



## Health Care Worldwide



**Analyst Meeting August 4, 2005**

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# Agenda

## **I. Business Update**

- Fresenius Group
- Fresenius Kabi
- Fresenius ProServe

## **II. Fresenius Financials First Half 2005**

## **III. Outlook**

# Fresenius Group: Excellent Sales and Earnings Momentum

H1 2005	Sales 3,702 €m	EBIT 453 €m	Net income 101 €m
Growth at constant currency rates	+ 6 %	+ 12 %	+ 28 %
Growth at actual currency rates	+ 4 %	+ 10 %	+ 26%

# Business Segments: Key Highlights First Half 2005

	Fresenius Medical Care	Fresenius Kabi	Fresenius ProServe
Sales Growth	3,283 US\$m + 9 %	818 €m + 11 %	350 €m - 9 %
EBIT Growth	458 US\$m + 11 %	110 €m + 29 %	7 €m n.a.

- Fresenius Medical Care - 17 % net income growth, 14.0 % EBIT margin  
- US and Europe are key growth and margin drivers
- Fresenius Kabi - Excellent first half earnings, margin expansion on track  
- I.V. drug business fully in line with expectations
- Fresenius ProServe - Earnings improvement accomplished  
- 15 % increase in order intake pointing to stronger second half



 **Fresenius  
Kabi**

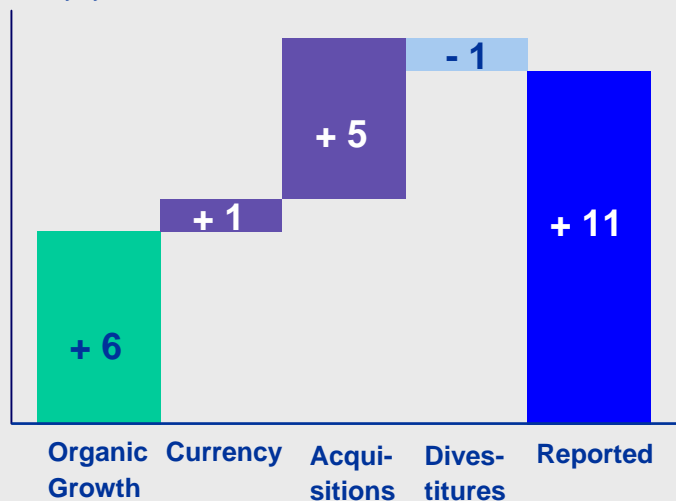
# Fresenius Kabi: Sales First Half 2005

€m	H1 2005	H1 2004	Organic Growth
Total Sales	818	738	6 %
<b>By Product Segment:</b>			
Infusion Therapy	437	379	6 %
Clinical Nutrition	327	303	8 %
Transfusion Technology	54	56	-2 %

# Fresenius Kabi: Sales Growth in All Regions

## Sales growth analysis: Strong 6 % organic growth

in % yoy H1 2005 sales: 818 €m



Regional Sales	H1 2005 €m	H1 2004 €m	Growth	Organic Growth
Germany	203	200	2 %	1 %
Europe ex Germany	405	358	13 %	4 %
Asia-Pacific	85	75	13 %	16 %
Latin America	45	39	15 %	13 %
RoW	80	66	21 %	21 %

- Germany: positive sales momentum continued in Q2
- Europe: strong sales increase due to Labesfal and Infusia acquisitions
- Asia-Pacific: continued growth at double-digit rates
- Latin America: back to double-digit growth rates for H1

# Fresenius Kabi: Excellent EBIT Performance

€m	H1 2005	H1 2004	Change
EBIT	110	85	+ 29 %
EBIT margin	13.4 %	11.5 %	
<b>EBIT by Region:</b>			
Europe	103	87	+ 18 %
EBIT margin	16.9 %	15.6 %	
International	35	25	+ 40 %
EBIT margin	16.7 %	13.9 %	
Corporate / Corporate R&D	- 28	- 27	- 4 %

# Fresenius Kabi: I.V. Drug Business Significantly Strengthened by Labesfal Acquisition

- Labesfal's financial results are fully in line with expectations
- Product registrations on track
- Targeting first sales of the Labesfal products in key European countries in early 2007

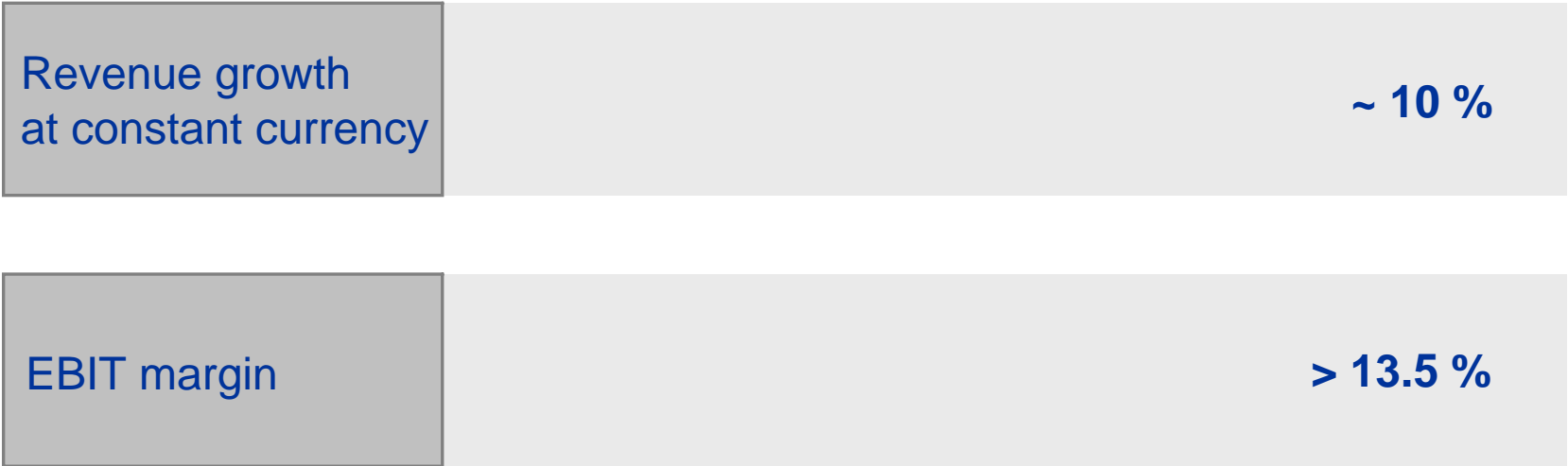
# Fresenius Kabi: Generic I.V. Drugs – Exciting Market Potential

- The European hospital market for generic I.V. drugs has a market value of 2.5 – 3.0 €bn
- Fresenius Kabi addresses 1.2 €bn of the market with its portfolio
- The European hospital market for generic I.V. drugs is fragmented
  - no player has > 10 % market share
  - regional niche players dominate the market
- Fresenius Kabi is among the Top 5 suppliers
- High entry barriers due to significant investments in production for fluids/concentrates
- 3.7 €bn in European sales of patented I.V. drugs will go off-patent until 2010

Source: IMS, Datamonitor, Fresenius Kabi Internal Research

Generic I.V. drugs = injectable forms of patent-free pharmaceutical molecules offered by originators and generic players

# Fresenius Kabi: 2005 Earnings Outlook Raised





fresenius  proServe

# Fresenius ProServe: Key Figures H1 2005

€m	H1 2005	H1 2004	Change
Sales	350	383	- 9 %*
- Hospital Management (WKA)	173	168	3 %
- Hospital Engineering + Services (VAMED)	145	154	- 6 %
- Pharmaceutical Engineering + Services (Pharmaplan)	32	41	- 23 %
- Others** (sold/closed in 2004)	0	20	-
EBIT before one time expenses	7	6	17 %
EBIT	7	0	-
Order intake	156	136	15 %

\* -4 % organic; \*\*hospitalia care; hospitalia activHealth

# Fresenius ProServe: 2005 Outlook Confirmed

Organic revenue growth	5 - 8 %*
EBIT	20 - 25 €m

\* based on adjusted 2004 sales of 774 €m

# Fresenius Group: Key Milestones for Continued Earnings and Value Growth

- Fresenius Medical Care – successful integration of RCG; change in legal structure and share conversion
- Fresenius Kabi – further operating margin expansion towards 15.5 % target in 2007; enhanced regional and product portfolio
- Fresenius ProServe – business turnaround; continued earnings improvements
- Fresenius Biotech – 2006 phase II antibody data

Consolidated statement of income

	2005	2004	2003
Revenue	21	171	166
Cost of sales	(1)	(1)	(1)
Gross profit	20	170	165
Operating expenses	(18)	(17)	(17)
Operating profit	2	193	148
Financial income	1	1	1
Financial expense	(1)	(1)	(1)
Profit before income taxes and minority interests	2	193	148
Income taxes	(1)	(1)	(1)
Minority interests	(1)	(1)	(1)
Net income	0	191	146
Basic earnings per ordinary share in €	0.00	1.91	1.46
Fully diluted earnings per ordinary share in €	0.00	1.91	1.46
Basic earnings per preference share in €	0.00	1.91	1.46
Fully diluted earnings per preference share in €	0.00	1.91	1.46

Consolidated balance sheet

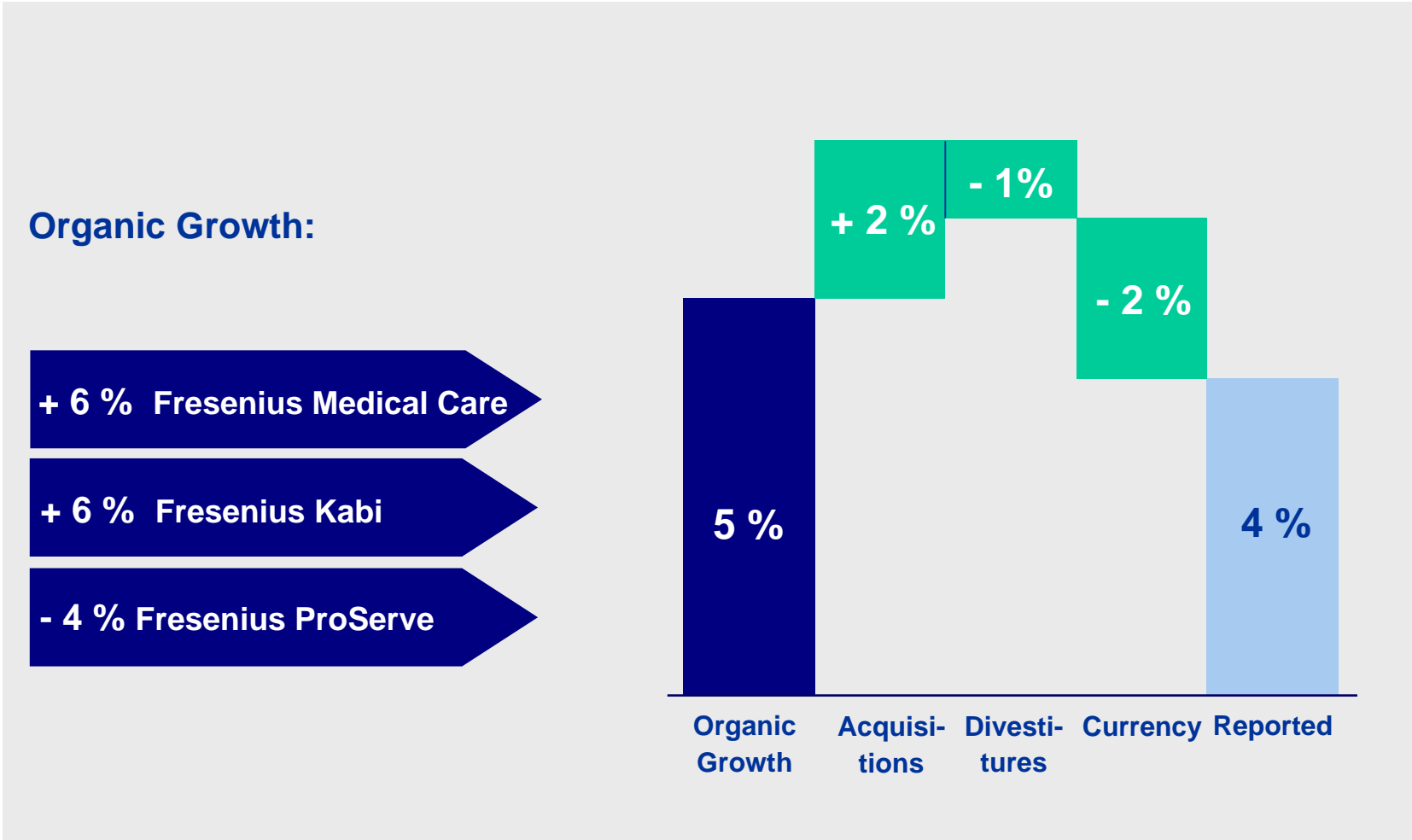
	2005	2004	2003
Cash and cash equivalents	5	128	125
Trade accounts receivable less allowances for doubtful accounts	6	519	643
Accounts receivable from related parties	7	393	307
Interventions	23	148	182
Prepaid expenses and other current assets	2	2,755	2,144
Deferred taxes (current)	5	1,495	2,171
<b>I. Total current assets</b>	<b>9</b>	<b>2,905</b>	<b>509</b>
Tangible assets	9	480	303
Goodwill	7	234	96
Other intangible assets	7	119	96
Other non-current assets	23	5,435	5,623
Deferred taxes (non-current)	1	186	241
<b>II. Total non-current assets</b>	<b>37</b>	<b>6,355</b>	<b>6,363</b>
<b>Total assets</b>	<b>46</b>	<b>9,260</b>	<b>11,472</b>

# Group Financials First Half 2005

# Fresenius Group: Profit and Loss Statement

in €m	H1 2005	H1 2004	Change actual rates	Change constant rates
Sales	<b>3,702</b>	3,553	4%	6%
EBIT	<b>453</b>	412	10%	12%
Interest result	<b>-97</b>	-104	+7%	+5%
Taxes	<b>-140</b>	-125	-12%	-14%
Net income	<b>101</b>	80	26%	28%
EPS (prefs) (€)	<b>2.48</b>	1.97	26%	28%

# Fresenius Group: Sales Growth Analysis First Half 2005



# Fresenius Group: Profit and Loss Statement

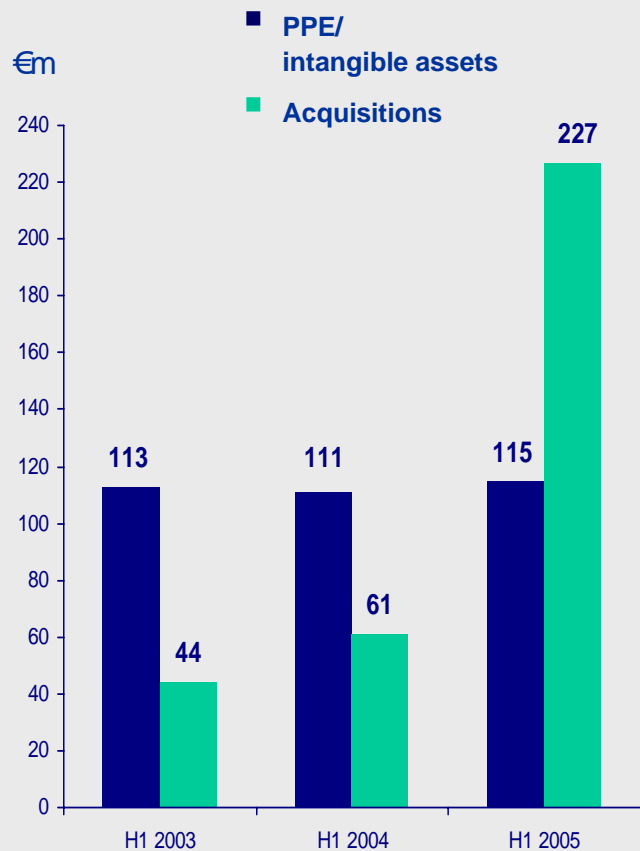
in €m	H1 2005	H1 2004	Change actual rates	Change constant rates	
Sales	<b>3,702</b>	3,553	4%	6%	
EBIT	<b>453</b>	412	10%	12%	margin increase to 12.2 %
Interest result	<b>-97</b>	-104	+7%	+5%	lower debt levels and interest rates, currency
Taxes	<b>-140</b>	-125	-12%	-14%	within full-year expectation of 39 - 40 %
Net income	<b>101</b>	80	26%	28%	operational and financial improvements
EPS (prefs) (€)	<b>2.48</b>	1.97	26%	28%	

# Fresenius Group: Cash Flow

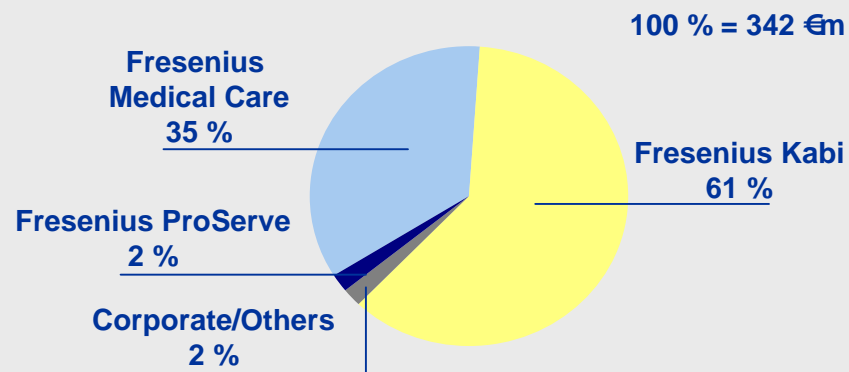
in €m	H1 2005	H1 2004	Change	
Cash flow	<b>372</b>	345	8 %	margin increase to 10.0 %
Change in Working capital	<b>-43</b>	-5		influenced by FME tax payment in the US
Operating Cash flow	<b>329</b>	340	-3 %	
Capex (net)	<b>-105</b>	-101	-4 %	higher spending in H2 planned
Free Cash flow (before acquisitions and dividends)	<b>224</b>	239	-6 %	
Acquisitions (net)	<b>-182</b>	-53	-	mainly Fresenius Kabi
Dividends	<b>-127</b>	-119	-7 %	
Free Cash flow (after acquisitions and dividends)	<b>-85</b>	67	-	

# Fresenius Group: Capex and Acquisitions

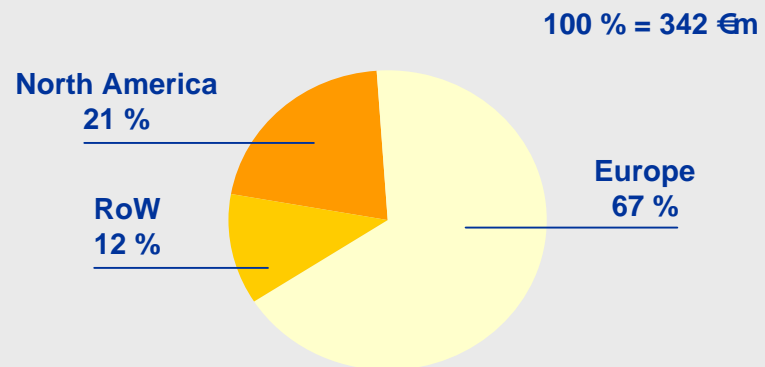
## Capex and Acquisitions



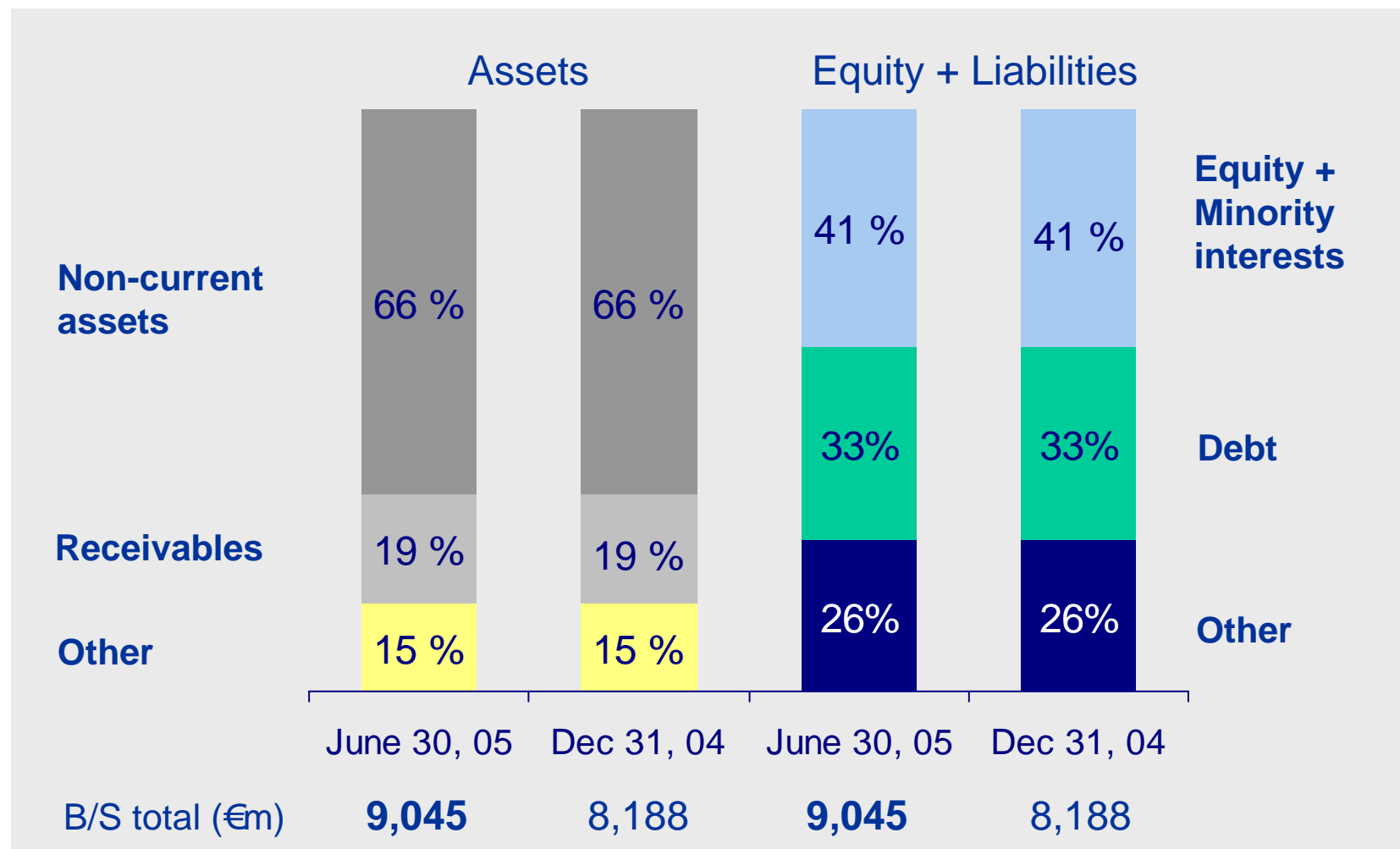
## Distribution by Business Segment



## Distribution by Region

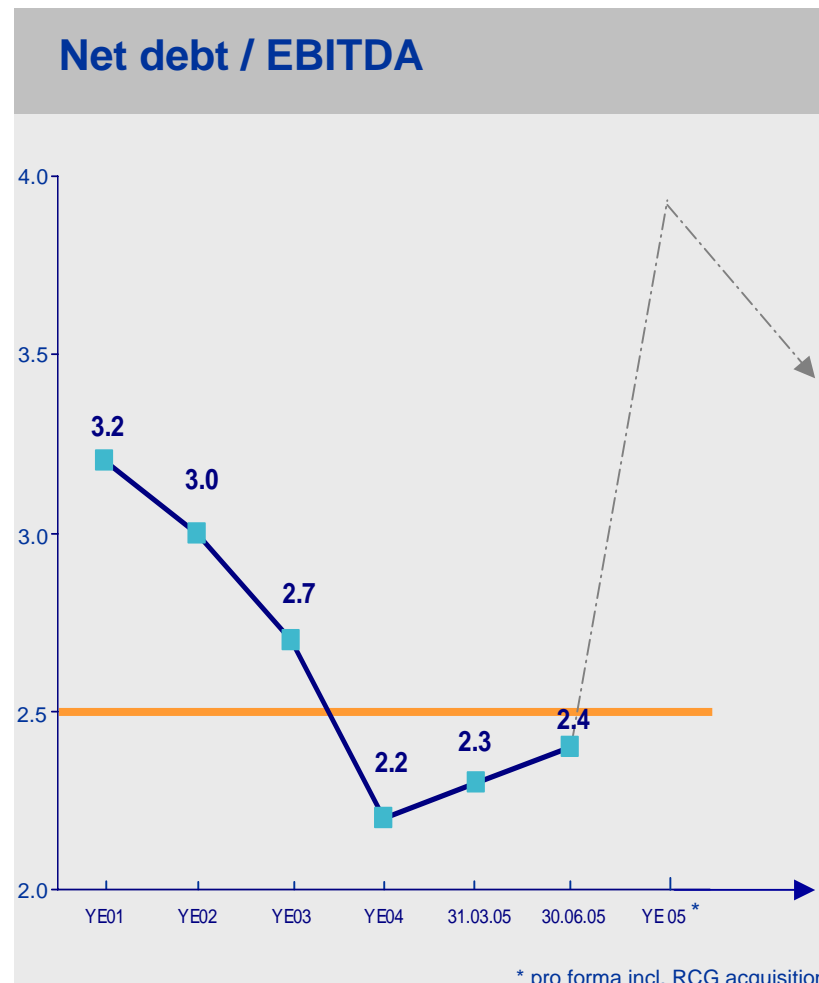


# Fresenius Group: Solid Balance Sheet Structure



# Fresenius Group: Debt and Interest Ratios

	H1 2005	YE 2004
Debt (€m)	<b>2,993</b>	2,735
Net debt (€m)	<b>2,844</b>	2,595
Net debt/EBITDA	<b>2.4</b>	2.2
EBITDA/Interest	<b>6.2</b>	5.4



# Fresenius Group: 2005 Financial Outlook Raised\*

	Target
Revenue growth at constant currency	6 – 9 %
Net income growth at constant currency	20 – 25 %
Capital expenditure	400 – 450 €m

\* before Fresenius Medical Care's acquisition of Renal Care Group

# Fresenius

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.



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