

Fresenius Medical Care AG & Co. KGaA

COMPLETE OVERVIEW OF THE FIRST QUARTER 2023

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Investor Relations

phone: +49 6172 609 2525

email: ir@fmc-ag.com

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Disclaimer

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 & Co. KGaA's reports filed with the U.S. Securities and Exchange Commission. Fresenius Medical Care AG & Co. KGaA does not undertake any responsibility to update the forward-looking statements in this release.

Statement of earnings

in € million, except share data, unaudited

Three months ended March 31,

	2023	2022	Change	Change at cc
Total revenue	4,704	4,548	3.4%	1.7%
Costs of revenue	3,555	3,374	5.4%	3.6%
Selling, general and administrative expenses	782	790	-1.0%	-3.2%
Research and development expenses	56	50	12.3%	10.3%
Income from equity method investees	(28)	(10)	162.4%	161.5%
Other operating income	(117)	(129)	-8.8%	8.9%
Other operating expense	195	125	55.1%	81.3%
Operating income	261	348	-24.9%	-27.8%
Operating income excl. special items and PRF ¹	354	390	-9.4%	-12.7%
Interest income	(12)	(14)	-14.4%	-6.5%
Interest expense	95	83	13.8%	11.2%
Interest expense, net	83	69	19.5%	14.8%
Income before income taxes	178	279	-36.0%	-38.4%
Income tax expense	45	67	-33.3%	-35.7%
Net income	133	212	-36.8%	-39.2%
Net income attributable to noncontrolling interests	47	55	-12.8%	-16.4%
Net income attributable to shareholders of FMC AG & Co. KGaA	86	157	-45.1%	-47.2%
Net income attributable to shareholders of FMC AG & Co. KGaA excl. special items and PRF ¹	154	197	-21.6%	-24.2%
Operating income	261	348	-24.9%	-27.8%
Depreciation, amortization and impairment loss	438	419	4.5%	1.8%
EBITDA	699	767	-8.9%	-11.6%
Weighted average number of shares	293,413,449	293,007,109		
Basic earnings per share	€0.29	€0.54	-45.2%	-47.2%
Basic earnings per ADS	€0.15	€0.27	-45.2%	-47.2%
In percent of revenue				
Operating income margin	5.5%	7.6%		
Operating income margin excl. special items and PRF ¹	7.5%	8.6%		
EBITDA margin	14.9%	16.9%		

¹ For a reconciliation of special items, please refer to the table on page 8.

Segment information

unaudited

Three months ended March 31,

	2023	2022	Change	Change at cc
Total				
Revenue in € million	4,704	4,548	3.4%	1.7%
Operating income in € million	261	348	-24.9%	-27.8%
Operating income margin	5.5%	7.6%		
Operating income in € million excl. special items and PRF ¹	354	390	-9.4%	-12.7%
Operating income margin excl. special items and PRF ¹	7.5%	8.6%		
Days sales outstanding (DSO) ²	76	68		
Employees (headcount)	125,231	130,177		
Care Delivery segment				
Revenue in € million	3,756	3,647	3.0%	0.7%
Operating income in € million	284	298	-4.4%	-8.5%
Operating income margin	7.6%	8.2%		
Operating income in € million excl. special items and PRF ¹	302	310	-2.5%	-6.4%
Operating income margin excl. special items and PRF ¹	8.0%	8.5%		
Days sales outstanding (DSO) ²	71	60		
Care Enablement segment				
Revenue in € million	1,311	1,267	3.4%	3.4%
Operating income in € million	(24)	69	n.a.	n.a.
Operating income margin	-1.9%	5.5%		
Operating income in € million excl. special items and PRF ¹	69	96	-28.6%	-31.9%
Operating income margin excl. special items and PRF ¹	5.2%	7.6%		
Days sales outstanding (DSO) ²	92	100		
Inter-segment eliminations ³				
Revenue in € million	(363)	(366)	-1.2%	-2.3%
Operating income in € million	(9)	(9)	6.9%	1.3%
Corporate				
Operating income in € million	10	(10)	n.a.	n.a.
Operating income in € million excl. special items and PRF ¹	(8)	(7)	13.7%	-14.7%

¹ For a reconciliation of special items, please refer to the table on page 8.

² 2022 includes DSO as of December 31, 2022.

³ The Company transfers products between segments at fair market value. The associated internal revenues and expenses and any remaining internally generated profit or loss for the product transfers are recorded within the operating segments initially, are eliminated upon consolidation and are included within "Inter-segment eliminations".

cc = constant currency. Changes in revenue, operating income and net income attributable to shareholders of FMC AG & Co. KGaA include the impact of changes in foreign currency exchange rates. We calculate and present these financial measures using both IFRS and at constant exchange rates to show changes in these metrics and other items without giving effect to period-to-period currency fluctuations. Under IFRS, amounts received in local (non-euro) currency are translated into euro at the average exchange rate for the period presented. Once we translate the local currency for the constant currency, we then calculate the change, as a percentage, of the current period using the prior period exchange rates versus the prior period. The single quarter results are calculated as the variance between the current year-to-date results less the preceding quarter's year-to-date which makes the single quarter subject to further foreign exchange fluctuation. This resulting percentage is a non-IFRS measure referring to a change as a percentage at constant currency. These currency-adjusted financial measures are identifiable by the designated term "Constant Currency".

Balance sheet

in € million, except for net leverage ratio, unaudited

March 31,

December 31,

	2023	2022
Assets		
Current assets	8,562	8,203
Goodwill and intangible assets	16,895	17,310
Right-of-use assets	4,052	4,187
Other non-current assets	5,992	6,054
Total assets	35,501	35,754
Liabilities and equity		
Current liabilities	6,492	6,467
Non-current liabilities	13,782	13,838
Total equity	15,227	15,449
Total liabilities and equity	35,501	35,754
Equity/assets ratio	43%	43%
Debt and lease liabilities		
Short-term debt from unrelated parties	700	665
Short-term debt from related parties	13	4
Current portion of long-term debt	697	694
Current portion of lease liabilities from unrelated parties	633	650
Current portion of lease liabilities from related parties	25	24
Long-term debt, less current portion	7,328	7,171
Lease liabilities from unrelated parties, less current portion	3,741	3,875
Lease liabilities from related parties, less current portion	129	130
Total debt and lease liabilities	13,266	13,213
Minus: Cash and cash equivalents	(1,224)	(1,274)
Total net debt and lease liabilities	12,042	11,939
Reconciliation of annualized adjusted EBITDA and net leverage ratio to the most directly comparable IFRS financial measures		
Net income	816	895
Income tax expense	303	325
Interest income	(66)	(68)
Interest expense	372	360
Depreciation and amortization	1,716	1,718
Adjustments ¹	358	320
Annualized adjusted EBITDA	3,499	3,550
Net leverage ratio	3.4	3.4

¹ Acquisitions and divestitures made for the last twelve months with a purchase price above a €50 M threshold as defined in the Syndicated Credit Facility (2023: -€17 M; 2022: -€22 M), non-cash charges, primarily related to pension expense (2023: €53 M; 2022: €54 M), impairment loss (2023: €141 M; 2022: €120 M) and special items, including costs related to the FME25 Program (2023: €150 M; 2022: €155 M), Legal Form Conversion Costs (2023: €2 M), Legacy Portfolio Optimization (2023: €60 M), Net Gain Related to InterWell Health (2023: -€114 M; 2022: -€114 M), Humacyte Investment Remeasurement (2023: €80 M; 2022: €103 M), Hyperinflation in Türkiye (2023: €5 M; 2022: €5 M) and the Impacts Related to the War in Ukraine (2023: -€2 M; 2022: €19 M).

Cash flow statement

in € million, unaudited

Three months ended March 31,

	2023	2022
Operating activities		
Net income	133	212
Depreciation, amortization and impairment loss	438	419
Change in working capital and other non-cash items	(428)	(472)
Net cash provided by (used in) operating activities	143	159
In percent of revenue	3.0%	3.5%
Investing activities		
Purchases of property, plant and equipment and capitalized development costs	(142)	(162)
Proceeds from sale of property, plant and equipment	1	2
Capital expenditures, net	(141)	(160)
Free cash flow	2	(1)
In percent of revenue	0.0%	0.0%
Acquisitions and investments, net of cash acquired, and purchases of intangible assets	(4)	(36)
Investments in debt securities	(45)	(43)
Proceeds from divestitures	12	14
Proceeds from sale of debt securities	15	13
Free cash flow after investing activities	(20)	(53)

Revenue development by segment

in € million, unaudited	2023	2022	Change	Change at cc	Organic growth	Same market treatment growth ¹
Three months ended March 31,						
Total revenue	4,704	4,548	3.4%	1.7%	2.4%	
Care Delivery segment	3,756	3,647	3.0%	0.7%	1.5%	0.0%
Thereof: U.S.	3,003	2,930	2.5%	-2.0%	-1.1%	-0.3%
Thereof: International	753	717	4.9%	11.8%	12.2%	0.5%
Care Enablement segment	1,311	1,267	3.4%	3.4%	3.4%	
Inter-segment eliminations	(363)	(366)	-1.2%	-2.3%		

¹ Same market treatment growth = organic growth less price effects

Reconciliation of health care services and health care products revenue to new segments

in € million, unaudited	Care Delivery segment	Care Enablement segment	Inter-segment eliminations	Total
Three months ended March 31, 2023				
Health care services revenue	3,713	—	—	3,713
Health care products revenue	43	948	—	991
Inter-segment revenue	—	363	(363)	—
Revenue	3,756	1,311	(363)	4,704
Three months ended March 31, 2022				
Health care services revenue	3,607	—	—	3,607
Health care products revenue	40	901	—	941
Inter-segment revenue	—	366	(366)	—
Revenue	3,647	1,267	(366)	4,548



Key metrics Care Delivery segment

unaudited

Three months ended March 31, 2023

	Clinics	Growth in % yoy	Net change in clinics ¹	Patients	Growth in % yoy	Treatments	Growth in % yoy
Total	4,060	-2%	(56)	343,067	0%	12,843,574	0%
Thereof: U.S.	2,636	-2%	(35)	206,197	1%	7,709,803	0%
Thereof: International	1,424	-3%	(21)	136,870	-1%	5,133,771	-1%

¹ Net change in clinics (acquired, de novo, combined, closed and sold) in comparison to December 31, 2022.

yoy = year-on-year

Reconciliation of non-IFRS financial measures to the most directly comparable IFRS financial measures for comparability with the Company's outlook

in € million, except share data, unaudited	Results 2023	Special Items					Sum of special items	Results 2023 excl. special items	Results 2022	Special Items			Provider Relief Funding (PRF)	Sum of special items and PRF	Results 2022 excl. special items and PRF	
		FME25 Program	Legal Form Conversion Costs	Legacy Portfolio Optimization ¹	Humacyte Investment Remeasure- ment					FME25 Program	Humacyte Investment Remeasure- ment	Ukraine War ²			Change	Change at cc
Three months ended March 31,																
Total revenue	4,704						4,704	4,548						4,548	3.4%	1.7%
EBITDA	699	22	2	60	(19)	65	764	767	28	3	21	(16)	36	803	-4.9%	-7.7%
Total operating income	261	26	2	84	(19)	93	354	348	33	3	22	(16)	42	390	-9.4%	-12.7%
Care Delivery segment	284	17	—	1	—	18	302	298	20	—	8	(16)	12	310	-2.5%	-6.4%
Care Enablement segment	(24)	10	—	83	—	93	69	69	13	—	14	—	27	96	-28.6%	-31.9%
Inter-segment eliminations	(9)	—	—	—	—	—	(9)	(9)	—	—	—	—	—	(9)	6.9%	1.3%
Corporate	10	(1)	2	—	(19)	(18)	(8)	(10)	—	3	—	—	3	(7)	13.7%	-14.7%
Interest expense, net	83						83	69						69	19.5%	14.8%
Income tax expense	45	6	1	23	(5)	25	70	67	9	0	3	(4)	8	75	-8.3%	-11.6%
Net income attributable to noncontrolling interests	47						47	55	—	—	—	(6)	(6)	49	-3.1%	-7.1%
Net income³	86	20	1	61	(14)	68	154	157	24	3	19	(6)	40	197	-21.6%	-24.2%
Basic earnings per share	€0.29	€0.07	€0.00	€0.21	€(0.04)	€0.24	€0.53	€0.54	€0.08	€0.01	€0.06	€(0.02)	€0.13	€0.67	-21.7%	-24.3%

¹ Costs mainly comprise the derecognition of capitalized development costs and the impairment of intangible assets (licenses and distribution rights) as well as termination costs (including certain contractual obligation expenses) related to a dialysis cyclor development program which was discontinued in Q1 2023.

² Bad debt expense in Russia and Ukraine and accruals for certain risks associated with allowances on inventories related to the Ukraine War.

³ Attributable to shareholders of FMC AG & Co. KGaA

Outlook 2023

	Results 2022	Outlook 2023 (at Constant Currency)
Revenue ¹	€19,398 M	low to mid-single digit percentage rate growth
Operating income ¹	€1,540 M	flat to high-single digit percentage rate decline

¹ Outlook 2023 is based on the assumptions outlined in the earnings release for the fourth quarter and full year of 2022 and excludes special items. Special items include further costs related to the FME25 program, Legal Form Conversion Costs, Legacy Portfolio Optimization, Humacyte Investment Remeasurement and other effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of giving guidance. The growth rates are based on the results 2022 excluding the costs related to the FME25 program (€204 M for operating income), Net Gain Related to InterWell Health (-€56 M for operating income), Humacyte Investment Remeasurement (€103 M for operating income), Hyperinflation in Türkiye (€5 M for operating income) and the Impacts Related to the War in Ukraine (€49 M for operating income). Additionally, the results 2022 were adjusted for the Provider Relief Funding (-€277 M for operating income).