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## Fresenius Investor News

### **Fiscal Year 2005: Excellent sales and earnings growth 13<sup>th</sup> consecutive dividend increase proposed Outlook 2006: Sales of approx. € 10.5 billion and net income growth of more than 30 % expected**

- Sales                   € 7.9 billion,  
                              + 8 % at actual rates and in constant currency
- EBIT                    € 969 million,  
                              + 15 % at actual rates , + 14 % in constant currency
- Net income           € 222 million,  
                              + 32 % at actual rates, + 31 % in constant currency
  
- Strong sales and earnings growth at Fresenius Medical Care
- Excellent business performance and EBIT margin increase to 13.9 % at Fresenius Kabi
- Fresenius ProServe within expectations; order intake in project business +40 %
- Strong sales and earnings growth expected for 2006

#### **Dividend increase proposed**

2005 was a very successful year for Fresenius. Based on the Group's excellent financial results, for the 13<sup>th</sup> consecutive year the Management Board will propose to the Supervisory Board a dividend increase to € 1.48 per ordinary share (2004: € 1.35) and € 1.51 per preference share (2004: € 1.38). As the 9.4 million new shares from the capital increase in December 2005 are fully entitled to the 2005 dividend, the total dividend distribution will be € 75.8 million (2004: € 55.9 million).

## Positive Group outlook for 2006

For 2006, Fresenius expects to achieve sales growth of about 30 % to approximately € 10.5 billion including Renal Care Group and an organic growth of 5-6 %.

Net income is projected to grow by more than 30 % in constant currency. The net income guidance already includes an amount of approx. € 30 million (after tax) associated with expected one-time expenses for the integration of Renal Care Group and the refinancing of debt as well as for costs related to the change of accounting principles for stock options. Due to the higher number of shares issued in December 2005, earnings per share are projected to increase by approximately 10 % in constant currency.

Investments in property, plant and equipment and intangible assets are projected to increase to approximately € 550 - 600 million.

## Strong organic sales growth

In 2005, Group sales increased 8 % to € 7,889 million (2004: € 7,271 million). Organic growth contributed 7 % and acquisitions 2 %. Divestments had a -1 % effect on sales. Currency translation had hardly any impact.

Remarkable sales growth of 8 % was achieved each in our main markets North America and Europe. Latin America with sales growth of 30 % and Africa with 16 % performed strongly. In Asia-Pacific, Fresenius Medical Care and particularly Fresenius Kabi achieved an excellent sales increase. Sales of Fresenius ProServe, however, decreased due to the lower project volume in this region.

in million €	2005	2004	Change	Change at constant rates	Organic growth	Currency translation effects	Acquisitions/Divestitures	% of total sales
Europe	3,032	2,802	8%	8%	7%	0%	1%	38%
North America	3,746	3,478	8%	8%	7%	0%	1%	47%
Asia-Pacific	557	547	2%	0%	0%	2%	0%	7%
Latin America	354	272	30%	20%	16%	10%	4%	5%
Africa	200	172	16%	16%	15%	0%	1%	3%
Total	7,889	7,271	8%	8%	7%	0%	1%	100%

Sales contribution of the three business segments:

	2005	2004
Fresenius Medical Care	69%	69%
Fresenius Kabi	21%	20%
Fresenius ProServe	10%	11%

## **Excellent earnings growth**

EBITDA increased 11 % to € 1,289 million (2004: € 1,160 million). Group EBIT rose 15 % at actual rates and 14 % in constant currency to € 969 million (2004: € 845 million). The Group EBIT margin improved to 12.3 % (2004: 11.6 %).

Group net interest improved to € -203 million (2004: € -209 million) primarily as a result of a lower debt level in combination with lower interest rates from various refinancing measures.

The tax rate for 2005 was 38.9 % (2004: 39.8 %).

Minority interest was € 246 million (2004: € 215 million). 96 % was attributable to the minority interest of Fresenius Medical Care.

Group net income grew significantly by 32 % at actual rates and by 31 % in constant currency to € 222 million (2004: € 168 million). Key growth drivers were the excellent operating results of Fresenius Medical Care and Fresenius Kabi as well as reduced financing costs and a lower tax rate.

Earnings per ordinary share rose to € 5.28 (2004: € 4.08) while earnings per preference share rose to € 5.31 (2004: € 4.11). This is an increase of 29 % for both share classes. The average number of shares grew to 41.88 million primarily due to the capital increase.

## **Investments at record level**

Total Group investments increased to € 2.25 billion (2004: € 421 million). € 1.89 billion was spent on acquisitions (2004: € 113 million), including € 1.5 billion for HELIOS. € 353 million was spent for property, plant and equipment and intangible assets (2004: € 308 million).

## **Solid cash flow performance**

Fresenius achieved a good operating cash flow of € 780 million (2004: € 851 million). Key drivers were the significant improvement in earnings whereas income tax payments of Fresenius Medical Care for prior years had a negative effect. Cash flow before acquisitions and dividends was € 449 million (2004: € 565 million). Dividends of € 132 million and about 20 % of the 2005 acquisitions (net) were financed through cash flow. The balance was financed through bank debt and the capital increase.

## **Solid balance sheet structure**

Total assets increased 42 % to € 11,594 million (December 31, 2004: € 8,188 million). In constant currency, total assets grew 33 %. The substantial increase in assets is acquisition-related, mainly due to the HELIOS acquisition. Current assets increased 28 % to € 3,531 million (December 31, 2004: € 2,755 million). In constant currency, current assets grew 21 %. Non-current assets were € 8,063 million (2004: € 5,433 million), a constant currency increase of 39 %. This was primarily due to an increase in goodwill.

Group debt increased 28 % to € 3,502 million (December 31, 2004: € 2,735 million) due to acquisition financing. In constant currency, the increase was 24 %.

Including HELIOS's EBITDA contribution the net debt/EBITDA ratio was 2.3 (December 31, 2004: 2.2).

Shareholders' equity including minority interest was € 5,130 million, a 40 % constant-currency increase (December 31, 2004: € 3,347 million). This was due to the excellent earnings development and the proceeds from the capital increase. The equity ratio including minority interest improved to 44.2 % (December 31, 2004: 40.9 %).

### **Employee numbers continue to grow**

As of December 31, 2005, the Group had 91,971 employees worldwide (December 31, 2004: 68,494). The increase of 23,477 employees is principally due to the acquisition of HELIOS.

### **Fresenius Biotech**

Fresenius Biotech develops innovative therapies with trifunctional antibodies for the treatment of cancer as well as cell therapies for the treatment of the immune system. In the field of polyclonal antibodies, Fresenius Biotech has successfully marketed ATG-Fresenius S for many years. ATG-Fresenius S is an immunosuppressive agent used to prevent and treat graft rejection following organ transplantation.

In the field of the trifunctional antibody therapies for the treatment of cancer, Fresenius Biotech expects results from the clinical study for ovarian cancer in the first half of 2006. The results from the malignant ascites and malignant pleural effusion studies are expected in the second half of 2006. Following the positive results from two phase I studies for the treatment of peritoneal carcinomatosis and breast cancer, phase II studies for the treatment of gastric cancer and breast cancer are being prepared.

In 2005, Fresenius Biotech's EBIT was € -40.6 million (2004: € -28 million). This development was within our expectations and is a result of the increased research and development spending. For 2006, Fresenius Biotech's EBIT is expected to be in the range of € -45 to -50 million, largely due to the expanded clinical study program.

## The Business Segments

### Fresenius Medical Care

Fresenius Medical Care is the world's leading provider of products and services for patients with chronic kidney failure. As of December 31, 2005, Fresenius Medical Care was serving approximately 131,450 patients (+6 %) in 1,680 dialysis clinics (+4 %). The company delivered about 19.7 million treatments in 2005 (+5 %).

in million US\$	2005	2004	Change
Sales	6,772	6,228	9%
EBITDA	1,190	1,085	10%
EBIT	939	852	10%
Net income	455	402	13%
Employees (Dec 31)	50,250	46,949	7%

- Strong sales and earnings growth continued
- Transformation into KGaA and conversion of preference shares successfully completed
- Closing of the Renal Care Group (RCG) acquisition expected in 1<sup>st</sup> quarter of 2006

Fresenius Medical Care achieved sales growth of 9 % to US\$ 6,772 million (2004: US\$ 6,228 million). In constant currency, sales rose 8 %. Organic growth was 7 %.

In North America, Fresenius Medical Care achieved a sales increase of 8 % to US\$ 4,577 million (2004: US\$ 4,248 million). Sales outside North America ("International") showed an even stronger growth of 11 % to US\$ 2,195 million (2004: US\$ 1,980 million).

Sales in dialysis care increased 8 % to US\$ 4,867 million (2004: US\$ 4,501 million). In dialysis products, Fresenius Medical Care achieved sales growth of 10 % to US\$ 1,905 million (2004: US\$ 1,727 million).

EBIT rose 10 % to US\$ 939 million (2004: US\$ 852 million) and the EBIT margin was 13.9 % (2004: 13.7 %). This figure includes one-time costs of US\$ 22 million associated with the transformation of Fresenius Medical Care's legal form into a KGaA and related legal fees and costs concerning the settlement of shareholder litigation. Net income including one-time costs grew by 13 % to US\$ 455 million in 2005 (2004: US\$ 402 million).

For the full year 2006, Fresenius Medical Care expects revenue growth at constant currencies of approximately 25 % on a pro forma basis, giving effect to the RCG merger as compared to 2005 reported revenues. Pro forma amounts assume consolidation of RCG's operations into Fresenius Medical Care for the full twelve months of 2006. For the full year 2006, Fresenius Medical Care expects to report revenue of more than US\$ 8 billion.

Fresenius Medical Care's projected net income growth on a pro forma basis for 2006 is expected to be between 10 and 15 %, based on the US\$ 472 million net income excluding one-time costs, achieved in 2005.

Guidance provided by the Fresenius Medical Care does not take into effect any expected one-time items and the change of accounting principle for stock options - SFAS 123(R) in the fiscal year 2006. Fresenius Medical Care expects the after tax impact of the one-time items and SFAS 123(R) to be around US\$ 50 million.

For further information, please see Fresenius Medical Care's Investor News at [www.fmc-ag.com](http://www.fmc-ag.com).

## Fresenius Kabi

Fresenius Kabi offers infusion therapies and clinical nutrition for seriously and chronically ill patients in the hospital and out-patient environments. The company is also a leading provider of transfusion technology products.

in million €	2005	2004	Change
Sales	1,681	1,491	13%
EBITDA	318	258	23%
EBIT	234	176	33%
Net income	111	79	41%
Employees (Dec 31)	14,453	11,577	25%

- Excellent EBIT margin of 13.9 % achieved – guidance exceeded
- Strong organic growth of 7 %
- Outlook 2006: significant growth in sales and earnings expected

Fresenius Kabi's sales rose 13 % to € 1,681 million (2004: € 1,491 million). The company achieved excellent organic growth of 7 %. Acquisitions, primarily Labesfal, contributed 5 % to sales. Divestments had a -1 % effect on sales. Currency translation added 2 % to growth. Constant currency growth of 11 % exceeded the company's earlier guidance.

Sales in Europe (excluding Germany) increased 15 % with acquisitions making a significant contribution. Sales in Germany rose 1 %. Fresenius Kabi continued to grow exceptionally outside of Europe and achieved sales growth of 17 % in Asia-Pacific, 28 % in Latin America and 13 % in Africa.

Fresenius Kabi achieved a new record EBIT with a 33 % increase to € 234 million (2004: € 176 million). The EBIT margin improved by 210 basis points to 13.9 % (2004: 11.8 %). Key drivers were the strong sales growth, further cost optimization and improved efficiency, especially in production.

Fresenius Kabi expects the positive development to continue in 2006. Sales are expected to increase about 10 % in constant currency. The Asia-Pacific and Latin America regions are projected to continue their growth pattern. The first-time consolidation of Clinico and Pharmatel will also have a positive effect on sales. Pharmatel is an Australian company, in which Fresenius Kabi increased its stake from 25.1 % to 50.1 % at the beginning of 2006. The projected sales growth combined with cost optimizations will result in a significant earnings improvement in 2006. Fresenius Kabi's EBIT-margin is projected to increase to 14.5 - 15.0 %.

## Fresenius ProServe

Fresenius ProServe offers services for the international health care sector including hospital operations, technical management and hospital planning and construction as well as planning and construction of pharmaceutical and medical-technical production sites.

in million €	2005	2004	Change
Sales	809	813	0%
EBITDA	45	39	15%
EBIT	20	9	122%
Net income	2	-10	--
Employees (Dec 31)	26,664*	9,398	184%

\*incl. HELIOS

- Acquisition of HELIOS Kliniken successfully closed
- 2005 sales and earnings within expectations
- Outlook 2006: Further positive development expected

In 2005, Fresenius ProServe achieved sales of € 809 million (2004: € 813 million). On a comparable basis (excluding the nursing home business sold in 2004 and the discontinued international hospital management business), sales rose 5 %, within the company's guidance of 5-8 %. Sales growth of 2 % to € 350 million was achieved in the hospital operations business (Wittgensteiner Kliniken). In the hospital engineering and services business (VAMED), sales rose by 7 % to € 377 million. In the pharmaceutical engineering and services business (Pharmaplan), order intake improved and resulted in a sales increase of 4 % to € 82 million.

EBIT was € 20 million (2004: € 9 million; before one-time expenses: € 17 million), in line with the company's expectations.

Order intake and order backlog at the project business developed very positively: Order intake increased 40 % to € 341 million (2004: € 244 million). Order backlog rose 7 % to € 360 million (December 31, 2004: € 335 million).

The acquisition of HELIOS was completed at the end of 2005. The company was consolidated as of December 31, 2005 in the Group's balance sheet.

HELIOS developed positively in 2005 and met its communicated targets. Sales reached € 1,200 million. EBIT was € 105 million, the EBIT margin therefore 8.8 %. Net income amounted to € 67 million. The figures are in accordance with US-GAAP as followed by the Fresenius Group. In 2004, HELIOS had prepared its financial statements according to International Finance Reporting Standards (2004 IFRS: sales € 1,161 million, EBIT € 95 million, net income € 66 million).

Through the acquisition of HELIOS, Fresenius ProServe has become a strong third business segment within the Fresenius Group. Including HELIOS for the full 2005 financial year, sales at Fresenius ProServe were € 2,009 million and EBIT € 125 million.



For 2006, Fresenius ProServe expects an organic sales growth of 1 to 3 % based on 2005 sales of € 2,009 million. Projected EBIT will be between € 140 million and € 150 million.

### **Video Webcast**

As part of the publication of our 2005 results, an analyst conference will be held on February 22, 2006 at 1:30 p.m. CET (7.30 a.m. EST). We invite all investors to follow the live video broadcast of the conference over the Internet at [www.fresenius-ag.com/Investor Relations / Presentations](http://www.fresenius-ag.com/Investor_Relations/Presentations). Following the conference, a recording of the conference will be available as video-on-demand.

### **Annual report**

The 2005 Annual Report will be available on March 20, 2006 on the Internet at [www.fresenius-ag.com / Investor Relations / Publications](http://www.fresenius-ag.com/Investor_Relations/Publications).

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This release contains forward-looking statements that are subject to certain risks and uncertainties. Future results could differ materially from those described in these forward-looking statements due to various factors, e.g., changes in the business, economic and competitive environment, regulatory reforms, results of clinical trials, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings, and the availability of financing. Fresenius does not undertake any responsibility to update the forward-looking statements in this release.

## Fresenius Group in Figures

### Consolidated statement of income (US GAAP)

in million €	2005	2004
Sales	7,889	7,271
Cost of goods sold	-5,200	-4,895
<b>Gross profit</b>	<b>2,689</b>	<b>2,376</b>
Selling, general and administrative expenses	-1,571	-1,398
Research and development expenses	-149	-133
<b>Operating income (EBIT)</b>	<b>969</b>	<b>845</b>
Net interest	-203	-209
<b>Earnings before income taxes and minority interest</b>	<b>766</b>	<b>636</b>
Income taxes	-298	-253
Minority interest	-246	-215
<b>Net income</b>	<b>222</b>	<b>168</b>
<b>Basic earnings per ordinary share (in €)</b>	<b>5.28</b>	<b>4.08</b>
<b>Fully diluted earnings per ordinary share (in €)</b>	<b>5.24</b>	<b>4.07</b>
<b>Basic earnings per preference share (in €)</b>	<b>5.31</b>	<b>4.11</b>
<b>Fully diluted earnings per preference share (in €)</b>	<b>5.27</b>	<b>4.10</b>

<b>Average number of shares</b>		
Ordinary shares	20,940,208	20,484,955
Preference shares	20,940,208	20,484,955
<b>EBIT (in million €)</b>	<b>969</b>	<b>845</b>
<b>Depreciation and amortization (in million €)</b>	<b>320</b>	<b>315</b>
<b>EBITDA (in million €)</b>	<b>1,289</b>	<b>1,160</b>
<b>EBIT margin</b>	<b>12.3%</b>	<b>11.6%</b>
<b>EBITDA margin</b>	<b>16.3%</b>	<b>16.0%</b>

## Key figures of the balance sheet (US GAAP)

in million €	Dec 31, 2005	Dec 31, 2004	Change
<b>Assets</b>			
<b>Current assets</b>	<b>3,531</b>	<b>2,755</b>	<b>28%</b>
thereof trade accounts receivable	1,871	1,528	22%
thereof inventories	727	619	17%
thereof cash and cash equivalents	252	140	80%
<b>Non-current assets</b>	<b>8,063</b>	<b>5,433</b>	<b>48%</b>
thereof property, plant and equipment	2,356	1,696	39%
thereof goodwill and other intangible assets	5,221	3,385	54%
<b>Total assets</b>	<b>11,594</b>	<b>8,188</b>	<b>42%</b>
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>	<b>6,464</b>	<b>4,841</b>	<b>34%</b>
thereof trade accounts payable	353	273	29%
thereof accruals and other short-term liabilities	2,068	1,427	45%
thereof debt	3,502	2,735	28%
<b>Minority interest</b>	<b>2,289</b>	<b>1,744</b>	<b>31%</b>
<b>Shareholders' equity</b>	<b>2,841</b>	<b>1,603</b>	<b>77%</b>
<b>Total liabilities and shareholders' equity</b>	<b>11,594</b>	<b>8,188</b>	<b>42%</b>

## Cash flow statement (US-GAAP)

in million €	2005	2004	Change
Net income before minority interest	468	383	22%
Depreciation and amortization	320	315	2%
Change in accruals for pensions	1	20	-95%
<b>Cash flow</b>	<b>789</b>	<b>718</b>	<b>10%</b>
Change in working capital	-9	133	-107%
<b>Operating cash flow</b>	<b>780</b>	<b>851</b>	<b>-8%</b>
Capital expenditure, net	-353	-286	-23%
<b>Free cash flow before acquisitions and dividends</b>	<b>449</b>	<b>565</b>	<b>-21%</b>
Cash used for acquisitions, net	-1,606	-90	--
Dividends paid	-132	-122	-8%
<b>Free cash flow after acquisitions and dividends</b>	<b>-1,289</b>	<b>353</b>	<b>--</b>
Cash provided by/used for financing activities	1,388	-336	--
Effect of exchange rates on change in cash and cash equivalents	13	-2	--
<b>Net increase in cash and cash equivalents</b>	<b>112</b>	<b>15</b>	<b>--</b>

## Segment reporting by business segment (US GAAP)

in million €	Fresenius Medical Care			Fresenius Kabi			Fresenius ProServe			Corporate/Other			Group		
	2005	2004	Change	2005	2004	Change	2005	2004	Change	2005	2004	Change	2005	2004	Change
<b>Sales</b>	5,443	5,007	9%	1,681	1,491	13%	809	813	0%	-44	-40	-10%	7,889	7,271	8%
thereof contribution to consolidated sales	5,418	4,979	9%	1,651	1,465	13%	804	811	-1%	16	16	0%	7,889	7,271	8%
thereof intercompany sales	25	28	-11%	30	26	15%	5	2	150%	-60	-56	-7%	0	0	
contribution to consolidated sales	69%	69%		21%	20%		10%	11%		0%	0%		100%	100%	
<b>EBITDA</b>	957	872	10%	318	258	23%	45	39	15%	-31	-9	--	1,289	1,160	11%
<b>Depreciation and amortization</b>	202	187	8%	84	82	2%	25	30	-17%	9	16	-44%	320	315	2%
<b>EBIT</b>	755	685	10%	234	176	33%	20	9	122%	-40	-25	-60%	969	845	15%
<b>Net interest</b>	-139	-147	5%	-51	-46	-11%	-10	-11	9%	-3	-5	40%	-203	-209	3%
<b>Net income</b>	366	323	13%	111	79	41%	2	-10	120%	-257	-224	-15%	222	168	32%
<b>Operating cash flow</b>	539	665	-19%	237	170	39%	19	23	-17%	-15	-7	-114%	780	851	-8%
<b>Free cash flow before acquisitions and dividends</b>	300	456	-34%	167	121	38%	7	-1	--	-25	-11	-127%	449	565	-21%
<b>Debt</b>	1,857	1,820	2%	903	709	27%	229	222	3%	513	-16	--	3,502	2,735	28%
<b>Total assets</b>	6,767	5,845	16%	1,867	1,518	23%	2,859	742	--	101	83	22%	11,594	8,188	42%
<b>Capital expenditure</b>	253	224	13%	77	55	40%	12	25	-52%	11	4	--	353	308	15%
<b>Acquisitions</b>	108	96	13%	274	13	--	1,507	4	--	5	0	--	1,894	113	--
<b>Research and development expenses</b>	41	41	0%	64	56	14%	1	0	--	43	36	19%	149	133	12%
<b>Employees (per capita on balance sheet date)</b>	50,250	46,949	7%	14,453	11,577	25%	26,664	9,398	184%	604	570	6%	91,971	68,494	34%
<b>Key figures</b>															
EBITDA margin	17.6%	17.4%		18.9%	17.3%		5.6%	4.8%					16.3%	16.0%	
EBIT margin	13.9%	13.7%		13.9%	11.8%		2.5%	1.1%					12.3%	11.6%	
ROOA	12.6%	11.8%		14.5%	13.4%		3.6% <sup>1)</sup>	1.5%					11.7% <sup>1)</sup>	11.1%	
Depreciation and amortization as % of sales	3.7%	3.7%		5.0%	5.5%		3.1%	3.7%					4.1%	4.3%	

<sup>1)</sup> operating assets excluding HELIOS (Fresenius ProServe)