-year quarter saw the

[1] Growth rates adjusted for IFRS 15 adoption (Q1/17 base: €8,223 million)
[2] Before transaction-related effects
[3] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[4] Before expenditures for further development of biosimilars business

compensation for treatments of U.S. war veterans in previous years ("VA agreement"), contributing €100 million as a one-time effect. Negative currency translation effects (8%) were mainly driven by the devaluation of the U.S. dollar and the Chinese yuan against the euro.

EARNINGS

Group EBITDA[1] decreased by 10% (-2% in constant currency) to €1,403 million (Q1/2017: €1,560 million). Group EBIT[1] decreased by 13% (-5% in constant currency) to €1,054 million (Q1/2017: €1,216 million). The prior-year quarter was strongly influenced by a positive one-time effect: the VA agreement contributed €99 million, or 10%, to EBIT[1] growth in constant currency in Q1/17. The EBIT margin[1] was 13.0% (12.7% before IFRS 15; Q1/2017: 14.5%). Group EBIT[1] before expenses for the further development of the biosimilars business decreased by 10% (-2% in constant currency) to €1,089 million. Group EBIT[1] before VA agreement and excluding the expenses for the biosimilars business increased by 6% in constant currency.

Group net interest[1] was -€146 million (Q1/2017: -€157 million). The decrease is mainly driven by currency effects and positive refinancing activities.

The decrease of the Group tax rate before special items to 21.0% (Q1/2017: 29.1%) was mainly due to the U.S. tax reform and a one-time tax effect at Fresenius Medical Care.

Noncontrolling interest[1] was €267 million (Q1/2017: €294 million), of which 95% was attributable to the noncontrolling interest in Fresenius Medical Care.

EARNINGS

€ in millions	Q1/2018	Q1/2017
EBIT[1]	**1,054**	1,216
Net income[2]	**440**	457
Net income[1,2] (before special items)	**450**	457
Earnings per share[2]	**0.79**	0.83
Earnings per share[1,2] (before special items)	**0.81**	0.83

SALES BY REGION

€ in millions	Q1/2018	Q1/2017	Change at actual rates	Currency translations effects	Change at constant rates	Organic growth	Acquisitions/ divestitures	% of total sales
North America	**3,347**	3,838[3]	-13%	-14%	1%	2%	-1%	41%
Europe	**3,589**	3,242	11%	0%	11%	3%	8%	44%
Asia-Pacific	**743**	719	3%	-9%	12%	8%	4%	9%
Latin America	**329**	337	-2%	-18%	16%	13%	3%	4%
Africa	**113**	87	30%	-3%	33%	33%	0%	2%
Total	**8,121**	8,223[3]	-1%	-8%	7%	4%	3%	100%

SALES BY BUSINESS SEGMENT

€ in millions	Q1/2018	Q1/2017	Change at actual rates	Currency translations effects	Change at constant rates	Organic growth	Acquisitions/ divestitures	% of total sales
Fresenius Medical Care	**3,976**	4,409[3]	-10%	-12%	2%	3%	-1%	49%
Fresenius Kabi	**1,603**	1,604	0%	-9%	9%	9%	0%	19%
Fresenius Helios	**2,331**	2,018	16%	0%	16%	3%	13%	29%
Fresenius Vamed	**249**	223	12%	0%	12%	9%	3%	3%
Total	**8,121**	8,223[3]	-1%	-8%	7%	4%	3%	100%

[1] Before transaction-related effects
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[3] Growth rate adjusted for IFRS 15 adoption (Q1/17: deduction of €139 million)

Group net income[1,2] decreased by 2% (increased by 7% in constant currency) to €450 million (Q1/2017: €457 million). Earnings per share[1,2] decreased by 2% (increased by 6% in constant currency) to €0.81 (Q1/2017: €0.83).

Group net income[1,2] before expenses for the further development of the biosimilars business increased by 4% (12% in constant currency) to €476 million (Q1/2017: €457 million). Earnings per share[1,2] before expenses for the further development of the biosimilars business increased by 4% (11% in constant currency) to €0.86 (Q1/2017: €0.83).

Group net income[2] after special items decreased by 4% (increased by 4% in constant currency) to €440 million (Q1/2017: €457 million). Earnings per share[2] after special items decreased by 5% (increased by 4% in constant currency) to €0.79 (Q1/2017: €0.83).

RECONCILIATION

Consolidated results for Q1/2018 include special items related to the Akorn transaction. These are mainly transaction costs in the form of legal and consulting fees as well as costs of the financing commitment for the Akorn transaction. Moreover special items arose from the announced divestiture of Sound Physicians due to the initial increase in valuation of the Sound Physicians' share based payment program. The following presentation shows the corresponding reconciliation to the IFRS values. There were no special items in Q1/2017.

INVESTMENTS

Spending on property, plant and equipment was €380 million (Q1/2017: €328 million), primarily for the modernization and expansion of dialysis clinics, production facilities as well as hospitals and day clinics. This corresponds to 4.7% of sales.

Total acquisition spending was €192 million (Q1/2017: €6,083 million). The prior-year quarter included the acquisition of Quirónsalud.

CASH FLOW

Operating cash flow decreased by 50% to €236 million (Q1/2017: €476 million) with a margin of 2.9% (Q1/2017: 5.7%). The decrease is mainly attributable to prior years' received payment under the VA agreement of ~€200 million as well as to the seasonality in invoicing at Fresenius Medical

RECONCILIATION

	Q1/2018					
€ in millions	**Before special items and before expenditures for further development of biosimilars business**	Expenditures for further development of biosimilars business	**Before special items**	Transaction-related effects Akorn	Transaction-related effects Sound Physicians	**IFRS reported**
Sales	**8,121**		**8,121**			**8,121**
EBIT	**1,089**	**-35**	**1,054**	**-5**	**-13**	**1,036**
Net interest	-144	-2	-146	-3		-149
Net income before taxes	**945**	**-37**	**908**	**-8**	**-13**	**887**
Income taxes	-202	11	-191	2		-189
Net income	**743**	**-26**	**717**	**-6**	**-13**	**698**
Less noncontrolling interest	-267		-267		9	-258
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**476**	**-26**	**450**	**-6**	**-4**	**440**

Transaction-related effects are reported in the Group Corporate/Other segment.

[1] Before special items
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA

INVESTMENTS BY BUSINESS SEGMENT

€ in millions	Q1/2018	Q1/2017	thereof property, plant and equipment	thereof acquisitions	Change	% of total
Fresenius Medical Care	**405**	348	221	184	16%	71%
Fresenius Kabi	**78**	67	78	0	16%	14%
Fresenius Helios	**73**	5,989	70	3	-99%	13%
Fresenius Vamed	**8**	3	3	5	167%	1%
Corporate/Other	**8**	4	8	0	100%	1%
Total	**572**	6,411	380	192	-91%	100%

Care North America, which is not expected to impact full year 2018 cash flow.

Free cash flow before acquisitions and dividends decreased to -€155 million (Q1/2017: €148 million). Free cash flow after acquisitions and dividends was -€389 million (Q1/2017: -€5,393 million).

ASSET AND LIABILITY STRUCTURE

The Group's total assets increased by 1% (2% in constant currency) to €53,502 million (Dec. 31, 2017: €53,133 million). Current assets grew by 6% (8% in constant currency) to €13,409 million (Dec. 31, 2017: €12,604 million). Non-current assets decreased by 1% (0% in constant currency) to €40,093 million (Dec. 31, 2017: €40,529 million).

Total shareholders' equity increased by 1% (3% in constant currency) to €22,020 million (Dec. 31, 2017: €21,720 million). The equity ratio increased to 41.2% (Dec. 31, 2017: 40.9%).

Group debt increased by 1% (2% in constant currency) to €19,200 million (Dec. 31, 2017: €19,042 million). Group net debt increased by 2% (3% in constant currency) to €17,716 million (Dec. 31, 2017: €17,406 million).

As of March 31, 2018, the net debt/EBITDA ratio was 2.98[1,2] (December 31, 2017: 2.84[1,2]).

CASH FLOW STATEMENT (SUMMARY)

€ in millions	Q1/2018	Q1/2017	Change
Net income	**698**	751	-7%
Depreciation and amortization	**349**	344	1%
Change in accruals for pensions	**16**	18	-11%
Cash flow	**1,063**	1,113	-4%
Change in working capital	**-811**	-619	-31%
Operating cash flow	**236**	476	-50%
Property, plant and equipment, investments net	**-391**	-328	-19%
Cash flow before acquisitions and dividends	**-155**	148	--
Cash used for acquisitions, net	**-189**	-5,468	97%
Dividends paid	**-45**	-73	38%
Free cash flow after acquisitions and dividends	**-389**	-5,393	93%
Cash provided by/used for financing activities	**254**	5,293	-95%
Effect of exchange rates on change in cash and cash equivalents	**-17**	1	--
Net change in cash and cash equivalents	**-152**	-99	-54%

[1] At LTM average exchange rates for both net debt and EBITDA; pro forma closed acquisitions, excluding Akorn, NxStage and Sound Physicians transactions
[2] Before special items

BUSINESS SEGMENTS

FRESENIUS MEDICAL CARE

Fresenius Medical Care is the world's largest provider of products and services for individuals with renal diseases. As of March 31, 2018, Fresenius Medical Care was treating 322,253 patients in 3,790 dialysis clinics. Along with its core business, the company provides related medical services in the field of Care Coordination.

€ in millions	**Q1/2018**	Q1/2017	Change	Change in constant currency
Sales	**3,976**	4,548	-10%[1]	2%[1,2]
EBIT	**497**	651	-24%	-15%[3]
Net income[4]	**279**	308	-10%	0%[5]
Net income adjusted[4,6]	**292**	308	-5%	5%
Employees (March 31/Dec. 31)	**122,193**	121,245	1%	

- **Q1/2018 growth impacted by significant currency headwinds and positive one-time effect in prior years' quarter**
- **2018 outlook of net income growth[4,7] of 13 to 15% in constant currency confirmed**
- **2018 sales growth[8] target adjusted to 5 to 7% at constant currency (previously ~8%), mainly due to recent reduction in dosing of calcimimetic drugs in the U.S.**

Reported sales were strongly impacted by headwinds from foreign exchange rates and by the anticipated decline in the pharmacy business within Care Coordination at Fresenius Medical Care North America. Sales decreased by 10%[1] (increased by 2%[1] in constant currency) to €3,976 million (Q1/2017: €4,548 million). Organic sales growth was 3%. Acquisitions/divestitures and the VA agreement in the prior-year quarter decreased sales by 1%. Currency translation effects reduced sales by 12%. Excluding the VA agreement in the prior-year quarter, sales growth[1] was 4% in constant currency.

Health Care services sales (dialysis services and care coordination) decreased by 12%[9] (increased by 1%[9] in constant currency) to €3,209 million (Q1/2017: €3,769 million). Health Care product sales decreased by 2% (increased by 6% in constant currency) to €767 million (Q1/2017: €779 million).

In North America, sales decreased by 14%[9] (-1%[9] in constant currency) to €2,774 million (Q1/2017: €3,375 million). Health Care services sales decreased by 14%[9] (-1%[9] in constant currency) to €2,590 million (Q1/2017: €3,165 million) mainly due to the prior-year VA agreement (€100 million). Excluding the 2017 effect from the VA Agreement Health Care services sales increased by 2%[9] in constant currency. Health Care product sales decreased by 12% (increased by 1% in constant currency) to €184 million (Q1/2017: €210 million).

Sales outside North America increased by 2% (10% in constant currency) to €1,198 million (Q1/2017: €1,169 million). Health Care services sales increased by 2% (12% in

[1] Growth rate adjusted for IFRS 15 adoption (Q1/17 base: €4,409 million)
[2] Excluding VA agreement: 4%
[3] Adjusted for re-valuation of Sound Physicians' share-based payment program and excluding VA agreement: 3%
[4] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA
[5] Adjusted for re-valuation of Sound Physicians' share-based payment program, the effect of the U.S. Tax Reform and excluding VA agreement: 8%
[6] Consistent with guidance, adjusted for re-valuation of Sound Physicians' share-based payment program, including the effect of the U.S. Tax Reform and including VA agreement
[7] 2017 base: €1,280 million; 2018 including benefits from U.S. tax reform and adjusted for the Sound valuation impact
[8] 2017 reported sales: €17,784 million, adjusted for IFRS 15 adoption (deduction of €486 million)
[9] Growth rate adjusted for IFRS 15 adoption (Q1/17: deduction of €139 million)

constant currency) to €619 million (Q1/2017: €604 million). Health Care product sales increased by 3% (8% in constant currency) to €579 million (Q1/2017: €564 million).

Fresenius Medical Care's EBIT decreased by 24% (-15% in constant currency) to €497 million (Q1/2017: €651 million). The EBIT margin was 12.5% (Q1/2017: 14.3%). Adjusted for the effect of the implementation of IFRS 15, the re-valuation of Sound Physicians' share-based payment program in connection with the announced divestiture of Sound Physicians and for the positive effect of the VA Agreement in Q1/2017, EBIT was up by 3% in constant currency and EBIT margin was stable at 12.8%.

Net income[1] of Fresenius Medical Care decreased by 10% (0% in constant currency) to €279 million (Q1/2017: €308 million). Consistent with guidance, i.e. adjusted for the re-valuation of Sound Physicians' share-based payment program, net income growth[1] was 5% in constant currency. Adjusted for the re-valuation of Sound Physicians' share-based payment program and the effect of the U.S. Tax Reform in 2018 and for the positive effect of the VA agreement, net income growth[1] was 8% in constant currency.

Operating cash flow was -€45 million (Q1/2017: €170 million). The cash flow margin was -1.1% (Q1/2017: 3.7%). The decrease is mainly attributable to prior years' payment under the VA agreement of ~€200 million as well as to the seasonality in invoicing at Fresenius Medical Care North America, which is not expected to impact full year 2018 cash flow.

Mainly driven by the change in dosing of calcimimetic drugs, Fresenius Medical Care expects sales to grow by 5 to 7%[2] (previously: ~8%[2]) in constant currency. Fresenius Medical Care expects net income[1] growth of 13% to 15%[3] in constant currency and excluding special items of 7% to 9%[4].

The 2018 targets are based on 2017 figures adjusted for the adoption of IFRS 15 implementation and exclude effects from the planned acquisition of NxStage Medical and the announced divestiture of Sound Physicians.

For further information, please see Fresenius Medical Care's Investor News at www.freseniusmedicalcare.com.

[1] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA
[2] 2017 reported sales: €17,784 million, adjusted for IFRS 15 adoption (deduction of €486 million)
[3] 2017 base: €1,280 million; 2018 including benefits from U.S. tax reform and adjusted for the Sound valuation impact
[4] VA Agreement, Natural Disaster Costs, FCPA related charge, U.S. Tax Reform

FRESENIUS KABI

Fresenius Kabi offers intravenously administered generic drugs, clinical nutrition and infusion therapies for seriously and chronically ill patients in the hospital and outpatient environments. The company is also a leading supplier of medical devices and transfusion technology products. In the biosimilars business, we are developing products with a focus on oncology and autoimmune diseases.

€ in millions	Q1/2018	Q1/2017	Change	Change in constant currency
Sales	**1,603**	1,604	0%	9%
EBITDA [1]	**338**	382	-12%	1%
EBIT [1]	**268**	313	-14%	-2% [2]
Net income [1,3]	**170**	191	-11%	3% [4]
Employees (March 31/Dec. 31)	**36,880**	36,380	1%	

- **Excellent start to 2018**
- **9% organic sales growth; 10% EBIT[1] growth in constant currency (excluding biosimilars business)**
- **Strong negative currency translation effects**
- **Strong operating cash flow**
- **2018 outlook confirmed**

With €1,603 million (Q1/2017: €1,604 million), sales of Fresenius Kabi were on prior years level (increased by 9% in constant currency). Organic sales growth was 9%. Strong negative currency translation effects (-9%) were mainly related to the devaluation of the U.S. dollar and the Chinese yuan against the euro.

Sales in Europe grew by 2% (organic growth: 3%) to €557 million (Q1/2017: €544 million).

Sales in North America decreased by 5% (organic growth: 10%) to €591 million (Q1/2017: €619 million).

Sales in Asia-Pacific increased by 8% (organic growth: 15%) to €301 million (Q1/2017: €280 million). Sales in Latin America/Africa decreased by 4% (organic growth: 10%) to €154 million (Q1/2017: €161 million).

EBIT[1] decreased by 14% (-2% in constant currency) to €268 million (Q1/2017: €313 million). The EBIT margin[1] was 16.7% (Q1/2017: 19.5%).

EBIT[1] before expenses for the further development of the biosimilars business decreased by 3% (increased by 10% in constant currency) to €303 million (Q1/2017: €313 million). The EBIT margin[1] before expenses for the further development of the biosimilars business was 18.9% (Q1/2017: 19.5%).

Net income[1,3] decreased by 11% (increased by 3% in constant currency) to €170 million (Q1/2017: €191 million).

Operating cash flow increased by 18% to €226 million (Q1/2017: €192 million). The cash flow margin was 14.1% (Q1/2017: 12.0%).

Fresenius Kabi confirms its outlook for 2018 and expects organic sales growth of 4% to 7% and EBIT growth in constant currency of -3% to -6%[5]. Excluding expenditures for the further development of the biosimilars business, EBIT is expected to grow by ~2% to 5%[6] in constant currency.

[1] Before special items
[2] Before expenses for the further development of the biosimilars business: 10%
[3] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[4] Before expenses for the further development of the biosimilars business: 16%
[5] 2017 base: €1,177 million; 2018 before special items (i.e., transaction-related expenses), including expenditures for the further development of the biosimilars business (€60 million in FY/17 and expected expenditures of ~€160 million in FY/18)
[6] 2017 base: €1,237 million; 2018 before special items (i.e., transaction-related expenses)

FRESENIUS HELIOS

Fresenius Helios is Europe's leading private hospital operator. The company comprises Helios Germany and Helios Spain (Quirónsalud). Helios Germany operates 111 hospitals, thereof 88 acute care clinics and 23 post-acute care clinics, and treats more than 5.3 million patients annually. Quirónsalud operates 45 hospitals, 55 outpatient centers and around 300 occupational risk prevention centers, and treats approximately 11.6 million patients per year.

€ in millions	**Q1/2018**	Q1/2017	Change
Sales	**2,331**	2,018	16%
EBITDA	**376**	334	13%
EBIT	**278**	255	9%
Net income [1]	**191**	181	6%
Employees (March 31/Dec. 31)	**106,809**	105,927	1%

- **3% organic sales growth**
- **9% EBIT increase**
- **2018 outlook confirmed**

Fresenius Helios increased sales by 16% to €2,331 million (Q1/2017: €2,018 million). Organic sales growth was 3%. The acquisition of Quirónsalud contributed 13% to sales growth. Helios Spain (Quirónsalud) has been consolidated since February 1, 2017.

Sales of Helios Germany increased by 3% (organic growth: 3%) to €1,574 million (Q1/2017: €1,528 million). Helios Spain increased sales by 54% (organic growth: 1%) to €757 million (Q1/2017: €490 million), mainly due to the additional month of consolidation compared to the prior-year quarter.

Fresenius Helios grew EBIT by 9% to €278 million (Q1/2017: €255 million). The EBIT margin was 11.9% (Q1/2017: 12.6%).

EBIT of Helios Germany decreased by 2% to €177 million (Q1/2017: €181 million) with a margin of 11.2% (Q1/2017: 11.8%). The decline is due to preparatory measures for anticipated regulatory structural requirements for minimum staffing as well as catalogue effects. The anticipated regulatory requirements will be countered by clustering.

EBIT of Helios Spain increased by 39% to €103 million (Q1/2017: €74 million), mainly due to the additional month of consolidation compared to prior-year quarter. The EBIT margin was 13.6% (Q1/2017: 15.1%).

Net income [1] of Fresenius Helios increased by 6% to €191 million (Q1/2017: €181 million).

Operating cash flow was €97 million (Q1/2017: €184 million). The margin was 4.2% (Q1/2017: 9.1%).

Fresenius Helios confirms its outlook for 2018 and expects organic sales growth of 3% to 6% and EBIT growth of 7% to 10%.

[1] Net income attributable to shareholders of Fresenius SE & Co. KGaA

FRESENIUS VAMED

Fresenius Vamed manages projects and provides services for hospitals and other health care facilities worldwide. The portfolio ranges along the entire value chain: from project development, planning, and turnkey construction, via maintenance and technical management, to total operational management.

€ in millions	Q1/2018	Q1/2017	Change
Sales	**249**	223	12%
EBITDA	**9**	8	13%
EBIT	**6**	6	0%
Net income [1]	**4**	4	0%
Employees (March 31/Dec. 31)	**8,760**	8,667	1%

- **9% organic sales growth**
- **Order backlog of €2,391 million at all-time high**
- **2018 outlook confirmed**

Sales increased by 12% (12% in constant currency) to €249 million (Q1/2017: €223 million). Organic sales growth was 9%. Sales in the project business increased by 19% to €92 million (Q1/2017: €77 million). Sales in the service business grew by 8% to €157 million (Q1/2017: €146 million).

EBIT of €6 million was unchanged from the prior-year level.

Net income [1] of €4 million was also unchanged from prior-year level.

Order intake was €260 million (Q1/2017: €220 million). As of March 31, 2018, order backlog was €2,391 million (December 31, 2017: €2,147 million).

For 2018, Fresenius Vamed expects organic sales growth in the range of 5% to 10% and EBIT growth of 5% to 10%.

[1] Net income attributable to shareholders of VAMED AG

EMPLOYEES

As of March 31, 2018, the number of employees increased by 1% to 275,674 (Dec. 31, 2017: 273,249).

EMPLOYEES BY BUSINESS SEGMENT

Number of employees	March 31, 2018	Dec. 31, 2017	Change
Fresenius Medical Care	**122,193**	121,245	1%
Fresenius Kabi	**36,880**	36,380	1%
Fresenius Helios	**106,809**	105,927	1%
Fresenius Vamed	**8,760**	8,667	1%
Corporate/Other	**1,032**	1,030	0%
Total	**275,674**	273,249	1%

RESEARCH AND DEVELOPMENT

Product and process development as well as the improvement of therapies are at the core of our growth strategy. Fresenius focuses its R & D efforts on its core competencies in the following areas:

- Dialysis
- Generic IV drugs
- Infusion and nutrition therapies
- Medical devices

Apart from new products, we are concentrating on developing optimized or completely new therapies, treatment methods, and services.

Since September 1, 2017 research and development activities include the biosimilars business of Fresenius Kabi.

RESEARCH AND DEVELOPMENT EXPENSES BY BUSINESS SEGMENT

€ in millions	Q1/2018	Q1–3/2017	Change
Fresenius Medical Care	**32**	32	0%
Fresenius Kabi	**127**	89	43%
Fresenius Helios	**–**	–	--
Fresenius Vamed	**0**	0	
Corporate/Other	**0**	0	
Total	**159**	121	31%

OPPORTUNITIES AND RISK REPORT

Compared to the presentation in the consolidated financial statements and the management report as of December 31, 2017 applying Section 315e HGB in accordance with IFRS, there have been the following important developments in Fresenius' overall opportunities and risk situation until May 4, 2018.

Fresenius has decided on April 22, 2018 to terminate the company's merger agreement with Akorn, due to Akorn's failure to fulfill several closing conditions.

Fresenius' decision is based on, among other factors, material breaches of FDA data integrity requirements relating to Akorn's operations found during Fresenius' independent investigation. Fresenius offered to delay its decision in order to allow Akorn additional opportunity to complete its own investigation and present any information it wished Fresenius to consider, but Akorn has declined that offer.

Akorn has stated that they disagree with Fresenius's position and intend to enforce the rights under the merger agreement. A corresponding complaint was filed in court. Fresenius in turn has filed a counterclaim on April 30, 2018. The court has set a trial commencing on July 9, 2018.

If Akorn were able to prevail in court, Fresenius could be forced to purchase Akorn at the original price. This could result in significant reputational and financial costs.

In April 2018 the Standing Committee of the European Commission did not decide according to the European Medicines Agency's (EMA) proposal to suspend the marketing authorizations for products containing hydroxyethyl starch (HES) and referred the matter back to the Pharmacovigilance Risk Assessment Advisory Committee (PRAC) at the EMA.

In the ordinary course of Fresenius Group's operations, the Fresenius Group is subject to litigation, arbitration and investigations relating to various aspects of its business. The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate.

In addition, we report on legal proceedings, currency and interest risks on pages 43 to 48 in the Notes of this report.

RATING

Fresenius is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

	Standard & Poor's	Moody's	Fitch[1]
Company rating	BBB -	Baa3	BBB -
Outlook	positive	stable	stable

TERMINATION OF THE MERGER AGREEMENT WITH AKORN, INC.

On April 24, 2017, Fresenius announced that Fresenius Kabi has agreed to acquire Akorn, Inc. (Akorn), a U.S.-based manufacturer and marketer of prescription and over-the-counter pharmaceutical products, and offered approximately US$ 4.3 billion, or US$ 34 per share, plus the prevailing net debt at closing of the transaction.

Fresenius has been conducting an independent investigation, using external experts, into alleged breaches of FDA data integrity requirements relating to product development at Akorn.

Fresenius has decided on April 22, 2018 to terminate the company's merger agreement with Akorn, due to Akorn's failure to fulfill several closing conditions.

Fresenius' decision is based on, among other factors, material breaches of FDA data integrity requirements relating to Akorn's operations found during Fresenius' independent investigation. Fresenius offered to delay its decision in order to allow Akorn additional opportunity to complete its own investigation and present any information it wished Fresenius to consider, but Akorn has declined that offer.

Akorn has stated that they disagree with Fresenius's position and intend to enforce the rights under the merger agreement. A corresponding complaint was filed in court. Fresenius in turn has filed a counterclaim on April 30, 2018. The court has set a trial commencing on July 9, 2018.

OUTLOOK[1] 2018

FRESENIUS GROUP

Fresenius confirms its guidance for 2018. Group sales are expected to increase by 5% to 8%[2] in constant currency. Net income[3,4] is expected to grow by 6% to 9% in constant currency. Excluding expenditures for the further development of the biosimilars business, net income[3,5] is expected to grow by ~10% to 13% in constant currency.

Fresenius expects to further reduce its net debt/EBITDA[6] ratio by year-end 2018.

FRESENIUS MEDICAL CARE

Mainly driven by the change in dosing of calcimimetic drugs, Fresenius Medical Care expects sales to grow by 5% to 7%[7] (previously: ~8%[7]) in constant currency. Fresenius Medical Care expects net income[8] growth of 13% to 15%[9] in constant currency and excluding special items of 7% to 9%[10].

The 2018 targets are based on 2017 figures adjusted for the adoption of IFRS 15 implementation and exclude effects from the planned acquisition of NxStage Medical and the announced divestiture of Sound Physicians.

[1] Excluding effects of the Akorn, NxStage and Sound Physicians transactions
[2] 2017 base adjusted for IFRS 15 adoption (deduction of €486 million at Fresenius Medical Care)
[3] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[4] 2017 base: €1,816 million (before special items (before transaction-related effects, before book gain from U.S. tax reform, before FCPA provision)); 2018 before special items (i.e., transaction-related effects); including expenditures for further development of biosimilars business (€43 million after tax in FY/17 and ~€120 million after tax in FY/18)
[5] 2017 base: €1,859 million (adjusted net income: before transaction-related effects, before expenditures for further development of biosimilars business, before book gain from U.S. tax reform, before FCPA provision); 2018 before special items (i.e., transaction-related effects), excluding expenditures for further development of biosimilars business (€43 million after tax in FY/17 and ~€120 million after tax in FY/18)
[6] Calculated at expected annual average exchange rates, for both net debt and EBITDA; excluding effects of the Akorn, NxStage and Sound Physicians transactions; excluding further potential acquisitions; at current IFRS rules
[7] 2017 reported sales: €17,784 million, adjusted for IFRS 15 adoption (deduction of €486 million)
[8] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA
[9] 2017 base: €1,280 million; 2018 including benefits from U.S. tax reform and adjusted for the Sound valuation impact
[10] VA Agreement, Natural Disaster Costs, FCPA related charge, U.S. Tax Reform

GROUP FINANCIAL OUTLOOK 2018

	Targets 2018 [1]	Fiscal year 2017	New guidance
Sales, growth (in constant currency)	5% – 8%	€33.400 m [2]	confirmed
Net income [3], growth (in constant currency)	6% – 9% [4]	€1.816 m [5]	confirmed
Net income [3], growth (in constant currency) excluding Biosimilars	~10% – 13% [6]	€1.859 m [7]	confirmed

[1] Excluding effects of the Akorn, NxStage and Sound Physicians transactions
[2] Adjusted for IFRS 15 adoption (deduction of €486 million at Fresenius Medical Care)
[3] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[4] Before special items (i.e., transaction-related effects); including expenditures for further development of biosimilars business (€43 million after tax in FY/17 and ~€120 million after tax in FY/18)
[5] Before special items (before transaction-related effects, before book gain from U.S. tax reform, before FCPA provision)
[6] Before special items (before transaction-related effects); excluding expenditures for further development of biosimilars business (€43 million after tax in FY/17 and ~€120 million after tax in FY/18)
[7] Adjusted net income: before transaction-related effects, before expenditures for further development of biosimilars business, before book gain from U.S. tax reform, before FCPA provision

OUTLOOK 2018 BY BUSINESS SEGMENT

	Targets 2018 [1]	Fiscal year 2017	New guidance
Fresenius Medical Care			
Sales growth (in constant currency)	~8% [2]	€17,298 m [2]	5% – 7% [2]
Net income [3] growth (in constant currency)	13% – 15% [4]	€1,280 m	confirmed
Fresenius Kabi			
Sales growth (organic)	4% – 7%	€6,358 m	confirmed
EBIT growth (in constant currency) [5]	-3% – -6%	€1,177 m	confirmed
EBIT growth (in constant currency) [6] excluding Biosimilars	~2% – 5%	€1,237 m	confirmed
Fresenius Helios			
Sales growth (organic)	3% – 6% [7]	€8,668 m [8]	confirmed
EBIT, growth	7% – 10 %	€1,052 m [8]	confirmed
Fresenius Vamed			
Sales growth (organic)	5% – 10%	€1,228 m	confirmed
EBIT, growth	5% – 10%	€76 m	confirmed

[1] Excluding effects of the Akorn, NxStage and Sound Physicians transactions
[2] 2017 reported sales: €17,784 million, adjusted for IFRS 15 adoption (deduction of €486 million)
[3] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA
[4] 2018 including benefits from U.S. tax reform and adjusted for the Sound valuation impact
[5] Before special items (i.e., transaction-related effects), including expenditures for the further development of the biosimilars business (€60 million in FY/17 and expected expenditures of ~€160 million in FY/18)
[6] Before special items (i.e., transaction-related effects), before expenditures for the further development of the biosimilars business (€60 million in FY/17 and expected expenditures of ~€160 million in FY/18)
[7] Organic growth reflects 11 months contribution of Helios Spain in 2018
[8] Helios Spain consolidated for 11 months

FRESENIUS KABI

Fresenius Kabi confirms its outlook for 2018 and expects organic sales growth of 4% to 7% and EBIT growth in constant currency of -3% to -6%[1]. Excluding expenditures for the further development of the biosimilars business, EBIT is expected to grow by ~2% to 5%[2] in constant currency.

FRESENIUS HELIOS

Fresenius Helios confirms its outlook for 2018 and expects organic sales growth of 3% to 6% and EBIT growth of 7% to 10%.

FRESENIUS VAMED

For 2018, Fresenius Vamed expects organic sales growth in the range of 5% to 10% and EBIT growth of 5% to 10%

INVESTMENTS

The Group plans to invest around 6% of sales in property, plant and equipment.

[1] 2017 base: €1,177 million; 2018 before special items (i.e., transaction-related expenses), including expenditures for the further development of the biosimilars business (€60 million in FY/17 and expected expenditures of ~€160 million in FY/18)
[2] 2017 base: €1,237 million; 2018 before special items (i.e., transaction-related expenses)

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

€ in millions	Q1/2018	Q1/2017
Sales	**8,121**	8,362
Cost of sales	**-5,783**	-5,669
Gross profit	**2,338**	2,693
Selling, general and administrative expenses	**-1,143**	-1,356
Research and development expenses	**-159**	-121
Operating income (EBIT)	**1,036**	1,216
Net interest	**-149**	-157
Income before income taxes	**887**	1,059
Income taxes	**-189**	-308
Net income	**698**	751
Noncontrolling interest	**258**	294
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**440**	457
Earnings per share in €	**0.79**	0.83
Fully diluted earnings per share in €	**0.79**	0.82

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

€ in millions	Q1/2018	Q1/2017
Net income	**698**	751
Other comprehensive income (loss)		
Positions which will be reclassified into net income in subsequent years		
Foreign currency translation	**-427**	-67
Cash flow hedges	**8**	11
Change of fair value of available for sale financial assets	**0**	–
Income taxes on positions which will be reclassified	**4**	1
Positions which will not be reclassified into net income in subsequent years		
Actuarial gains on defined benefit pension plans	**1**	2
Income taxes on positions which will not be reclassified	**–**	-1
Other comprehensive loss, net	**-414**	-54
Total comprehensive income	**284**	697
Comprehensive income attributable to noncontrolling interest	**69**	243
Comprehensive income attributable to shareholders of Fresenius SE & Co. KGaA	**215**	454

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

ASSETS

€ in millions	March 31, 2018	December 31, 2017
Cash and cash equivalents	1,484	1,636
Trade accounts and other receivables, less allowance for doubtful accounts	6,856	6,260
Accounts receivable from and loans to related parties	19	17
Inventories	2,934	3,252
Other current assets	2,116	1,439
I. Total current assets	**13,409**	12,604
Property. plant and equipment	9,496	9,555
Goodwill	24,949	25,285
Other intangible assets	3,143	3,172
Other non-current assets	1,706	1,773
Deferred taxes	799	744
II. Total non-current assets	**40,093**	40,529
Total assets	**53,502**	53,133

LIABILITIES AND SHAREHOLDERS’ EQUITY

€ in millions	March 31, 2018	December 31, 2017
Trade accounts payable	1,479	1,688
Short-term accounts payable to related parties	124	42
Short-term provisions and other short-term liabilities	5,926	5,854
Short-term debt	1,792	1,550
Short-term debt from related parties	4	–
Current portion of long-term debt and capital lease obligations	615	618
Current portion of bonds	1,023	731
Short-term accruals for income taxes	285	182
A. Total short-term liabilities	**11,248**	10,665
Long-term debt and capital lease obligations, less current portion	6,481	6,487
Bonds, less current portion	7,961	8,338
Convertible bonds	1,324	1,318
Long-term provisions and other long-term liabilities	1,927	2,094
Pension liabilities	1,175	1,163
Long-term accruals for income taxes	236	238
Deferred taxes	1,130	1,110
B. Total long-term liabilities	**20,234**	20,748
I. Total liabilities	**31,482**	31,413
A. Noncontrolling interest	**8,136**	8,059
Subscribed capital	555	555
Capital reserve	3,859	3,848
Other reserves	10,093	9,656
Accumulated other comprehensive loss	-623	-398
B. Total Fresenius SE & Co. KGaA shareholders’ equity	**13,884**	13,661
II. Total shareholders’ equity	**22,020**	21,720
Total liabilities and shareholders’ equity	**53,502**	53,133

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

€ in millions	Q1/2018	Q1/2017
Operating activities		
Net income	698	751
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities		
Depreciation and amortization	349	344
Loss on sale of investments and divestitures	2	1
Change in deferred taxes	-18	-25
Gain/Loss on sale of fixed assets	–	-7
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of		
Trade accounts and other receivables, net	-695	-483
Inventories	-70	-48
Other current and non-current assets	-94	-59
Accounts receivable from/payable to related parties	87	-4
Trade accounts payable, provisions and other short-term and long-term liabilities	-123	-121
Accruals for income taxes	100	127
Net cash provided by operating activities	236	476
Investing activities		
Purchase of property, plant and equipment	-399	-346
Proceeds from sales of property, plant and equipment	8	18
Acquisitions and investments, net of cash acquired and net purchases of intangible assets	-189	-5,473
Proceeds from sale of investments and divestitures	–	5
Net cash used in investing activities	-580	-5,796
Financing activities		
Proceeds from short-term debt	404	113
Repayments of short-term debt	-161	-28
Proceeds from long-term debt and capital lease obligations	108	2,212
Repayments of long-term debt and capital lease obligations	-112	-110
Proceeds from the issuance of bonds	0	2,600
Proceeds from the issuance of convertible bonds	0	500
Proceeds from/Payments of the accounts receivable securitization program	9	-5
Proceeds from the exercise of stock options	5	8
Dividends paid	-45	-73
Change in noncontrolling interest	1	3
Exchange rate effect due to corporate financing	–	–
Net cash provided by financing activities	209	5,220
Effect of exchange rate changes on cash and cash equivalents	-17	1
Net decrease in cash and cash equivalents	-152	-99
Cash and cash equivalents at the beginning of the reporting period	1,636	1,579
Cash and cash equivalents at the end of the reporting period	1,484	1,480

ADDITIONAL INFORMATION ON PAYMENTS
THAT ARE INCLUDED IN NET CASH PROVIDED BY OPERATING ACTIVITIES

€ in millions	Q1/2018	Q1/2017
Received interest	12	18
Paid interest	-163	-201
Income taxes paid	-116	-189

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Subscribed Capital			Reserves	
	Number of ordinary shares in thousand	Amount € in thousands	Amount € in millions	Capital reserve € in millions	Other reserves € in millions
As of December 31, 2016	547,208	547,208	547	3,379	8,165
Issuance of bearer ordinary shares	6,108	6,108	6	394	
Proceeds from the exercise of stock options	181	181	–	5	
Compensation expense related to stock options				7	
Dividends paid					
Purchase of noncontrolling interest					
Noncontrolling interest subject to put provisions					-5
Comprehensive income (loss)					
Net income					457
Other comprehensive income (loss)					
Cash flow hedges					
Change of fair value of available for sale financial assets					
Foreign currency translation					
Actuarial gains on defined benefit pension plans					
Comprehensive income (loss)					457
As of March 31, 2017	553,497	553,497	553	3,785	8,617
As of December 31, 2017	554,710	554,710	555	3,848	9,656
Adjustment due to the initial application of IFRS 9 and IFRS 15	0	0	0	0	-24
As of January 1, 2018, adjusted	554,710	554,710	555	3,848	9,632
Proceeds from the exercise of stock options	165	165	–	4	
Compensation expense related to stock options				7	
Dividends paid					
Purchase of noncontrolling interest					
Noncontrolling interest subject to put provisions					21
Comprehensive income (loss)					
Net income					440
Other comprehensive income (loss)					
Cash flow hedges					
Foreign currency translation					
Actuarial gains on defined benefit pension plans					
Comprehensive income (loss)					440
As of March 31, 2018	**554,875**	**554,875**	**555**	**3,859**	**10,093**

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Accumulated other comprehensive income (loss) € in millions	Total Fresenius SE & Co. KGaA shareholders' equity € in millions	Noncontrolling interest € in millions	Total shareholders' equity € in millions
As of December 31, 2016	573	12,664	8,185	20,849
Issuance of bearer ordinary shares		400	0	400
Proceeds from the exercise of stock options		5	3	8
Compensation expense related to stock options		7	2	9
Dividends paid		0	-73	-73
Purchase of noncontrolling interest		0	46	46
Noncontrolling interest subject to put provisions		-5	-10	-15
Comprehensive income (loss)				
Net income		457	294	751
Other comprehensive income (loss)				
Cash flow hedges	4	4	4	8
Change of fair value of available for sale financial assets	–	–	–	–
Foreign currency translation	-7	-7	-56	-63
Actuarial gains on defined benefit pension plans	–	–	1	1
Comprehensive income (loss)	-3	454	243	697
As of March 31, 2017	**570**	**13,525**	**8,396**	**21,921**
As of December 31, 2017	-398	13,661	8,059	21,720
Adjustment due to the initial application of IFRS 9 and IFRS 15		-24	-2	-26
As of January 1, 2018, adjusted	-398	13,637	8,057	21,694
Proceeds from the exercise of stock options		4	1	5
Compensation expense related to stock options		7	1	8
Dividends paid		0	-45	-45
Purchase of noncontrolling interest		0	7	7
Noncontrolling interest subject to put provisions		21	46	67
Comprehensive income (loss)				
Net income		440	258	698
Other comprehensive income (loss)				
Cash flow hedges	1	1	4	5
Foreign currency translation	-227	-227	-193	-420
Actuarial gains on defined benefit pension plans	1	1	0	1
Comprehensive income (loss)	-225	215	69	284
As of March 31, 2018	**-623**	**13,884**	**8,136**	**22,020**

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED SEGMENT REPORTING FIRST QUARTER (UNAUDITED)

	Fresenius Medical Care			Fresenius Kabi			Fresenius Helios			Fresenius Vamed			Corporate/Other			Fresenius Group		
by business segment, € in millions	**2018** [2]	2017	Change	**2018** [2]	2017	Change	**2018**	2017	Change	**2018**	2017	Change	**2018** [3]	2017	Change	**2018**	2017	Change
Sales	**3,976**	4,548	-13%	**1,603**	1,604	0%	**2,331**	2,018	16%	**249**	223	12%	**-38**	-31	-23%	**8,121**	8,362	-3%
thereof contribution to consolidated sales	**3,968**	4,541	-13%	**1,589**	1,591	0%	**2,331**	2,018	16%	**233**	212	10%	**0**	0		**8,121**	8,362	-3%
thereof intercompany sales	**8**	7	14%	**14**	13	8%	**0**	0		**16**	11	45%	**-38**	-31	-23%	**0**	0	
contribution to consolidated sales	**49%**	54%		**19%**	19%		**29%**	24%		**3%**	3%		**0%**	0%		**100%**	100%	
EBITDA	**685**	841	-19%	**338**	382	-12%	**376**	334	13%	**9**	8	13%	**-23**	-5	--	**1,385**	1,560	-11%
Depreciation and amortization	**175**	190	-8%	**70**	69	1%	**98**	79	24%	**3**	2	50%	**3**	4	-25%	**349**	344	1%
EBIT	**510**	651	-22%	**268**	313	-14%	**278**	255	9%	**6**	6	0%	**-26**	-9	-189%	**1,036**	1,216	-15%
Net interest	**-80**	-92	14%	**-29**	-28	-4%	**-40**	-29	-38%	**0**	0		**0**	-8	100%	**-149**	-157	5%
Income taxes	**-87**	-182	52%	**-60**	-85	29%	**-45**	-42	-7%	**-2**	-2	0%	**5**	3	67%	**-189**	-308	39%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**292**	308	-5%	**170**	191	-11%	**191**	181	6%	**4**	4	0%	**-217**	-227	4%	**440**	457	-4%
Operating cash flow	**-45**	170	-126%	**226**	192	18%	**97**	184	-47%	**-42**	-44	5%	**0**	-26	100%	**236**	476	-50%
Cash flow before acquisitions and dividends	**-263**	-25	--	**130**	108	20%	**32**	139	-77%	**-44**	-45	2%	**-10**	-29	66%	**-155**	148	--
Total assets [1]	**24,157**	24,025	1%	**11,754**	11,792	0%	**16,788**	16,583	1%	**1,321**	1,282	3%	**-518**	-549	6%	**53,502**	53,133	1%
Debt [1]	**7,721**	7,448	4%	**4,631**	4,806	-4%	**6,523**	6,665	-2%	**295**	245	20%	**30**	-122	125%	**19,200**	19,042	1%
Other operating liabilities [1]	**5,067**	5,282	-4%	**2,925**	2,879	2%	**2,243**	2,027	11%	**581**	621	-6%	**336**	452	-26%	**11,152**	11,261	-1%
Capital expenditure, gross	**221**	198	12%	**78**	66	18%	**70**	57	23%	**3**	3	0%	**8**	4	100%	**380**	328	16%
Acquisitions, gross/investments	**184**	150	23%	**0**	1	-100%	**3**	5,932	-100	**5**	–	--	**0**	0		**192**	6,083	-97
Research and development expenses	**32**	32	1%	**127**	89	43%	**–**	–	--	**0**	0		**0**	0		**159**	121	31%
Employees (per capita on balance sheet date) [1]	**122,193**	121,245	1%	**36,880**	36,380	1%	**106,809**	105,927	1%	**8,760**	8,667	1%	**1,032**	1,030	0%	**275,674**	273,249	1%
Key figures																		
EBITDA margin	**17.2%**	18.5%		**21.1%**	23.8%		**16.1%**	16.6%		**3.6%**	3.6%					**17.3%** [2]	18.7%	
EBIT margin	**12.8%**	14.3%		**16.7%**	19.5%		**11.9%**	12.6%		**2.4%**	2.7%					**13.0%** [2]	14.5%	
Depreciation and amortization in % of sales	**4.4%**	4.2%		**4.4%**	4.3%		**4.2%**	3.9%		**1.2%**	0.9%					**4.3%**	4.1%	
Operating cash flow in % of sales	**-1.1%**	3.7%		**14.1%**	12.0%		**4.2%**	9.1%		**-16.9%**	-19.7%					**2.9%**	5.7%	
ROOA [1]	**10.2%**	10.9%		**10.6%**	10.8%		**6.9%**	6.9%		**8.7%**	9.8%					**9.0%** [4]	9.4% [5]	

[1] 2017: December 31
[2] Before transaction-related effects
[3] After transaction-related effects
[4] The underlying pro forma EBIT does not include transaction-related effects.
[5] The underlying pro forma EBIT does not include transaction-related effects and FCPA provision.

The consolidated segment reporting is an integral part of the notes.

The following notes are an integral part of the unaudited condensed interim financial statements.

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GENERAL NOTES

1. PRINCIPLES

I. GROUP STRUCTURE

Fresenius is a global health care group with products and services for dialysis, hospitals and outpatient medical care. In addition, the Fresenius Group focuses on hospital operations and also manages projects and provides services for hospitals and other health care facilities worldwide. Besides the activities of the parent company Fresenius SE & Co. KGaA, Bad Homburg v. d. H., the operating activities were split into the following legally independent business segments as of March 31, 2018:

- Fresenius Medical Care
- Fresenius Kabi
- Fresenius Helios
- Fresenius Vamed

The reporting currency in the Fresenius Group is the euro. In order to make the presentation clearer, amounts are mostly shown in million euros. Amounts under €1 million after rounding are marked with "–".

II. BASIS OF PRESENTATION

Fresenius SE & Co. KGaA, as a stock exchange listed company with a domicile in a member state of the European Union, fulfills its obligation to prepare and publish the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applying Section 315e of the German Commercial Code (HGB).

The accompanying condensed interim financial statements comply with the International Accounting Standard (IAS) 34. They have been prepared in accordance with the IFRS in force on the reporting date and adopted by the European Union.

The Fresenius Group has applied IFRS 15, Revenue from Contracts with Customers, and IFRS 9, Financial Instruments, since January 1, 2018. As a result of the implementation, the Fresenius Group has updated its accounting policies accordingly. Changes in the accounting policies due to the implementation of IFRS 15 and IFRS 9 are described in note 1.IV, Recent pronouncements, applied. For all other issues, the accounting policies applied in the accompanying consolidated financial statements are the same as those applied in the consolidated financial statements as of December 31, 2017.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The condensed consolidated financial statements and management report for the first quarter ended March 31, 2018 have not been audited nor reviewed and should be read in conjunction with the notes included and published in the consolidated financial statements as of December 31, 2017 applying Section 315e HGB in accordance with IFRS.

Except for the reported acquisitions (see note 2, Acquisitions, divestitures and investments), there have been no other major changes in the entities consolidated.

The consolidated financial statements for the first quarter ended March 31, 2018 include all adjustments that, in the opinion of the Management Board, are of a normal and recurring nature and are necessary to provide an appropriate view of the assets and liabilities, financial position and results of operations of the Fresenius Group.

The results of operations for the first quarter ended March 31, 2018 are not necessarily indicative of the results of operations for the fiscal year 2018.

Classifications

In the prior year's comparative consolidated financial statements, finance lease receivables in the amount of €58 million have been reclassified from other currents assets to trade accounts and other receivables to conform to the current year's presentation.

Use of estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

IV. RECENT PRONOUNCEMENTS, APPLIED

The Fresenius Group has prepared its consolidated financial statements at March 31, 2018 in conformity with IFRS in force for the interim periods on January 1, 2018.

In the first quarter of 2018, the Fresenius Group applied the following new standards relevant for its business for the first time:

IFRS 15

In May 2014, the International Accounting Standards Board (IASB) issued **IFRS 15, Revenue from Contracts with Customers**. This new standard specifies how and when companies reporting under IFRS will recognize revenue as well as providing users of financial statements with more informative and relevant disclosures. IFRS 15 supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. This standard applies to nearly all contracts with customers, the main exceptions are leases, financial instruments and insurance contracts. In September 2015, the IASB issued the amendment **Effective Date of IFRS 15**, which defers the effective date of IFRS 15 by one year to fiscal years beginning on or after January 1, 2018. The Fresenius Group adopted this standard as of January 1, 2018. In accordance with the transition provisions in IFRS 15, the new rules have been adopted only to those contracts that were not completed contracts as of January 1, 2018 following the cumulative effect method with no restatement of the comparative periods presented.

IFRS 15 requires the consideration of implicit price concessions when determining the transaction price which, upon adoption, resulted in the implicit price concessions in the business segment Fresenius Medical Care directly reducing revenue in the amount of €157 million for the first quarter of 2018. Prior to the adoption of IFRS 15, these price concessions were included in the general and administrative expenses as an allowance for doubtful accounts in the amount of €139 million for the first quarter of 2017. Consequently, there is no effect on net income as the implicit price concessions are merely presented in different lines within the consolidated statement of income.

In the business segment Fresenius Vamed, sales from long-term production contracts are no longer recognized using the percentage of completion method (PoC method) but according to the IFRS 15 guidance for performance obligations satisfied over time, which did not result in any changes to the consolidated statement of income. In the consolidated statement of financial position the amounts that were included in inventory under the PoC method will generally be recognized as contract assets according to IFRS 15. Contract assets are included in other current and other non-current assets in the consolidated statement of financial position. At the end of the reporting period, €327 million were included in other current assets that would have been included in inventories according to the former rule.

Other contract assets relate to medical treatments that have been started but not completed at the respective reporting date. They were previously recognized as trade accounts receivable.

The Fresenius Group applies the following policies for recognizing revenue:

Revenues from services and products are billed according to the usual contract arrangements with customers, patients and related third parties. For services performed for patients, the transaction price is estimated based on either Fresenius Group's standard rates, rates determined under reimbursement arrangements or by government regulations. These arrangements are generally with third party payors, such as U.S. Medicare, U.S. Medicaid, German health insurance funds or commercial insurers. Deductions from rebates and discounts that are contractually agreed are taken into account to determine the expected recoverable amount which is calculated on the basis of historical data.

If the collection of the billed amount or a portion of the billed amount for services performed for patients is considered to be uncertain at the time services are performed, the Fresenius Group concludes that the consideration is variable (implicit price concession) and records the difference between the billed amount and the amount estimated to be collectible as a reduction to health care services revenue. Prior to the adoption of IFRS 15, it was recorded as an allowance for accounts receivable. Implicit price concessions include such items as amounts due from patients without adequate insurance coverage and patient co-payment and deductible amounts due from patients with health care coverage. The Fresenius Group determines implicit price concessions primarily upon past collection history.

Revenue from services is generally recognized on the date the service is performed. At this point of time the payor is obliged to pay for the performed services.

Revenue from product sales is recognized when the customer obtains control of the product, either after possession is transferred or upon installation and provision of the necessary technical instructions or at another point in time that better defines transfer of control.

A portion of revenues is generated from contracts which on the one hand give the customer the right to use dialysis machines and on the other hand provide the customer with disposables and services. In this case, the transaction price is allocated in accordance with IFRS 15, and revenue is recognized separately for the lease and the non-lease components of the contract in accordance with IAS 17 and IFRS 15, respectively.

Fresenius Vamed has performance obligations from long-term production contracts that are satisfied over time. Revenue is recognized according to progress towards completion. This progress towards completion of the performance obligation is measured based on the costs incurred in relation to expected total costs of fulfilling the contract, contractually defined milestones or performance completed to date whichever better reflects the progress towards completion of the performance obligation.

IFRS 15 does not apply to lease and insurance contracts. Revenue from leasing components and insurance contracts is determined according to IAS 17 and IFRS 4, respectively.

IFRS 9

In July 2014, the IASB issued a new version of **IFRS 9, Financial Instruments**. This IFRS 9 version is considered the final and complete version, thus, mainly replacing IAS 39 as soon as IFRS 9 is applied. It includes all prior guidance on the classification and measurement of financial assets and financial liabilities as well as hedge accounting and introduces requirements for impairment of financial instruments as well as modified requirements for the measurement categories of financial assets. The impairment provisions reflect a model that relies on expected losses (expected loss model). This model comprises a three stage approach: Upon recognition, an entity shall recognize losses that are expected within the next 12 months. If credit risk deteriorates significantly, from that point in time impairment losses shall amount to lifetime expected losses. In case of objective evidence of impairment, there is an assignment to stage 3. The provisions for classification and measurement are amended by introducing an additional third measurement category for certain debt instruments. Such instruments shall be measured at fair value with changes recognized in other comprehensive income (loss) (fair value through other comprehensive income). The standard is accompanied by additional disclosure requirements and is effective for fiscal years beginning on or after January 1, 2018.

In accordance with IAS 39 and IFRS 9, the majority of the non-derivative financial assets are measured at amortized costs. The impact on the measurement of non-derivative financial assets under IFRS 9 has not been significant. For individual equity instruments, the Fresenius Group has opted to present changes in fair value in other comprehensive income (loss). The requirements for the classification and measurement of non-derivative financial liabilities have not changed significantly. Thus, IFRS 9 has a limited impact on the consolidated financial statements. Derivatives not designated as hedging instruments will continue to be classified and measured at fair value through profit and loss.

The Fresenius Group follows the modified retrospective method without restatement of previous periods for adopting IFRS 9.

Differences in the carrying amounts of financial assets and financial liabilities as of December 31, 2017, according to IAS 39 and as of January 1, 2018, according to IFRS 9 are recognized in other reserves in the amount of -€17 million.

IFRS 9 has an impact on the accounting policies for classifying financial instruments, on the methodology to assess the impairment of financial instruments and on the hedge accounting requirements. The Fresenius Group applies the following policies after implementing IFRS 9:

Classification of financial instruments

Financial instruments are allocated to categories following the analysis of the business model and cash flow characteristics as required by IFRS 9. The following categories are relevant for the Fresenius Group: financial assets and liabilities measured at amortized cost, financial assets and liabilities measured at fair value through profit and loss and financial assets measured at fair value through other comprehensive income. In the first quarter of 2018, no reclassifications between categories were necessary.

Impairment of financial assets

According to IFRS 9, impairments are recognized on the basis of expected credit losses (expected credit loss model).

The Fresenius Group recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost, contract assets and lease receivables as well as in investments in debt instruments measured at fair value through other comprehensive income. The financial assets mainly comprise trade accounts receivable and cash and cash equivalents. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective instrument.

For trade accounts receivable, the Fresenius Group uses the simplified method which requires recognizing lifetime expected credit losses.

Expected credit losses on cash and cash equivalents are measured according to the general method which is based on 12-month expected credit losses. Due to the short maturity term of the financial instruments, this corresponds with the lifetime expected loss. A significant increase in credit risk is calculated on the basis of available quantitative and qualitative information. Based on external credit ratings of the counterparties, the Fresenius Group considers that its cash and cash equivalents have a low credit risk.

The allowances are estimates comprised of customer and financial asset specific evaluations regarding payment history, current financial stability, and applicable future economic conditions.

Financial assets whose expected credit loss is not assessed individually are allocated to geographical regions. The impairment is generally assessed on the basis of macroeconomic indicators such as credit default swaps or scoring models.

In case of objective evidence of a detrimental impact on the estimated future cash flows of a financial asset, the asset is considered to be credit impaired.

When a counterpart defaults, all financial assets against this counterpart are considered impaired. The definition of default is mainly based on payment practices specific to individual regions and businesses.

Hedge accounting

The Fresenius Group applies the new IFRS 9 hedge accounting requirements. Therefor, the Fresenius Group makes sure that hedge accounting relationships are aligned with its risk management objectives and strategy and that a qualitative and forward-looking approach is used for assessing hedge effectiveness.

The Fresenius Group uses foreign exchange forward contracts to hedge the variability in cash flows arising from changes in foreign exchange rates relating to foreign currency sales, purchases, projects and services as well as inventory purchases and borrowings in foreign currency. The Fresenius Group solely designates the spot element of the foreign exchange forward contract as hedging instrument in cash flow hedges. The effective portion of changes in fair value of the spot element of the hedging instruments is accumulated in a cash flow hedge reserve as a separate component within other comprehensive income (loss). The forward element of the foreign exchange forward contract is separately accounted for as cost of hedging reserve within other comprehensive income (loss).

For all cash flow hedges, except for foreign currency risk associated with forecast purchases of non-financial assets, the amounts accumulated in the cash flow hedge reserve are reclassified to profit or loss as a reclassification adjustment in the same period as the hedged forecasted cash flows affect profit or loss. For cash flow hedges of foreign currency risk associated with forecast purchases of non-financial assets, the amounts accumulated in the cash flow hedge reserve are instead included directly in the initial cost of the asset when it is recognized. The same approach applies to the amounts accumulated in the costs of hedging reserve.

V. RECENT PRONOUNCEMENTS, NOT YET APPLIED

The International Accounting Standards Board (IASB) issued the following for the Fresenius Group relevant new standards:

In May 2017, the IASB issued **IFRS 17, Insurance Contracts**. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure related to the issuance of insurance contracts. IFRS 17 replaces IFRS 4, Insurance Contracts, which was brought in as an interim standard in 2004. IFRS 4 permitted the use of national accounting standards for the accounting of insurance contracts under IFRS. As a result of the varied application for insurance contracts, there was a lack of comparability among peer groups. IFRS 17 eliminates this diversity in practice by requiring all insurance contracts to be accounted for using current values. The frequent updates to the insurance values are expected to provide more useful information to users of financial statements. IFRS 17 is effective for fiscal years beginning on or after January 1, 2021. Earlier adoption is permitted for entities that have also adopted IFRS 9, Financial Instruments, and IFRS 15, Revenue from Contracts with Customers. The Fresenius Group is currently evaluating the impact of IFRS 17 on the consolidated financial statements.

In January 2016, the IASB issued **IFRS 16, Leases**, which supersedes the current standard on lease accounting, IAS 17, as well as the interpretations IFRIC 4, SIC-15 and SIC-27. IFRS 16 significantly changes lessee accounting. For all leases, a lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Depreciation of the right-of-use asset and interest on the lease liability must be recognized in the income statement for every lease contract. Therefore, straight-line rental expenses will no longer be shown. The lessor accounting requirements in IAS 17 are substantially carried forward. The standard is effective for fiscal years beginning on or after January 1, 2019. Earlier application is permitted for entities that have also adopted IFRS 15, Revenue from Contracts with Customers. The Fresenius Group decided that IFRS 16 will not be adopted early. The Fresenius Group expects a balance sheet extension due to the on balance sheet recognition of right-of-use assets and liabilities for agreed lease payment obligations, currently classified as operating leases, resulting in particular from leased clinics and buildings. Based on an impact analysis, using certain assumptions and simplifications, the Fresenius Group expects a financial debt increase of approximately €5 billion. Referring to the consolidated statement of income, the Fresenius Group expects an EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) as well as an operating income improvement due to the split of rent expenses in depreciation and interest expenses, by having unchanged cash outflows. The Fresenius Group also expects that its Leverage Ratio will increase by about 0.3 to 0.4. The impact on the Fresenius Group will depend on the contract portfolio at the effective date as well as on the transition method. Based on a previous impact analysis, the Fresenius Group will apply the modified retrospective method. Except for the transition method, the Fresenius Group is currently evaluating the accounting policy options of IFRS 16.

The EU Commission's endorsement of IFRS 17 is still outstanding.

In the Fresenius Group's view, all other pronouncements issued by the IASB do not have a material impact on the consolidated financial statements, as expected.

2. ACQUISITIONS, DIVESTITURES AND INVESTMENTS

The Fresenius Group made acquisitions, investments and purchases of intangible assets of €192 million and €6,083 million in the first quarter of 2018 and 2017, respectively. Of this amount, €189 million was paid in cash and €3 million was assumed obligations in the first quarter of 2018.

FRESENIUS MEDICAL CARE

In the first quarter of 2018, Fresenius Medical Care spent €184 million on acquisitions, mainly on investments in financial assets and the purchase of dialysis clinics.

Divestment of Sound Inpatient Physicians Holdings, LLC, USA

On April 20, 2018, Fresenius Medical Care signed a definitive agreement to divest its controlling interest in Sound Inpatient Physicians Holdings, LLC to an investment consortium led by Summit Partners, L.P. for total transaction proceeds of US$2,150 million (€1,760 million). Closing of the transaction is subject to regulatory approvals and anticipated to occur late in 2018.

Acquisition of NxStage Medical, Inc.

On August 7, 2017, Fresenius Medical Care announced the acquisition of NxStage Medical, Inc. (NxStage), a U.S.-based medical technology and services company, for a total transaction value of approximately US$2.0 billion (€1.7 billion). On October 27, 2017, the shareholders of NxStage approved the acquisition. The transaction remains subject to regulatory approvals and other customary closing conditions. Fresenius Medical Care expects the closing of the transaction to occur in 2018.

FRESENIUS KABI

Termination of the merger agreement with Akorn, Inc.

On April 24, 2017, Fresenius announced that Fresenius Kabi has agreed to acquire Akorn, Inc. (Akorn), a U.S.-based manufacturer and marketer of prescription and over-the-counter pharmaceutical products, for approximately US$4.3 billion, or US$34 per share, plus the prevailing net debt at closing of the transaction.

Fresenius has been conducting an independent investigation, using external experts, into alleged breaches of FDA data integrity requirements relating to product development at Akorn.

Fresenius decided on April 22, 2018 to terminate the merger agreement with Akorn, due to Akorn's failure to fulfill several closing conditions.

Fresenius' decision is based on, among other factors, material breaches of FDA data integrity requirements relating to Akorn's operations found during Fresenius' independent investigation. Fresenius offered to delay its decision in order to allow Akorn additional opportunity to complete its own investigation and present any information it wished Fresenius to consider, but Akorn declined that offer.

Akorn stated that they disagree with Fresenius's position and intend to enforce the rights under the merger agreement. A corresponding complaint was filed in court. Fresenius in turn has filed a counterclaim on April 30, 2018. The court has set a trial commencing on July 9, 2018.

Acquisition of the biosimilars business of Merck KGaA

On August 31, 2017, Fresenius Kabi has successfully closed the acquisition of Merck KGaA's biosimilars business. The transaction comprises a development pipeline and about 70 employees located in Aubonne and Vevey, Switzerland. The product pipeline has a focus on oncology and autoimmune diseases. The biosimilars business has been consolidated as of September 1, 2017.

The consideration transferred of €735 million is composed of €156 million, which were paid in cash upon closing, and risk-adjusted discounted success-related payments expected for the coming years with a current fair value of €579 million, which are strictly tied to achievements of agreed development and sales targets.

The transaction was accounted for as a business combination. The following table summarizes the current estimated fair values of assets acquired and liabilities assumed at the date of the acquisition. This allocation of the purchase price is based upon the best information available to management at present. Due to the relatively short interval between the closing date of the acquisition and the date of the statement of financial position, this information may be incomplete. Any adjustments to acquisition accounting, net of related income tax effects, will be recorded with a corresponding adjustment to goodwill.

€ in millions	
Working capital and other assets	1
Property, plant and equipment and other non-current assets	2
Intangible assets	352
Liabilities	-7
Goodwill	387
Consideration transferred	**735**

The goodwill in the amount of €387 million that was acquired as part of the acquisition will be deductible for tax purposes.

Goodwill mainly represents the value of future opportunities due to the acquisition of biosimilars products and their platform. The platform with highly qualified biosimilars experts will enable Fresenius to develop further products in this market segment and bring them on the market in the future. Furthermore, Fresenius acquired the opportunity to sell biosimilars products in other markets.

FRESENIUS HELIOS

In the first quarter of 2018, Fresenius Helios spent €3 million on acquisitions, mainly for the purchase of outpatient clinics in Germany.

Acquisition of IDCSalud Holding S.L.U. (Quirónsalud)

On January 31, 2017, Fresenius Helios closed the acquisition of 100% of the share capital in IDCSalud Holding S.L.U. (Quirónsalud), Spain's largest private hospital operator. Quirónsalud has been consolidated as of February 1, 2017.

Quirónsalud's network is comprised of 45 hospitals, 55 outpatient centers and about 300 Occupational Risk Prevention centers located in every metropolitan region of Spain. The company offers the full spectrum of inpatient and outpatient care. With the acquisition, Fresenius Helios strengthens its position as Europe's largest private hospital operator.

€5.36 billion of the total purchase price in the amount of €5.76 billion had already been financed by means of different debt instruments and paid in cash on January 31, 2017. The balance of €400 million was paid in the form of 6,108,176 new shares of Fresenius SE & Co. KGaA issued on January 31, 2017 from Authorized Capital excluding subscription rights. In April 2017, a compensation payment in the amount of €174 million was made for working capital taken over.

The transaction was accounted for as a business combination. The following table comprises the final fair values of assets acquired and liabilities assumed at the date of the acquisition. Any adjustments to acquisition accounting until finalization on January 31, 2018 was recorded with a corresponding adjustment to goodwill, net of related income tax effects.

€ in millions	
Trade accounts receivable	776
Working capital and other assets	74
Property, plant and equipment and other non-current assets	1,775
Intangible assets	1,306
Liabilities	-1,315
Goodwill	3,336
Noncontrolling interest	-21
Consideration transferred	**5,931**

The goodwill in the amount of €3,336 million that was acquired as part of the acquisition is not deductible for tax purposes.

Goodwill mainly represents the market position of the acquired hospitals, health centers and health care facilities, the economies of scale of the significantly grown largest private European hospital operator and the know-how of the employees.

The noncontrolling interests acquired as part of the acquisition are stated at fair value.

In the first quarter of 2018, the acquired hospitals and outpatient facilities have contributed €757 million to sales and €103 million to the operating income (EBIT) of the Fresenius Group.

FRESENIUS VAMED

In the first quarter of 2018, Fresenius Vamed spent €5 million on acquisitions, mainly for an investment in an acute and post-acute care clinic in China.

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

3. SPECIAL ITEMS

Net income attributable to shareholders of Fresenius SE & Co. KGaA for the first quarter of 2018 in the amount of €440 million includes special items relating to the terminated merger agreement with Akorn, Inc. These mainly comprise transaction costs in the form of legal and consulting expenses as well as financing commitment expenses for the Akorn transaction. Furthermore, expenses from the share-based payment program of Sound Inpatient Physicians Holdings, LLC due to their announced divestment are included.

The special items had the following impact on the consolidated statement of income:

€ in millions	EBIT	Interest expenses	Net income attributable to shareholders of Fresenius SE & Co. KGaA
Earnings Q1/2018, adjusted	1,054	-146	450
Transaction-related effects of Akorn	-5	-3	-6
Transaction-related effects of Sound Physicians	-13	0	-4
Earnings Q1/2018 according to IFRS	**1,036**	**-149**	**440**

Net income attributable to shareholders of Fresenius SE & Co. KGaA for the first quarter of 2017 did not include any special items.

4. SALES

In the first quarter of 2018, sales by activity according due to the IFRS 15 categorization were as follows:

€ in millions	Q1/2018
Sales from contracts with customers	**8,049**
thereof sales of services	**5,638**
thereof sales of products and related services	**2,318**
thereof sales from long-term production contracts	**92**
thereof further sales from contracts with customers	**1**
Other sales	**72**
Sales	**8,121**

Other sales include sales from insurance and lease contracts.

In the first quarter of 2017, sales by activity according due to the categorization used until year end 2017 were as follows:

€ in millions	Q1/2017
Sales of services	5,932
Sales of products and related goods	2,350
Sales from long-term production contracts	78
Other sales	2
Sales	8,362

The changes in activity classification are due to the first time use of the new IFRS 15 classification in the first quarter of 2018.

5. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses of €159 million (Q1/2017: €121 million) included expenditures for research and non-capitalizable development costs as well as regular depreciation and amortization expenses relating to capitalized development costs of €4 million (Q1/2017: €4 million).

6. TAXES

During the first quarter of 2018, there were no material changes relating to accruals for income taxes as well as recognized and accrued payments for interest and penalties. Further information can be found in the consolidated financial statements as of December 31, 2017 applying Section 315e HGB in accordance with IFRS.

The decrease of the group tax rate before special items to 21.0% (Q1/2017: 29.1%) was mainly due to the U.S. tax reform.

7. EARNINGS PER SHARE

The following table shows the earnings per share including and excluding the dilutive effect from stock options issued:

	Q1/2018	Q1/2017
Numerators, € in millions		
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**440**	457
less effect from dilution due to Fresenius Medical Care shares	**–**	–
Income available to all ordinary shares	**440**	457
Denominators in number of shares		
Weighted-average number of ordinary shares outstanding	**554,817,933**	553,465,548
Potentially dilutive ordinary shares	**2,616,099**	4,407,980
Weighted-average number of ordinary shares outstanding assuming dilution	**557,434,032**	557,873,528
Basic earnings per share in €	**0.79**	0.83
Fully diluted earnings per share in €	**0.79**	0.82

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

8. CASH AND CASH EQUIVALENTS

As of March 31, 2018 and December 31, 2017, cash and cash equivalents were as follows:

€ in millions	March 31, 2018	Dec. 31, 2017
Cash	1,106	1,139
Time deposits and securities (with a maturity of up to 90 days)	378	497
Total cash and cash equivalents	**1,484**	1,636

As of March 31, 2018 and December 31, 2017, earmarked funds of €119 million and €183 million, respectively, were included in cash and cash equivalents.

9. TRADE ACCOUNTS AND OTHER RECEIVABLES

As of March 31, 2018, January 1, 2018 and December 31, 2017, trade accounts and other receivables were as follows:

	March 31, 2018		January 1, 2018			Dec. 31, 2017
€ in millions		thereof credit impaired	Book value according to IFRS 9 and IFRS 15	Adjustment on initial application of IFRS 9	Adjustment on initial application of IFRS 1	
Trade accounts and other receivables	7,168	590	6,553	-7	-441	7,001
less allowance for doubtful accounts	312	149	318	36	-459	741
Trade accounts and other receivables, net	**6,856**	**441**	**6,235**	**-43**	**18**	**6,260**

Within trade accounts and other receivables, net, as of March 31, 2018, €6,784 million relate to revenue from contracts with customers as defined by IFRS 15. This amount includes €310 million of allowance for doubtful accounts. Further trade accounts and other receivables, net, relate to lease contracts.

10. INVENTORIES

As of March 31, 2018 and December 31, 2017, inventories consisted of the following:

€ in millions	March 31, 2018	Dec. 31, 2017
Raw materials and purchased components	680	653
Work in process	339	715
Finished goods	2,040	2,024
less reserves	125	140
Inventories, net	**2,934**	3,252

Upon implementation of IFRS 15, €335 million relating to long-term production contracts from Fresenius Vamed have been reclassified from work in process within inventory to contract assets within other current and non-current assets.

11. OTHER CURRENT AND NON-CURRENT ASSETS

At equity investments as of March 31, 2018 in the amount of €620 million (December 31, 2017: €647 million) mainly related to the joint venture named Vifor Fresenius Medical Care Renal Pharma Ltd. between Fresenius Medical Care and Galenica Ltd. In the first quarter of 2018, income of €18 million (Q1/2017: €15 million) resulting from this valuation was included in selling, general and administrative expenses in the consolidated statement of income.

CONTRACT ASSETS

Since the implementation of IFRS 15 on January 1, 2018, other current and non-current assets include contract assets within non-financial assets. As of March 31, 2018, they amount to €437 million. Thereof, €335 million relating to long-term production contracts from Fresenius Vamed have been reclassified from inventory (work in process) upon the initial application of IFRS 15.

Contract assets mainly relate to long-term production contracts for which revenue is recognized over time.

As of March 31, 2018, contract assets from revenue from contracts with customers as defined by IFRS 15 include €1 million of allowance for doubtful accounts.

12. GOODWILL AND OTHER INTANGIBLE ASSETS

As of March 31, 2018 and December 31, 2017, intangible assets, split into amortizable and non-amortizable intangible assets, consisted of the following:

AMORTIZABLE INTANGIBLE ASSETS

€ in millions	March 31, 2018 Acquisition cost	March 31, 2018 Accumulated amortization	March 31, 2018 Carrying amount	December 31, 2017 Acquisition cost	December 31, 2017 Accumulated amortization	December 31, 2017 Carrying amount
Customer relationships	**835**	**135**	**700**	840	123	717
Tradenames	**702**	**62**	**640**	699	48	651
Capitalized development costs	**732**	**159**	**573**	828	229	599
Software	**647**	**361**	**286**	599	337	262
Patents, product and distribution rights	**659**	**386**	**273**	674	386	288
Technology	**407**	**157**	**250**	415	154	261
Non-compete agreements	**307**	**258**	**49**	314	262	52
Other	**522**	**340**	**182**	418	271	147
Total	**4,811**	**1,858**	**2,953**	4,787	1,810	2,977

NON-AMORTIZABLE INTANGIBLE ASSETS

€ in millions	March 31, 2018 Acquisition cost	March 31, 2018 Accumulated amortization	March 31, 2018 Carrying amount	December 31, 2017 Acquisition cost	December 31, 2017 Accumulated amortization	December 31, 2017 Carrying amount
Goodwill	**24,949**	**0**	**24,949**	25,285	0	25,285
Tradenames	**187**	**0**	**187**	192	0	192
Management contracts	**3**	**0**	**3**	3	0	3
Total	**25,139**	**0**	**25,139**	25,480	0	25,480

The carrying amount of goodwill has developed as follows:

€ in millions	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate/ Other	**Fresenius Group**
Carrying amount as of January 1, 2017	**12,956**	**5,302**	**4,538**	**99**	**6**	**22,901**
Additions	596	394	3,365	19	0	4,374
Disposals	0	-1	-1	0	0	-2
Foreign currency translation	-1,448	-540	0	0	0	-1,988
Carrying amount as of December 31, 2017	**12,104**	**5,155**	**7,902**	**118**	**6**	**25,285**
Additions	24	0	48	1	0	73
Reclassifications	0	-7	0	0	0	-7
Foreign currency translation	-294	-108	0	0	0	-402
Carrying amount as of March 31, 2018	**11,834**	**5,040**	**7,950**	**119**	**6**	**24,949**

As of March 31, 2018 and December 31, 2017, the carrying amounts of the other non-amortizable intangible assets were €173 million and €178 million, for Fresenius Medical Care as well as €17 million, respectively, for Fresenius Kabi.

13. DEBT AND CAPITAL LEASE OBLIGATIONS

SHORT-TERM DEBT

As of March 31, 2018 and December 31, 2017, short-term debt consisted of the following:

	Book value	
€ in millions	March 31, 2018	December 31, 2017
Fresenius SE & Co. KGaA Commercial Paper	670	715
Fresenius Medical Care AG & Co. KGaA Commercial Paper	945	680
Other short-term debt	177	155
Short-term debt	**1,792**	**1,550**

LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

As of March 31, 2018 and December 31, 2017, long-term debt and capital lease obligations net of debt issuance costs consisted of the following:

	Book value	
€ in millions	March 31, 2018	December 31, 2017
Fresenius Medical Care 2012 Credit Agreement	2,079	2,018
2013 Credit Agreement	2,188	2,238
Schuldschein Loans	1,864	1,873
Accounts Receivable Facility of Fresenius Medical Care	295	294
Capital lease obligations	229	234
Other	441	448
Subtotal	7,096	7,105
less current portion	615	618
Long-term debt and capital lease obligations, less current portion	**6,481**	**6,487**

Fresenius Medical Care 2012 Credit Agreement

Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) originally entered into a syndicated credit facility (Fresenius Medical Care 2012 Credit Agreement) of US$3,850 million and a 5-year tenor on October 30, 2012.

On November 26, 2014, the Fresenius Medical Care 2012 Credit Agreement was amended to increase the total credit facility to approximately US$4,400 million and extend the term for an additional two years until October 30, 2019.

On July 11, 2017, FMC-AG & Co. KGaA further amended and extended its syndicated credit agreement resulting in a total credit facility of approximately US$ 3,900 million with maturities in 2020 and 2022. Consistent with the investment grade rating of Fresenius Medical Care, the amended Fresenius Medical Care 2012 Credit Agreement is now unsecured and has lower tiered pricing.

The following tables show the available and outstanding amounts under the Fresenius Medical Care 2012 Credit Agreement at March 31, 2018 and at December 31, 2017:

	March 31, 2018			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facility (in US$)	US$900 million	730	**US$225 million**	**182**
Revolving Credit Facility (in €)	€600 million	600	**€0 million**	**0**
Term Loan 5 years (in US$)	US$1,440 million	1,169	**US$1,440 million**	**1,169**
Term Loan 3 years (in €)	€400 million	400	**€400 million**	**400**
Term Loan 5 years (in €)	€336 million	336	**€336 million**	**336**
Total		3,235		**2,087**
less financing cost				**8**
Total				**2,079**

	December 31, 2017			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facility (in US$)	US$900 million	750	**US$70 million**	**58**
Revolving Credit Facility (in €)	€600 million	600	**€0 million**	**0**
Term Loan 5 years (in US$)	US$1,470 million	1,226	**US$1,470 million**	**1,226**
Term Loan 3 years (in €)	€400 million	400	**€400 million**	**400**
Term Loan 5 years (in €)	€343 million	343	**€343 million**	**343**
Total		3,319		**2,027**
less financing cost				**9**
Total				**2,018**

In addition, at March 31, 2018 and December 31, 2017, Fresenius Medical Care had letters of credit outstanding in the amount of approximately US$2 million (€1 million), respectively, under the U.S. dollar revolving credit facility. The letters of credit were not included in the above mentioned outstanding balances at those dates but reduce available borrowings under the applicable revolving credit facility.

As of March 31, 2018, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all covenants under the Fresenius Medical Care 2012 Credit Agreement.

2013 Credit Agreement

On December 20, 2012, Fresenius SE & Co. KGaA and various subsidiaries entered into a delayed draw syndicated credit agreement (2013 Credit Agreement) in the original amount of US$1,300 million and €1,250 million. Since the initial funding of the 2013 Credit Agreement in June 2013, additional tranches were added. Furthermore, scheduled amortization payments as well as voluntary repayments have been made.

On October 14, 2016, the 2013 Credit Agreement has been increased by an incremental term loan of €900 million and an incremental revolving facility of € 300 million. The incremental facilities were used to fund the acquisition of IDCSalud Holding S.L.U. (Quirónsalud) by Fresenius Helios. The incremental facilities were funded on January 31, 2017.

On August 22, 2017, the 2013 Credit Agreement was refinanced. The existing senior secured facilities were replaced with unsecured facilities resulting in a total credit facility of approximately €3,800 million with maturities in 2021 and 2022. Concurrently, the guarantor structure was aligned, with Fresenius SE & Co. KGaA now being sole guarantor.

The following tables show the available and outstanding amounts under the 2013 Credit Agreement at March 31, 2018 and at December 31, 2017:

	March 31, 2018			
	Maximum amount available	€ in millions	**Balance outstanding**	**€ in millions**
Revolving Credit Facility (in €)	€1,000 million	1,000	**€0 million**	**0**
Revolving Credit Facility (in US$)	US$500 million	406	**US$0 million**	**0**
Term Loan 4 years (in €)	€750 million	750	**€750 million**	**750**
Term Loan 5 years (in €)	€950 million	950	**€950million**	**950**
Term Loan 5 years (in US$)	US$620 million	503	**US$620 million**	**503**
Total		3,609		**2,203**
less financing cost				**15**
Total				**2,188**

	December 31, 2017			
	Maximum amount available	€ in millions	**Balance outstanding**	**€ in millions**
Revolving Credit Facility (in €)	€1,000 million	1,000	**€0 million**	**0**
Revolving Credit Facility (in US$)	US$500 million	417	**US$0 million**	**0**
Term Loan 4 years (in €)	€750 million	750	**€750 million**	**750**
Term Loan 5 years (in €)	€975 million	975	**€975 million**	**975**
Term Loan 5 years (in US$)	US$635 million	529	**US$635 million**	**529**
Total		3,671		**2,254**
less financing cost				**16**
Total				**2,238**

As of March 31, 2018, the Fresenius Group was in compliance with all covenants under the 2013 Credit Agreement.

Schuldschein Loans

As of March 31, 2018 and December 31, 2017, Schuldschein Loans of the Fresenius Group net of debt issuance costs consisted of the following:

				Book value € in millions	
	Notional amount	Maturity	Interest rate fixed/variable	**March 31, 2018**	Dec 31, 2017
Fresenius SE & Co. KGaA 2014/2018	€97 million	April 2, 2018	2.09%	**97**	97
Fresenius SE & Co. KGaA 2012/2018	€72 million	April 4, 2018	4.09%	**72**	72
Fresenius SE & Co. KGaA 2015/2018	€91 million	October 8, 2018	1.07%/variable	**91**	91
Fresenius SE & Co. KGaA 2014/2020	€262 million	April 2, 2020	2.67%/variable	**262**	262
Fresenius SE & Co. KGaA 2017/2022	€372 million	Jan. 31, 2022	0.93%/variable	**371**	371
Fresenius SE & Co. KGaA 2015/2022	€21 million	April 7, 2022	1.61%	**21**	21
Fresenius SE & Co. KGaA 2017/2024	€421 million	Jan. 31, 2024	1.40%/variable	**420**	420
Fresenius SE & Co. KGaA 2017/2027	€207 million	Jan. 29, 2027	1.96%/variable	**206**	206
Fresenius US Finance II, Inc. 2016/2021	US$342 million	March 10, 2021	2.66%/variable	**277**	284
Fresenius US Finance II, Inc. 2016/2023	US$58 million	March 10, 2023	3.12%/variable	**47**	49
Schuldschein Loans				**1,864**	1,873

The Schuldschein Loans issued by Fresenius SE & Co. KGaA in the amount of €97 million and €72 million which were due on April 2, 2018 and April 4, 2018 as well as the Schuldschein Loans issued by Fresenius SE & Co. KGaA in the amount of €91 million which are due on October 8, 2018 are shown as current portion of long-term debt and capital lease obligations in the consolidated statement of financial position.

As of March 31, 2018, the Fresenius Group was in compliance with all of its covenants under the Schuldschein Loans.

CREDIT LINES

In addition to the financial liabilities described before, the Fresenius Group maintains additional credit facilities which have not been utilized, or have only been utilized in part, as of the reporting date. At March 31, 2018, the additional financial cushion resulting from unutilized credit facilities was approximately €3.5 billion. Thereof approximately €2.6 billion accounted for syndicated credit facilities.

Bridge Financing Facility

On April 25, 2017, Fresenius SE & Co. KGaA entered into a Bridge Financing Facility in the amount of US$4,200 million with a tenor of 18 months for the purpose of the acquisition of Akorn, Inc. which has not been utilized at March 31, 2018.

14. BONDS

As of March 31, 2018 and December 31, 2017, bonds of the Fresenius Group net of debt issuance costs consisted of the following:

				Book value € in millions	
	Notional amount	Maturity	Interest rate	**March 31, 2018**	Dec. 31, 2017
Fresenius Finance Ireland PLC 2017/2022	€700 million	Jan. 31, 2022	0.875%	**695**	695
Fresenius Finance Ireland PLC 2017/2024	€700 million	Jan. 30, 2024	1.50%	**696**	696
Fresenius Finance Ireland PLC 2017/2027	€700 million	Feb. 1, 2027	2.125%	**692**	692
Fresenius Finance Ireland PLC 2017/2032	€500 million	Jan. 30, 2032	3.00%	**494**	494
Fresenius SE & Co. KGaA 2014/2019	€300 million	Feb. 1, 2019	2.375%	**300**	299
Fresenius SE & Co. KGaA 2012/2019	€500 million	Apr. 15, 2019	4.25%	**499**	499
Fresenius SE & Co. KGaA 2013/2020	€500 million	July 15, 2020	2.875%	**498**	498
Fresenius SE & Co. KGaA 2014/2021	€450 million	Feb. 1, 2021	3.00%	**446**	446
Fresenius SE & Co. KGaA 2014/2024	€450 million	Feb. 1, 2024	4.00%	**450**	449
Fresenius US Finance II, Inc. 2014/2021	US$300 million	Feb. 1, 2021	4.25%	**242**	249
Fresenius US Finance II, Inc. 2015/2023	US$300 million	Jan. 15, 2023	4.50%	**242**	248
FMC Finance VII S.A. 2011/2021	€300 million	Feb. 15, 2021	5.25%	**297**	297
FMC Finance VIII S.A. 2011/2018	€400 million	Sept. 15, 2018	6.50%	**399**	399
FMC Finance VIII S.A. 2012/2019	€250 million	July 31, 2019	5.25%	**245**	245
Fresenius Medical Care US Finance, Inc. 2011/2021	US$650 million	Feb. 15, 2021	5.75%	**524**	538
Fresenius Medical Care US Finance II, Inc. 2011/2018	US$400 million	Sept. 15, 2018	6.50%	**324**	332
Fresenius Medical Care US Finance II, Inc. 2012/2019	US$800 million	July 31, 2019	5.625%	**648**	666
Fresenius Medical Care US Finance II, Inc. 2014/2020	US$500 million	Oct. 15, 2020	4.125%	**404**	415
Fresenius Medical Care US Finance II, Inc. 2012/2022	US$700 million	Jan. 31, 2022	5.875%	**566**	581
Fresenius Medical Care US Finance II, Inc. 2014/2024	US$400 million	Oct. 15, 2024	4.75%	**323**	331
Bonds				**8,984**	9,069

As of March 31, 2018, the bonds issued by FMC Finance VIII S.A. in the amount of € 400 million and by Fresenius Medical Care US Finance II, Inc. in the amount of US$ 400 million due on September 15, 2018 as well as the bonds issued by Fresenius SE & Co. KGaA in the amount of € 300 million due on February 1, 2019 are shown as current portion of bonds in the consolidated statement of financial position.

As of March 31, 2018, the Fresenius Group was in compliance with all of its covenants under the bonds.

15. CONVERTIBLE BONDS

As of March 31, 2018 and December 31, 2017, the convertible bonds of the Fresenius Group net of debt issuance costs consisted of the following:

	Notional amount	Maturity	Coupon	Current conversion price	Book value € in millions March 31, 2018	Book value € in millions Dec. 31, 2017
Fresenius SE & Co. KGaA 2014/2019	€500 million	Sept. 24, 2019	0.000%	€49.3599	**485**	483
Fresenius SE & Co. KGaA 2017/2024	€500 million	Jan. 31, 2024	0.000%	€107.0979	**450**	448
Fresenius Medical Care AG & Co. KGaA 2014/2020	€400 million	Jan. 31, 2020	1.125%	€73.4408	**389**	387
Convertible bonds					**1,324**	1,318

The fair value of the derivatives embedded in the convertible bonds of Fresenius SE & Co. KGaA was €166 million at March 31, 2018. The derivative embedded in the convertible bonds of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) was recognized with a fair value of €85 million at March 31, 2018. Fresenius SE & Co. KGaA and FMC-AG & Co. KGaA have purchased stock options (call options) to hedge future fair value fluctuations of these derivatives. As of March 31, 2018, the call options had a corresponding aggregate fair value of €166 million and €85 million, respectively.

The conversions will be cash-settled. Any increase of Fresenius' share price and of Fresenius Medical Care's share price above the conversion price would be offset by a corresponding value increase of the call options.

The derivatives embedded in the convertible bonds and the call options are recognized in other non-current liabilities/assets in the consolidated statement of financial position.

16. PENSIONS AND SIMILAR OBLIGATIONS

DEFINED BENEFIT PENSION PLANS

At March 31, 2018, the pension liability of the Fresenius Group was €1,195 million. The current portion of the pension liability of €20 million is recognized in the consolidated statement of financial position within short-term provisions and other short-term liabilities. The non-current portion of €1,175 million is recorded as pension liability.

Contributions to Fresenius Group's pension fund were €3 million in the first quarter of 2018. The Fresenius Group expects approximately €13 million contributions to the pension fund during 2018.

Defined benefit pension plans' net periodic benefit costs of €20 million (Q1/2017: €21 million) were comprised of the following components:

€ in millions	Q1/2018	Q1/2017
Service cost	**14**	15
Net interest cost	**6**	6
Net periodic benefit cost	**20**	21

17. NONCONTROLLING INTEREST

As of March 31, 2018 and December 31, 2017, noncontrolling interest in the Fresenius Group was as follows:

€ in millions	March 31, 2018	Dec. 31, 2017
Noncontrolling interest in Fresenius Medical Care AG & Co. KGaA	**6,873**	6,796
Noncontrolling interest in VAMED AG	**71**	66
Noncontrolling interest in the business segments		
Fresenius Medical Care	**979**	1,008
Fresenius Kabi	**99**	89
Fresenius Helios	**105**	92
Fresenius Vamed	**9**	8
Total noncontrolling interest	**8,136**	8,059

Noncontrolling interest changed as follows:

€ in millions	Q1/2018
Noncontrolling interest as of January 1, 2018	**8,059**
Noncontrolling interest in profit	258
Purchase of noncontrolling interest	7
Stock options	2
Dividend payments	-45
Currency effects and other changes	-145
Noncontrolling interest as of March 31, 2018	**8,136**

18. FRESENIUS SE & CO. KGAA SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

As of January 1, 2018, the subscribed capital of Fresenius SE & Co. KGaA consisted of 554,710,473 bearer ordinary shares.

During the first quarter of 2018, 164,706 stock options were exercised. Consequently, as of March 31, 2018, the subscribed capital of Fresenius SE & Co. KGaA consisted of 554,875,179 bearer ordinary shares. The shares are issued as non-par value shares. The proportionate amount of the subscribed capital is €1.00 per share.

CONDITIONAL CAPITAL

The following Conditional Capitals exist in order to fulfill the subscription rights under the stock option plans of Fresenius SE & Co. KGaA: Conditional Capital II (Stock Option Plan 2008) and Conditional Capital IV (Stock Option Plan 2013) (see note 24, Share-based compensation plans). Another Conditional Capital III exists for the authorization to issue option bearer bonds and / or convertible bonds.

The following table shows the development of the Conditional Capital:

in €	Ordinary shares
Conditional Capital I Fresenius AG Stock Option Plan 2003	4,735,083
Conditional Capital II Fresenius SE Stock Option Plan 2008	5,141,264
Conditional Capital III option bearer bonds and / or convertible bonds	48,971,202
Conditional Capital IV Fresenius SE & Co. KGaA Stock Option Plan 2013	24,928,200
Total Conditional Capital as of January 1, 2018	**83,775,749**
Fresenius SE Stock Option Plan 2008 – options exercised	-121,100
Fresenius SE & Co. KGaA Stock Option Plan 2013 – options exercised	-43,606
Total Conditional Capital as of March 31, 2018	**83,611,043**

As of March 31, 2018, the Conditional Capital was composed as follows:

in €	Ordinary shares
Conditional Capital I Fresenius AG Stock Option Plan 2003	4,735,083
Conditional Capital II Fresenius SE Stock Option Plan 2008	5,020,164
Conditional Capital III option bearer bonds and / or convertible bonds	48,971,202
Conditional Capital IV Fresenius SE & Co. KGaA Stock Option Plan 2013	24,884,594
Total Conditional Capital as of March 31, 2018	**83,611,043**

DIVIDENDS

Under the German Stock Corporation Act (AktG), the amount of dividends available for distribution to shareholders is based upon the unconsolidated retained earnings of Fresenius SE & Co. KGaA as reported in its statement of financial position determined in accordance with the German Commercial Code (HGB).

In May 2018, the general partner and the Supervisory Board of Fresenius SE & Co. KGaA's will propose a dividend of €0.75 per bearer ordinary share to the Annual General Meeting, i.e. a total dividend payment of €416 million.

OTHER NOTES

19. LEGAL AND REGULATORY MATTERS

The Fresenius Group is routinely involved in claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing health care services and products. Legal matters that the Fresenius Group currently deems to be material or noteworthy are described below. For the matters described below in which the Fresenius Group believes a loss is both reasonably possible and estimable, an estimate of the loss or range of loss exposure is provided. For the other matters described below, the Fresenius Group believes that the loss probability is remote and/or the loss or range of possible losses cannot be reasonably estimated at this time. The outcome of litigation and other legal matters is always difficult to predict accurately and outcomes that are not consistent with Fresenius Group's view of the merits can occur. The Fresenius Group believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

Further information regarding legal disputes, court proceedings and investigations can be found in detail in the consolidated financial statements as of December 31, 2017 applying Section 315e HGB in accordance with IFRS. In the following, only changes as far as content or wording are concerned during the first quarter ended March 31, 2018 compared to the information provided in the consolidated financial statements are described. These changes should be read in conjunction with the overall information in the consolidated financial statements as of December 31, 2017 applying Section 315e HGB in accordance with IFRS; defined terms or abbreviations having the same meaning as in the consolidated financial statements as of December 31, 2017 applying Section 315e HGB in accordance with IFRS.

TERMINATION OF THE MERGER AGREEMENT WITH AKORN, INC.

On April 24, 2017, Fresenius announced that Fresenius Kabi has agreed to acquire Akorn, Inc. (Akorn), a U.S.-based manufacturer and marketer of prescription and over-the-counter pharmaceutical products, for approximately US$4.3 billion, or US$34 per share, plus the prevailing net debt at closing of the transaction.

Fresenius has been conducting an independent investigation, using external experts, into alleged breaches of FDA data integrity requirements relating to product development at Akorn.

Fresenius decided on April 22, 2018 to terminate the merger agreement with Akorn, due to Akorn's failure to fulfill several closing conditions.

Fresenius' decision is based on, among other factors, material breaches of FDA data integrity requirements relating to Akorn's operations found during Fresenius' independent investigation. Fresenius offered to delay its decision in order to allow Akorn additional opportunity to complete its own investigation and present any information it wished Fresenius to consider, but Akorn declined that offer.

Akorn stated that they disagree with Fresenius's position and intend to enforce the rights under the merger agreement. A corresponding complaint was filed in court. Fresenius in turn has filed a counterclaim on April 30, 2018. The court has set a trial commencing on July 9, 2018.

FRESENIUS MEDICAL CARE HOLDINGS – QUI TAM COMPLAINT (MASSACHUSETTS)

The court has subsequently rejected government requests to conduct new discovery and to add counts to its complaint-in-intervention that would expand upon the relator's complaint, but has allowed Fresenius Medical Care Holdings, Inc. (FMCH) to take discovery against the government as if the government had intervened at the outset.

PRODUCT LIABILITY LITIGATION

Fewer than 50 plaintiffs with cases pending in the U.S. District Court for Massachusetts (Boston); Los Angeles, California county court; Birmingham, Alabama county court; or Staten

Island, New York county court declined to participate in the settlement and have expressed intent to continue litigation. These remaining cases represent less than 0.5% of the total cases filed. There are no trial dates set in the remaining cases and dispositive motions by FMC-AG & Co. KGaA are either pending or will be pursued in all of them. The remaining personal injury and wrongful death cases, collectively or individual, are not significant to FMC-AG & Co. KGaA's financial statements and reporting on them will be discontinued.

FMC-AG & Co. KGaA's affected insurers funded US$220 million of the settlement fund, with a reservation of rights regarding certain coverage issues between and among FMC-AG & Co. KGaA and its insurers. FMC-AG & Co. KGaA accrued a net expense of US$60 million for consummation of the settlement, including legal fees and other anticipated costs.

Following entry of the agreement in principle, FMC-AG & Co. KGaA's insurers in the AIG group and FMC-AG & Co. KGaA each initiated litigation against the other relating to the AIG group's coverage obligations under applicable policies. In the coverage litigation, the AIG group seeks to be indemnified by FMC-AG & Co. KGaA for a portion of its US$220 million outlay; FMC-AG & Co. KGaA seeks to confirm the AIG group's US$220 million funding obligation, to recover defense costs already incurred by FMC-AG & Co. KGaA, and to compel the AIG group to honor defense and indemnification obligations, if any, required for resolution of cases not participating in the settlement. As a result of decisions on issues of venue, the coverage litigation is proceeding in the New York state trial court for Manhattan. (National Union Fire Insurance v. Fresenius Medical Care, 2016 Index No. 653108 (Supreme Court of New York for New York County)).

CIVIL COMPLAINT "HAWAII"

The amount of the overpayment claimed by the State is approximately US$8 million, but the State seeks civil remedies, interest, fines, and penalties against Liberty and FMCH under the Hawaii False Claims Act substantially in excess of the overpayment. After prevailing on motions by Xerox to preclude it from doing so, FMCH is pursuing third-party claims for contribution and indemnification against Xerox.

SUBPOENA "FRESENIUS VASCULAR CARE"

Beginning October 6, 2015, the United States Attorney for the Eastern District of New York and the Office of Inspector General of the United States Department of Health and Human Services have investigated, through subpoenas issued under the False Claims Act, utilization and invoicing by FMC-AG & Co. KGaA's subsidiary Azura Vascular Care, for a period beginning after FMC-AG & Co. KGaA's acquisition of American Access Care, LLC in October 2011.

SUBPOENA "NEW YORK"

On February 21, 2017, FMCH terminated the employee and notified the United States Attorney of the termination and its circumstances. The terminated employee's conduct is expected to result in demands for FMC-AG & Co. KGaA to refund overpayments and to pay related penalties under applicable laws, but the monetary value of such payment demands cannot yet be reasonably estimated.

SUBPOENA "AMERICAN KIDNEY FUND" / CMS LITIGATION

On January 3, 2017, FMC-AG & Co. KGaA received a subpoena from the United States Attorney for the District of Massachusetts under the False Claims Act inquiring into FMC-AG & Co. KGaA's interactions and relationships with the AKF, including FMC-AG & Co. KGaA's charitable contributions to the Fund and the Fund's financial assistance to patients for insurance premiums. FMCH is cooperating in the investigation, which is part of a broader investigation into charitable contributions in the medical industry. FMC-AG & Co. KGaA believes that the investigation revolves around conduct alleged to be unlawful in United Healthcare v. American Renal Associates, 2018 Civ. 10622 (D. Mass.), but believes that such unlawful conduct was not undertaken by FMCH.

SUBPOENA "NEW YORK (BROOKLYN)"

The matter is no longer relevant.

20. FINANCIAL INSTRUMENTS

The impact on the measurement categories and the measurement of financial assets and liabilities according to IFRS 9 has not been significant. The original measurement categories under IAS 39 as of December 31, 2017 and the new measurement categories according to IFRS 9 upon implementation on January 1, 2018 as well as their respective carrying amounts were as follows:

€ in millions	Category according to IAS 39	Category according to IFRS 9	Dec. 31, 2017 Carrying amount according to IAS 39	Jan. 1, 2018 Carrying amount according to IFRS 9
Financial assets				
Cash and cash equivalents	Relating to no category	Amortized cost	1,152	1,152
	Relating to no category	Fair value through profit and loss	484	484 [3]
Trade accounts and other receivables, less allowance for doubtful accounts	Loans and receivables	Amortized cost	6,157	6,114 [1]
	Loans and receivables	Fair value through other comprehensive income	45	45 [2]
	Relating to no category	Relating to no category	58	58
Receivables from and loans to related parties	Loans and receivables	Amortized cost	17	17
Other financial assets				
Securities	Available for sale financial assets	Fair value through other comprehensive income	19	19 [4]
Derivatives designated as cash flow hedging instruments	Relating to no category	Relating to no category	14	14
Derivatives not designated as hedging instruments	Financial assets measured at fair value though profit and loss	Fair value through profit and loss	321	321
Leasing receivables	Relating to no category	Relating to no category	79	79
Other investments	Loans and receivables	Fair value through other comprehensive income	54	89 [1,2,4]
	Loans and receivables	Fair value through profit and loss	18	18 [2]
All other financial assets	Loans and receivables	Amortized cost	622	620 [1]
Financial assets			**9,040**	**9,030**

[1] Changes in the carrying amounts from remeasurements of -€10 million are included in the items of the consolidated statement of financial position as follows: -€43 million trade accounts and other receivables, €35 million other investments, -€2 million all other financial assets.
[2] Reclassification
[3] The option to measure debt instruments at fair value through profit and loss was not used.
[4] The option to measure equity instruments at fair value through other comprehensive income upon implementation of IFRS 9 has been exercised. The option has been used for €16 million securities and €89 million other investments (included in other financial assets).

€ in millions	Category according to IAS 39	Category according to IFRS 9	Dec. 31, 2017 Carrying amount according to IAS 39	Jan. 1, 2018 Carrying amount according to IFRS 9
Financial liabilities				
Trade accounts payable	Financial liabilities measured at amortized cost	Amortized cost	1,688	1,688
Short-term accounts payable to related parties	Financial liabilities measured at amortized cost	Amortized cost	42	42
Short-term debt	Financial liabilities measured at amortized cost	Amortized cost	1,550	1,550
Short-term debt from related parties	Financial liabilities measured at amortized cost	Amortized cost	–	–
Long-term debt and capital lease obligations	Financial liabilities measured at amortized cost	Amortized cost	6,871	6,871
	Relating to no category	Relating to no category	234	234
Bonds	Financial liabilities measured at amortized cost	Amortized cost	9,069	9,069
Convertible bonds	Financial liabilities measured at amortized cost	Amortized cost	1,318	1,318
Other financial liabilities				
Noncontrolling interest subject to put provisions	Relating to no category	Relating to no category	854	854
Derivatives in cash flow hedging relationships	Relating to no category	Relating to no category	9	9
Derivatives not designated as hedging instruments	Liabilities measured at fair value through profit and loss	Fair value through profit and loss	325	325
Accrued contingent payments outstanding for acquisitions	Liabilities measured at fair value through profit and loss	Fair value through profit and loss	793	793
All other financial liabilities	Financial liabilities measured at amortized cost	Amortized cost	2,965	2,965
Financial liabilities			**25,718**	**25,718**

As of January 1, 2018, the adjustments due to the initial application of IFRS 9 on the components of shareholders' equity were as follows:

€ in millions	Other reserves	Noncontrolling interest	Total
Remeasurement of other investments due to reclassification	27	8	35
Remeasurement of the allowance for bad debt for trade accounts and other receivables and other financial assets	-39	-6	-45
Deferred tax on adjustments	-5	-2	-7
Total	**-17**	**–**	**-17**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS OF MARCH 31, 2018

Carrying amounts of financial instruments

As of March 31, 2018, the carrying amounts of financial instruments by item of the statement of financial position and structured according to IFRS 9 categories were as follows:

					Relating to no category		
€ in millions	Carrying amount	Amortized cost	Fair value through profit and loss [1]	Fair value through other comprehensive income [2]	Derivatives designated as cash flow hedging instruments at fair value	Noncontrolling interest subject to put provisions measured at fair value	Valuation according to IAS 17 for leasing receivables and liabilities
Financial assets							
Cash and cash equivalents	1,484	1,123	361				
Trade accounts and other receivables, less allowance for doubtful accounts	6,856	6,731	–	53			72
Accounts receivable from and loans to related parties	19	19					
Other financial assets [3]	1,230	606	431	105	14		74
Financial assets	**9,589**	**8,479**	**792**	**158**	**14**	**0**	**146**
Financial liabilities							
Trade accounts payable	1,479	1,479					
Short-term accounts payable to related parties	124	124					
Short-term debt	1,792	1,792					
Short-term debt from related parties	4	4					
Long-term debt and capital lease obligations	7,096	6,867					229
Bonds	8,984	8,984					
Convertible bonds	1,324	1,324					
Other financial liabilities [4]	4,641	2,802	1,063		10	766	
Financial liabilities	**25,444**	**23,376**	**1,063**	**0**	**10**	**766**	**229**

[1] All included financial assets and liabilities are mandatorily measured at fair value through profit and loss according to IFRS 9.
[2] The option to measure equity instruments at fair value through other comprehensive income upon implementation of IFRS 9 has been exercised. The option has been used for €103 million other investments (included in other financial assets).
[3] Other financial assets are included in the item other current and non-current assets in the consolidated statement of financial position.
[4] Other financial liabilities are included in the items short-term provisions and other short-term liabilities and long-term provisions and other long-term liabilities in the consolidated statement of financial position.

Fair value of financial instruments

The following table shows the carrying amounts and the fair value hierarchy levels according to IFRS 13 as of March 31, 2018 and as of January 1, 2018:

	March 31, 2018				January 1, 2018			
		Fair value				Fair value		
€ in millions	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	Carrying amount	Level 1	Level 2	Level 3
Financial assets								
Cash and cash equivalents measured at fair value	361	361			484	484		
Trade accounts and other receivables, less allowance for doubtful accounts measured at fair value	53		53		45		45	
Other financial assets measured at fair value								
Securities	148	148			19	19		
Derivatives designated as cash flow hedging instruments	14		14		14		14	
Derivatives not designated as hedging instruments	272		272		321		321	
Other investments	116		116		107		107	
Financial liabilities								
Long-term debt and capital lease obligations	7,096		7,144		7,105		7,154	
Bonds	8,984		9,510		9,069		9,707	
Convertible bonds	1,324		1,660		1,318		1,716	
Other financial liabilities measured at fair value								
Noncontrolling interest subject to put provisions	766			766	854			854
Derivatives designated as cash flow hedging instruments	10		10		9		9	
Derivatives not designated as hedging instruments	272		272		325		325	
Accrued contingent payments outstanding for acquisitions	791			791	793			793

The following table shows the changes of the fair values of financial instruments classified as level 3 in the first quarter of 2018:

€ in millions	Accrued contingent payments outstand-ing for acquisitions	Noncontrolling interest subject to put provisions
As of January 1, 2018	**793**	**854**
Additions	–	2
Disposals	-2	-1
Gain/loss recognized in profit or loss	1	33
Gain/loss recognized in equity	0	-68
Dividend payments	0	-33
Currency effects and other changes	-1	-21
As of March 31, 2018	**791**	**766**

21. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. As of March 31, 2018, the equity ratio was 41.2% and the debt ratio (debt/total assets) was 35.9%. As of March 31, 2018, the leverage ratio (before special items) on the basis of net debt/EBITDA was 2.9.

The aims of the capital management and further information can be found in the consolidated financial statements as of December 31, 2017 applying Section 315e HGB in accordance with IFRS.

The Fresenius Group is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

	March 31, 2018	Dec. 31, 2017
Standard & Poor's		
Corporate Credit Rating	BBB-	BBB-
Outlook	positive	positive
Moody's		
Corporate Credit Rating	Baa3	Baa3
Outlook	stable	stable
Fitch		
Corporate Credit Rating	BBB-	BBB-
Outlook	stable	stable

22. SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash paid for acquisitions (without investments in licenses) consisted of the following:

€ in millions	Q1/2018	Q1/2017
Assets acquired	44	7,411
Liabilities assumed	-3	-1,483
Noncontrolling interest	0	-32
Notes assumed in connection with acquisitions	-3	-31
Issuance of shares	0	-400
Cash paid	38	5,465
Cash paid for acquisitions, net	38	5,465
Cash paid for investments, net of cash acquired	147	4
Cash paid for intangible assets, net	4	4
Total cash paid for acquisitions and investments, net of cash acquired, and net purchases of intangible assets	189	5,473

23. NOTES ON THE CONSOLIDATED SEGMENT REPORTING

GENERAL

The consolidated segment reporting shown on page 23 of this interim report is an integral part of the notes.

The Fresenius Group has identified the business segments Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed, which corresponds to the internal organizational and reporting structures (Management Approach) at March 31, 2018.

The business segments were identified in accordance with IFRS 8, Operating Segments, which defines the segment reporting requirements in the annual financial statements and interim reports with regard to the operating business, product and service businesses and regions. Further explanations with regard to the business segments can be found in the consolidated financial statements as of December 31, 2017 applying Section 315e HGB in accordance with IFRS.

NOTES ON THE BUSINESS SEGMENTS

Explanations regarding the notes on the business segments can be found in the consolidated financial statements as of December 31, 2017 applying Section 315e HGB in accordance with IFRS.

RECONCILIATION OF KEY FIGURES TO CONSOLIDATED EARNINGS

€ in millions	Q1/2018	Q1/2017
Total EBIT of reporting segments	1,062	1,225
Special items	-18	0
General corporate expenses Corporate/Other (EBIT)	-8	-9
Group EBIT	1,036	1,216
Net interest	-149	-157
Income before income taxes	887	1,059

RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in millions	March 31, 2018	Dec. 31, 2017
Short-term debt	1,792	1,550
Short-term debt from related parties	4	–
Current portion of long-term debt and capital lease obligations	615	618
Current portion of Bonds	1,023	731
Long-term debt and capital lease obligations, less current portion	6,481	6,487
Bonds, less current portion	7,961	8,338
Convertible bonds	1,324	1,318
Debt	19,200	19,042
less cash and cash equivalents	1,484	1,636
Net debt	17,716	17,406

24. SHARE-BASED COMPENSATION PLANS

SHARE-BASED COMPENSATION PLANS OF FRESENIUS SE & CO. KGAA

As of March 31, 2018, Fresenius SE & Co. KGaA had two share-based compensation plans in place: the stock option based Fresenius SE Stock Option Plan 2008 (2008 Plan) and the Fresenius SE & Co. KGaA Long Term Incentive Program 2013 (2013 LTIP) which is based on stock options and phantom stocks. On June 30, 2017, the term of the options granted under the Fresenius AG Stock Option Plan 2003 expired. On April 12, 2018 and March 15, 2018, respectively, the Management Board and Supervisory Board of the general partner, Fresenius Management SE, resolved the Long Term Incentive Plan 2018 which is solely based on performance shares.

Transactions during the first quarter of 2018

During the first quarter of 2018, Fresenius SE & Co. KGaA received cash of €4 million from the exercise of 164,706 stock options.

At March 31, 2018, out of 1,576,227 outstanding and exercisable stock options issued under the 2008 Plan, 133,140 were held by the members of the Fresenius Management SE Management Board. Out of 9,943,841 outstanding stock options issued under the 2013 LTIP 1,433,306 were exercisable at March 31, 2018. The members of the Fresenius Management SE Management Board held 1,479,375 stock options. 957,513 phantom stocks issued under the 2013 LTIP were outstanding at March 31, 2018. The members of the Fresenius Management SE Management Board held 173,052 phantom stocks. As of March 31, 2018, 3,009,533 options for ordinary shares were outstanding and exercisable.

On March 31, 2018, total unrecognized compensation cost related to non-vested options granted under the 2013 LTIP was €52 million. This cost is expected to be recognized over a weighted-average period of 2.5 years.

SHARE-BASED COMPENSATION PLANS OF FRESENIUS MEDICAL CARE AG & CO. KGAA

During the first quarter of 2018, 10,322 stock options were exercised. Fresenius Medical Care AG & Co. KGaA received cash of €0.5 million upon exercise of these stock options.

25. SUBSEQUENT EVENTS

There have been no significant changes in the Fresenius Group's operating environment following the end of the first quarter of 2018. Other events of material importance on the assets and liabilities, financial position, and results of operations of the Group following the end of the first quarter of 2018 are described in note 2, Acquisitions, divestitures and investments (termination of the merger agreement with Akorn, Inc. and announced divestment of Sound Inpatient Physicians Holdings, LLC). Further events of material importance on the assets and liabilities, financial position, and results of operations of the Group have not occurred.

26. CORPORATE GOVERNANCE

For each consolidated stock exchange listed entity, the declaration pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz) has been issued and made available to shareholders on the website of Fresenius SE & Co. KGaA (www.fresenius.com/corporate-governance), and of Fresenius Medical Care AG & Co. KGaA (www.freseniusmedicalcare.com).

FINANCIAL CALENDAR

Annual General Meeting, Frankfurt am Main Live webcast of the speech of the Chairman of the Management Board	May 18, 2018
Payment of dividend [1]	May 24, 2018
Report on 1st half 2018 Conference call, Live webcast	July 31, 2018
Report on 1st–3rd quarter 2018 Conference call, Live webcast	October 30, 2018

[1] Subject to prior approval by the Annual General Meeting
Subject to change

FRESENIUS SHARE / ADR

	Ordinary share
Securities identification no.	578 560
Ticker symbol	FRE
ISIN	DE0005785604
Bloomberg symbol	FRE GR
Reuters symbol	FREG.de
Main trading location	Frankfurt / Xetra

	ADR
CUSIP	35804M105
Ticker symbol	FSNUY
ISIN	US35804M1053
Structure	Sponsored Level 1 ADR
Ratio	4 ADR = 1 Share
Trading platform	OTCQX

Corporate Headquarters
Else-Kröner-Straße 1
Bad Homburg v. d. H.
Germany

Postal address
Fresenius SE & Co. KGaA
61346 Bad Homburg v. d. H.
Germany

Contact for shareholders
Investor Relations
Telephone: +49 61 72 6 08-24 85
Telefax: +49 61 72 6 08-24 88
E-mail: ir-fre@fresenius.com

Contact for journalists
Corporate Communications
Telefon: +49 61 72 6 08-23 02
Telefax: +49 61 72 6 08-22 94
E-mail: pr-fre@fresenius.com

Commercial Register: Bad Homburg v. d. H.; HRB 11852
Chairman of the Supervisory Board: Dr. Gerd Krick

General Partner: Fresenius Management SE
Registered Office and Commercial Register: Bad Homburg v. d. H.; HRB 11673
Management Board: Stephan Sturm (President and CEO), Dr. Francesco De Meo, Rachel Empey, Dr. Jürgen Götz, Mats Henriksson, Rice Powell, Dr. Ernst Wastler
Chairman of the Supervisory Board: Dr. Gerd Krick

For additional information on the performance indicators used please refer to our website https://www.fresenius.com/alternative-performance-measures.