

Fresenius Medical Care AG & Co. KGaA

COMPLETE OVERVIEW OF THE RESULTS FOR THE THIRD QUARTER AND NINE MONTHS 2016

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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 US\$ million, except share data, unaudited

	Three months ended September 30			Nine months ended September 30		
	2016	2015	Change	2016	2015	Change
Health Care revenue	3,839	3,506	9.5%	11,061	10,249	7.9%
Less: patient service bad debt provision	105	104	0.8%	341	320	6.7%
Net Health Care revenue	3,734	3,402	9.8%	10,720	9,929	8.0%
Dialysis products revenue	864	829	4.2%	2,504	2,461	1.8%
Total net revenue	4,598	4,231	8.7%	13,224	12,390	6.7%
Costs of revenue	3,126	2,849	9.7%	9,036	8,527	6.0%
Gross profit	1,472	1,382	6.5%	4,188	3,863	8.4%
Selling, general and administrative	787	742	6.0%	2,278	2,120	7.4%
Research and development	44	35	25.6%	120	100	19.7%
Income from equity method investees	(29)	(9)	221.3%	(61)	(22)	177.1%
Operating income (EBIT)	670	614	9.2%	1,851	1,665	11.2%
Interest income	(10)	(6)	51.8%	(38)	(80)	-51.8%
Interest expense	110	106	3.7%	346	384	-9.6%
Interest expense, net	100	100	0.6%	308	304	1.4%
Income before taxes	570	514	10.9%	1,543	1,361	13.4%
Income tax expense	164	168	-2.5%	471	441	6.6%
Net income	406	346	17.4%	1,072	920	16.6%
Less: Net income attributable to noncontrolling interests	73	84	-13.0%	217	207	5.0%
Net income attributable to shareholders of FMC AG & Co. KGaA	333	262	27.0%	855	713	20.0%
Operating income (EBIT)	670	614	9.2%	1,851	1,665	11.2%
Depreciation and amortization	197	179	9.3%	573	537	6.7%
EBITDA	867	793	9.2%	2,424	2,202	10.1%
EBITDA margin	18.8%	18.7%		18.3%	17.8%	
Weighted average number of shares	305,972,432	304,738,291		305,602,983	304,201,787	
Basic earnings per share	\$1.09	\$0.86	26.5%	\$2.80	\$2.34	19.4%
Basic earnings per ADS	\$0.54	\$0.43	26.5%	\$1.40	\$1.17	19.4%
In percent of revenue						
Costs of revenue	68.0%	67.3%		68.3%	68.8%	
Gross profit	32.0%	32.7%		31.7%	31.2%	
Operating income (EBIT)	14.6%	14.5%		14.0%	13.4%	
Net income attributable to shareholders of FMC AG & Co. KGaA	7.2%	6.2%		6.5%	5.8%	

Segment information

unaudited

Three months ended September 30 Nine months ended September 30

	2016	2015	Change	2016	2015	Change
Total						
Revenue in US\$ million	4,598	4,231	8.7%	13,224	12,390	6.7%
Operating income (EBIT) in US\$ million	670	614	9.2%	1,851	1,665	11.2%
Operating income margin in %	14.6%	14.5%		14.0%	13.4%	
Delivered EBIT in US\$ million	597	530	12.7%	1,634	1,458	12.1%
Days sales outstanding (DSO)				72	71	
Employees (full-time equivalents)				108,851	102,591	
North America						
Revenue in US\$ million	3,300	3,013	9.6%	9,512	8,730	9.0%
Operating income (EBIT) in US\$ million	536	515	4.0%	1,486	1,284	15.7%
Operating income margin in %	16.2%	17.1%		15.6%	14.7%	
Delivered EBIT in US\$ million	466	435	7.2%	1,276	1,085	17.6%
Days sales outstanding (DSO)				55	52	
U.S.						
Revenue per dialysis treatment in US\$	350	347	1.0%	350	345	1.4%
Cost per dialysis treatment in US\$	278	273	1.9%	281	282	-0.6%
EMEA						
Revenue in US\$ million	675	659	2.5%	1,982	1,956	1.4%
Operating income (EBIT) in US\$ million	125	130	-3.5%	395	405	-2.6%
Operating income margin in %	18.5%	19.7%		19.9%	20.7%	
Delivered EBIT in US\$ million	124	129	-3.6%	393	403	-2.7%
Days sales outstanding (DSO)				108	112	
Asia-Pacific						
Revenue in US\$ million	427	378	13.0%	1,198	1,107	8.2%
Operating income (EBIT) in US\$ million	85	68	25.4%	225	219	2.5%
Operating income margin in %	19.8%	17.9%		18.7%	19.8%	
Delivered EBIT in US\$ million	83	65	26.6%	220	213	3.0%
Days sales outstanding (DSO)				110	111	
Latin America						
Revenue in US\$ million	192	176	9.2%	520	576	-9.8%
Operating income (EBIT) in US\$ million	20	(8)	n.a.	47	25	85.8%
Operating income margin in %	10.5%	-4.7%		9.1%	4.4%	
Delivered EBIT in US\$ million	20	(8)	n.a.	47	25	87.5%
Days sales outstanding (DSO)				144	132	
Corporate						
Revenue in US\$ million	4	5	-43.0%	12	21	-46.7%
Operating income (EBIT) in US\$ million	(96)	(91)	5.6%	(302)	(268)	11.9%
Delivered EBIT in US\$ million	(96)	(91)	5.7%	(302)	(268)	11.9%

Balance sheet

in US\$ million, except debt/EBITDA ratio

	September 30	December 31
	2016	2015
	(unaudited)	(audited)
Assets		
Current assets	7,218	6,768
Goodwill and Intangible assets	14,307	13,863
Other non-current assets	5,133	4,734
Total assets	26,658	25,365
Liabilities and equity		
Current liabilities	5,254	4,149
Long-term liabilities	8,943	9,692
Noncontrolling interests subject to put provisions and other temporary equity	1,223	1,028
Total equity	11,238	10,496
Total liabilities and equity	26,658	25,365
Equity/assets ratio	42%	41%
Debt		
Short-term debt	721	109
Short-term debt from related parties	99	19
Current portion of long-term debt and capital lease obligations	891	664
Long-term debt and capital lease obligations, less current portion	7,174	7,854
Total debt	8,885	8,646
Debt/EBITDA ratio	2.6	2.8

In accordance with ASU 2015-17 (Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes) as of December 31, 2015 deferred taxes previously recorded in current assets and liabilities have been reclassified to noncurrent assets and liabilities in the amount of US\$216 million and US\$36 million, respectively. As a result of deferred tax netting, noncurrent assets and liabilities were then adjusted in the amount of US\$168 million.

Cash flow statement

in US\$ million, unaudited

	Three months ended		Nine months ended	
	September 30		September 30	
	2016	2015	2016	2015
Operating activities				
Net income	406	346	1,072	920
Depreciation / amortization	197	179	573	537
Change in working capital and other non-cash items	(164)	54	(349)	(45)
Net cash provided by operating activities	439	579	1,296	1,412
In percent of revenue	9.5%	13.7%	9.8%	11.4%
Investing activities				
Purchases of property, plant and equipment	(242)	(230)	(748)	(647)
Proceeds from sale of property, plant and equipment	6	6	14	11
Capital expenditures, net	(236)	(224)	(734)	(636)
Free cash flow	203	355	562	776
In percent of revenue	4.4%	8.4%	4.3%	6.3%
Acquisitions and investments, net of cash acquired, and purchases of intangible assets	(83)	(65)	(387)	(166)
Proceeds from divestitures	46	8	193	42
Acquisitions and investments, net of divestitures	(37)	(57)	(194)	(124)
Free cash flow after investing activities	166	298	368	652

Revenue development

in US\$ million, unaudited	2016	2015	Change	Change at cc	Organic growth	Same market treatment growth ¹
Three months ended September 30						
Total revenue	4,598	4,231	8.7%	9.2%	7.4%	
Net Health Care	3,734	3,402	9.8%	10.3%	7.8%	3.0%
Dialysis products	864	829	4.2%	4.8%	5.7%	
North America						
Total revenue	3,300	3,013	9.6%	9.6%	7.4%	
Net Health Care	3,068	2,794	9.8%	9.8%	7.4%	3,3% ²
Thereof Net Care Coordination revenue	618	480	29.0%	29.0%	24.0%	
Thereof Net Dialysis Care revenue	2,450	2,314	5.8%	5.8%	4.0%	3,3% ²
Dialysis products	232	219	6.5%	6.5%	6.6%	
EMEA						
Total revenue	675	659	2.5%	4.1%	1.7%	
Net Health Care	335	309	8.3%	10.3%	3.2%	3.8%
Dialysis products	340	350	-2.6%	-1.4%	0.5%	
Asia-Pacific						
Total revenue	427	378	13.0%	8.2%	8.4%	
Net Health Care	192	168	15.0%	3.2%	3.8%	4.3%
Dialysis products	235	210	11.4%	12.1%	12.1%	
Latin America						
Total revenue	192	176	9.2%	27.5%	28.2%	
Net Health Care	139	131	6.0%	30.6%	31.5%	2.0%
Dialysis products	53	45	18.6%	18.2%	18.5%	
Corporate						
Total revenue	4	5	-43.0%	-43.3%		
Nine months ended September 30						
Total revenue	13,224	12,390	6.7%	8.2%	6.9%	
Net Health Care	10,720	9,929	8.0%	9.2%	7.3%	3.3%
Dialysis products	2,504	2,461	1.8%	4.3%	5.3%	
North America						
Total revenue	9,512	8,730	9.0%	9.0%	7.1%	
Net Health Care	8,838	8,087	9.3%	9.3%	7.3%	3,7% ³
Thereof Net Care Coordination revenue	1,704	1,382	23.4%	23.4%	19.2%	
Thereof Net Dialysis Care revenue	7,134	6,705	6.4%	6.4%	4.8%	3,7% ³
Dialysis products	674	643	4.9%	4.9%	5.0%	
EMEA						
Total revenue	1,982	1,956	1.4%	3.9%	2.5%	
Net Health Care	967	919	5.1%	8.5%	3.3%	3.7%
Dialysis products	1,015	1,037	-2.0%	-0.1%	1.7%	
Asia-Pacific						
Total revenue	1,198	1,107	8.2%	8.0%	8.4%	
Net Health Care	538	496	8.5%	2.8%	3.7%	4.9%
Dialysis products	660	611	8.0%	12.2%	12.2%	
Latin America						
Total revenue	520	576	-9.8%	13.3%	18.6%	
Net Health Care	377	427	-11.7%	15.5%	21.8%	1.9%
Dialysis products	143	149	-4.2%	6.8%	10.0%	
Corporate						
Total revenue	12	21	-46.7%	-46.8%		

¹ same market treatment growth = organic growth less price effects

² U.S. (excl. Mexico), same market treatment growth North America: 2,7%

³ U.S. (excl. Mexico), same market treatment growth North America: 3,2%

cc = constant currency. Changes in revenue include the impact of changes in foreign currency exchange rates. We use the non-GAAP financial measure at Constant Exchange Rates or Constant Currency to show changes in our revenue without giving effect to period-to-period currency fluctuations. Under U.S. GAAP, revenues received in local (non-U.S. dollar) currency are translated into U.S. dollars at the average exchange rate for the period presented. Once we translate the local currency revenues for the Constant Currency, we then calculate the change, as a percentage, of the current period revenues using the prior period exchange rates versus the prior period revenues. This resulting percentage is a non-GAAP measure referring to a change as a percentage at Constant Currency.

We believe that revenue growth is a key indication of how a company is progressing from period to period and that the non-GAAP financial measure Constant Currency is useful to investors, lenders, and other creditors because such information enables them to gauge the impact of currency fluctuations on a company's revenue from period to period. However, we also believe that the usefulness of data on Constant Currency period-over-period changes is subject to limitations, particularly if the currency effects that are eliminated constitute a significant element of our revenue and significantly impact our performance. We therefore limit our use of Constant Currency period-over-period changes to a measure for the impact of currency fluctuations on the translation of local currency revenue into U.S. dollars. We do not evaluate our results and performance without considering both Constant Currency period-over-period changes in non-U.S. GAAP revenue on the one hand and changes in revenue prepared in accordance with U.S. GAAP on the other. We caution the readers of this report to follow a similar approach by considering data on Constant Currency period-over-period changes only in addition to, and not as a substitute for or superior to, changes in revenue prepared in accordance with U.S. GAAP. We present the fluctuation derived from U.S. GAAP revenue next to the fluctuation derived from non-GAAP revenue. Because the reconciliation is inherent in the disclosure, we believe that a separate reconciliation would not provide any additional benefit.

Key metrics North America segment

unaudited	Three months ended September 30			Nine months ended September 30		
	2016	2015	Change	2016	2015	Change
Care Coordination						
Net revenue in US\$ million	618	480	29.0%	1,704	1,382	23.4%
Operating income (EBIT) in US\$ million	31	33	-5.2%	66	85	-21.9%
Operating income margin in %	5.0%	6.8%		3.9%	6.1%	
Delivered EBIT in US\$ million	26	22	15.6%	44	52	-15.4%
Dialysis						
Net revenue in US\$ million	2,682	2,533	5.9%	7,808	7,348	6.3%
Operating income (EBIT) in US\$ million	505	482	4.6%	1,420	1,199	18.4%
Operating income margin in %	18.8%	19.1%		18.2%	16.3%	
Delivered EBIT in US\$ million	440	413	6.8%	1,232	1,033	19.2%

Key metrics Care Coordination

unaudited	Nine months ended September 30		
	2016	2015	Growth in %
North America			
Member months under medical cost management ¹⁾	281,964	111,867	152%
Medical cost under management (in US\$ million) ¹⁾	2,036	965	111%
Care Coordination patient encounters	4,057,022	3,774,936	7%

¹⁾ The 2016 metrics may be understated due to a physician mapping issue related to the BPCI program within a CMS system which has not yet been resolved. Additionally, data presented for the metrics are subject to finalization by CMS, which may result in changes from previously reported metrics.

Key metrics Dialysis Care Services

unaudited	Nine months ended September 30						
	Clinics	Growth in %	De novos	Patients	Growth in %	Treatments	Growth in %
Total	3,579	5%	80	306,366	5%	34,654,614	4%
North America	2,277	3%	49	187,611	4%	21,551,727	5%
EMEA	701	8%	15	59,233	10%	6,594,063	8%
Asia-Pacific	369	15%	12	29,358	13%	2,956,107	5%
Latin America	232	1%	4	30,164	0%	3,552,717	-4%

Quality data

in % of patients	North America		EMEA		Latin America		Asia-Pacific	
	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016
Clinical Performance								
Single Pool Kt/v \geq 1.2	97	98	96	96	93	92	97	97
No catheter (> 90 days)	86	84	81	81	81	82	91	91
Hemoglobin = 10-12 g/dl	73	73	77	77	52	52	59	58
Hemoglobin = 10-13 g/dl	79	78	77	77	67	69	67	66
Albumin \geq 3.5 g/dl ¹⁾	77	81	91	90	88	90	88	87
Phosphate \leq 5.5 mg/dl	64	63	76	76	76	77	72	71
Calcium = 8.4-10.2 mg/dl	84	83	75	73	75	74	75	75
Hospitalization days	9.8	10.0	9.4	9.4	3.7	3.6	4.3	4.0
Demographics								
Average age (in years)	63	62	64	64	58	59	65	64
Average time on dialysis (in years)	4.0	3.9	5.6	5.6	5.2	5.2	5.0	5.0
Average body weight (in kg)	83	83	72	73	68	68	61	63
Prevalence of diabetes (in%)	61	61	32	32	26	25	43	44

¹⁾ International standard BCR CRM470

Reconciliation of non U.S. GAAP financial measures to the most directly comparable U.S. GAAP financial measures

in US\$ million, unaudited	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Delivered EBIT reconciliation				
Total				
Operating income (EBIT)	670	614	1,851	1,665
less noncontrolling interests	(73)	(84)	(217)	(207)
Delivered EBIT	597	530	1,634	1,458
North America				
Operating income (EBIT)	536	515	1,486	1,284
less noncontrolling interests	(70)	(80)	(210)	(199)
Delivered EBIT	466	435	1,276	1,085
Care Coordination				
Operating income (EBIT)	31	33	66	85
less noncontrolling interests	(5)	(11)	(22)	(33)
Delivered EBIT	26	22	44	52
Dialysis				
Operating income (EBIT)	505	482	1,420	1,199
less noncontrolling interests	(65)	(69)	(188)	(166)
Delivered EBIT	440	413	1,232	1,033
EMEA				
Operating income (EBIT)	125	130	395	405
less noncontrolling interests	(1)	(1)	(2)	(2)
Delivered EBIT	124	129	393	403
Asia-Pacific				
Operating income (EBIT)	85	68	225	219
less noncontrolling interests	(2)	(3)	(5)	(6)
Delivered EBIT	83	65	220	213
Latin America				
Operating income (EBIT)	20	(8)	47	25
less noncontrolling interests	-	-	-	-
Delivered EBIT	20	(8)	47	25
Corporate				
Operating income (EBIT)	(96)	(91)	(302)	(268)
less noncontrolling interests	-	-	-	-
Delivered EBIT	(96)	(91)	(302)	(268)
Reconciliation of net cash provided by operating activities to EBITDA¹⁾				
Total EBITDA			2,424	2,202
Interest expense, net			(308)	(304)
Income tax expense			(471)	(441)
Change in working capital and other non-cash items			(349)	(45)
Net cash provided by operating activities			1,296	1,412
Annualized EBITDA²⁾				
Operating income (EBIT)			2,519	2,333
Depreciation and amortization			755	724
Non-cash charges			101	74
Annualized EBITDA			3,375	3,131

¹⁾ EBITDA is the basis for determining compliance with certain covenants in Fresenius Medical Care's long-term debt instruments.

²⁾ EBITDA: including largest acquisitions.

Reconciliation of non U.S. GAAP financial measures to the most directly comparable U.S. GAAP financial measures

in US\$ million, unaudited	Three months ended		Nine months ended	
	September 30		September 30	
	2016	2015	2016	2015
Operating performance excluding special items				
Total				
Operating income (EBIT)	670	614	1,851	1,665
Special items	-	18	-	18
Divestment of dialysis service business in Venezuela	-	26	-	26
Sale of European marketing rights for certain renal pharmaceuticals ¹	-	(8)	-	(8)
Operating income (EBIT) excluding special items	670	632	1,851	1,683
North America				
Operating income (EBIT)	536	515	1,486	1,284
Special items	-	-	-	-
Operating income (EBIT) excluding special items	536	515	1,486	1,284
EMEA				
Operating income (EBIT)	125	130	395	405
Special items	-	(8)	-	(8)
Operating income (EBIT) excluding special items	125	122	395	397
Asia-Pacific				
Operating income (EBIT)	85	68	225	219
Special items	-	-	-	-
Operating income (EBIT) excluding special items	85	68	225	219
Latin America				
Operating income (EBIT)	20	(8)	47	25
Special items	-	26	-	26
Operating income (EBIT) excluding special items	20	18	47	51
Corporate				
Operating income (EBIT)	(96)	(91)	(302)	(268)
Special items	-	-	-	-
Operating income (EBIT) excluding special items	(96)	(91)	(302)	(268)
Net income²	333	262	855	713
Special items	-	22	-	22
Divestment of dialysis service business in Venezuela	-	27	-	27
Sale of European marketing rights for certain renal pharmaceuticals ¹	-	(5)	-	(5)
Net income excluding special items²	333	284	855	735

¹ to our Joint Venture Vifor Fresenius Medical Care Renal Pharma

² attributable to shareholders of FMC AG & Co. KGaA