

## Conference Call – Q2/18 Results



Bad Homburg, 31 July 2018

## Safe Harbor Statement

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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: Q2/18 Highlights

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**Ongoing healthy sales and earnings growth (cc) across all business segments**

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**Fresenius Kabi's financial performance standing out – segment guidance increased**

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**Preparatory structural measures for regulatory requirements weigh on Helios Germany**

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**FMC optimized U.S. Care Coordination portfolio**

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**Successful transfer of German inpatient rehabilitation business from Helios to Vamed**

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# Fresenius Group: Current Topics (1/2)

## AKORN

- Trial at Delaware Chancery Court took place from July 9 to 13
- Submission of Post-Trial Briefs until August 20
- Closing argument on August 23
- Judgement up to 90 days thereafter
- Potential appeal to the Delaware Supreme Court



## HES

- Majority vote of the Co-ordination Group (CMDh) of the European Medicines Agency (EMA) for the maintenance of HES marketing authorization in the EU
- CMDh concluded that further risk minimization measures will be efficacious to ensure the safe usage of HES products
- The European Commission adopted this position
- Kabi's FY/18 outlook no longer considers a meaningful risk adjustment



# Fresenius Group: Current Topics (2/2)

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## Pricing Environment North America

- Continue to see “nothing out of the ordinary” in U.S. injectables market
- Still low single-digit price declines for our base portfolio of injectable generics

## Kabi growth initiatives

- Significant investment projects in U.S. plants to increase capacity and foster automation
- New compounding center in Massachusetts
- Enteral Nutrition – New production facility planned in China
- Parenteral Nutrition – steep ramp-up of SMOFlipid in the U.S. and further broadening of portfolio
- Won major Canadian pump tender

## Biosimilars

- Progress of product pipeline according to plan
- Conditions for first small development milestone payment fulfilled in Q2/18; becomes cash-relevant in Q3/18

## Helios

- Financial performance of Helios Germany impacted by:
  - Additional “DRG catalogue effects”
  - Preparatory structural activities (e.g. clustering) for anticipated regulatory measures
- Helios Spain continues to seize opportunities





# Financial Review Q2/18



# Fresenius Group: Q2/18 & H1/18 Profit and Loss Statement

€m	Q2/18	Δ YoY cc	H1/18	Δ YoY cc
Sales	<b>8,382</b>	5% <sup>1</sup>	<b>16,503</b>	6% <sup>1</sup>
EBIT	<b>1,145</b>	2%	<b>2,199</b>	-2%/2% <sup>2</sup>
EBIT (excl. biosimilars)	<b>1,182</b>	5%	<b>2,271</b>	1%/5% <sup>2</sup>
Net interest	<b>-151</b>	7%	<b>-297</b>	3%
Income taxes	<b>-233</b>	13%	<b>-424</b>	23%
<b>Net income</b>	<b>472</b>	7%	<b>922</b>	7%
<b>Net income (excl. biosimilars)</b>	<b>499</b>	12%	<b>975</b>	12%

<sup>1</sup> Growth rate adjusted for IFRS 15 adoption

<sup>2</sup> Excluding VA agreement

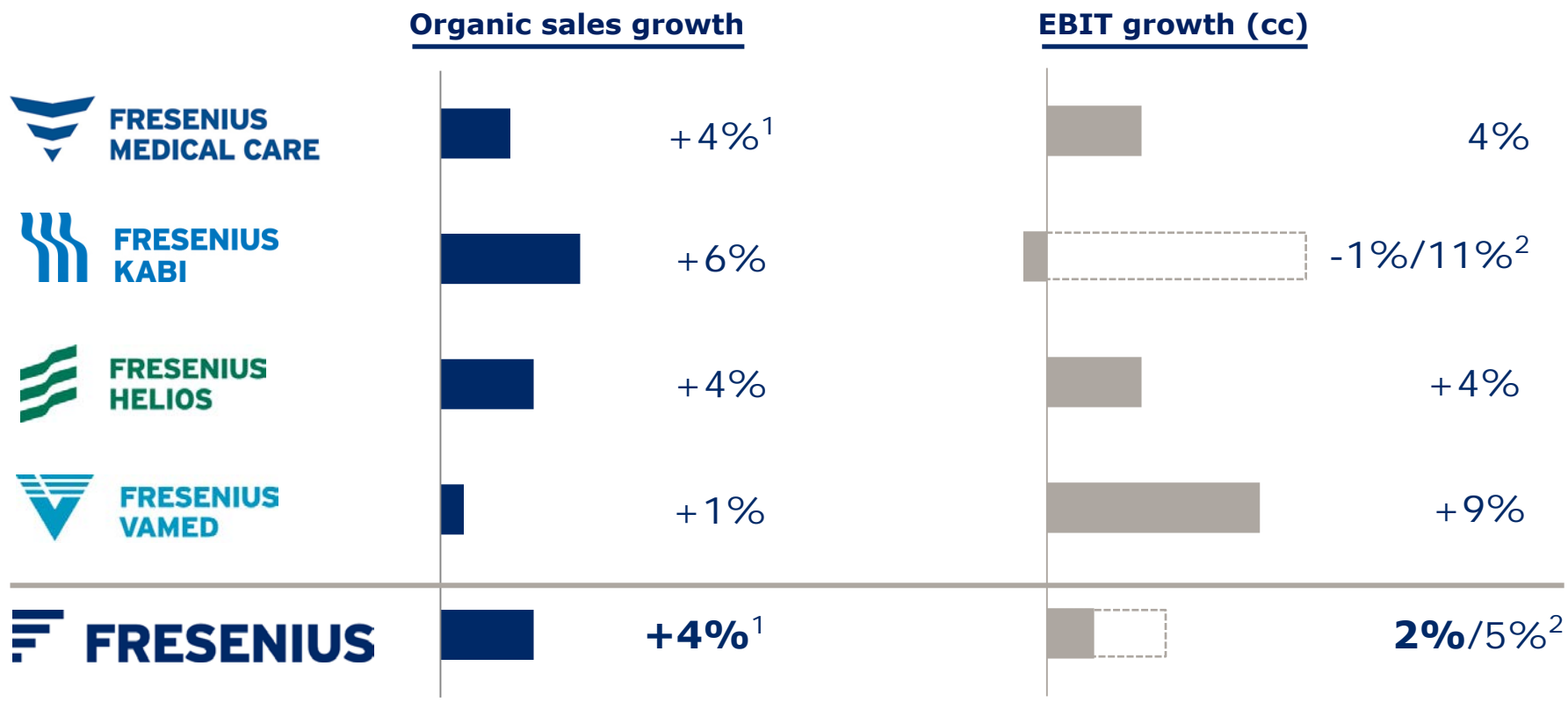
All figures before special items (i.e. the Akorn and NxStage transactions and gains from divestitures of Care Coordination activities at Fresenius Medical Care)

All growth rates in constant currency (cc)

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

For a detailed overview of special items please see the reconciliation tables on slides 25-26.

# Fresenius Group: Q2/18 Business Segment Growth



<sup>1</sup> Growth rates adjusted for IFRS 15 adoption

<sup>2</sup> Excl. biosimilars

All figures before special items

For a detailed overview special items please see the reconciliation table on slide 25.



# Fresenius Kabi: Q2/18 Regional Highlights (1/2)

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## North America

- 4% organic sales growth
- 35 Kabi-marketed IV drugs currently designated in shortage (vs. 24 at Q4/17)
- 6 product launches YTD; confirm 15+ target
- Confirm FY/18 outlook: Mid-single-digit organic sales growth



## Europe

- 3% organic sales growth
- Enteral nutrition continues to drive growth
- Confirm FY/18 outlook: Low to mid-single-digit organic sales growth



# Fresenius Kabi: Q2/18 Regional Highlights (2/2)

## Emerging Markets

### China

- 10% organic sales growth
- Tender rules:
  - Introduction of new tender policy is now completed
  - Expectation for FY/18 unchanged – low to mid single-digit price decline and continued double-digit volume growth

Asia-Pacific ex China: 14% organic sales growth

Latin America/Africa: 10% organic sales growth



### Total Emerging Markets

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



## Fresenius Kabi: Q2 & H1/18 EBIT Growth

€m	Q2/18	Δ YoY cc	H1/18	Δ YoY cc
North America Margin	220 40.1%	7% 140 bps	442 38.8%	7% 40 bps
Europe Margin	89 15.8%	8% 60 bps	174 15.5%	8% 60 bps
Asia-Pacific/Latin America/Africa Margin	96 19.5%	20% 150 bps	183 19.3%	16% 60 bps
Corporate and Corporate R&D	-116	-51%	-242	-48%
<b>Total EBIT<sup>1</sup></b> Margin <sup>1</sup>	<b>289</b> 18.0%	<b>-1%</b> -130 bps	<b>557</b> 17.4%	<b>-1%</b> -200 bps
<b>Total EBIT excl. Biosimilars<sup>1</sup></b> Margin <sup>1</sup>	<b>326</b> 20.3%	<b>11%</b> 100 bps	<b>629</b> 19.6%	<b>10%</b> 20 bps

Margin growth at actual rates

<sup>1</sup> Before special items

For a detailed overview of special items please see the reconciliation tables on slides 25-26.

# Fresenius Helios

## Helios Germany

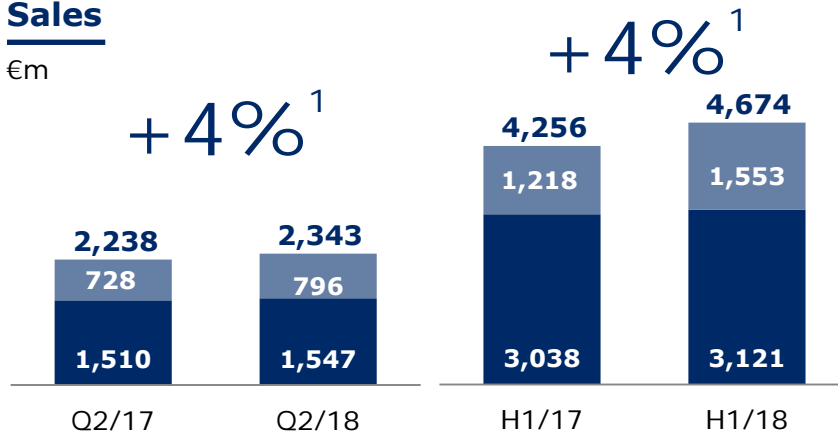
- 3% organic sales growth in Q2/18
- Additional “DRG catalogue effects” and preparatory structural activities for anticipated regulatory measures impact earnings development

## Helios Spain


- Excellent sales growth of 9% in Q2/18
- Additional month of consolidation contributed significantly to 28% sales growth in H1/18
- Accelerated organic sales growth
  - 8% in Q2/18
  - 5% in H1/18

### Sales

€m



<sup>1</sup> Organic sales growth

 Helios Germany

 Helios Spain



## Fresenius Helios: Q2 & H1/18 Key Financials

€m	Q2/18	Δ YoY	H1/18	Δ YoY
<b>Total sales</b>	<b>2,343</b>	<b>5%</b>	<b>4,674</b>	<b>10%</b>
Thereof Helios Germany	1,547	2%	3,121	3%
Thereof Helios Spain <sup>1</sup>	796	9%	1,553	28%
<b>Total EBIT</b>	<b>293</b>	<b>4%</b>	<b>571</b>	<b>6%</b>
Margin	12.5%	-10 bps	12.2%	-40 bps
Thereof Helios Germany Margin	168 10.9%	-6% -90 bps	345 11.1%	-4% -70 bps
Thereof Helios Spain <sup>1</sup> Margin	124 15.6%	19% 130 bps	227 14.6%	28% 0 bps
Thereof Corporate	1	--	-1	--

<sup>1</sup> Consolidated since February 1, 2017

# Fresenius Vamed

- Strong H1/18 with 5% organic sales growth
- Ongoing healthy growth of service business in Q2/18
- Good order intake of €195m in Q2/18
- Transfer of post-acute care business from Helios to Vamed as of July 1<sup>st</sup>, 2018
- Small acquisition to strengthen medical-technical service business in the UK








€m	Q2/18	Δ YoY	H1/18	Δ YoY
<b>Total sales</b>	<b>266</b>	<b>3%</b>	<b>515</b>	<b>7%</b>
Project business	99	-7%	191	4%
Service business	167	11%	324	9%
<b>Total EBIT</b>	<b>12</b>	<b>9%</b>	<b>18</b>	<b>6%</b>
Order intake <sup>1</sup>	195	2%	455	10%
Order backlog <sup>1,2</sup>			2,372	10%

<sup>1</sup> Project business only

<sup>2</sup> Versus December 31, 2017



# Fresenius Group: Cash Flow




€m	Operating CF		Capex (net)		Free Cash Flow <sup>1</sup>	
	Q2/18	LTM Margin	Q2/18	LTM Margin	Q2/18	LTM Margin
 FRESENIUS KABI	228	16.8%	-104	-7.1%	124	9.7%
 FRESENIUS HELIOS	162	7.6%	-99	-5.0%	63	2.6% <sup>2</sup>
 FRESENIUS VAMED	-14	1.1%	-3	-1.0%	-17	0.1%
<b>Corporate/Other</b>	-12	n.a.	-6	n.a.	-18	n.a.
 FRESENIUS Excl. FMC	<b>364</b>	<b>11.2%<sup>3</sup></b>	<b>-212</b>	<b>-5.7%</b>	<b>152</b>	<b>5.5%<sup>3</sup></b>
 FRESENIUS	<b>1,020</b>	<b>10.5%</b>	<b>-440</b>	<b>-5.5%</b>	<b>580</b>	<b>5.0%</b>

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

<sup>2</sup> Understated: 3.1% excluding €41 million of capex commitments from acquisitions

<sup>3</sup> Margin incl. FMC dividend

# Fresenius Group: 2018 Financial Outlook by Business Segment

€m (except otherwise stated)		FY/17 Base	H1/18 Actual	FY/18e <sup>1</sup>	FY/18 <sup>1</sup> New
 <b>FRESENIUS KABI</b>	<b>Sales growth</b> (org)	6,358	7%	4% - 7%	<input checked="" type="checkbox"/>
	<b>EBIT growth</b> (cc)	1,177 <sup>2</sup>	-1% <sup>6</sup>	-6% to -3% <sup>2</sup>	-2% to 1% <sup>2</sup>
	EBIT growth (cc) excl. biosimilars	1,237 <sup>3</sup>	10% <sup>6</sup>	~2% - 5% <sup>3</sup>	~6% - 9% <sup>3</sup>
 <b>FRESENIUS HELIOS</b>	<b>Sales growth</b> (org)	8,668 <sup>4</sup>	4%	3% - 6% <sup>5</sup>	<input checked="" type="checkbox"/>
	<b>EBIT growth</b>	1,052 <sup>4</sup>	6%	5% - 8% <sup>7</sup>	<input checked="" type="checkbox"/>
 <b>FRESENIUS VAMED</b>	<b>Sales growth</b> (org)	1,228	5%	5% - 10%	<input checked="" type="checkbox"/>
	<b>EBIT growth</b>	76	6%	32% - 37% <sup>8</sup>	<input checked="" type="checkbox"/>

<sup>1</sup> Excluding effects of the Akorn and NxStage transactions and gains from divestitures of Care Coordination activities

<sup>2</sup> Before special items; including expenditures for further development of biosimilars business (€60 m in FY/17 and expected expenditures of ~€160 m in FY/18)

<sup>3</sup> Before special items; excluding expenditures for further development of biosimilars business (€60 m in FY/17 and expected expenditures of ~€160 m in FY/18)

<sup>4</sup> Helios Spain consolidated for 11 months

<sup>5</sup> Organic growth reflects 11 months contribution of Helios Spain in 2018





<sup>6</sup> Before special items

<sup>7</sup> Before transfer of the German inpatient post-acute care business from Helios to Vamed: 7% - 10%

<sup>8</sup> Before transfer of the German inpatient post-acute care business from Helios to Vamed: 5% - 10%

For a detailed overview of special items please see the reconciliation tables on slides 25-26.

# Fresenius Group: 2018 Financial Guidance

€m (except otherwise stated)	FY/17 Base	H1/18 Actual	FY/18e <sup>1</sup>	FY/18 <sup>1</sup>
 <b>FRESENIUS</b>				
<b>Sales growth (cc)</b>	32,842 <sup>2</sup>	6% <sup>8</sup>	5% - 8%	
<b>Net income<sup>3</sup> growth (cc)</b>	1,804 <sup>4</sup>	7%	6% - 9% <sup>5</sup>	
Net income <sup>3</sup> growth (cc) excl. Biosimilars	1,847 <sup>6</sup>	12%	~10% - 13% <sup>7</sup>	

<sup>1</sup> Excluding effects of the Akorn and NxStage transactions and gains from divestitures of Care Coordination activities

<sup>2</sup> 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 Fresenius Medical Care)

<sup>3</sup> Net income attributable to shareholders of Fresenius SE & Co. KGaA

<sup>4</sup> Before special items, i.e. expenses related to the Akorn and NxStage transactions, gains from divestitures of Care Coordination activities (deduction of €12 million at Fresenius Medical Care), book gain from the U.S. tax reform and FCPA provision

<sup>5</sup> Before special items (i.e. expenses related to the Akorn and NxStage transactions and gains from divestitures of Care Coordination activities; including expenditures for further development of biosimilars business (€43 m after tax in FY/17 and expected expenditures of ~€120 m after tax in FY/18)

<sup>6</sup> Adjusted net income: Before special items (i.e. expenses related to the Akorn and NxStage transactions and gains from divestiture of Care Coordination activities (deduction of €12 million at Fresenius Medical Care), book gain from the U.S. tax reform and FCPA provision), before expenditures for further development of biosimilars business

<sup>7</sup> Before special items (i.e. expenses related to the Akorn and NxStage transactions and gains from divestitures of Care Coordination activities; excluding expenditures for further development of biosimilars business (€43 m after tax in FY/17 and expected expenditures of ~€120 m after tax in FY/18)

<sup>8</sup> Growth rate adjusted for IFRS 15 adoption (H1/17 base: €16,624 million)

For a detailed overview of special items please see the reconciliation tables on slides 25-26.

# Attachments



## Fresenius Group: Calculation of Noncontrolling Interest

€m	H1/18	H1/17
Earnings before tax and noncontrolling interest	1,902	2,067
Taxes	-424	-589
Noncontrolling interest, thereof	-556	-562
Fresenius Medical Care net income not attributable to Fresenius (H1/18: ~69%)	-417	-400
Noncontrolling interest holders in Fresenius Medical Care	-112	-138
Noncontrolling interest holders in Fresenius Kabi (-€18 m), Fresenius Helios (-€6 m), and due to Fresenius Vamed's 23% external ownership (-€3 m)	-27	-24
<b>Net income attributable to Fresenius SE &amp; Co. KGaA</b>	<b>922</b>	<b>916</b>

Before special items

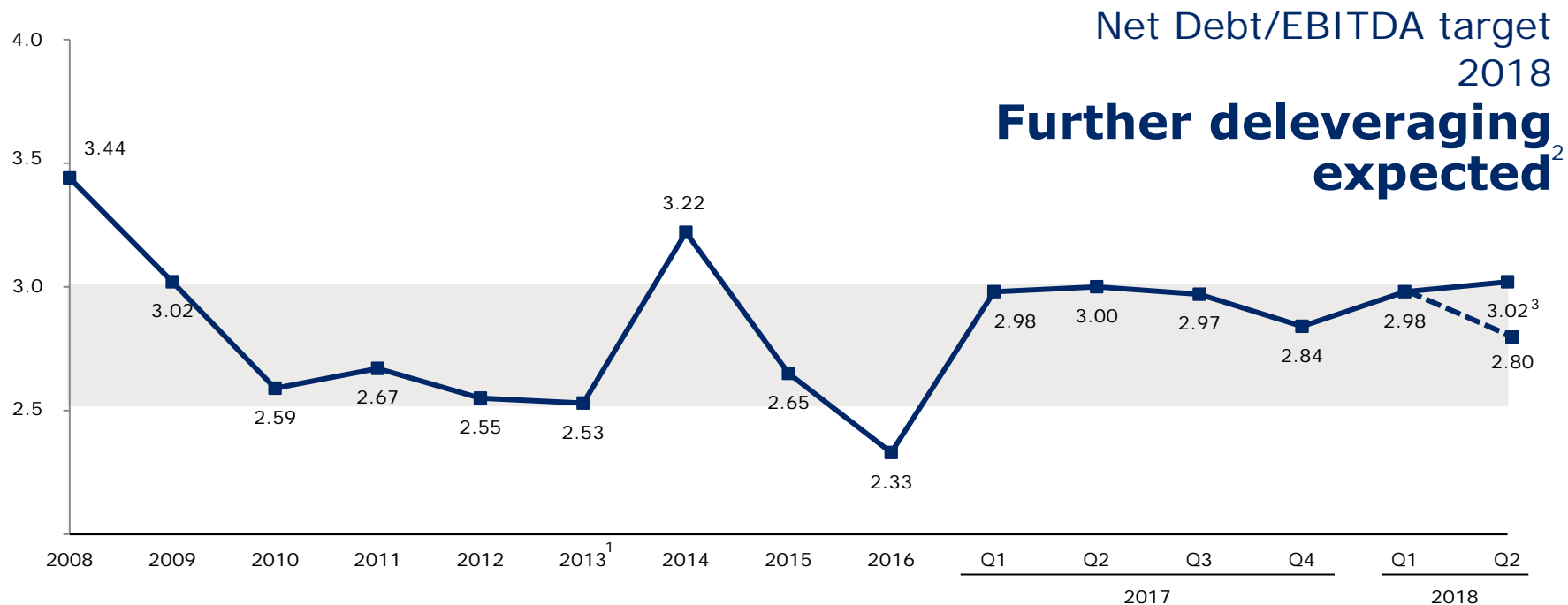
For a detailed overview of special items please see the reconciliation tables on slides 25-26.

## Fresenius Group: Cash Flow

€m	Q2/18	LTM Margin	Δ YoY
<b>Operating Cash Flow</b>	<b>1,020</b>	<b>10.5%</b>	<b>-15%</b>
Capex (net)	-440	-5.5%	-23%
<b>Free Cash Flow</b> (before acquisitions and dividends)	<b>580</b>	<b>5.0%</b>	<b>-32%</b>
Acquisitions (net)	1,479		
Dividends	-728		
<b>Free Cash Flow</b> (after acquisitions and dividends)	<b>1,331</b>	<b>6.1%</b>	<b>--</b>



# Fresenius Group: Leverage Ratio



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

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

<sup>2</sup> 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

<sup>3</sup> Excluding proceeds from divestitures of Care Coordination activities

## Fresenius Kabi: Organic Sales Growth by Regions

€m	Q2/18	Δ YoY organic	H1/18	Δ YoY organic
North America	549	4%	1,140	7%
Europe	563	3%	1,120	3%
Asia-Pacific/Latin America/Africa	492	11%	947	12%
Asia-Pacific	326	11%	627	13%
Latin America/Africa	166	10%	320	10%
<b>Total sales</b>	<b>1,604</b>	<b>6%</b>	<b>3,207</b>	<b>7%</b>

## Fresenius Kabi: Organic Sales Growth by Product Segment

€m	Q2/18	Δ YoY organic	H1/18	Δ YoY organic
IV Drugs	647	1%	1,326	4%
Infusion Therapy	239	10%	475	10%
Clinical Nutrition	445	10%	880	12%
Medical Devices/ Transfusion Technology	273	6%	526	4%
<b>Total sales</b>	<b>1,604</b>	<b>6%</b>	<b>3,207</b>	<b>7%</b>

## Fresenius Helios: Key Measures

	H1/18	FY/17	Δ
No. of hospitals Germany	110	111	-1%
- Acute care hospitals	87	88	-1%
No. of hospitals Spain (Hospitals)	45	45	0%
No. of beds Germany	34,452	34,610	0%
- Acute care hospitals	29,360	29,438	0%
No. of beds Spain (Hospitals)	6,688	6,652	1%
Admissions Germany (acute care)	631,019	1,237,068	
Admissions Spain (including outpatients)	6,876,086	11,592,758	

# Reconciliation Q2/18

Consolidated results for Q2/2018 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 gains/losses of divestitures of Care Coordination activities at Fresenius Medical Care. The following presentation shows the corresponding reconciliation to the IFRS values.

€m	Q2/2018 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 (gain from divestitures of Care Coordination activities)	After special items (IFRS reported)
<b>Sales</b>	<b>8,382</b>		<b>8,382</b>			<b>8,382</b>
<b>EBIT</b>	<b>1,182</b>	<b>-37</b>	<b>1,145</b>	<b>-35</b>	<b>833</b>	<b>1,943</b>
Net interest	-149	-2	-151	-4		-155
<b>Net income before taxes</b>	<b>1,033</b>	<b>-39</b>	<b>994</b>	<b>-39</b>	<b>833</b>	<b>1,788</b>
Income taxes	-245	12	-233	8	-147	-372
<b>Net income</b>	<b>788</b>	<b>-27</b>	<b>761</b>	<b>-31</b>	<b>686</b>	<b>1,416</b>
Noncontrolling interest	-289		-289		-475	-764
<b>Net income attributable to shareholders of Fresenius SE &amp; Co. KGaA</b>	<b>499</b>	<b>-27</b>	<b>472</b>	<b>-31</b>	<b>211</b>	<b>652</b>

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

# Reconciliation H1/18

Consolidated results for H1/2018 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 gains/losses of divestitures of Care Coordination activities at Fresenius Medical Care. The following presentation shows the corresponding reconciliation to the IFRS values.

€m	H1/2018 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 (gain from divestitures of Care Coordination activities)	After special items (IFRS reported)
<b>Sales</b>	<b>16,503</b>		<b>16,503</b>			<b>16,503</b>
<b>EBIT</b>	<b>2,271</b>	<b>-72</b>	<b>2,199</b>	<b>-40</b>	<b>820</b>	<b>2,979</b>
Net interest	-293	-4	-297	-7		-304
<b>Net income before taxes</b>	<b>1,978</b>	<b>-76</b>	<b>1,902</b>	<b>-47</b>	<b>820</b>	<b>2,675</b>
Income taxes	-447	23	-424	10	-147	-561
<b>Net income</b>	<b>1,531</b>	<b>-53</b>	<b>1,478</b>	<b>-37</b>	<b>673</b>	<b>2,114</b>
Noncontrolling interest	-556		-556		-466	-1,022
<b>Net income attributable to shareholders of Fresenius SE &amp; Co. KGaA</b>	<b>975</b>	<b>-53</b>	<b>922</b>	<b>-37</b>	<b>207</b>	<b>1,092</b>

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



## Basis for guidance

€m	2017	Targets 2018
<b>Sales reported</b>	<b>33,886</b>	
adjustments from IFRS 15	-486	
divestitures of Care Coordination activities at FMC	-558	
<b>Basis sales guidance</b>	<b>32,842</b>	<b>5-8%</b>
<b>Net income reported</b>	<b>1,814</b>	
Acquisition-related expenses	43	
Book gain from U.S. tax reform	-103	
FCPA provision	62	
divestitures of Care Coordination activities at FMC	-12	
<b>Basis net income before special items guidance</b>	<b>1,804</b>	<b>6-9%</b>
Adjustments for guidance comparison: Expenditures for further development of biosimilars business	43	
<b>Basis net income guidance excluding biosimilars</b>	<b>1,847</b>	<b>~10-13%</b>

# Financial Calendar / Contact

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## Financial Calendar

30 October 2018

Results Q3/2018

Please note that these dates could be subject to change.

## Contact

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