



Fresenius Medical Care

Fresenius Medical Care reports First Quarter 2005 results

May 04, 2005

Investor News

Summary First Quarter 2005:

Solid Start into the Year 2005

| | | |
|-------------------------|------------------|-------|
| Net Revenue | \$ 1,609 million | + 10% |
| Operating income (EBIT) | \$ 220 million | + 11% |
| Net income | \$ 107 million | + 18% |
| Operating Cash Flow | \$ 138 million | - 19% |
| Free Cash Flow | \$ 98 million | - 25% |

Bad Homburg, Germany – May 04, 2005

Fresenius Medical Care AG (“the Company”) (Frankfurt Stock Exchange: FME, FME3) (NYSE: FMS, FMS-p), the world’s largest provider of Dialysis Products and Services, today announced the results for the first quarter 2005.

Revenue

Total revenue for the first quarter 2005 increased by 10% (9% at constant currency) to \$1,609 million. Total organic revenue growth worldwide was 7%. Consolidation resulting from FIN 46R interpretation added 2% to the revenue growth. Dialysis Care revenue grew by 10% to \$1,162 million (9% at constant currency) in the first quarter of 2005. Dialysis Product revenue increased by 11% to \$447 million (7% at constant currency) in the same period.

North America revenue increased by 9% to \$1,088 million, compared to \$1,003 million in the same period last year. Dialysis Care revenue increased by 8% to \$968 million. The average revenue per treatment for the U.S. clinics increased by 2.5% to \$293 in the first quarter 2005 (Q1 2004: \$286). Same-store treatment growth was 3.8%. Dialysis Product revenue increased by 16% to \$120 million.

International revenue was \$521 million, up 14% from the first quarter of 2004 (8% at constant currency). Dialysis Care revenue reached \$194 million, an increase of 22% (16% at constant currency). Dialysis Product revenue increased by 10% to \$327 million (4% at constant currency).

Earnings

Operating income (EBIT) increased by 11% to \$220 million resulting in an operating margin of 13.7% (Q1 2004: 13.6%).

Compared with the first quarter 2004, the operating margin in North America remained nearly unchanged at 13.4%. On a comparable basis (excluding FIN 46R consolidations) the operating margin in North America was at 13.7% compared to 13.5% in the first quarter 2004. In our International segment the margin increased by 20 basis points to 15.8% compared to the first quarter in the previous year.

Group net interest expenses decreased by 9% to \$42 million, compared to \$47 million last year. This positive development was mainly attributable to a lower debt level in combination with lower interest rates.

Income tax expense was \$70 million versus \$60 million in the first quarter 2004, reflecting an effective **tax rate** of 39.2% compared to 39.4% in the first quarter of last year.

Net income in the first quarter 2005 was \$107 million, an increase of 18%.

Earnings per share (EPS) in the first quarter 2005 rose by 18% to \$1.11 per ordinary share (\$0.37 per ADS), compared to \$0.94 (\$0.31 per ADS) in the first quarter of 2004. The weighted average number of shares outstanding was approximately 96.3 million.

Cash Flow

In the first quarter of 2005, the Company generated \$138 million in **net cash from operations** compared to \$171 million last year. The decrease was mainly due to higher income tax payments in North America.

A total of \$40 million (net of disposals) was spent for **capital expenditures**. This resulted in a **Free Cash Flow before acquisitions** of \$98 million compared to \$130 million in the first quarter of 2004. The Free Cash Flow performance was driven by the increase in net income. The days sales outstanding (DSO) remained unchanged at 84 days in the first quarter 2005 compared to the fourth quarter 2004. Compared with the first quarter of the previous year DSO were reduced by 2 days.

A total of \$22 million in cash was spent for **acquisitions**. The **Free Cash Flow after acquisitions** decreased by 13% to \$76 million compared to \$88 million last year.

For a complete overview of the first quarter 2005, please refer to the appendix.

Patients - Clinics - Treatments

At the end of the first quarter 2005, Fresenius Medical Care served about 125,900 **patients** worldwide which represents an increase of 5%. North America provided dialysis treatments for ~87,000 patients (+4%) and the International segment for ~38,900 patients (+6%).

As of March 31, 2005, the Company operated a total of 1,630 **clinics** worldwide (1,140 clinics/+2% in North America and 490 clinics/+8% International).

Fresenius Medical Care AG performed approximately 4.72 million **treatments**, which represents an increase of 3% year over year. North America accounted for 3.25 million treatments (+3%) and the International segment for 1.47 million (+5%).

Outlook

For the year 2005, the Company confirms its outlook before the impact of the Renal Care Group acquisition. The Company expects a revenue growth at constant currency between six and nine percent and net income growth in the low double-digit range.

Ben Lipps, Chief Executive Officer of Fresenius Medical Care, commented: "Our results for the first quarter 2005 show a solid start for the year. We are pleased that all regions and business segments grew at or above market. Revenue growth in Europe and North America evidenced continued strong momentum. With this solid foundation we have initiated plans to increase our investments in the core dialysis business to assure strong financial growth."

Webcast of Analyst Meeting

Instead of a Conference Call only, Fresenius Medical Care will also host an Analyst Meeting on May 04, 2005 at 2.30pm CET / 8.30am EDT at its headquarters in Bad Homburg. The Company invites investors to listen to the live video webcast of the meeting at the Company's website www.fmc-ag.com in the "Investor Relations" section. A replay will be available shortly after the meeting.

If you would like to participate via telephone, please call the following number on the day and at the time mentioned above:

+1 (706) 645 9185 (U.S./Canada and International Callers).

Fresenius Medical Care AG is the world's largest, integrated provider of products and services for individuals undergoing dialysis because of chronic kidney failure, a condition that affects more than 1,300,000 individuals worldwide. Through its network of approximately 1,630 dialysis clinics in North America, Europe, Latin America, Asia-Pacific and Africa, Fresenius Medical Care provides Dialysis Treatment to approximately 125,900 patients around the globe. Fresenius Medical Care is also the world's leading provider of Dialysis Products such as hemodialysis machines, dialyzers and related disposable products. For more information about Fresenius Medical Care, visit the Company's website at www.fmc-ag.com.

This release contains forward-looking statements that are subject to various risks and uncertainties. Actual results could differ materially from those described in these forward-looking statements due to certain factors, including changes in business, economic and competitive conditions, regulatory reforms, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings, and the availability of financing. These and other risks and uncertainties are detailed in Fresenius Medical Care AG's reports filed with the U.S. Securities and Exchange Commission. Fresenius Medical Care AG does not undertake any responsibility to update the forward-looking statements in this release.

Fresenius Medical Care AG
Statements of Earnings

Three Months Ended March 31,
(in US-\$ thousands, except share and per share data)
(unaudited)

| | 2005 | 2004 | % Change |
|---|------------------|------------------|--------------|
| Net revenue | | | |
| Dialysis Care | 1,162,461 | 1,057,750 | 9.9% |
| Dialysis Products | 446,542 | 401,306 | 11.3% |
| Total net revenue | 1,609,003 | 1,459,056 | 10.3% |
| Cost of revenue | 1,070,034 | 977,098 | 9.5% |
| Gross profit | 538,969 | 481,958 | 11.8% |
| Selling, general and administrative | 305,738 | 271,469 | 12.6% |
| Research and development | 13,248 | 12,301 | 7.7% |
| Operating income (EBIT) | 219,983 | 198,188 | 11.0% |
| Interest income | (2,245) | (2,874) | -21.9% |
| Interest expense | 44,532 | 49,577 | -10.2% |
| Interest expense, net | 42,287 | 46,703 | -9.5% |
| Earnings before income taxes and minority interest | 177,696 | 151,485 | 17.3% |
| Income tax expense | 69,643 | 59,697 | 16.7% |
| Minority interest | 582 | 679 | -14.3% |
| Net income | 107,471 | 91,109 | 18.0% |
| Operating income (EBIT) | 219,983 | 198,188 | 11.0% |
| Depreciation and amortization | 59,711 | 56,842 | 5.0% |
| EBITDA | 279,694 | 255,030 | 9.7% |
| Total bad debt expenses | 29,983 | 30,204 | |
| Earnings per Ordinary share | \$1.11 | \$0.94 | 17.9% |
| Earnings per Ordinary ADS | \$0.37 | \$0.31 | 17.9% |
| Earnings per Preference share | \$1.13 | \$0.96 | 17.6% |
| Earnings per Preference ADS | \$0.38 | \$0.32 | 17.6% |
| Weighted average number of shares | | | |
| Ordinary shares | 70,000,000 | 70,000,000 | |
| Preference shares | 26,330,125 | 26,215,699 | |
| Percentages of revenue | | | |
| Cost of revenue | 66.5% | 67.0% | |
| Gross profit | 33.5% | 33.0% | |
| Selling, general and administrative | 19.0% | 18.6% | |
| Research and development | 0.8% | 0.8% | |
| Operating income (EBIT) | 13.7% | 13.6% | |
| Interest expense, net | 2.6% | 3.2% | |
| Earnings before income taxes and minority interest | 11.0% | 10.4% | |
| Income tax expense | 4.3% | 4.1% | |
| Minority interest | 0.0% | 0.0% | |
| Net income | 6.7% | 6.2% | |
| EBITDA | 17.4% | 17.5% | |

Fresenius Medical Care AG
Segment and Other Information

| Three Months Ended March 31, (in US-\$ million) (unaudited) | 2005 | 2004* | % Change |
|---|--------------|--------------|--------------|
| Net revenue | | | |
| North America | 1,088 | 1,003 | 8.5% |
| International | 521 | 456 | 14.0% |
| Total net revenue | 1,609 | 1,459 | 10.3% |
| Operating income (EBIT) | | | |
| North America | 146 | 136 | 7.8% |
| International | 82 | 71 | 15.6% |
| Corporate | (8) | (9) | -2.2% |
| Total operating income (EBIT) | 220 | 198 | 11.0% |
| Operating income in percentage of revenue | | | |
| North America | 13.4% | 13.5% | |
| International | 15.8% | 15.6% | |
| Total | 13.7% | 13.6% | |
| Employees | | | |
| Full-time equivalents (March 31 compared to Dec. 31) | 44,957 | 44,526 | |

**Reconciliation of non US-GAAP financial measures
to the most directly comparable US-GAAP financial measures**

| Three Months Ended March 31, (in US-\$ million) (unaudited) | 2005 | 2004* |
|---|--------------|--------------|
| Segment information North America | | |
| Net revenue | 1,088 | 1,003 |
| Costs of revenue and research and development | 785 | 729 |
| Selling, general and administrative | 157 | 138 |
| Costs of revenue and operating expenses | 942 | 867 |
| Operating income (EBIT) | 146 | 136 |
| Annualized EBITDA | | |
| Operating income (EBIT) last twelve months | 874 | 690 |
| Depreciation and amortization last twelve months | 236 | 212 |
| Non cash charges | 11 | 10 |
| Annualized EBITDA | 1,121 | 912 |

* The management responsibility for the Mexican business has been transferred from the segment International to the segment North America starting January 1, 2005. 2004 segment information has been restated accordingly.

Fresenius Medical Care AG
Balance Sheet

| | March 31, (unaudited) | December 31, |
|--|--------------------------|--------------|
| (in US-\$ million) | 2005 | 2004 |
| Assets | | |
| Current assets | 2,468 | 2,446 |
| Intangible assets | 4,039 | 4,047 |
| Other non-current assets | 1,387 | 1,469 |
| Total assets | 7,894 | 7,962 |
| Shareholders' equity and liabilities | | |
| Current liabilities | 1,867 | 1,938 |
| Long-term liabilities | 2,312 | 2,389 |
| Shareholders' equity | 3,715 | 3,635 |
| Total shareholders' equity and liabilities | 7,894 | 7,962 |
| Equity/assets ratio: | 47% | 46% |
| Debt | | |
| Short-term borrowings | 326 | 419 |
| Short-term borrowings from related parties | 6 | 6 |
| Current portion of long-term debt and capital lease obligations | 241 | 230 |
| Long-term debt and capital lease obligations, less current portion | 526 | 545 |
| Trust Preferred Securities | 1,244 | 1,279 |
| Total debt | 2,343 | 2,479 |

Fresenius Medical Care AG
Cash Flow Statement

| Three Months Ended March 31, (in US-\$ million) (unaudited) | 2005 | 2004 |
|---|-------------|-------------|
| Operating activities | | |
| Net income | 107 | 91 |
| Depreciation / amortization | 60 | 57 |
| Change in working capital and other non cash items | (29) | 23 |
| Cash Flow from operating activities | 138 | 171 |
| Investing activities | | |
| Purchases of property, plant and equipment | (44) | (43) |
| Proceeds from sale of property, plant and equipment | 4 | 2 |
| Capital expenditures, net | (40) | (41) |
| Free Cash Flow | 98 | 130 |
| Acquisitions, net of cash acquired | (22) | (42) |
| Free Cash Flow after investing activities | 76 | 88 |
| Financing activities | | |
| Change in accounts receivable securitization program | (71) | (113) |
| Change in intercompany debt | – | 50 |
| Change in other debt | (16) | (14) |
| Proceeds from exercise of stock options | 4 | – |
| Cash Flow from financing activities | (83) | (77) |
| Effects of exchange rates on cash | (1) | (2) |
| Net increase (decrease) in cash | (8) | 9 |
| Cash at beginning of period | 59 | 48 |
| Cash at end of period | 51 | 57 |

Fresenius Medical Care AG
Quarterly Performance Scorecard - Revenue

| Three Months Ended March 31, (in US-\$ thousands, except per-treatment revenue) | 2005 | cc | 2004* | cc |
|--|------------------|-------|------------------|-------|
| North America | | | | |
| Net revenue | 1,088,184 | | 1,002,601 | |
| Growth year-over-year | 8.5% | | 7.2% | |
| Dialysis Care | 968,561 | | 899,351 | |
| Growth year-over-year | 7.7% | | 9.0% | |
| U.S. per treatment | 293 | | 286 | |
| Per treatment | 291 | | 284 | |
| Sequential growth | 1.0% | | 2.2% | |
| Growth year-over-year | 2.4% | | 2.8% | |
| Dialysis Products | | | | |
| incl. internal sales | 207,678 | | 195,918 | |
| less internal sales | (88,055) | | (92,668) | |
| External sales | 119,623 | | 103,250 | |
| Dialysis Products | | | | |
| incl. internal sales | 207,678 | | 195,918 | |
| Growth year-over-year | 6.0% | | 0.6% | |
| External sales | 119,623 | | 103,250 | |
| Growth year-over-year | 15.9% | | -6.1% | |
| International | | | | |
| Net revenue | 520,818 | | 456,455 | |
| Growth year-over-year | 14.1% | 8.4% | 25.2% | 9.9% |
| Dialysis Care | 193,900 | | 158,398 | |
| Growth year-over-year | 22.4% | 16.0% | 32.9% | 17.0% |
| Per treatment | 132 | 125 | 113 | 100 |
| Sequential growth | 2.2% | | 7.7% | |
| Growth year-over-year | 16.8% | 10.7% | 19.2% | 5.0% |
| Dialysis Products | | | | |
| incl. internal sales | 367,322 | | 331,090 | |
| less internal sales | (40,404) | | (33,033) | |
| External sales | 326,918 | | 298,057 | |
| Dialysis Products | | | | |
| incl. internal sales | 367,322 | | 331,090 | |
| Growth year-over-year | 10.9% | 5.4% | 22.1% | 7.0% |
| External sales | 326,918 | | 298,057 | |
| Growth year-over-year | 9.7% | 4.4% | 21.5% | 6.4% |

cc = at constant exchange rates

* The management responsibility for the Mexican business has been transferred from the segment International to the segment North America starting January 1, 2005. 2004 segment information has been restated accordingly.

Fresenius Medical Care AG

Quarterly Performance Scorecard - Dialysis Care Volume

| Three Months Ended March 31, | 2005 | 2004* |
|--|-----------|-----------|
| North America | | |
| Number of treatments | 3,250,110 | 3,170,088 |
| Treatments per day | 42,205 | 40,642 |
| Per day sequential growth | 0.4% | 0.3% |
| Per day year-over-year growth | 3.8% | 3.3% |
| of which | | |
| - acquisitions | 1.0% | 1.2% |
| - same store growth year-over-year | 3.8% | 2.9% |
| - adjustment for closed/sold facilities, yield and other | -1.0% | -0.8% |
| International | | |
| Number of treatments | 1,466,672 | 1,399,400 |
| Same store growth year-over-year | 5.6% | 5.6% |

Fresenius Medical Care AG

Quarterly Performance Scorecard - Expenses

| Three Months Ended March 31, | 2005 | 2004* |
|---|-------|-------|
| North America | | |
| Costs of revenue and operating expenses | | |
| Percent of revenue | 86.6% | 86.5% |
| Selling, general and administrative | | |
| Percent of revenue | 14.4% | 13.7% |
| Bad debt expenses | | |
| Percent of revenue | 2.7% | 2.7% |
| Dialysis Care operating expenses/Treatment (in US-\$) | 253 | 248 |
| Sequential growth | 1.5% | 3.7% |
| Growth year-over-year | 1.9% | 2.2% |
| Total Group | | |
| Costs of revenue and operating expenses | | |
| Percent of revenue | 86.3% | 86.4% |
| Selling, general and administrative | | |
| Percent of revenue | 19.0% | 18.6% |
| Effective tax rate | 39.2% | 39.4% |

* The management responsibility for the Mexican business has been transferred from the segment International to the segment North America starting January 1, 2005. 2004 segment information has been restated accordingly.

Fresenius Medical Care AG

Quarterly Performance Scorecard - Cash Flow/Investing Activities

| Three Months Ended March 31, (in US-\$ thousands, except number of de novos) | 2005 | 2004* |
|---|---------|---------|
| Total Group | | |
| Operating Cash Flow | 138,475 | 171,322 |
| Percent of revenue | 8.6% | 11.7% |
| Free Cash Flow, before acquisitions | 98,430 | 130,408 |
| Percent of revenue | 6.1% | 8.9% |
| Acquisitions, net | 21,988 | 42,401 |
| Capital expenditures, net | 40,045 | 40,914 |
| Percent of revenue | 2.5% | 2.8% |
| Maintenance | 20,537 | 18,757 |
| Percent of revenue | 1.3% | 1.3% |
| Growth | 19,508 | 22,157 |
| Percent of revenue | 1.2% | 1.5% |
| Number of de novos | 23 | 14 |
| North America | 13 | 7 |
| International | 10 | 7 |

Fresenius Medical Care AG

Quarterly Performance Scorecard - Balance Sheet

| Three Months Ended March 31, | 2005 | 2004* |
|------------------------------|-------|--------|
| Total Group | | |
| Debt (in US-\$ million) | 2,343 | 2,651 |
| Debt/EBITDA | 2.1 | 2.6 |
| North America | | |
| Days sales outstanding | 66 | 71 |
| Sequential development | -1.5% | -1.4% |
| Year-over-year development | -7.0% | -10.1% |
| International | | |
| Days sales outstanding | 123 | 121 |
| Sequential development | 3.4% | -4.7% |
| Year-over-year development | 1.7% | -11.0% |

* The management responsibility for the Mexican business has been transferred from the segment International to the segment North America starting January 1, 2005. 2004 segment information has been restated accordingly.

Fresenius Medical Care AG
Quarterly Performance Scorecard

Three Months Ended March 31,

| | 2005 | 2004 |
|--|------|------|
| Clinical Performance | | |
| North America | | |
| Urea reduction \geq 65% | 91% | 90% |
| Single Pool Kt/v > 1.2 | 94% | 94% |
| Hemoglobin \geq 11g/dl | 81% | 77% |
| Albumin \geq 3.5 g/dl* | 78% | 78% |
| Hospitalization days per Patient (FY 2004 vs. FY 2003) | 13.1 | 13.4 |
| Demographics | | |
| North America | | |
| Average age (yr) | 61 | 61 |
| Average time on dialysis (yr) | 3.4 | 3.3 |
| Average body weight (kg) | 77 | 76 |
| Prevalence of diabetes | 52% | 52% |

* International standard BCR CRM 470

Fresenius Medical Care AG
Investor Relations

Else-Kröner-Str. 1
D-61352 Bad Homburg

Contact:

Oliver Maier

Phone: + 49 6172 609 2601

Fax: + 49 6172 609 2301

E-mail: ir-fms@fmc-ag.com

North America:

Heinz Schmidt

Phone: + 1 781 402 9000

Ext.: 4518

Fax: + 1 781 402 9741

E-mail: ir-fmcna@fmc-ag.com

Internet: <http://www.fmc-ag.com>