

Fresenius Medical Care AG & Co. KGaA

COMPLETE OVERVIEW OF THE THIRD QUARTER AND FIRST NINE MONTHS 2023

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Investor Relations

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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.

Rounding adjustments applied to individual numbers and percentages may result in these figures differing immaterially from their absolute values. Furthermore, totals and subtotals in tables may differ slightly from unrounded figures due to rounding in accordance with commercial rounding conventions.

Statement of earnings

in € million, except share data, unaudited

Three months ended September 30,

Nine months ended September 30,

	2023	2022	Change	Change at cc	2023	2022	Change	Change at cc
Total revenue	4,936	5,096	-3.1%	6.6%	14,466	14,401	0.4%	4.9%
Costs of revenue	3,707	3,853	-3.8%	6.4%	10,890	10,738	1.4%	6.1%
Selling, general and administrative expenses	794	817	-2.9%	4.6%	2,351	2,365	-0.6%	2.4%
Research and development expenses	53	61	-13.7%	-10.8%	166	167	-0.4%	0.5%
Income from equity method investees	(23)	(17)	29.7%	30.5%	(98)	(47)	108.1%	108.2%
Other operating income	(65)	(158)	-78.8%	-74.5%	(258)	(397)	-52.6%	-44.4%
Other operating expense	146	215	-32.6%	-14.4%	473	562	-16.0%	1.2%
Remeasurement Gain from InterWell Health	—	(147)	—	—	—	(147)	—	—
Operating income	324	472	-31.3%	-27.8%	942	1,160	-18.8%	-18.0%
Operating income excl. special items and PRF ¹	431	377	14.2%	19.7%	1,186	1,052	12.8%	14.1%
Interest income	(25)	(16)	56.6%	84.1%	(61)	(43)	43.0%	60.5%
Interest expense	114	92	23.0%	30.7%	313	260	20.4%	23.5%
Interest expense, net	89	76	16.0%	19.4%	252	217	16.0%	16.2%
Income before income taxes	235	396	-40.4%	-36.9%	690	943	-26.8%	-25.9%
Income tax expense	88	112	-21.2%	-17.8%	214	242	-11.5%	-10.5%
Net income	147	284	-48.0%	-44.5%	476	701	-32.1%	-31.2%
Net income attributable to noncontrolling interests	63	54	18.7%	26.8%	165	166	-0.8%	1.0%
Net income attributable to shareholders of FMC AG & Co. KGaA	84	230	-63.3%	-60.9%	311	535	-41.8%	-41.2%
Net income attributable to shareholders of FMC AG & Co. KGaA excl. special items and PRF ¹	168	168	-0.2%	4.8%	497	481	3.3%	4.7%
Operating income	324	472	-31.3%	-27.8%	942	1,160	-18.8%	-18.0%
Depreciation, amortization and impairment loss	454	502	-9.6%	-2.7%	1,326	1,344	-1.3%	1.4%
EBITDA	778	974	-20.1%	-14.8%	2,268	2,504	-9.4%	-7.6%
Weighted average number of shares	293,413,449	293,413,449			293,413,449	293,190,145		
Basic earnings per share	€0.29	€0.78	-63.3%	-60.9%	€1.06	€1.82	-41.9%	-41.3%
Basic earnings per ADS	€0.14	€0.39	-63.3%	-60.9%	€0.53	€0.91	-41.9%	-41.3%
In percent of revenue								
Operating income margin	6.6%	9.3%			6.5%	8.1%		
Operating income margin excl. special items and PRF ¹	8.7%	7.4%			8.2%	7.3%		
EBITDA margin	15.8%	19.1%			15.7%	17.4%		

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

Segment information

unaudited

Three months ended September 30,

Nine months ended September 30,

	2023	2022	Change	Change at cc	2023	2022	Change	Change at cc
Total								
Revenue in € million	4,936	5,096	-3.1%	6.6%	14,466	14,401	0.4%	4.9%
Operating income in € million	324	472	-31.3%	-27.8%	942	1,160	-18.8%	-18.0%
Operating income margin	6.6%	9.3%			6.5%	8.1%		
Operating income in € million excl. special items and PRF ¹	431	377	14.2%	19.7%	1,186	1,052	12.8%	14.1%
Operating income margin excl. special items and PRF ¹	8.7%	7.4%			8.2%	7.3%		
Days sales outstanding (DSO) ²					69	68		
Employees (headcount)					123,106	130,295		
Care Delivery segment								
Revenue in € million	3,974	4,131	-3.8%	6.3%	11,602	11,600	0.0%	4.3%
Operating income in € million	332	500	-33.5%	-29.3%	1,001	1,230	-18.6%	-17.6%
Operating income margin	8.4%	12.1%			8.6%	10.6%		
Operating income in € million excl. special items and PRF ¹	410	371	10.8%	16.6%	1,115	969	15.1%	16.7%
Operating income margin excl. special items and PRF ¹	10.3%	9.0%			9.6%	8.3%		
Days sales outstanding (DSO) ²					60	60		
Care Enablement segment								
Revenue in € million	1,330	1,376	-3.3%	5.5%	3,965	3,961	0.1%	4.9%
Operating income in € million	(1)	(26)	-95.1%	-88.8%	(24)	33	n.a.	n.a.
Operating income margin	-0.1%	-1.9%			-0.6%	0.8%		
Operating income in € million excl. special items and PRF ¹	22	7	197.0%	217.3%	110	107	2.9%	3.2%
Operating income margin excl. special items and PRF ¹	1.7%	0.5%			2.8%	2.7%		
Days sales outstanding (DSO) ²					99	100		
Inter-segment eliminations ³								
Revenue in € million	(368)	(411)	-10.3%	-0.6%	(1,101)	(1,160)	-5.0%	-0.1%
Operating income in € million	1	5	-74.1%	-77.7%	(12)	(2)	630.0%	634.9%
Corporate								
Operating income in € million	(8)	(7)	11.4%	48.3%	(23)	(101)	-77.2%	-75.4%
Operating income in € million excl. special items and PRF ¹	(2)	(6)	-46.6%	-6.7%	(27)	(22)	23.2%	30.9%

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 Accounting Standards 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 Accounting Standards, 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

September 30,

December 31,

	2023	2022
Assets		
Cash and cash equivalents	1,553	1,274
Trade accounts and other receivables from unrelated parties	3,662	3,574
Inventories	2,304	2,296
Other current assets	1,535	1,059
Goodwill and intangible assets	16,814	17,310
Right-of-use assets	3,947	4,187
Other non-current assets	5,820	6,054
Total assets	35,635	35,754
Liabilities and equity		
Accounts payable to unrelated parties	753	813
Other current liabilities	5,866	5,654
Non-current liabilities	13,581	13,838
Total equity	15,435	15,449
Total liabilities and equity	35,635	35,754
Equity/assets ratio	43%	43%
Debt and lease liabilities		
Short-term debt from unrelated parties	547	665
Short-term debt from related parties	3	4
Current portion of long-term debt	707	694
Current portion of lease liabilities from unrelated parties	627	650
Current portion of lease liabilities from related parties	24	24
Long-term debt, less current portion	7,264	7,171
Lease liabilities from unrelated parties, less current portion	3,687	3,875
Lease liabilities from related parties, less current portion	116	130
Debt and lease liabilities included within liabilities directly associated with assets held for sale	31	—
Total debt and lease liabilities	13,006	13,213
Minus: Cash and cash equivalents ¹	(1,574)	(1,274)
Total net debt and lease liabilities	11,432	11,939
Reconciliation of annualized adjusted EBITDA and net leverage ratio to the most directly comparable IFRS Accounting Standards financial measures		
Net income	670	895
Income tax expense	297	325
Interest income	(86)	(68)
Interest expense	413	360
Depreciation and amortization	1,651	1,718
Adjustments ²	434	320
Annualized adjusted EBITDA	3,379	3,550
Net leverage ratio	3.4	3.4

¹ Includes cash and cash equivalents included within assets held for sale.

² 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 (2022: -€22 M), non-cash charges, primarily related to pension expense (2023: €50 M; 2022: €54 M), impairment loss (2023: €170 M; 2022: €120 M) and special items, including costs related to the FME25 Program (2023: €128 M; 2022: €155 M), Legal Form Conversion Costs (2023: €13 M), Legacy Portfolio Optimization (2023: €71 M), Net Gain Related to InterWell Health (2023: -€1 M; 2022: -€114 M), Humacyte Investment Remeasurement (2023: €7 M; 2022: €103 M), Hyperinflation in Turkiye (2023: -€1 M; 2022: €5 M) and the Impacts Related to the War in Ukraine (2023: -€3 M; 2022: €19 M).

Cash flow statement

in € million, unaudited

Three months ended September 30,

Nine months ended September 30,

	2023	2022	2023	2022
Operating activities				
Net income	147	284	476	701
Depreciation, amortization and impairment loss	454	502	1,326	1,344
Change in trade accounts and other receivables from unrelated parties	(85)	(13)	(165)	(69)
Change in inventories	55	(51)	(56)	(169)
Change in other working capital and non-cash items	189	(64)	329	(239)
Net cash provided by (used in) operating activities	760	658	1,910	1,568
In percent of revenue	15.4%	12.9%	13.2%	10.9%
Investing activities				
Purchases of property, plant and equipment and capitalized development costs	(137)	(160)	(434)	(495)
Proceeds from sale of property, plant and equipment	3	3	4	9
Capital expenditures, net	(134)	(157)	(430)	(486)
Free cash flow	626	501	1,480	1,082
In percent of revenue	12.7%	9.8%	10.2%	7.5%
Acquisitions and investments, net of cash acquired, and purchases of intangible assets	(6)	21	(21)	(40)
Investments in debt securities	(36)	(6)	(98)	(92)
Proceeds from divestitures	0	16	25	56
Proceeds from sale of debt securities	25	25	76	52
Free cash flow after investing activities	609	557	1,462	1,058

Revenue development by segment

in € million, unaudited	2023	2022	Change	Change at cc	Organic growth	Same market treatment growth ¹
Three months ended September 30,						
Total revenue	4,936	5,096	-3.1%	6.6%	7.3%	
Care Delivery segment	3,974	4,131	-3.8%	6.3%	7.2%	0.4%
Thereof: U.S.	3,221	3,318	-2.9%	4.4%	5.0%	-0.4%
Thereof: International	753	813	-7.5%	13.8%	16.2%	1.6%
Care Enablement segment	1,330	1,376	-3.3%	5.5%	5.5%	
Inter-segment eliminations	(368)	(411)	-10.3%	-0.6%		
Nine months ended September 30,						
Total revenue	14,466	14,401	0.4%	4.9%	5.5%	
Care Delivery segment	11,602	11,600	0.0%	4.3%	5.1%	0.3%
Thereof: U.S.	9,344	9,314	0.3%	2.2%	2.8%	-0.2%
Thereof: International	2,258	2,286	-1.2%	13.2%	14.5%	1.0%
Care Enablement segment	3,965	3,961	0.1%	4.9%	4.9%	
Inter-segment eliminations	(1,101)	(1,160)	-5.0%	-0.1%		

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	2023			Total	2022			Total
	Care Delivery segment	Care Enablement segment	Inter-segment eliminations		Care Delivery segment	Care Enablement segment	Inter-segment eliminations	
Three months ended September 30,								
Health care services revenue	3,927	—	—	3,927	4,082	—	—	4,082
Health care products revenue	47	962	—	1,009	49	965	—	1,014
Inter-segment revenue	—	368	(368)	—	—	411	(411)	—
Revenue	3,974	1,330	(368)	4,936	4,131	1,376	(411)	5,096
Nine months ended September 30,								
Health care services revenue	11,469	—	—	11,469	11,471	—	—	11,471
Health care products revenue	133	2,864	—	2,997	129	2,801	—	2,930
Inter-segment revenue	—	1,101	(1,101)	—	—	1,160	(1,160)	—
Revenue	11,602	3,965	(1,101)	14,466	11,600	3,961	(1,160)	14,401



Key metrics Care Delivery segment

unaudited

Nine months ended September 30, 2023

	Clinics	Growth in % yoy	Net change in clinics ¹	Patients	Growth in % yoy	Treatments	Growth in % yoy
Total	4,014	-3%	(102)	341,793	-1%	38,807,179	-1%
Thereof: U.S.	2,617	-3%	(54)	205,887	0%	23,380,747	0%
Thereof: International	1,397	-5%	(48)	135,906	-2%	15,426,432	-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 Accounting Standards 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 excl. special items and PRF	
		FME25 Program	Legal Form Conversion Costs	Legacy Portfolio Optimization ¹	Humacyte Investment Remeasurement					FME25 Program	Net Gain Related to InterWell Health ²	Humacyte Investment Remeasurement	Ukraine War ³	Hyper-inflation in Turkiye			Change	Change at cc
Three months ended September 30,																		
Total revenue	4,936					—	4,936	5,096							—	5,096	-3.1%	6.6%
EBITDA	778	38	6	0	(1)	43	821	974	52	(113)	1	0	0	(93)	(153)	821	0.1%	6.5%
Total operating income	324	49	6	53	(1)	107	431	472	53	(56)	1	0	0	(93)	(95)	377	14.2%	19.7%
Care Delivery segment	332	25	—	53	—	78	410	500	20	(56)	—	1	(1)	(93)	(129)	371	10.8%	16.6%
Care Enablement segment	(1)	23	—	0	—	23	22	(26)	33	—	—	(1)	1	—	33	7	197.0%	217.3%
Inter-segment eliminations	1	—	—	—	—	—	1	5	—	—	—	—	—	—	—	5	-74.1%	-77.7%
Corporate	(8)	1	6	—	(1)	6	(2)	(7)	—	—	1	—	—	—	1	(6)	-46.6%	-6.7%
Interest expense, net	89					—	89	76							—	76	16.0%	19.4%
Income tax expense	88	18	2	4	0	24	112	112	15	(18)	0	0	—	(25)	(28)	84	32.0%	38.0%
Net income attributable to noncontrolling interests	63	—	—	(1)	—	(1)	62	54	—	—	—	—	—	(5)	(5)	49	30.7%	39.7%
Net income⁴	84	31	4	50	(1)	84	168	230	38	(38)	1	0	0	(63)	(62)	168	-0.2%	4.8%
Basic earnings per share	€0.29	€0.10	€0.01	€0.17	€0.00	€0.28	€0.57	€0.78	€0.13	€(0.13)	€0.01	€0.00	€0.00	€(0.22)	€(0.21)	€0.57	-0.2%	4.8%
Nine months ended September 30,																		
Total revenue	14,466					—	14,466	14,401							—	14,401	0.4%	4.9%
EBITDA	2,268	74	13	71	(16)	142	2,410	2,504	101	(113)	79	23	6	(270)	(174)	2,330	3.4%	5.5%
Total operating income	942	100	13	147	(16)	244	1,186	1,160	109	(56)	79	24	6	(270)	(108)	1,052	12.8%	14.1%
Care Delivery segment	1,001	50	—	64	—	114	1,115	1,230	55	(56)	—	11	(1)	(270)	(261)	969	15.1%	16.7%
Care Enablement segment	(24)	51	—	83	—	134	110	33	54	—	—	13	7	—	74	107	2.9%	3.2%
Inter-segment eliminations	(12)	—	—	—	—	—	(12)	(2)	—	—	—	—	—	—	—	(2)	630.0%	634.9%
Corporate	(23)	(1)	13	—	(16)	(4)	(27)	(101)	—	—	79	—	—	—	79	(22)	23.2%	30.9%
Interest expense, net	252					—	252	217							—	217	16.0%	16.2%
Income tax expense	214	29	4	29	(4)	58	272	242	31	(18)	21	3	—	(72)	(35)	207	31.5%	33.3%
Net income attributable to noncontrolling interests	165	—	—	0	—	0	165	166	—	—	—	—	—	(19)	(19)	147	12.5%	14.6%
Net income⁴	311	71	9	118	(12)	186	497	535	78	(38)	58	21	6	(179)	(54)	481	3.3%	4.7%
Basic earnings per share	€1.06	€0.24	€0.03	€0.40	€(0.04)	€0.63	€1.69	€1.82	€0.27	€(0.13)	€0.20	€0.07	€0.02	€(0.61)	€(0.18)	€1.64	3.2%	4.6%

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 the first quarter of 2023 and other expenses related to divestitures agreed upon in the second and third quarters of 2023.

² Remeasurement gain of the investment, prior to the transaction, in InterWell Health LLC, the impairment of certain long-lived assets belonging to Acumen Physician Solutions, LLC which was transferred to InterWell Health as part of the transaction and certain transaction-related costs.

³ Bad debt expense in Russia and Ukraine and accruals for certain risks associated with allowances on inventories related to the Ukraine War.

⁴ Attributable to shareholders of FMC AG & Co. KGaA.

	Results 2022	Outlook 2023 (at Constant Currency)
Revenue ¹	€19,398 M	Low to mid-single digit percentage growth
Operating income ¹	€1,540 M	Low-single digit percentage growth <i>(Prev.: flat to low-single digit percentage decline)</i>

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 the costs related to the FME25 program, the Legal Form Conversion Costs, the impacts from Legacy Portfolio Optimization, the 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), the Net Gain Related to InterWell Health (-€56 M for operating income), the Humacyte Investment Remeasurement (€103 M for operating income), the 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).