



Fresenius Medical Care

Fresenius Medical Care Reports Third Quarter and Nine Months 2005 Results; Outlook for 2005 Confirmed

November 03, 2005

Investor News

Excellent Third Quarter 2005:

Net Revenue	\$ 1,717 million	+ 9%
Operating Income (EBIT)	\$ 237 million	+ 11%
Net Income	\$ 116 million	+ 14%
Excluding one-time costs		
Operating Income (EBIT)	\$ 244 million	+ 14%
Net Income	\$ 120 million	+ 18%

Bad Homburg, Germany – November 03, 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 final results for the third quarter and nine months of 2005.

Third Quarter 2005:

Revenue

Total revenue for the third quarter 2005 increased by 9% (8% at constant currency) to \$1,717 million. The total organic growth rate worldwide was 7%. Dialysis Care revenue grew by 9% to \$1,247 million (8% at constant currency) in the third quarter of 2005. Dialysis Product revenue increased by 10% to \$470 million (9% at constant currency) in the same period.

North America revenue increased by 8% to \$1,168 million. Dialysis Care revenue increased by 7% to \$1,037 million. Average revenue per treatment for the U.S. clinics increased by 2.5% to \$299 in the third quarter 2005, as compared to \$291 for the same quarter in 2004. Same-store treatment growth was 3.0% (U.S. operations). Dialysis Product revenue increased by 16% to \$131 million led by strong sales of our 2008K hemodialysis machines and dialyzers.

International revenue was \$549 million, an increase of 12% as compared to the third quarter of 2004, or 10% adjusted for currency. Dialysis Care revenue reached \$210 million, an increase of 20% (17% at constant currency). Dialysis Products revenue increased by 8% to \$338 million (6% at constant currency).

Earnings

Operating Income (EBIT) increased by 11% to \$237 million. Operating income in the third quarter 2005 includes \$7 million of one-time costs related to the transformation of Fresenius Medical Care’s legal form into a Kommanditgesellschaft auf Aktien (KGaA). As previously announced, the Company expects one-time costs for the full year 2005 to be approximately \$10 million for the transformation. This amount includes the one-time costs in the third quarter 2005.

Excluding one-time costs, the operating income for the third quarter 2005 increased by 14% to \$244 million. This very good performance resulted in an operating margin of 14.2% compared to 13.6% for the same quarter in 2004.

Compared with the third quarter 2004, the operating margin in North America increased by 40 basis points to 14.3%. In our International segment, the operating margin increased by 130 basis points to 15.9%. The strong operational performance in the International segment was positively impacted by better production efficiencies, sales of higher margin products, favorable reimbursement environment in major dialysis service countries and foreign currency gains.

Net interest expenses decreased by 8% to \$42 million for the third quarter of 2005. This positive development was mainly attributable to a lower debt level in combination with lower average interest rates.

Income tax expense was \$79 million in the third quarter of 2005, compared to \$67 million in the third quarter of 2004, reflecting effective **tax rates** of 40.3% and 39.8%, respectively.

Net income in the third quarter 2005 was \$116 million, an increase of 14%. Excluding one-time costs, net income increased by 18%.

Earnings per share (EPS) in the third quarter of 2005 rose by 13% to \$1.19 per ordinary share (\$0.40 per ADS), compared to \$1.06 (\$0.35 per ADS) in the third quarter of 2004. The weighted average number of shares outstanding during the third quarter of 2005 was approximately 96.8 million.

Cash Flow

In the third quarter of 2005, the Company generated \$202 million in **net cash from operations**, which is 11.8% of revenue - at the high end of our target.

A total of \$65 million (net of disposals) was used for **capital expenditures**. **Free Cash Flow before acquisitions** was \$137 million for the third quarter of 2005. Days Sales Outstanding (DSO) in the third quarter of 2005 were reduced by 1 day compared to the second quarter of 2005 as a result of strong cash collection efforts, especially in North America. A total of \$34 million in cash was used for **acquisitions**.

Nine Months ended September 30, 2005:

Earnings and Revenue

For the nine months ended September 30, 2005 **net income** was \$339 million, up 16% from the same period in 2004. Excluding one-time costs, net income increased by 17%.

Net revenue for the nine months 2005 was \$4,999 million, up 9% compared to the same period in 2004. Adjusted for currency, net revenue rose 8%.

Operating income (EBIT) increased by 11% to \$695 million. Operating income for the nine months ended September 30, 2005 includes \$8 million of one-time costs related to the transformation of Fresenius Medical Care's legal form into KGaA. Excluding one-time costs, operating income increased by 13% to \$703 million resulting in an operating margin of 14.1% as compared to 13.6% in the same period in 2004.

Net interest expenses for the nine months ended September 30, 2005 decreased by 8% to \$127 million. Income tax expense was \$227 million for the nine months compared to \$193 million in the same period in 2004. This reflects an effective **tax rate** of 40.0% for 2005.

In the nine months ended September 30, 2005 **earnings per ordinary share** rose by 15% to \$3.50 (\$1.17 per ADS).

Cash Flow

Cash from operations for nine months of 2005 was \$470 million compared to \$560 million in the same period of 2004. This reduction was mainly due to higher income tax payments in North America, fluctuations in collections of other receivables and a slower rate of DSO improvement this year.

A total of \$162 million was used for capital expenditures, net of disposals. Free Cash Flow before acquisitions for the nine months of 2005 was \$308 million as compared to \$417 million in the same period of 2004. Net cash used for acquisitions was \$86 million in the nine months ended September 30, 2005.

For a complete overview of the third quarter and nine months of 2005, please refer to the appendix.

Patients - Clinics - Treatments

As of the end of the third quarter in 2005, Fresenius Medical Care served approximately 130,400 **patients** worldwide, which represents an increase in patients of 6%. North America provided dialysis treatments for more than 88,800 patients (+4%) and the International segment served approximately 41,600 patients (+11%).

As of September 30, 2005, the Company operated a total of 1,670 **clinics** worldwide, comprised of 1,155 clinics (+2%) in North America and 515 clinics (+11%) in the International segment.

Fresenius Medical Care delivered approximately 14.66 million **treatments** in the nine months ended September 30, 2005, which represents an increase of 5% year over year. North America accounted for 10.04 million treatments (+4%) and the International segment for 4.63 million treatments (+7%).

Renal Care Group Acquisition

Shareholders of Renal Care Group, Inc. (NYSE: RCI) voted overwhelmingly at its special meeting on August 24, 2005, to adopt the merger agreement under which Fresenius Medical Care AG will acquire Renal Care Group, Inc. for \$48.00 per common share.

The transaction remains subject to other customary closing conditions, including the expiration of the waiting period under the Hart-Scott Rodino Antitrust Improvements Act. The Company and Renal Care Group are in the process of responding to the Federal Trade Commission's (FTC) request for additional information related to the acquisition. The Company is still working toward closing the transaction by the end of 2005. However, our ability to complete the acquisition is dependent upon the FTC's review process and it is possible that the closing date could move into early 2006.

Change of the Legal Form to a KGaA and the Conversion of Preference Shares into Ordinary Shares

Ordinary and preference shareholders of Fresenius Medical Care approved by an overwhelming majority the proposed transformation of the Company's legal form into a partnership limited by shares (Kommanditgesellschaft auf Aktien - "KGaA") as well as the plan for a voluntary exchange offer to convert the Company's preference shares into ordinary shares. At the Extraordinary General Meeting (EGM) on August 30, 2005, the transformation was approved by nearly 91% of the represented ordinary share capital, and the conversion was approved by nearly 94% of the represented ordinary share capital. At the Separate Meeting of Preference Shareholders, which was held immediately following the EGM, the preference share conversion proposal was approved by nearly 85% of the represented preference share capital.

On October 10, 2005 Fresenius Medical Care announced that the Company has been named in certain civil actions by a small number of shareholders contesting the resolutions of the EGM. The Company believes that these actions are without merit and it will defend vigorously the resolutions adopted by the EGM in an appropriate way.

As a result of the acceptance of these capital structure changes by the majority of the shareholders and the scope of the lawsuits, Fresenius Medical Care will continue its preparation to accomplish these value-enhancing transactions with determination.

Additional information related to the anticipated change of the legal form and the planned conversion of preference shares into ordinary shares can be accessed on the website of Fresenius Medical Care at www.fmc-ag.com or www.fmc-ag.de. Form F-4 can be accessed at the Securities and Exchange Commission's website at www.sec.gov.

Outlook 2005 – Confirmed

For the full year 2005, the Company reconfirms its outlook and expects top-line revenue growth at constant currency between 6% and 9% and net income growth between 12% and 15%. The Company expects to achieve the upper end of the net income guidance. This guidance does not take into effect the impact of the Renal Care Group acquisition or the one-time costs for the full year 2005 in connection with the transformation of the Company's legal form, nor the conversion of the preference shares into ordinary shares.

Furthermore, the Company now expects capital expenditures of about \$250-300 million and spending on acquisitions of about \$125-175 million. Previously, the Company anticipated capital expenditures of about \$350-400 million and spending on acquisitions of about \$200-250 million.

Ben Lipps, Chief Executive Officer of Fresenius Medical Care, commented: "Europe and North America, with solid performance from our Latin America and Asia Pacific regions, contributed to our excellent third quarter and nine months financial results, and exceeded expectations. As a result we now expect net income for the year to be at the upper end of our guidance for 2005. Our financial performance shows the continued strength of our business segments worldwide. We have clearly maintained our operational focus while advancing our three major initiatives – the acquisition of Renal Care Group, the corporate structure transformation, and the movement towards one share class, resulting from the preference share conversion offer".

Video Webcast

Fresenius Medical Care will hold an analyst meeting at its headquarters in Bad Homburg, Germany, to discuss the results of the third quarter and nine months on November 3, 2005 at 2.45pm CET / 8.45am EST. The Company invites investors to view 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.

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 1,670 dialysis clinics in North America, Europe, Latin America, Asia-Pacific and Africa, Fresenius Medical Care provides dialysis treatment to approximately 130,400 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
September 30,

Nine Months Ended
September 30,

(in US-\$ thousands, except share and per share data)
(unaudited)

	2005	2004	% Change	2005	2004	% Change
Net revenue						
Dialysis Care	1,246,949	1,148,863	8.5%	3,610,057	3,334,011	8.3%
Dialysis Products	469,810	427,755	9.8%	1,389,392	1,253,965	10.8%
Total net revenue	1,716,759	1,576,618	8.9%	4,999,449	4,587,976	9.0%
Cost of revenue	1,124,189	1,059,501	6.1%	3,280,887	3,063,759	7.1%
Gross profit	592,570	517,117	14.6%	1,718,562	1,524,217	12.8%
Selling, general and administrative	341,889	291,294	17.4%	983,402	861,126	14.2%
Research and development	13,705	11,767	16.5%	40,096	38,169	5.0%
Operating income (EBIT)	236,976	214,056	10.7%	695,064	624,922	11.2%
Interest income	(5,320)	(4,188)	27.0%	(11,274)	(9,908)	13.8%
Interest expense	47,154	49,525	-4.8%	138,035	147,267	-6.3%
Interest expense, net	41,834	45,337	-7.7%	126,761	137,359	-7.7%
Earnings before income taxes and minority interest	195,142	168,719	15.7%	568,303	487,563	16.6%
Income tax expense	78,639	67,126	17.2%	227,156	193,388	17.5%
Minority interest	558	(539)	-203.5%	1,727	367	370.6%
Net income	115,945	102,132	13.5%	339,420	293,808	15.5%
Operating income (EBIT)	236,976	214,056	10.7%	695,064	624,922	11.2%
Depreciation and amortization	61,971	57,540	7.7%	183,299	171,367	7.0%
EBITDA	298,947	271,596	10.1%	878,363	796,289	10.3%
Total bad debt expenses	37,068	31,839		102,066	94,528	
Earnings per Ordinary share	\$1.19	\$1.06	12.9%	\$3.50	\$3.04	15.4%
Earnings per Ordinary ADS	\$0.40	\$0.35	12.9%	\$1.17	\$1.01	15.4%
Earnings per Preference share	\$1.21	\$1.07	12.7%	\$3.56	\$3.09	15.1%
Earnings per Preference ADS	\$0.40	\$0.36	12.7%	\$1.19	\$1.03	15.1%
Weighted average number of shares						
Ordinary shares	70,000,000	70,000,000		70,000,000	70,000,000	
Preference shares	26,797,112	26,247,417		26,421,404	26,231,287	
Percentages of revenue						
Cost of revenue	65.5%	67.2%		65.6%	66.8%	
Gross profit	34.5%	32.8%		34.4%	33.2%	
Selling, general and administrative	19.9%	18.5%		19.7%	18.8%	
Research and development	0.8%	0.7%		0.8%	0.8%	
Operating income (EBIT)	13.8%	13.6%		13.9%	13.6%	
Interest expense, net	2.4%	2.9%		2.5%	3.0%	
Earnings before income taxes and minority interest	11.4%	10.7%		11.4%	10.6%	
Income tax expense	4.6%	4.3%		4.5%	4.2%	
Minority interest	0.0%	0.0%		0.0%	0.0%	
Net income	6.8%	6.5%		6.8%	6.4%	
EBITDA	17.4%	17.2%		17.6%	17.4%	

Fresenius Medical Care AG Segment and Other Information	Three Months Ended September 30,			Nine Months Ended September 30,		
(in US-\$ million) (unaudited)	2005	2004*	% Change	2005	2004*	% Change
Net revenue						
North America	1,168	1,086	7.5%	3,383	3,149	7.4%
International	549	491	11.9%	1,616	1,439	12.3%
Total net revenue	1,717	1,577	8.9%	4,999	4,588	9.0%
Operating income (EBIT)						
North America	167	151	11.2%	471	433	8.7%
International	87	71	21.4%	261	218	20.0%
Corporate	(17)	(8)	113.5%	(37)	(26)	41.9%
Total operating income (EBIT)	237	214	10.7%	695	625	11.2%
Operating income (EBIT) in percentage of revenue						
North America	14.3%	13.9%		13.9%	13.8%	
International	15.9%	14.6%		16.2%	15.1%	
Total	13.8%	13.6%		13.9%	13.6%	
Employees						
Full-time equivalents (September 30 compared to Dec. 31)				47,030	44,526	

* 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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in US-\$ million) (unaudited)	2005	2004*	2005	2004*
Segment information North America				
Net revenue	1,168	1,086	3,383	3,149
Costs of revenue and research and development	823	777	2,405	2,268
Selling, general and administrative	178	158	507	447
Costs of revenue and operating expenses	1,001	935	2,912	2,715
Operating income (EBIT)	167	151	471	434
Annualized EBITDA				
Operating income (EBIT) last twelve months			922	833
Depreciation and amortization last twelve months			245	228
Non-cash charges			8	14
Annualized EBITDA			1,175	1,075

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Fresenius Medical Care AG

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in US-\$ million) (unaudited)	2005	2004	% Change	2005	2004	% Change
Operating income (EBIT)	237	214	11%	695	625	11%
One-time costs for transformation of legal form	7	0		8	0	
Operating income (EBIT) excluding one-time costs	244	214	14%	703	625	13%
Net income	116	102	14%	339	294	16%
One-time costs for transformation of legal form	4	0		5	0	
Net income excluding one-time costs	120	102	18%	344	294	17%

These non US-GAAP financial measures are provided to assist readers in evaluation of Fresenius Medical Care's underlying operating performance before this non-recurring item.

Fresenius Medical Care AG Balance Sheet	September 30, (unaudited)	December 31,
(in US-\$ million)	2005	2004
Assets		
Current assets	2,526	2,446
Intangible assets	4,051	4,047
Other non-current assets	1,392	1,469
Total assets	7,969	7,962
Shareholders' equity and liabilities		
Current liabilities	1,658	1,938
Long-term liabilities	2,481	2,389
Shareholders' equity	3,830	3,635
Total Shareholders' equity and liabilities	7,969	7,962
Equity/assets ratio:	48%	46%
Debt		
Short-term borrowings	177	419
Short-term borrowings from related parties	5	6
Current portion of long-term debt and capital lease obligations	118	230
Long-term debt and capital lease obligations, less current portion	757	545
Trust Preferred Securities	1,205	1,279
Total debt	2,262	2,479

Fresenius Medical Care AG
Cash Flow Statement

Nine Months Ended September 30, (in US-\$ million) (unaudited)	2005	2004
Operating activities		
Net income	339	294
Depreciation / amortization	183	171
Change in working capital and other non-cash items	(52)	95
Cash flow from operating activities	470	560
Investing activities		
Purchases of property, plant and equipment	(175)	(156)
Proceeds from sale of property, plant and equipment	13	13
Capital expenditures, net	(162)	(143)
Free Cash flow	308	417
Acquisitions, net of cash acquired	(86)	(74)
Free Cash flow after investing activities	222	343
Financing activities		
Change in accounts receivable securitization program	(222)	(91)
Change in intercompany debt	0	(23)
Change in other debt	112	(97)
Proceeds from exercise of stock options	49	2
Dividends paid	(137)	(122)
Cash flow from financing activities	(198)	(331)
Effects of exchange rates on cash	(3)	(2)
Net increase in cash	21	10
Cash at beginning of period	59	48
Cash at end of period	80	58

Fresenius Medical Care AG
Quarterly Performance Scorecard - Revenue

Three Months Ended September, (in US-\$ thousands, except per-treatment revenue)	2005	cc	2004*	cc
North America				
Net revenue	1,168,116		1,086,322	
Growth year-over-year	7.5%		10.5%	
Dialysis Care	1,036,568		973,131	
Growth year-over-year	6.5%		11.3%	
U.S. per treatment	299		291	
Per treatment	296		290	
Sequential growth	1.5%		0.9%	
Growth year-over-year	2.0%		4.3%	
Dialysis Products				
incl. internal sales	224,343		205,188	
less internal sales	(92,795)		(91,997)	
External sales	131,548		113,191	
Dialysis Products				
incl. internal sales	224,343		205,188	
Growth year-over-year	9.3%		3.7%	
External sales	131,548		113,191	
Growth year-over-year	16.2%		3.5%	
International				
Net revenue	548,642		490,295	
Growth year-over-year	11.9%	9.8%	15.1%	7.3%
Dialysis Care	210,381		175,732	
Growth year-over-year	19.7%	16.5%	22.0%	14.0%
Per treatment	130	126	120	112
Sequential growth	-0.2%		-2.4%	
Growth year-over-year	8.4%	5.5%	16.0%	8.4%
Dialysis Products				
incl. internal sales	390,211		350,282	
less internal sales	(51,950)		(35,719)	
External sales	338,261		314,563	
Dialysis Products				
incl. internal sales	390,211		350,282	
Growth year-over-year	11.4%	9.6%	12.1%	4.3%
External sales	338,261		314,563	
Growth year-over-year	7.5%	6.1%	11.6%	3.9%

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 September 30,	2005	2004*
North America		
Number of treatments	3,430,832	3,280,401
Treatments per day	43,422	41,521
Per day sequential growth	1.0%	0.3%
Per day year-over-year growth	4.6%	4.0%
of which:		
- Acquisitions	1.3%	1.3%
- Same store growth year-over-year	3.3%	3.3%
- Adjustment for closed/sold facilities, yield and other	0.0%	-0.6%
International		
Number of treatments	1,619,803	1,466,439
Same store growth year-over-year	9.4%	3.5%

Fresenius Medical Care AG

Quarterly Performance Scorecard - Expenses

Three Months Ended September 30,	2005	2004*
North America		
Costs of revenue and operating expenses		
Percent of revenue	85.7%	86.1%
Selling, general and administrative		
Percent of revenue	15.2%	14.5%
Bad debt expenses		
Percent of revenue	3.0%	2.6%
Dialysis Care operating expenses/Treatment (in US-\$)	254	251
Sequential growth	0.4%	0.1%
Growth year-over-year	1.1%	3.9%
Total Group		
Costs of revenue and operating expenses		
Percent of revenue	86.2%	86.4%
Selling, general and administrative		
Percent of revenue	19.9%	18.5%
Effective tax rate	40.3%	39.8%

* 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 September 30, (in US-\$ thousands, except number of de novos)	2005	2004*
Total Group		
Operating Cash Flow	201,870	209,177
Percent of revenue	11.8%	13.3%
Free Cash Flow, before acquisitions	137,452	160,840
Percent of revenue	8.0%	10.2%
Acquisitions, net	34,195	22,035
Capital expenditures, net	64,418	48,336
Percent of revenue	3.8%	3.1%
Maintenance	35,197	28,593
Percent of revenue	2.1%	1.8%
Growth	29,221	19,743
Percent of revenue	1.7%	1.3%
Number of de novos	14	10
North America	6	5
International	8	5

Fresenius Medical Care AG

Quarterly Performance Scorecard - Balance Sheet

Three Months Ended September 30,	2005	2004*
Total Group		
Debt (in US-\$ million)	2,262	2,519
Debt/EBITDA	1.9	2.3
North America		
Days sales outstanding	63	66
Sequential development	-3.1%	-4.3%
Year-over-year development	-4.5%	-9.6%
International		
Days sales outstanding	122	124
Sequential development	-0.8%	1.6%
Year-over-year development	-1.6%	-10.1%

* 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 September 30,	2005	2004
Clinical Performance		
North America		
Urea reduction \geq 65%	90%	91%
Single Pool Kt/v > 1.2	93%	94%
Hemoglobin \geq 11g/dl	82%	81%
Albumin \geq 3.5 g/dl*	79%	80%
Hospitalization days per Patient (12 months ending September 30,)	11.9	12.5
Demographics		
North America		
Average age (yr)	61	61
Average time on dialysis (yr)	3.4	3.4
Average body weight (kg)	77	76
Prevalence of diabetes	52%	52%

* International standard BCR CRM470

Fresenius Medical Care AG

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