

Conference Call – Q3/18 Results



Bad Homburg, 30 October 2018

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

Fresenius Group: Q3/18 Highlights

- **Court upholds Fresenius' termination of merger agreement with Akorn**
- **Kabi showed an excellent financial performance driven by all regions and product categories**
- **Decline in admissions and preparatory activities for regulatory requirements weigh on Helios Germany**
- **FMC adjusts FY/18 outlook due to one-time items & weaker than expected Dialysis Services business**
- **Continued strong Group earnings growth in constant currency**
- **Low end of Group guidance ranges expected**

Fresenius Group: Current Topics (1/4)

Court rules in favor of Fresenius in Akorn suit

- On October 1, Delaware Chancery Court ruled in favor of Fresenius, affirming the termination of the merger agreement
- The court agreed Akorn had violated terms and conditions of the agreement and suffered material adverse effects
- Akorn has appealed to the Delaware Supreme Court, with its ruling expected by Q1/19; there can be no further appeals against this ruling
- Hearing will take place on December 5



Fresenius Group: Current Topics (2/4)

Kabi growth initiatives

- Production in new compounding center in Massachusetts has begun
- New pharmaceutical compounding center opened in Canada
- ~€100 million investment in our plant in Emmer-Compascuum, Netherlands
 - SOP for enteral nutrition products planned end of 2020

Biosimilars

- Worldwide licensing agreement with Abbvie for Adalimumab
 - Expected launch in Europe in H1/19
 - Possible commercialization in the US from September 30, 2023
- Pegfilgrastim met primary endpoints in two pivotal clinical studies
 - Marketing authorization in EU and US targeted

IV drugs market in North America

- Continue to see low single-digit price declines for our base portfolio of injectable generics
- Strong launch activity in 2018
 - 12 product launches YTD
 - Confirm 15+ target



Fresenius Group: Current Topics (3/4)

Helios Germany

- Trend towards outpatient treatments was exacerbated by further challenges such as:
 - Higher than usual level of doctor and specialized nurse vacancies
 - Reduction of LOS (length of stay) needs to go hand in hand with incremental admissions or cost measures
- Helios initiated a comprehensive set of measures to master the challenges ahead:
 - New business units “Ambulatory Patients” and “New business models” established
 - Initiatives to fill doctor vacancies reinforced
 - Target: Employer of choice for medical staff
- Superior medical quality combined with enhanced service model
- Accompanying cost management measures initiated



Fresenius Group: Current Topics (4/4)

Helios Spain

- New hospital opened in Córdoba Andalusia on September 17, 2018
 - €50 million investment
 - 100 large private patient rooms, 24 h emergency department, 7 operating rooms, surgical outpatient clinic
- Acquisition of Clínica Medellín, Colombia:
 - Helios Spain successfully enters the attractive private hospital market in Colombia
 - Clínica Medellín operates two hospitals at central locations with approx. 185 beds
 - Annual sales of approx. €50 million; investment of >€50 million
 - Transaction is expected to close in Q1/19
- Construction of Protontherapy Center on schedule
 - €40 million investment
 - Infrastructure has been built in just 12 months



Financial Review Q3/18



Fresenius Group: Q3/18 & Q1-3/18 Profit and Loss Statement

€m	Q3/18	Δ YoY cc	Q1-3/18	Δ YoY cc
Sales	8,192	4% ¹	24,695	5% ¹
EBIT	1,112	0%	3,311	-1%/1% ²
EBIT (excl. biosimilars)	1,153	2%	3,424	2%/4% ²
Net interest	-139	13%	-436	6%
Income taxes	-208	23%	-632	23%
Net income	445	8%	1,367	7%
Net income (excl. biosimilars)	474	13%	1,449	12%

¹ Growth rate adjusted for IFRS 15 adoption

² Excluding VA agreement

All figures before special items (i.e. the Akorn and NxStage transactions and gains from divestitures of Care Coordination activities and FCPA provision at Fresenius Medical Care)

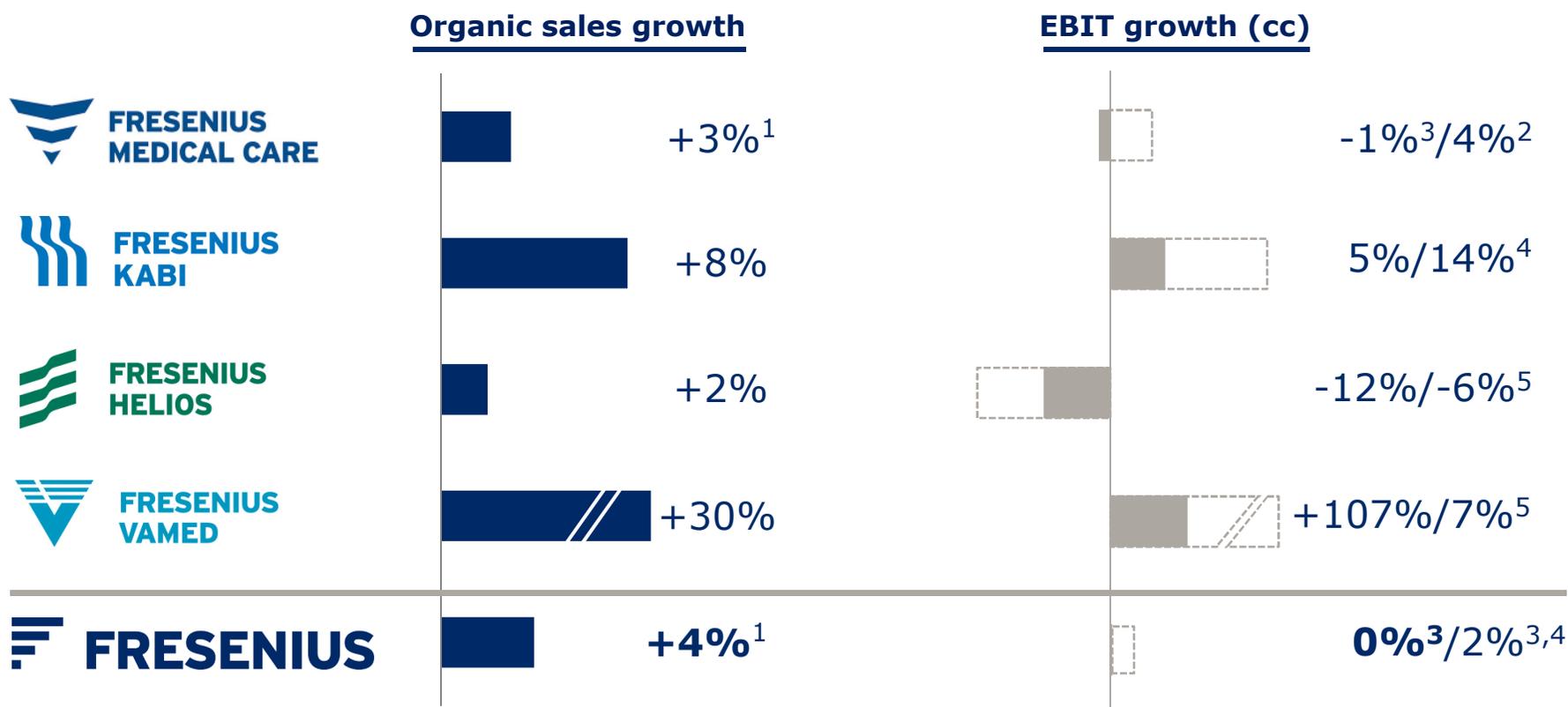
All growth rates in constant currency (cc)

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

2017 base adjusted for divestitures of Care Coordination activities (except net interest and income taxes)

For a detailed overview of special items please see the reconciliation tables on slides 27-28.

Fresenius Group: Q3/18 Business Segment Growth



¹ Growth rates adjusted for IFRS 15 adoption and divestitures of Care Coordination activities

² Excluding gains from divestitures of Care Coordination activities, FCPA provision, ballot initiatives, divested Care Coordination activities Q3/2017; including Natural disaster costs, VA agreement

³ 2017 base adjusted for divestitures of Care Coordination activities

⁴ Excl. biosimilars

⁵ Adjusted for transfer of German post-acute care business from Helios to Vamed

All figures before special items

For a detailed overview special items please see the reconciliation table on slide 27.

Fresenius Kabi: Q3/18 Regional Highlights (1/2)

North America

- 12% organic sales growth in Q3/18
- 37 Kabi-marketed IV drugs currently designated in shortage (vs. 24 at Q4/17)
- Increase FY/18 outlook:
Mid-to-high-single-digit organic sales growth (previously: Mid-single-digit)



Europe

- 1% organic sales growth in Q3/18
- Confirm FY/18 outlook: Low to mid-single-digit organic sales growth



Fresenius Kabi: Q3/18 Regional Highlights (2/2)

Emerging Markets

China: 13% organic sales growth

Asia-Pacific ex China: 3% organic sales growth impacted by phasing within operating business

Latin America/Africa: 13% organic sales growth



Total Emerging Markets

Confirm FY/18 outlook:
Double-digit organic sales growth 

Fresenius Kabi: Q3 & Q1-3/18 EBIT Growth

€m	Q3/18	Δ YoY cc	Q1-3/18	Δ YoY cc
North America Margin	236 38.1%	16% 110 bps	678 38.5%	10% 50 bps
Europe Margin	84 15.6%	8% 70 bps	258 15.6%	8% 70 bps
Asia-Pacific/Latin America/Africa Margin	99 20.1%	2% -100 bps	282 19.6%	11% 10 bps
Corporate and Corporate R&D	-122	-26%	-364	-40%
Total EBIT¹ Margin ¹	297 18.0%	5% -10 bps	854 17.6%	1% -140 bps
Total EBIT excl. Biosimilars¹ Margin ¹	338 20.5%	14% 150 bps	967 19.9%	11% 60 bps

Margin growth at actual rates

¹ Before special items

For a detailed overview of special items please see the reconciliation tables on slides 27-28.

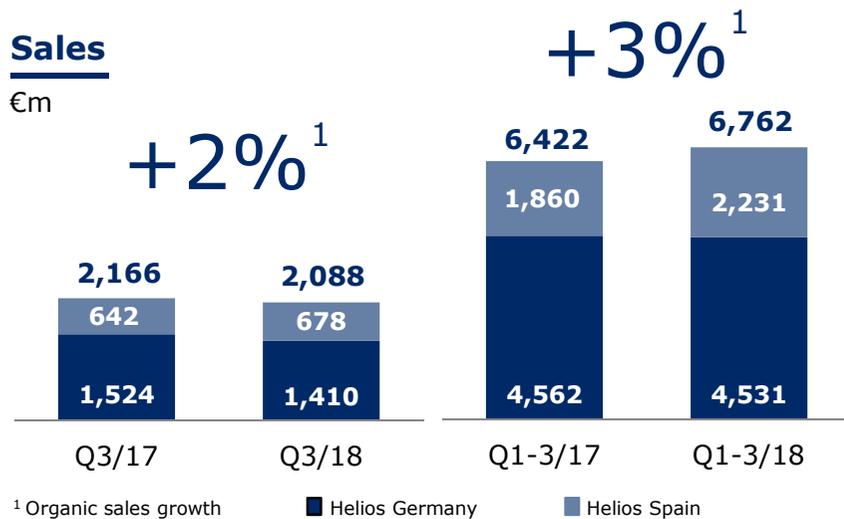
Fresenius Helios

Helios Germany

- Trend towards outpatient treatments was exacerbated by further challenges
- Additional “DRG catalogue effects” and preparatory structural activities for anticipated regulatory measures continue to weigh on earnings development

Helios Spain

- Excellent sales growth of 6% in Q3/18
- Additional month of consolidation contributed significantly to 20% sales growth in Q1-3/18
- Excellent organic sales growth
 - 5% in Q3/18
 - 5% in Q1-3/18



Fresenius Helios: Q3 & Q1-3/18 Key Financials

€m	Q3/18	Δ YoY	Q1-3/18	Δ YoY
Total sales	2,088	-4%/2%²	6,762	5%/7%²
Thereof Helios Germany	1,410	-7%/0% ²	4,531	-1%/2% ²
Thereof Helios Spain ¹	678	6%	2,231	20%
Total EBIT	204	-12%/-6%²	775	1%/3%²
Margin	9.8%	-90 bps	11.5%	-50 bps
Thereof Helios Germany	143	-25%/-17% ²	488	-11%/-8% ²
Margin	10.1%	-240 bps	10.8%	-120 bps
Thereof Helios Spain ¹	59	40%	286	30%
Margin	8.7%	+220 bps	12.8%	+100 bps
Thereof Corporate	2	--	1	--

¹ Consolidated since February 1, 2017

² Adjusted for German post-acute care business transferred to Vamed

Fresenius Vamed

- Excellent organic sales growth of 30% in Q3/18
- Both, service business and project business contributed to strong growth in Q3/18
- Transferred post-acute care business
 - Contributed €117 million to sales growth and €15 million to EBIT growth
 - Integration fully on track



€m	Q3/18	Δ YoY	Q1-3/18	Δ YoY
Total sales	476	78% 34% ³	991	32% 17% ³
Project business	161	38%	352	17%
Service business	315	110% 32% ³	639	43% 17% ³
Total EBIT	31	107% 7% ³	49	53% 6% ³
Order intake ¹	112	-61%	567	-19%
Order backlog ¹			2,315	8% ²

¹ Project business only

² Versus December 31, 2017

³ Without German post-acute care business transferred from Helios

Fresenius Group: Cash Flow

€m	Operating CF		Capex (net)		Free Cash Flow ¹	
	Q3/18	LTM Margin	Q3/18	LTM Margin	Q3/18	LTM Margin
 FRESENIUS KABI	366	18.4%	-152	-7.9%	214	10.5%
 FRESENIUS HELIOS	128	6.2%	-94	-4.9%	34	1.3% ²
 FRESENIUS VAMED	54	2.2%	-9	-1.2%	45	1.0%
Corporate/Other	-8	n.a.	-14	n.a.	-22	n.a.
 FRESENIUS Excl. FMC	540	11.2%³	-269	-6.1%	271	5.1%³
 FRESENIUS	1,149	10.5%	-525	-5.8%	624	4.7%

¹ Before acquisitions and dividends

² Understated: 1.7% excluding €39 million of capex commitments from acquisitions

³ Margin incl. FMC dividend

Fresenius Group: 2018 Financial Outlook by Business Segment

€m (except otherwise stated)		FY/17 Base	Q1-3/18 Actual	FY/18e ¹	FY/18e ¹ New
 FRESENIUS KABI	Sales growth (org)	6,358	7%	4% - 7%	(top-end) <input checked="" type="checkbox"/>
	EBIT growth (cc)	1,177 ²	1% ⁶	-2% to 1% ²	1% - 3% ²
	EBIT growth (cc) excl. biosimilars	1,237 ³	11% ⁶	~6% - 9% ³	~9% - 11% ³
 FRESENIUS HELIOS	Sales growth (org)	8,668 ⁴	3%	3% - 6% ⁵	(low-end) <input checked="" type="checkbox"/>
	EBIT growth	1,052 ⁴	1%	5% - 8% ⁷	0% - 2%
 FRESENIUS VAMED	Sales growth (org)	1,228	14%	5% - 10%	<input checked="" type="checkbox"/>
	EBIT growth	76	53%	32% - 37% ⁸	<input checked="" type="checkbox"/>

¹ Excluding effects related to the Akorn and NxStage transactions, gains from divestitures of Care Coordination activities and FCPA provision

² Before special items; including expenditures for the further development of the biosimilars business (€60 million in FY/17 and ~€160 million in FY/18)

³ Before special items; excluding expenditures for the further development of the biosimilars business (€60 million in FY/17 and ~€160 million in FY/18)

⁴ Helios Spain consolidated for 11 months

⁵ Organic growth reflects 11 months contribution of Helios Spain in 2018

⁶ Before special items

⁷ Before transfer of the German post-acute care business from Helios to Vamed: 7% - 10%

⁸ Before transfer of the German post-acute care business from Helios to Vamed: 5% - 10%

For a detailed overview of special items please see the reconciliation tables on slides 27-28.

Fresenius Group: 2018 Financial Guidance

€m (except otherwise stated)	FY/17 Base	Q1-3/18 Actual	FY/18e ¹	FY/18e ¹
 FRESENIUS Sales growth (cc)	32,842 ²	5%	5% - 8%	(low-end) 
Net income³ growth (cc)	1,804 ⁴	7%	6% - 9% ⁵	(low-end) 
Net income ³ growth (cc) excl. Biosimilars	1,847 ⁶	12%	~10% - 13% ⁷	(low-end) 

¹ Excluding effects related to the Akorn and NxStage transactions, gains from divestitures of Care Coordination activities and FCPA provision

² 2017 base adjusted for IFRS 15 adoption (deduction of €486 million at Fresenius Medical Care) and divestitures of Care Coordination activities (deduction of €558 million at FreseniusMedical Care)

³ Net income attributable to shareholders of Fresenius SE & Co. KGaA

⁴ Before special items, i.e. expenses related to the Akorn and NxStage transactions, gains from divestitures of Care Coordination activities, book gain from the U.S. tax reform and FCPA provision

⁵ Before special items (i.e. expenses related to the Akorn and NxStage transactions, gains from divestitures of Care Coordination activities and FCPA provision, but including contributions to the campaigns in the U.S. opposing state ballot initiatives at Fresenius Medical Care including expenditures for further development of the biosimilars business at Fresenius Kabi (€43 million after tax in FY/17 and ~€120 million after tax in FY/18))

⁶ Adjusted net income: Before special items (i.e. expenses related to the Akorn and NxStage transactions and gains from divestiture of Care Coordination activities, book gain from the U.S. tax reform and FCPA provision), before expenditures for the further development of the biosimilars business at Fresenius Kabi

⁷ Before special items (i.e. expenses related to the Akorn and NxStage transactions, gains from divestitures of Care Coordination activities and FCPA provision, but including contributions to the campaigns in the U.S. opposing state ballot initiatives at Fresenius Medical Care excluding expenditures for the further development of the biosimilars business at Fresenius Kabi (€43 million after tax in FY/17 and ~€120 million after tax in FY/18))

For a detailed overview of special items please see the reconciliation tables on slides 27-28.

Attachments



Fresenius Group: Calculation of Noncontrolling Interest

€m	Q1-3/18	Q1-3/17
Earnings before tax and noncontrolling interest	2,875	3,038
Taxes	-632	-855
Noncontrolling interest, thereof	-876	-854
Fresenius Medical Care net income not attributable to Fresenius (Q1-3/18: ~69%)	-651	-612
Noncontrolling interest holders in Fresenius Medical Care	-176	-199
Noncontrolling interest holders in Fresenius Kabi (-€31 m), Fresenius Helios (-€9 m), Fresenius Vamed (-€1 m) and due to Fresenius Vamed's 23% external ownership (-€8 m)	-49	-43
Net income attributable to Fresenius SE & Co. KGaA	1,367	1,329

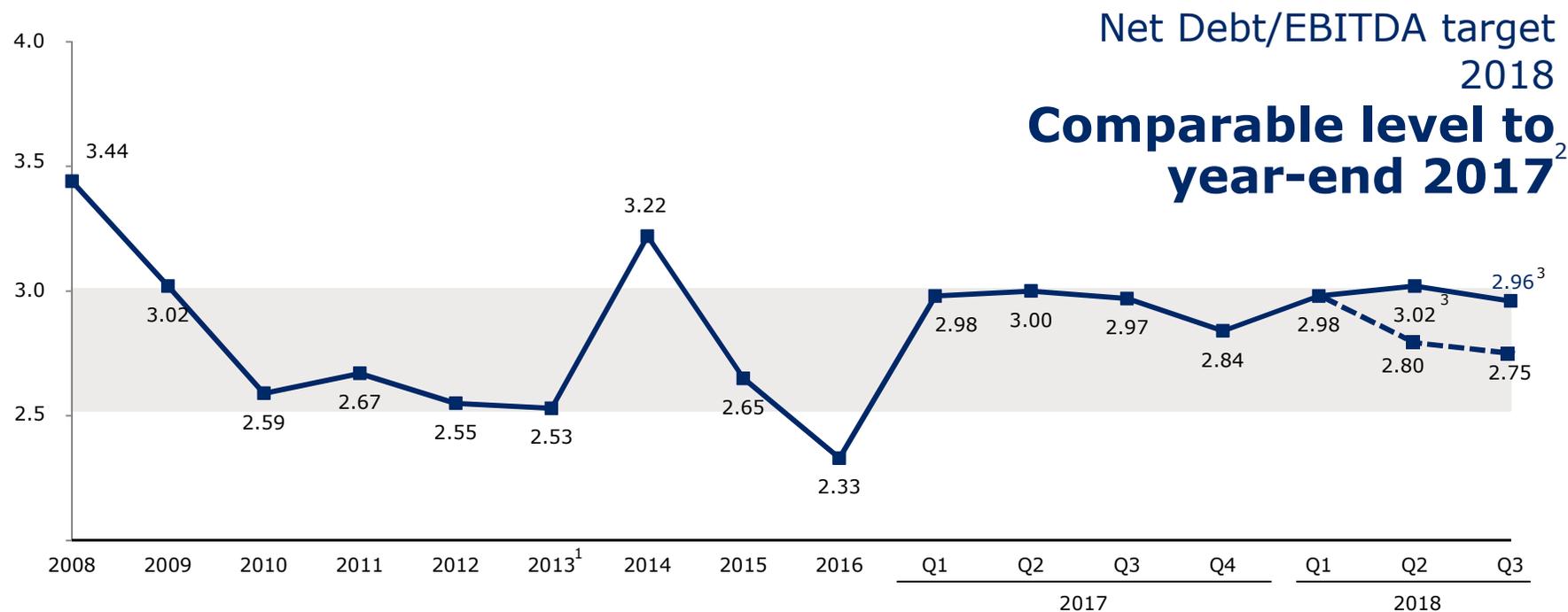
Before special items

For a detailed overview of special items please see the reconciliation tables on slides 27-28.

Fresenius Group: Cash Flow

€m	Q3/18	LTM Margin	Δ YoY
Operating Cash Flow	1,149	10.5%	1%
Capex (net)	-525	-5.8%	-22%
Free Cash Flow (before acquisitions and dividends)	624	4.7%	-12%
Acquisitions (net)	-335		
Dividends	-59		
Free Cash Flow (after acquisitions and dividends)	230	5.5%	-44%

Fresenius Group: Leverage Ratio



Before special items; pro forma closed acquisitions/divestitures
At LTM average FX rates for both EBITDA and net debt

¹ Pro forma excluding advances made for the acquisition of hospitals from Rhön-Klinikum AG

² Calculated at expected annual average exchange rates, for both net debt and EBITDA; excluding expenses related to (i) the Akorn transaction, (ii) NxStage acquisition; excluding gains from divestitures of Care Coordination activities; excluding further potential acquisitions; at current IFRS rules

³ Excluding proceeds from divestitures of Care Coordination activities

Fresenius Kabi: Organic Sales Growth by Regions

€m	Q3/18	Δ YoY organic	Q1-3/18	Δ YoY organic
North America	620	12%	1,760	8%
Europe	538	1%	1,658	3%
Asia-Pacific/Latin America/Africa	492	11%	1,439	12%
Asia-Pacific	337	9%	964	12%
Latin America/Africa	155	13%	475	11%
Total sales	1,650	8%	4,857	7%

Fresenius Kabi: Organic Sales Growth by Product Segment

€m	Q3/18	Δ YoY organic	Q1-3/18	Δ YoY organic
IV Drugs	699	8%	2,025	6%
Infusion Therapy	228	6%	703	9%
Clinical Nutrition	458	12%	1,338	12%
Medical Devices/ Transfusion Technology	265	2%	791	3%
Total sales	1,650	8%	4,857	7%

Fresenius Helios: Key Measures

	Q1-3/18	FY/17	Δ
No. of hospitals Germany	87	111	-22%
- Acute care hospitals	84	88	-5%
No. of hospitals Spain (Hospitals)	46	45	2%
No. of beds Germany	29,253	34,610	-15%
- Acute care hospitals	28,726	29,438	-2%
No. of beds Spain (Hospitals)	6,803	6,652	2%
Admissions Germany (acute care)	924,703	1,237,068	
Admissions Spain (including outpatients)	9,771,318	11,592,758	

Reconciliation Q3/18

Consolidated results for Q3/18 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 gains/losses of divestitures in Care Coordination and the impact of the FCPA related charge at Fresenius Medical Care.

€m	Q3/18 Before special items and before expenses for biosimilars business	Expenses for the further development of the biosimilars business	Before special items	Special items (transaction-related effects Akorn)	Special items (provision for FCPA related charge at FMC)	Special items (gain from divestitures of Care Coordination activities)	Q3/18 After special items (IFRS reported)
Sales	8,192		8,192				8,192
EBIT	1,153	-41	1,112	-6	-75	10	1,041
Net interest	-137	-2	-139	-5			-144
Net income before taxes	1,016	-43	973	-11	-75	10	897
Income taxes	-222	14	-208	3		7	-198
Net income	794	-29	765	-8	-75	17	699
Noncontrolling interest	-320		-320		52	-12	-280
Net income attributable to shareholders of Fresenius SE & Co. KGaA	474	-29	445	-8	-23	5	419

The special items are reported in the Group Corporate/Other segment.

Reconciliation Q1-3/18

Consolidated results for Q1-3/18 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 gains/losses of divestitures in Care Coordination and the impact of the FCPA related charge at Fresenius Medical Care.

€m	Q1-3/18 Before special items and before expenses for biosimilars business	Expenses for the further development of the biosimilars business	Before special items	Special items (transaction- related effects Akorn)	Special items (provision for FCPA related charge at FMC)	Special items (gain from divestitures of Care Coordination activities)	Q1-3/18 After special items (IFRS reported)
Sales	24,695		24,695				24,695
EBIT	3,424	-113	3,311	-46	-75	830	4,020
Net interest	-430	-6	-436	-12			-448
Net income before taxes	2,994	-119	2,875	-58	-75	830	3,572
Income taxes	-669	37	-632	13		-140	-759
Net income	2,325	-82	2,243	-45	-75	690	2,813
Noncontrolling interest	-876		-876		52	-478	-1,302
Net income attributable to shareholders of Fresenius SE & Co. KGaA	1,449	-82	1,367	-45	-23	212	1,511

The special items are reported in the Group Corporate/Other segment.

Basis for guidance

€m	FY/17	Targets FY/18 (cc)
Sales reported	33,886	
adjustments from IFRS 15	-486	
divestitures of Care Coordination activities at FMC	-558	
Basis sales guidance	32,842	(low-end) 5-8%
Net income reported	1,814	
Acquisition-related expenses	43	
Book gain from U.S. tax reform	-103	
FCPA provision	62	
divestitures of Care Coordination activities at FMC	-12	
Basis net income before special items guidance	1,804	(low-end) 6-9%
Adjustments for guidance comparison: Expenditures for further development of biosimilars business	43	
Basis net income before special items guidance excluding biosimilars	1,847	(low-end) ~10-13%

Financial Calendar / Contact

Financial Calendar

20 February 2019	Results FY/18
02 May 2019	Results Q1/19
17 May 2019	Annual General Meeting
30 July 2019	Results Q2/19
29 October 2019	Results Q3/19

Please note that these dates could be subject to change.

Contact

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